

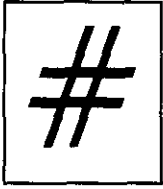
TOWN OF BARTONVILLE

FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

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William C. Spore, P.C.

Certified Public Accountants

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, 2010, 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, 2010, 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.

The management's discussion and analysis, the budgetary comparison schedule for the general fund and the pension plan funding progress are not a required part of the basic financial statements, but are supplementary information required by *Government Auditing Standards*. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming an opinion on the Town'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 general purpose financial statement of the Town of Bartonville, Texas. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

William C. Spore, P.C.
Certified Public Accountants

January 18, 2011

TOWN OF BARTONVILLE

CITY OFFICIALS

September 30, 2010

MAYOR	Ron Robertson
MAYOR PRO TEM	Carla Anderson
COUNCILMEN	James Ashburn
	Gracie Egan
	Jim Farrell
	Bill Reaves
ADMINISTRATOR	Debbie Millican
SECRETARY	Kristin Gilbert
POLICE CHIEF	Dave Howell
MUNICIPAL COURT JUDGE	Angie Warner
ATTORNEY	Bob Hager

TOWN OF BARTONVILLE MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Bartonville, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended September 30, 2010. The information provided here should be used in conjunction with the basic financial statements.

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, fire, ambulance, inspection, streets and general administration. Permit revenues, sales taxes, and franchise fees finance most of these activities. The Town assesses and collects a property tax the use of which has historically been for maintenance and improvement of the Town's roads and drainage systems. 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 13.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Town's net assets are as follows:

	NET ASSETS	
	GOVERNMENTAL ACTIVITIES	
	2010	2009
Current and Other Assets	\$ 1,751,526	\$ 1,377,257
Capital Assets	<u>2,384,202</u>	<u>1,928,859</u>
Total Assets	<u>4,135,728</u>	<u>3,306,116</u>
Current Liabilities	(363,369)	(214,513)
Long-Term Liabilities	<u>(940,000)</u>	<u>(626,897)</u>
Total Liabilities	<u>(1,303,369)</u>	<u>(841,410)</u>
 Net Assets:		
Invested in Capital Assets, net		
of debt	1,437,539	1,188,029
Restricted	271,917	328,937
Unrestricted	<u>1,122,903</u>	<u>947,740</u>
Total Net Assets	<u>\$ 2,832,359</u>	<u>\$ 2,464,706</u>

During the fiscal year ended September 30, 2010 (2010) the Town began a capital improvement program to improve selected roads in the Town. To fund these improvements the Town issued \$500,000 of tax notes in December 2009. Through September 30, 2010 the Town had expended

\$453,570 for road improvements as part of the 2010 capital improvement program with several road projects to be completed in the 2011 fiscal year.

During 2010 the Town entered into a interlocal cooperative agreement (ICA) with Denton County to create a “Welcome to Bartonville” scenic area along FM 407, McMakin and Wolfe Run roads. These improvements included planting trees, landscaping, dirt work, lighting, retaining walls, irrigation systems, fencing and retail business signage. The total cost of the project was \$179,865. Denton County agreed to fund \$150,000 for the project through the ICA agreement and the remaining cost of the project was funded by the Bartonville Community Development Corporation. The Bartonville Community Development also provided funding to purchase three bronze horse statues, at a total cost of \$60,000, which are the center piece of “Welcome to Bartonville” Old Town area.

The Town’s net assets increased by \$367,653 during the fiscal year ended September 30, 2010 to \$2,832,359. 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, 2010 & 2009 is as follows:

	CHANGES IN NET ASSETS	
	2010	2009
REVENUES		
Program Revenues:		
Permits & Fees	\$ 578,630	\$ 514,275
Municipal Court	50,559	53,979
Contributions & Grants	145,478	900
General Revenues:		
Property Taxes	445,702	452,682
Sales & Beverage Taxes	125,566	177,604
Franchise Fees	141,667	133,481
Interest Income	30,267	20,162
Total Revenues	<u>1,517,869</u>	<u>1,353,083</u>
PROGRAM EXPENSES		
General Government	372,749	369,562
Public Safety	376,327	318,892
Public Works	343,228	378,045
Interest on Long-Term Debt	57,912	44,135
Total Expenses	<u>1,150,216</u>	<u>1,110,634</u>
Increase (Decrease) in Net Assets	<u>\$ 367,653</u>	<u>\$ 242,449</u>

Permit (12%) and franchise fee (6%) revenues increased in 2010 while municipal court (6%), property tax (2%) and sales tax (29%) revenues decreased from the prior year. Permit revenues increased primarily due to an increase in gas drilling and right-of-way permit fees over the prior year while sales tax revenues decreased significantly due to the current economic conditions. The Town's property tax rate remained unchanged from the prior year, but due to a decrease in property values, caused by the current economic conditions, property tax revenues decreased.

During 2010 the Town received \$145,478 from Denton County as part of the ICA agreement discussed above. This amount is considered a contribution and is included in the Town's revenues in 2010.

General government expenses increased less than 1%, public safety expenses increased 18% and public works expenses decreased 9% from the prior year. Public safety expenses increased due to the personnel costs related to an additional officer added by the police station and to an increase in inspection services related to the increase in permit revenues.

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 2010 and 2009 revenues is as follows:

CHANGES IN GOVERNMENTAL FUNDS

	2010	2009	CHANGE	% CHANGE
REVENUES				
Property Taxes	\$ 444,321	\$ 450,642	\$ (6,321)	-1%
Sales & Beverage Taxes	125,566	177,604	(52,038)	-29%
Franchise Taxes	141,667	133,481	8,186	6%
Permits & Fees	578,630	514,275	64,355	13%
Municipal Court	50,559	53,979	(3,420)	-6%
Denton County-ICA	145,478	900	144,578	--
Interest Income	30,267	20,162	10,105	50%
Tax Note Proceeds	500,000	0	500,000	--
TOTAL REVENUES	\$ <u>2,016,488</u>	\$ <u>1,351,043</u>	\$ <u>665,445</u>	

The Town's total revenues increased in 2010 due to the issuance of tax notes (\$500,000) and the funds received from Denton County (\$145,478). When excluding these revenue sources the Town's operating revenues increased \$20,867. The Town was able to offset the decrease in sales tax revenues by an increase in gas well and right-of-way permits fees.

A comparison of fiscal years 2010 and 2009 expenditures is as follows:

	2010	2009	CHANGE	% CHANGE
EXPENDITURES				
General Government	\$ 357,907	\$ 352,974	\$ 4,933	1%
Public Safety	34,520	34,755	(235)	-1%
Police	289,995	239,338	50,657	21%
Public Works	135,178	175,941	(40,763)	-23%
Capital Outlay - Public Works	472,602	101,105	371,497	367%
Capital Outlay - General Government	251,005	22,198	228,807	1031%
Debt Service-Principal	146,228	162,866	(16,638)	-10%
Debt Service-Interest	45,329	37,413	7,916	21%
Tax Note Issue Costs	22,500	0	22,500	--
TOTAL EXPENDITURES	\$ 1,755,264	\$ 1,126,590	\$ 628,674	

The Town's total 2010 expenditures include \$723,607 of capital improvements compared to \$123,303 expended for capital improvements in 2009. Operating expenses (general government, public safety, police and public works) increased \$14,592 (2%) from the prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS

In July 2010 the Town Council amended the original police department budget. The amendment did not change the total budgeted expenditures but reallocated certain police department expenditures due to a decrease in anticipated police expenditures for overtime, computer, and it's communication contract with DCS.

The Town's actual general fund revenues exceeded budgeted revenues by \$434,095 primarily due to permit and fees revenues (\$108,897) and road remediation income (\$107,129) exceeding budgeted revenues and the revenues from the Denton County ICA (\$145,478) and transfers from the Bartonville Community Development Corporation (\$82,542) which were not included in the budget.

General government actual expenditures were \$3,207 (1%) over budget, public safety expenditures were \$6,520 (23%) over budget, police expenditures were \$7,761 (3%) under budget and public works expenditures were \$12,178 (10%) over budget.

The "Welcome to Bartonville" Old Town capital improvements of \$239,865 were not included in the budget. These improvements were primarily funded through the Denton County ICA (\$145,478) and transfers from the Bartonville Development Corporation (\$82,542) which were not included in budgeted revenues.

CAPITAL ASSETS

The Town's investment in capital assets as of September 30, 2010 amounts to \$1,928,859 (net of depreciation). The investment in capital assets includes land, buildings, equipment and infrastructure. Major capital additions during the year included \$91,276 for land acquisition and parking lot improvement at Town Hall. The Town's capital assets are as follows:

CAPITAL ASSETS AT YEAR END NET OF ACCUMULATED DEPRECIATION

	2010	2009
Land	\$ 73,276	\$ 73,276
Buildings	183,942	177,996
Equipment	65,930	101,918
Construction in Progress	453,570	0
Infrastructure	<u>1,607,484</u>	<u>1,575,669</u>
TOTAL	<u>\$ 2,384,202</u>	<u>\$ 1,928,859</u>

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

DEBT ADMINISTRATION

The Town issued \$500,000 of tax notes during 2010 and made all of the required payments on its long-term debts in a timely manner.

Outstanding long-term debts are as follows:

OUTSTANDING DEBT AT YEAR END

	2010	2009
General Obligation Bonds	\$ 560,000	\$ 645,000
Tax Notes Payable	555,000	105,000
Capital Lease Payable	<u>11,897</u>	<u>23,125</u>
TOTAL	<u>\$ 1,126,897</u>	<u>\$ 773,125</u>

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Budgeted general fund revenues for fiscal year 2011 are \$870,236. These revenues include property tax revenues of \$456,426 based upon a tax rate of .19294 per \$100 of valuation, the same rate as the prior year.

Budgeted expenditures total \$901,879 and include transferring \$162,450 of property tax revenues to the debt service fund and \$335,134 for the police department. The budgeted deficit will be funded from funds on hand at the beginning of the fiscal year.

Debt service budgeted expenditures exceed budgeted revenues by \$55,740. The budget deficit will be funded from debt service funds on hand at the beginning of the year.

Street and capital improvement budgeted expenditures include road improvement projects of \$80,000 for projects to be determined during 2011.

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, 2010

	GOVERNMENTAL ACTIVITIES
ASSETS	
CURRENT ASSETS	
Cash	\$ 1,510,333
Receivable-Sales & Franchise Taxes	53,927
Receivable-Property Taxes	7,032
TOTAL CURRENT ASSETS	<u>1,571,292</u>
NONCURRENT ASSETS	
Restricted Cash	136,103
Unamortized Bond Issue Costs (Net of Amortization)	44,131
CAPITAL ASSETS:	
Land	73,276
Buildings & Improvements	249,902
Equipment	223,132
Infrastructure	3,621,191
Construction in Progress	453,570
Accumulated Depreciation	<u>(2,236,869)</u>
NET CAPITAL ASSETS	<u>2,384,202</u>
TOTAL NONCURRENT ASSETS	<u>2,564,436</u>
TOTAL ASSETS	<u>4,135,728</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts Payable	132,939
Accrued Liabilities	25,533
Accrued Compensated Absences	18,000
Capital Leases Payable	11,897
General Obligation Refunding Bond Payable	90,000
Tax Notes Payable	85,000
TOTAL CURRENT LIABILITIES	<u>363,369</u>
NONCURRENT LIABILITIES	
General Obligation Refunding Bond Payable	470,000
Tax Notes Payable	470,000
TOTAL NONCURRENT LIABILITIES	<u>940,000</u>
TOTAL LIABILITIES	<u>1,303,369</u>
NET ASSETS	
Invested in Capital Asset, Net of Related Debt	1,437,539
Restricted For:	
Debt Service	63,399
Economic Development	208,518
Unrestricted	1,122,903
TOTAL NET ASSETS	<u>\$ 2,832,359</u>

TOWN OF BARTONVILLE

**GOVERNMENT-WIDE
STATEMENT OF ACTIVITIES**

For the Year Ended September 30, 2010

FUNCTIONS/PROGRAMS	EXPENSES	FINES, FEES & CHARGES FOR SERVICES	DENTON COUNTY ICA	NET (EXPENSE) REVENUE
GOVERNMENTAL ACTIVITIES:				
General Government	\$ (372,749)	\$ 421,501	\$ 0	\$ 48,752
Public Safety	(34,520)	0	0	(34,520)
Police	(341,807)	50,559	0	(291,248)
Public Works	(343,228)	157,129	145,478	(40,621)
Interest on Long-Term Debt	(57,912)	0	0	(57,912)
TOTAL GOVERNMENTAL ACTIVITIES	\$ (1,150,216)	\$ 629,189	\$ 145,478	(375,549)
GENERAL REVENUE				
Property Taxes				445,702
Sales & Beverage Taxes				125,566
Franchise Taxes				141,667
Interest Income				30,267
TOTAL GENERAL REVENUE				743,202
CHANGE IN NET ASSETS				367,653
NET ASSETS - BEGINNING				2,464,706
NET ASSETS - ENDING				\$ 2,832,359

TOWN OF BARTONVILLE
BALANCE SHEET
GOVERNMENTAL FUNDS

September 30, 2010

	GENERAL FUND	DEBT SERVICE FUND	CAPITAL IMPROVEMENT FUND	COMMUNITY DEVELOPMENT CORPORATION	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash	\$ 831,706	\$ 63,399	\$ 546,066	\$ 205,265	\$ 1,646,436
Receivables:					
Sales & Franchise Taxes	50,774	0	0	3,153	53,927
Property Taxes	7,032	0	0	0	7,032
Interfund Receivable/Payable	(100)	0	0	100	0
TOTAL ASSETS	<u>889,412</u>	<u>63,399</u>	<u>546,066</u>	<u>208,518</u>	<u>1,707,395</u>
LIABILITIES					
Accounts Payable	20,766	0	112,173	0	132,939
Accrued Expenses	19,598	0	0	0	19,598
Deferred Revenues	7,032	0	0	0	7,032
TOTAL LIABILITIES	<u>47,396</u>	<u>0</u>	<u>112,173</u>	<u>0</u>	<u>159,569</u>
FUND BALANCES					
Restricted For:					
Debt Service	0	63,399	0	0	63,399
Capital Improvements	0	0	136,103	0	136,103
Economic Development	0	0	0	208,518	208,518
Committed to:					
Capital Improvements	0	0	297,790	0	297,790
Roads	375,492	0	0	0	375,492
Operating Reserve	202,033	0	0	0	202,033
Unassigned, Reported in General Fund	264,491	0	0	0	264,491
TOTAL FUND BALANCES	<u>842,016</u>	<u>63,399</u>	<u>433,893</u>	<u>208,518</u>	<u>1,547,826</u>
TOTAL LIABILITIES & FUND BALANCES	<u>\$ 889,412</u>	<u>\$ 63,399</u>	<u>\$ 546,066</u>	<u>\$ 208,518</u>	<u>\$ 1,707,395</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

TOWN OF BARTONVILLE

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

September 30, 2010

Fund Balance \$ 1,547,826

Amounts reported for governmental activities in the
Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources
and therefore are not reported in the Fund Balance Sheet. 2,384,202

Property Taxes receivable are not available to pay for current period
period expenditures and therefore are deferred in the Fund Balance Sheet. 7,032

Debt issue costs are current expenditures in the fund statement of
revenues & expenditures but are amortized in the statement of net assets. 44,131

Long term liabilities are not due and payable in the current period and
therefore are not reported in the Fund Balance Sheet:

General obligation bonds payable (560,000)

Tax notes payable (555,000)

Capital leases Payable (11,897)

Accrued compensated absences (18,000)

Accrued interest (5,935)

NET ASSETS OF GOVERNMENTAL ACTIVITIES **\$ 2,832,359**

TOWN OF BARTONVILLE

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

For the Year Ended September 30, 2010

REVENUES	GENERAL FUND	DEBT SERVICE FUND	CAPITAL IMPROVEMENT FUND	COMMUNITY DEVELOPMENT CORPORATION	TOTAL GOVERNMENTAL FUNDS
Property Taxes	\$ 281,614	\$ 162,707	\$ 0	\$ 0	\$ 444,321
Sales & Beverage Taxes	89,692	0	0	35,874	125,566
Franchise Taxes	141,667	0	0	0	141,667
Permits, Fees & Other Revenues	428,630	0	150,000	0	578,630
Municipal Court	50,559	0	0	0	50,559
Denton County-ICA Old Town	145,478	0	0	0	145,478
Interest Income	12,773	2,492	11,600	3,402	30,267
TOTAL REVENUES	1,150,413	165,199	161,600	39,276	1,516,488
EXPENDITURES					
General Government	357,907	0	0	0	357,907
Public Safety	34,520	0	0	0	34,520
Police	289,995	0	0	0	289,995
Public Works	135,178	0	0	0	135,178
Capital Outlay	251,005	0	472,602	0	723,607
Debt Service - Principle	11,228	135,000	0	0	146,228
Debt Service - Interest	1,376	43,953	0	0	45,329
TOTAL EXPENDITURES	1,081,209	178,953	472,602	0	1,732,764
EXCESS OF REVENUES OVER (UNDER)	69,204	(13,754)	(311,002)	39,276	(216,276)
OTHER SOURCES (USES)					
Tax Note Proceeds	0	0	500,000	0	500,000
Tax Note Issue Costs	0	0	(22,500)	0	(22,500)
Transfer-Community Development Corp.	82,542	0	0	(82,542)	0
TOTAL OTHER SOURCES (USES)	82,542	0	477,500	(82,542)	477,500
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	151,746	(13,754)	166,498	(43,266)	261,224
FUND BALANCE - BEGINNING	690,270	77,153	267,395	251,784	1,286,602
FUND BALANCE - ENDING	\$ 842,016	\$ 63,399	\$ 433,893	\$ 208,518	\$ 1,547,826

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

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, 2010

Net Change in Fund Balance - Governmental Funds \$ 261,224

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	723,607
Depreciation expense on capital assets	(268,264)

The issuance of debt is revenue in the governmental funds, but increases long-term liabilities in the statement of net assets: (500,000)

Repayment on debt principle is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets: 146,228

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:

Debt Issue Costs	22,500
Amortization of Debt Issue Costs	(10,664)

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	1,381
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Some expenses in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:

Accrued Interest	(1,919)
Compensated Absences	(6,440)

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 367,653

TOWN OF BARTONVILLE

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

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 (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by 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 unit is included in the Town's reporting entity because of its operational and financial relationship with the Town.

Blended component unit - 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 component unit can be obtained from the Town's administrative offices.

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 fire, ambulance, 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.

TOWN OF BARTONVILLE

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

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.

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 Fund 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.

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

TOWN OF BARTONVILLE

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

D: BASIS OF ACCOUNTING:

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It related primarily to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual:

Governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expensed are recognized when incurred.

2. Modified Accrual:

The governmental fund financial statements are presented on 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 knowing or being able to reasonably estimate the amount. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principle and interest on general obligation long-term debt, if any, is recognized when 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. Restricted Resources:

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

5. 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.

6: 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, 2010. The accounting principles governing the reported amounts, financial presentations, and disclosures are

TOWN OF BARTONVILLE

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

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 City of Justin and its components units.

- Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles State and Local Governments*
- Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*
- Statement No. 57, *Other Post Employment Benefit Measurements by Agent Employers and Agent Multiple-Employer Plans*
- Statement No. 58, *Accounting and Reporting for Chapter 9 Bankruptcies*

New pronouncements not yet in effect as of September 30, 2010, are not expected to have any significant impact on the City's financial position, results of operations, or cash flows. The City is currently studying these new pronouncements and will adopt them in the fiscal year ending September 2011, as required.

E. FINANCIAL STATEMENT AMOUNTS:

1. Cash and cash Equivalents:

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

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. Revenues:

Substantially all governmental fund revenues are accrued. Property taxes are billed and collected within the same period in which the taxes are levied.

TOWN OF BARTONVILLE

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

4. Expenditures:

Expenditures are recognized when the related fund liability is incurred.

5. 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.

6. 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.
- 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.

TOWN OF BARTONVILLE

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

- 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.

NOTE 2: DEPOSITS:

At September 30, 2010 the carrying amount of the Town's cash accounts were \$1,646,436, made up of petty cash of \$300 and \$1,646,136 held in checking accounts at a local financial institution. The Town did not own any investments at September 30, 2010.

Deposit and Investment risk Disclosures:

(1) 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.

(2) 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, 2010 the Town's bank balances (per bank) totaled \$1,674,127. 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, 2010.

Securities pledged by the Town's depository institution at September 30, 2010 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, 2010

(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 3: DESIGNATED CASH:

By Town Council resolution certain funds held in the "General Fund Money Market" account at a local bank are designated to be held as an operating reserve to be used in an emergency situation as determined by the Town's Council. At September 30, 2010 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 designated for Town road improvements. At September 30, 2010 the Town had committed road improvement funds totaling \$375,492.

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, 2010 the Town had designated road improvement funds totaling \$409,963.

NOTE 4: CAPITAL ASSETS:

Capital asset activity for the fiscal year ended September 30, 2010 is as follows:

CAPITAL ASSETS GOVERNMENTAL ACTIVITIES	BEGINNING	ADDITIONS	DELETIONS	ENDING
Land	\$ 73,276	\$ 0	\$ 0	\$ 73,276
Building & Improvements	233,790	16,112	0	249,902
Equipment	36,752	2,920	0	39,672
Police Equipment	172,320	11,140	0	183,460
Construction in Process	0	453,570	0	453,570
Infrastructure	3,381,326	239,865	0	3,621,191
TOTAL AT HISTORICAL COST	<u>3,897,464</u>	<u>723,607</u>	<u>0</u>	<u>4,621,071</u>

TOWN OF BARTONVILLE

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

LESS ACCUMULATED DEPRECIATION

Land	0	0	0	0
Building & Improvements	55,794	10,166	0	65,960
Equipment	25,231	5,436	0	30,667
Police Equipment	81,923	44,612	0	126,535
Infrastructure	1,805,657	208,050	0	2,013,707
TOTAL ACCUMULATED DEPRECIATION	<u>1,968,605</u>	<u>268,264</u>	<u>0</u>	<u>2,236,869</u>

TOTAL CAPITAL ASSETS, NET \$ 1,928,859 \$ 455,343 \$ 0 \$ 2,384,202

DEPRECIATION EXPENSE WAS CHARGED TO GOVERNMENTAL ACTIVITIES AS FOLLOWS:

General Government	\$ 15,602
Police	44,612
Public Works	208,050
TOTAL DEPRECIATION EXPENSE	<u>\$ 268,264</u>

NOTE 5: LONG-TERM DEBT:

At September 30, 2010, the long-term debt of the town consisted of the following:

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 Towns' 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 SEPTEMBER 30,	PRINCIPAL	INTEREST	TOTAL
2011	\$ 90,000	\$ 21,000	\$ 111,000
2012	95,000	17,626	112,626
2013	100,000	14,062	114,062
2014	100,000	10,312	110,312
2015	105,000	6,562	111,562
2016	70,000	2,626	72,626
TOTALS	<u>\$ 560,000</u>	<u>\$ 72,188</u>	<u>\$ 632,188</u>

Tax Notes:

Series 2004 Tax Notes, dated August 2004. The notes are payable from an ad valorem tax to be levied by the Town. The notes bear interest at rates ranging from 2.50% to 4.60% and are

TOWN OF BARTONVILLE

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

redeemable by the Town at any time. The note proceeds are to be used for the construction of public works, specifically drainage improvements and fire suppression infrastructure.

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 SEPTEMBER 30,	PRINCIPAL	INTEREST	TOTAL
2011	\$ 85,000	\$ 24,830	\$ 109,830
2012	85,000	20,962	105,962
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
TOTALS	\$ <u>555,000</u>	\$ <u>89,500</u>	\$ <u>644,500</u>

Capital Leases:

Capital lease with Ford Motor Credit - the lease requires four annual payments of \$12,604 starting in June 2008. The lease bears interest at 5.95% and the lease proceeds were used to purchase a police vehicle, which serve as collateral for the lease.

Annual debt service requirements to maturity for capital lease debt is:

YEAR ENDING SEPTEMBER 30,	PRINCIPAL	INTEREST	TOTAL
2011	\$ <u>708</u>	\$ <u>11,897</u>	\$ <u>12,605</u>

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

	BEGINNING	ADDITIONS	PAYMENTS	ENDING	CURRENT PORTION
Series 2004, G.O. Refunding Bo	\$ 645,000	\$ 0	\$ 85,000	\$ 560,000	\$ 90,000
Series 2004 Tax Notes	105,000	0	50,000	55,000	55,000
Series 2009 Tax Notes	0	500,000	0	500,000	30,000
Capital Lease-Ford Motor Cr.	23,125	0	11,228	11,897	11,897
TOTAL BONDS/LEASES	<u>773,125</u>	<u>500,000</u>	<u>146,228</u>	<u>1,126,897</u>	<u>186,897</u>
Compensated Absences	11,560	19,326	12,886	18,000	0
TOTAL GOVERNMENTAL	\$ <u>784,685</u>	\$ <u>519,326</u>	\$ <u>159,114</u>	\$ <u>1,144,897</u>	\$ <u>186,897</u>

TOWN OF BARTONVILLE

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

NOTE 6: RETIREMENT PLAN:

Plan Description

The City 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, P.O. 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.

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 2009	Plan Year 2010
	7.00%	7.00%
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%	0%
Annuity increase (to retirees)	0% of CPI	0% of CPI

Contributions:

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the 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.

TOWN OF BARTONVILLE

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

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

	<u>2008</u>		<u>2009</u>		<u>2010</u>
Annual required contribution rate	8.68%		7.42%		8.20%
Annual required contribution (ARC)	\$ 23,566	\$	25,235	\$	30,451
Interest on net pension obligation	\$ 0	\$	0	\$	0
Adjustment to the ARC	\$ 0	\$	0	\$	0
Annual pension cost	\$ 23,566	\$	25,235	\$	30,451
Contributions funded	\$ 23,566	\$	25,235	\$	30,451
Increase (decrease) in net pension obligation	\$ 0	\$	0	\$	0
Net pension obligation (asset) at beginning of year	\$ 0	\$	0	\$	0
Net pension obligation (asset) at end of year	\$ 0	\$	0	\$	0

The required contributions rates for 2010 were determined as part of the December 31, 2007 and 2008 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2009 are as follows:

Actuarial valuation date	12/31/07	12/31/08	12/31/09
	Projected	Projected	Projected
Actuarial cost method	Unit Credit	Unit Credit	Unit Credit
	Level % of	Level % of	Level % of
Amortization method	payroll	payroll	payroll
	25 years;	24 years;	24 years;
Remaining amortization period	closed period	closed period	closed period
Amortization period for new gains/losses	25 years	25 years	25 years
	Amortized	Amortized	Smoothed
Asset valuation method	cost	cost	Market
Actuarial assumptions:			
Investment rate of return	7.00%	7.50%	7.50%
	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%	0.00%

The funding status as of December 31, 2009, the most recent actuarial valuation date, is as follows:

Actuarial valuation of assets	\$ 94,566	\$	136,539	\$	192,698
Actuarial accrued liability	\$ 185,000	\$	214,636	\$	355,088
Funded ratio	51.12%		63.61%		54.27%
Unfunded (overfunded) actuarial accrued liability	\$ 90,434	\$	78,097	\$	162,390
Annual covered payroll	\$ 273,252	\$	205,395	\$	330,273
UAAL as percentage of covered payroll	33.10%		38.02%		49.17%

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

TOWN OF BARTONVILLE

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

NOTE 7: PROPERTY TAX:

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

NOTE 8: RISK MANAGEMENT

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

NOTE 9: SUBSEQUENT EVENTS:

Management has reviewed subsequent events and transactions that occurred after the balance sheet date through January 18, 2011 (the date the Town Council approved the financial statements). The financial statements include all events or transactions, including estimates, required to be recognized in accordance with generally accepted accounting principles. Management has determined that there are no nonrecognized subsequent events that require additional disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF BARTONVILLE

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For the Year Ended September 30, 2010

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
RESOURCES (INFLOWS)				
Beginning Budgetary Fund Balance	\$ 0	\$ 0	\$ --	\$ 0
Property Taxes	293,450	293,450	281,614	(11,836)
Sales & Beverage Taxes	98,100	98,100	89,692	(8,408)
Franchise Taxes	142,000	142,000	141,667	(333)
Permits & Fees	154,260	154,260	263,157	108,897
Municipal Court	52,000	52,000	50,559	(1,441)
Road Remediation Income	50,000	50,000	157,129	107,129
Denton County-ICA Old Town	0	0	145,478	145,478
Other income	2,210	2,210	8,344	6,134
Interest Income	6,840	6,840	12,773	5,933
Transfer-Community Development Corp	0	0	82,542	82,542
TOTAL RESOURCES	798,860	798,860	1,232,955	434,095
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
General Government:				
Wages	175,200	175,200	174,588	612
Payroll Taxes	3,200	3,200	3,325	(125)
Retirement	13,850	13,850	14,583	(733)
Employee Medical Insurance & HSA	21,000	21,000	22,734	(1,734)
Contract Labor	3,600	3,600	1,605	1,995
Accounting & Auditing Services	3,400	3,400	3,500	(100)
Appraisal & Tax Collection Services	4,750	4,750	4,718	32
Codification Services	4,500	4,500	3,445	1,055
Elections	2,400	2,400	2,269	131
Engineering Services	20,000	20,000	17,917	2,083
Legal Services	10,000	10,000	11,354	(1,354)
Municipal Court	12,500	12,500	15,137	(2,637)
Building & Equipment Maintenance	7,500	7,500	8,744	(1,244)
Copier Lease & Supplies	4,800	4,800	4,891	(91)
Dues, Subscriptions & Public Notices	5,600	5,600	5,429	171
Insurance	4,500	4,500	3,455	1,045
Supplies, Postage & Printing	18,300	18,300	20,467	(2,167)
Town Meetings & Events	8,000	8,000	7,085	915
Travel & Training	15,600	15,600	15,144	456
Utilities	16,000	16,000	17,517	(1,517)
Total General Government	354,700	354,700	357,907	(3,207)
Public Safety:				
Inspection & Code Enforcement	26,000	26,000	29,875	(3,875)
Child Safety	0	0	2,735	(2,735)
Animal Control	2,000	2,000	1,910	90
Total Public Safety	28,000	28,000	34,520	(6,520)

TOWN OF BARTONVILLE

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For the Year Ended September 30, 2010

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
Police:				
Wages	194,714	192,220	191,123	1,097
Payroll Taxes	2,889	3,489	3,808	(319)
Retirement	16,045	16,045	15,868	177
Employee Medical Insurance & HSA	23,500	23,500	22,253	1,247
Insurance	10,652	10,907	11,045	(138)
Vehicle Fuel	10,000	11,500	11,332	168
Vehicle Maintenance	6,000	8,000	6,051	1,949
Supplies	17,000	10,000	7,849	2,151
Dues & Memberships	8,650	5,349	5,265	84
Criminal Investigations	1,500	940	359	581
Telephone	3,800	4,400	4,108	292
Uniforms	5,500	3,900	3,900	0
Travel & Training	7,500	7,500	7,034	466
Debt Service	12,610	12,610	12,604	6
Total Police	320,360	310,360	302,599	7,761
Public Works:				
Street Signs	3,000	3,000	2,002	998
Road Maintenance-General	40,000	40,000	51,016	(11,016)
Road Maintenance Projects	80,000	80,000	82,160	(2,160)
Total Public Works	123,000	123,000	135,178	(12,178)
Capital Outlay:				
Administration	0	0	239,865	(239,865)
Police	2,000	12,000	11,140	860
Public Works	0	0	0	0
Total Capital Outlay	2,000	12,000	251,005	(239,005)
TOTAL APPROPRIATIONS	828,060	828,060	1,081,209	(253,149)
EXCESS OF RESOURCES OVER (UNDER) APPROPRIATIONS	\$(29,200)	\$(29,200)	\$151,746	180,946

TOWN OF BARTONVILLE
SCHEDULE OF PENSION PLAN FUNDING PROGRESS
For the Year Ended September 30, 2010

DEFINED BENEFIT RETIREMENT PLAN

	12-31-09	12-31-08	12-31-07
Actuarial Valuation Date			
Actuarial Value of Assets	\$ 192,698	136,539	94,566
Actuarial Accrued Liabilities (AAL)	355,008	214,636	185,000
Unfunded (Overfunded) AAL (UAAL)	162,310	78,097	90,434
Funded Ratio	54.28%	63.61%	51.12%
Covered Payroll	330,273	205,395	273,252
UAAL as a Percentage of Covered Payroll	49.14%	38.02%	33.10%

OTHER SUPPLEMENTARY INFORMATION

TOWN OF BARTONVILLE
SCHEDULE OF PROPERTY TAXES

September 30, 2010

TAX YEAR	2009	2008	2007	2006
Assessed Value	\$ 229,478,975	\$ 230,947,212	\$ 197,116,124	\$ 176,185,290
Tax Rate per \$100 of Assessed Value	0.19294	0.19294	0.19294	0.19294
Total Tax Levy	\$ 442,757	\$ 445,590	\$ 380,316	\$ 339,932
Collections During Fiscal Year	\$ 438,928	\$ 442,113	\$ 378,375	\$ 337,718
% of Current Taxes Collected	99.14%	99.22%	99.49%	99.35%

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, 2010

RESTRICTED FUNDS:

GENERAL, DEBT SERVICE & CIP FUNDS

Interest & Sinking Debt Service Funds	\$	63,399
Unspent 2009 Tax Note Proceeds		136,103
Security & Technology Funds		3,042
Spirit Day Funds		<u>1,176</u>
TOTAL GENERAL, DEBT SERVICE & CIP FUNDS	\$	<u>203,720</u>

SPECIAL REVENUE FUND

Community Development Funds	\$	<u>205,265</u>
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COMMITTED FUNDS:

Designated for Roads	\$	375,492
Capital Improvements		409,963
Operating Reserves		<u>202,033</u>
TOTAL COMMITTED FUNDS	\$	<u>987,488</u>

TOTAL RESTRICTED & COMMITTED FUNDS	\$	<u>1,396,473</u>
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**TOWN OF BARTONVILLE
SCHEDULE OF FUTURE DEBT SERVICE REQUIREMENTS
GOVERNMENTAL LONG - TERM DEBT**

September 30, 2010

Series 2004 General Obligation Refunding Bonds

Original Amount	1,100,000			
Interest Rate	3.750%			
YEAR ENDING SEPTEMBER 30,	FEB 15 INTEREST	AUGUST 15 INTEREST	AUGUST 15 PRINCIPLE	TOTAL REQUIREMENTS
2011	\$ 10,500	\$ 10,500	\$ 90,000	111,000
2012	8,813	8,813	95,000	112,626
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
TOTALS	\$ 36,094	\$ 36,094	\$ 560,000	\$ 632,188

Series 2004 TAX NOTES

Original Amount	335,000			
Interest Rate	2.50% to 4.60%			
YEAR ENDING SEPTEMBER 30,	FEB 15 INTEREST	AUGUST 15 INTEREST	AUGUST 15 PRINCIPLE	TOTAL REQUIREMENTS
2011	\$ 1,265	\$ 1,265	\$ 55,000	\$ 57,530

Series 2009 TAX NOTES

Original Amount	500,000			
Interest Rate	4.460%			
YEAR ENDING SEPTEMBER 30,	FEB 15 INTEREST	AUGUST 15 INTEREST	AUGUST 15 PRINCIPLE	TOTAL REQUIREMENTS
2011	\$ 11,150	\$ 11,150	\$ 30,000	\$ 52,300
2012	10,481	10,481	85,000	105,962
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
TOTALS	\$ 43,485	\$ 43,485	\$ 500,000	\$ 586,970

Capital Lease-Ford Motor Credit

Original Amount	46,327			
Interest Rate	5.950%			
YEAR ENDING SEPTEMBER 30,		JUNE INTEREST	JUNE PRINCIPLE	TOTAL REQUIREMENTS
2011		\$ 708	\$ 11,897	\$ 12,605

TOTAL ALL GOVERNMENTAL LONG-TERM DEBTS

YEAR ENDING SEPTEMBER 30,	FEB 15 INTEREST	JUNE OR AUGUST 15 INTEREST	JUNE OR AUGUST 15 PRINCIPLE	TOTAL REQUIREMENTS
2011	\$ 22,915	\$ 23,623	\$ 186,897	\$ 233,435
2012	19,294	19,294	180,000	218,588
2013	15,616	15,617	190,000	221,233
2014	11,735	11,734	195,000	218,469
2015	7,741	7,741	205,000	220,482
2016	3,543	3,543	170,000	177,086
TOTALS	\$ 80,844	\$ 81,552	\$ 1,126,897	\$ 1,289,293

WILLIAM C. SPORE, P.C.
Certified Public Accountants
200 N. Rufe Snow Dr., Ste 204
Keller, TX 76248
817-421-6619

To the Town Council
Town of Bartonville

In planning and performing my audit of the financial statements of the governmental activities and major fund of the Town of Bartonville as of and for the year ending September 30, 2010, 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 18, 2011

WILLIAM C. SPORE, P.C.
Certified Public Accountants
200 N. Rufe Snow Dr., Ste 204
Keller, TX 76248
817-421-6619

January 10, 2011

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, 2010, and have issued my report thereon dated January 18, 2011. 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 December 18, 2009. 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 2010. 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 12, 2011

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