

TOWN OF PANTEGO, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For Fiscal Year Ended September 30, 2014



Prepared by:
Finance Department

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TOWN OF PANTEGO, TEXAS
 Comprehensive Annual Financial Report
 For the Year Ended September 30, 2014

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INTRODUCTORY SECTION

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**1614 S. Bowen Rd.
Pantego, Texas 76013
(817) 617-3700
Fax (817) 617-3726**

February 16, 2015

Honorable Mayor and Town Council Members and
the Citizens of the Town of Pantego, Texas:

The comprehensive annual financial report of the Town of Pantego for fiscal year ended September 30, 2014 is hereby submitted. State Law requires that all governmental units publish within six months of the close of the each fiscal year financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited by a licensed public accountant. This report is published to satisfy that requirement and to provide the Town Council, staff, our citizens, bondholders and other interested parties with detailed information concerning the financial condition and activities of the Town government.

Responsibility for both accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Town. The Town is responsible for establishing and maintaining internal controls designed to ensure that the assets of the government are protected from loss, theft or misuse and to insure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the Town. All disclosures necessary to enable the reader to gain an understanding of the Town's financial activities have been included.

In developing and evaluating the Town's accounting system, consideration is given to the accuracy of internal control over financial reporting. These controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability of assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived from the control. The evaluation of costs and benefits requires estimates and judgments by management. We believe the Town's current system of internal control over financial reporting adequately safeguards assets and provides reasonable assurance of proper recording of financial transactions.

State Law requires the Town's basic financial statements to be audited by independent certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the Town are presented fairly, in all material respects, for the fiscal year ended September 30, 2014. This independent audit involved examining, on a test basis, evidence supporting the amount and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. George, Morgan and Sneed, P.C., Certified Public Accountants, performed the required audit and have issued an unmodified ("clean") opinion on the Town of Pantego's financial statements for the year ended September 30, 2014. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent's auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF TOWN

Pantego incorporated in 1952 as a village, but changed to a Type A General Law city in 1967. Pantego is located in Tarrant County and it is entirely surrounded by the cities of Arlington and Dalworthington Gardens. It is located in the middle of the Dallas-Fort Worth Metroplex, a metropolitan area spanning several counties. General Law cities are smaller cities, most of which are less than 5,000 in population. All General Law cities operate according to specific state statutes prescribing their powers and duties. General Law cities are limited to doing what the state authorizes or permits them to do. If state law does not grant General Law cities the express or implied power to initiate a particular action, none may be taken.

The governing body of a municipality operating as a Type A General Law municipality is known as the "City Council" and if the city has not been divided into wards, the governing body always consists of a Mayor and five Council members. Under this form of government, the Mayor and five Council members are elected at large for staggered two-year terms on the second Saturday in May. All members serve without compensation. The Mayor and City Council appoint the City Manager, City Secretary and all who serve on the Town's Boards and Commissions. The City Manager in turn appoints the heads of various departments.

In 1980 the Town adopted a Council-Manager form of government. The basic structure of the Council-Manager plan is similar to that of a private corporation, in which the stockholders elect a board of directors which then hires a president to run the company. Under the City Manager plan, the voters elect a City Council which, in turn, hires a City Manager to administer the Town's day-to-day affairs. The Town Council serves as the legislative body; sets policy, approves an annual operating budget, sets the tax rate, and determines the size of the payroll and the extent and cost of municipal services. In short, the Council is the final authority on all of the many policy decisions that determine the scope and functions of the Town government.

The Town provides a full range of services. These include public safety (police and fire), municipal court, public works, community development and general administrative services. In addition, the Town owns and operates a water and sewer distribution system.

The basic financial statements of the Town include all governmental activities, organizations and functions for which the Town is financially accountable. The criteria considered in determining governmental activities to be reported within the Town's basic financial statements are based upon and consistent with those set forth in the Codification of Governmental Accounting and Financial Reporting Standards. Component units are legally separate organizations that a primary government must include as a part of its financial reporting entity. The government-wide financial statements include not only the Town itself (known as the primary government), but also include the Pantego Economic Development Corporation as a discretely presented component unit. The discretely presented component unit is presented in a separate column in the government-wide financial statements.

LOCAL ECONOMY

The Town of Pantego's location between Dallas and Fort Worth is ideal for business and residents. The North Texas region possesses diverse research and educational institutions, logistics, oil and gas, manufacturing and industrial, and a professional services base that has contributed to the relative stability of the unemployment rate. Overall, the North Texas region has fared better than the nation as a whole. Relative low taxes, housing and energy costs make the area attractive to business, with the additional enticement that Texas has no state personal income tax.

This past year was a period of financial improvement in the Town's economy. Sales taxes, which were projected to increase by 19%, exceeded projection by almost 4%, validating from an economic perspective the decision by a past council to allow liquor sales. In addition, property valuations appear to be experiencing a rebound from the past few years, with a modest gain anticipated. This is reflective of the overall economy, which regionally is reporting increasing sales and employment with a small growth in the Consumer Price Index.

LONG-TERM FINANCIAL PLANNING

Models projecting revenues and expenditures/expenses for 5 years beyond the current year have been developed for all of the operational funds of the Town. Assumptions have been developed for future tax rates and charges for services as well as projections for expenditures/expenses. Each possible program addition or change is analyzed in term of impact over a 5 year window as part of the budget package decision making process. The models also enable the Town to make assumptions about the future debt capacity of the operational funds. The Town has also identified projects based on their critical nature and the timeliness of available financing for these projects.

MAJOR INITIATIVES

The Town Council continued its strategic planning process to identify goals and objectives for long range planning. Directives from Council are utilized to help guide the budget planning and service/program implementation. It is anticipated that an updated Comprehensive Plan primarily focused on redevelopment will occur within the next two years. One of the Town's major initiatives for the upcoming fiscal year is the initiation of the Park Row redevelopment project.

BUDGETING PROCESS

State Law requires that an operating budget be adopted prior to the first day of the fiscal year beginning October 1st. The Town's budget process is a six month cycle, which begins in early April and ends in mid September. Departments submit budget proposals by early May and during the months of May and June the City Manager and the Finance department develop the recommended budget based on the directives received by Council.

The Town of Pantego uses a program-base budgeting process. Each budgeting unit/department is given a target "baseline" funding level based upon the previous year's funding level. With a few exceptions, no capital assets, wages and benefits, or one-time packages are included in the baseline funding. Any funding request that represents new expenditures and programs, or that is in excess of baseline funding, must be submitted as a separate request or "package." These packages may be either a new or restoration request of resources, depending upon the budgeting unit's funding target.

The budget revenue projections for the new fiscal year begin early in the current fiscal year. The projections are made by the departments responsible for the revenues with help from the Finance department. Projections are based upon consultations with state and local agencies, trend analysis, anticipated changes in the local and regional economy, and discussions with directly associated staff members. Although revenue projections are prepared early in the budget process, the budget revenue analysis continues with departmental budget development and extends until the budget is adopted based upon any new information. Given revenue projections and baseline funding requirements, budget funding changes are made according to necessity and priority. A total recommended funding level is determined and is weighed against available resources.

Prior to August, the City Manager submits to the Council a proposed budget of expenditures and the means to finance them for the next year. The Council holds workshop meetings and public hearings on the proposed budget to receive citizen feedback and make final determinations about the eventual adopted budget. Prior to September 30, the budget is legally enacted through the passage of an appropriation ordinance. The budget may be amended during the year only after complying with the notice procedure called for adopting of the budget. The City Manager is authorized to make line-item and departmental budget adjustments during the year in order to avoid over-expenditures of particular line items.

Adjustments require no further Council action if the total appropriation for each fund as set forth in the adopted budget is not exceeded. Expenditures in excess of the adopted appropriations for each fund require budget amendments in accordance to Town Policy. If necessary, the original budget is modified and incorporated into a proposed mid-year budget, which is then used as the working budget for the remainder of the fiscal year. Budget maintenance is a year-round activity of divisions/departments and the Finance department. Spending control mechanisms during the year include monthly review of expenditures and financial reports to Town Council. Finally, program goals, objectives and measures are evaluated during the budget implementation to determine effectiveness of program activities and levels of appropriate funding of subsequent years.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting. This award recognizes conformance with the highest standards for preparation of state and local government financial reports. A Certificate of Achievement is valid for a period of one year only. This is the first year for which the Town of Pantego is submitting its annual financial report to be considered for this prestigious award. We believe our current Comprehensive Annual Financial Report conforms to the Certificate of Achievement Program requirements and consequently we will be submitting to the GFOA to determine its eligibility.

The preparation of this report could not be accomplished on a timely basis without the efficient and dedicated endeavors of the entire Town staff. We would like to express our sincere appreciation to all employees who contributed to the preparation. We would also like to thank the Mayor, Town Council for their support in planning and conducting the financial operations of the Town in a responsible manner.

Respectfully submitted,



Matthew Fielder
City Manager



Ariel Carmona, CGFO
Finance Director

**TOWN OF PANTEGO, TEXAS
LIST OF PRINCIPAL OFFICIALS
SEPTEMBER 30, 2014**

GOVERNING BODY

Elected officials

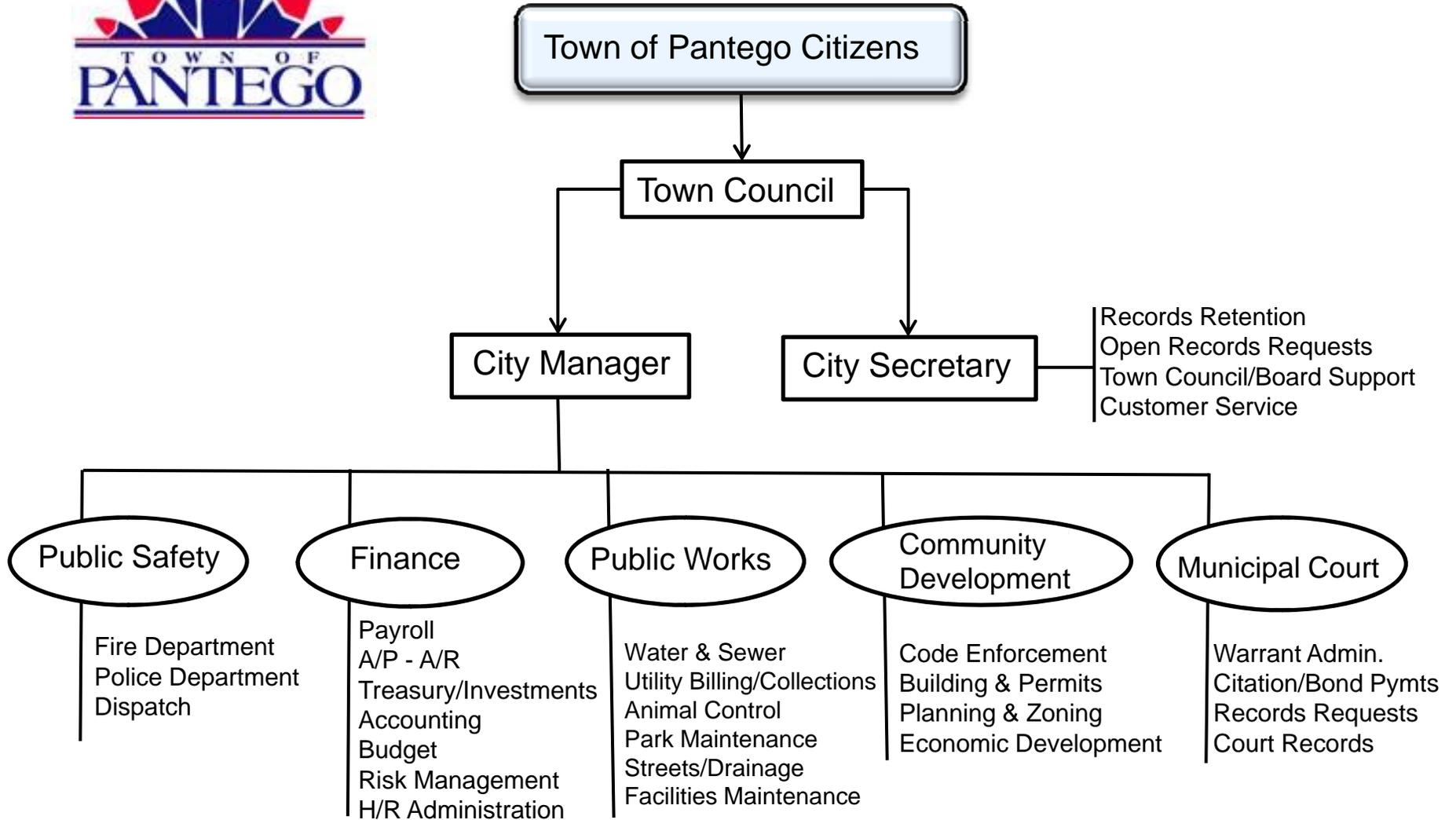
Mayor	Melody Paradise
Council member/Mayor Pro Tem	Russell Brewster
Council member	Fred Adair
Council member	Don Funderlic
Council member	Jane Barrett
Council member	Don Surratt

ADMINISTRATION

City Officials

City Manager	Matthew Fielder
City Secretary	Julie Arrington
Finance Director	Ariel Carmona
Public Works Director	Scott Williams
Community Development Director	Chad Joyce
Chief of Public Safety	Tom Griffith
Assistant Chief of Police	Barry Reeves
Assistant Fire Chief	Robert Coker
Municipal Court Administrator	Thressa Householder
Legal Counsel	Jim Jeffrey





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FINANCIAL SECTION

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INDEPENDENT AUDITOR’S REPORT

To the Town Council
Town of Pantego, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the Town of Pantego, Texas, (the “Town”) as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Town’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town, as of September 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison information, and Texas Municipal Retirement System Schedule of Funding Progress on pages 4 – 14 and pages 50-53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures,

including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards general accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the financial statements as a whole.

The introductory section and statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2015, on our consideration of the Town of Pantego, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Pantego, Texas' internal control over financial reporting and compliance.

George Morgan Ince, P.C.

Weatherford, Texas

February 25, 2015

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MANAGEMENT'S DISCUSSION & ANALYSIS

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of The Town of Pantego, Texas, we offer readers of The Town of Pantego's financial statements this narrative overview and analysis of the financial activities of The Town of Pantego for the fiscal year ended September 30, 2014.

FINANCIAL HIGHLIGHTS

- The assets of the Town of Pantego exceeded its liabilities at the close of the most recent fiscal year by \$11,572,562 (*net position*) compared to \$11,082,898 for the prior year. Of this amount, \$3,963,250 (*unrestricted net position*) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position increased by \$489,664. The Town's governmental activities net position increased by \$935,709 and the business-type activities net position decreased by \$446,045.
- As of the close of the current fiscal year, the Town of Pantego's governmental funds reported combined ending fund balances of \$5,087,586, which is an increase of \$1,277,105 from the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$2,044,889, or 59% of total general fund expenditures.

OVERVIEW OF THE 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 themselves.

Government-wide financial statements.

The government-wide financial statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Town's net position and how they have changed. Net position – the difference between the Town's assets and liabilities – are one way to measure the Town's financial health or position.

- Over time, increases or decreases in the Town's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Town, one needs to consider additional nonfinancial factors such as changes in the Town's tax base.

The government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). All of the Town's services are included here, such as general and administrative, public safety, streets and bridges, public improvements and planning and zoning in the governmental activities and water and sewer services in the business-type or proprietary activities.

The government-wide financial statements include not only the Town itself (known as the primary government), but also a legally separate Economic Development Corporation for which the Town is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on Exhibits A-1 and B-1 of this report.

Fund financial statements.

The fund financial statements provide more detailed information about the Town's most significant funds-not the Town as a whole. Funds are used by the Town to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The Town Council establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds. Most of the Town's basic services are included in governmental funds, which focus on (1) short-term inflows and outflows of spendable resources and (2) the balances left at year-end that are available for spending. Consequently, the governmental

fund statements provide a detailed short-term view that 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. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide a reconciliation that explains the relationship (or differences) between them.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, street improvement construction fund, and park row project fund, which are considered major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The Town adopts annual appropriated budgets for the general fund, special revenue funds, debt service funds and capital projects funds. A budgetary comparison schedule has been provided for all budgeted funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on Exhibits C-1 through C-4 of this report.

Proprietary funds. Services for which the Town charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information. The Town maintains one type of proprietary fund. The Town uses enterprise funds to account for its water and sewer operations.

The basic proprietary fund financial statements can be found on Exhibits D-1 through D-3 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statement can be found on Exhibits E-1 of this report.

Notes to the basic financial statements provide additional information that is necessary for a complete understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26-49 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's progress funding its obligation to provide pension benefits to its employees.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by \$11,572,562 as of September 30, 2014.

Below is a summary of the Town's Statement of Net position.

Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 5,779,720	\$ 4,449,046	\$ 1,761,049	\$ 1,867,949	\$ 7,540,769	\$ 6,316,995
Capital assets	5,156,248	5,359,849	898,886	996,800	6,055,134	6,356,649
Total Assets	<u>10,935,968</u>	<u>9,808,895</u>	<u>2,659,935</u>	<u>2,864,749</u>	<u>13,595,903</u>	<u>12,673,644</u>
Long-term liabilities	1,452,355	1,250,895	-	-	1,452,355	1,250,895
Other liabilities	188,315	198,407	382,671	141,440	570,986	339,847
Total liabilities	<u>1,640,670</u>	<u>1,449,302</u>	<u>382,671</u>	<u>141,440</u>	<u>2,023,341</u>	<u>1,590,742</u>
Net Position:						
Invested in capital assets net of related debt	4,109,091	4,518,024	898,886	996,800	5,007,977	5,514,824
Restricted	2,601,335	1,973,526	-	-	2,601,335	1,973,526
Unrestricted	2,584,872	1,868,043	1,378,378	1,726,509	3,963,250	3,594,552
Total Net Position	<u>\$ 9,295,298</u>	<u>\$ 8,359,593</u>	<u>\$ 2,277,264</u>	<u>\$ 2,723,309</u>	<u>\$ 11,572,562</u>	<u>\$ 11,082,902</u>

The largest portion of the Town's net position \$5,007,977 (43%) reflects its investment in capital assets (e.g. land, construction in progress, buildings, improvements other than buildings, machinery and equipment and infrastructure); less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position \$2,601,335 (23%) represents resources that are subject to external restrictions on how they may be used. The \$3,963,250 (34%) balance of unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

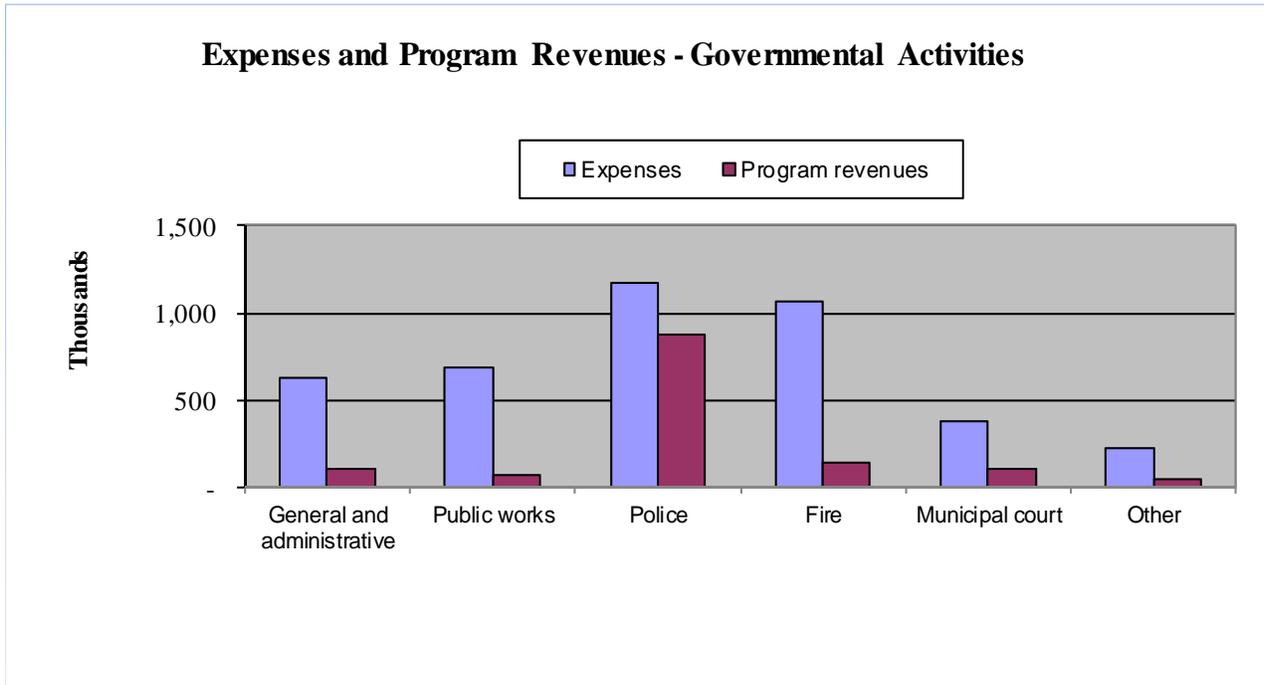
Below is a summary of the Town's Statement of Activities.

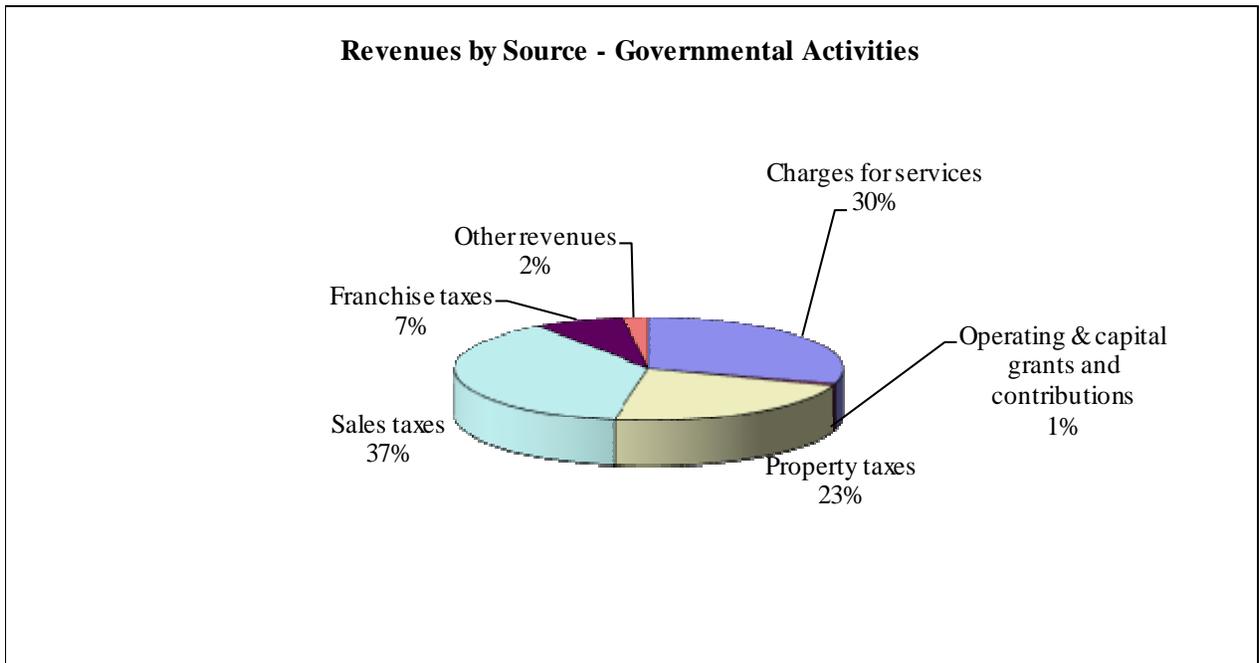
Changes in Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 1,347,130	\$ 1,285,417	\$ 1,177,852	\$ 1,218,637	\$ 2,524,982	\$ 2,504,054
Operating grants and contributions	32,271	58,715	-	-	32,271	58,715
Capital grants and contributions	-	95,862	-	-	-	95,862
General revenues:						
Property taxes	1,026,470	1,016,196	-	-	1,026,470	1,016,196
Sales taxes	1,708,772	1,640,680	-	-	1,708,772	1,640,680
Franchise taxes	342,799	301,675	-	-	342,799	301,675
Investment earnings	3,140	6,991	622	826	3,762	7,817
Other revenue	24,148	32,431	-	-	24,148	32,431
Gain (loss) retirement of capital assets	68,733	-	-	-	68,733	-
Total revenues	<u>4,553,463</u>	<u>4,437,967</u>	<u>1,178,474</u>	<u>1,219,463</u>	<u>5,731,937</u>	<u>5,657,430</u>
Expenses						
General and administrative	629,296	605,615	-	-	629,296	605,615
Public works	694,444	716,928	-	-	694,444	716,928
Police	1,176,704	1,194,325	-	-	1,176,704	1,194,325
Fire	1,063,922	1,102,614	-	-	1,063,922	1,102,614
Municipal court	385,411	343,778	-	-	385,411	343,778
Other	186,349	154,960	-	-	186,349	154,960
Interest and fiscal agent charges	38,628	38,596	-	-	38,628	38,596
Water and sewer	-	-	1,067,519	996,184	1,067,519	996,184
Total expenses	<u>4,174,754</u>	<u>4,156,816</u>	<u>1,067,519</u>	<u>996,184</u>	<u>5,242,273</u>	<u>5,153,000</u>
Increase (decrease) in net position before transfers	378,709	281,151	110,955	223,279	489,664	504,430
Transfers	557,000	-	(557,000)	-	-	-
Increase (decrease) in net position	<u>935,709</u>	<u>281,151</u>	<u>(446,045)</u>	<u>223,279</u>	<u>489,664</u>	<u>504,430</u>
Net Position October 1 (restated)	8,359,589	8,078,438	2,723,309	2,500,030	11,082,898	10,578,468
Net Position September 30	<u>\$ 9,295,298</u>	<u>\$ 8,359,589</u>	<u>\$ 2,277,264</u>	<u>\$ 2,723,309</u>	<u>\$ 11,572,562</u>	<u>\$ 11,082,898</u>

Governmental Activities. Governmental activities increased the Town's net position by \$935,709 in the current year compared with a \$281,151 increase in the prior year. Total governmental activities revenues increased \$115,496 (3%). Total governmental activities expenses increased \$17,938.

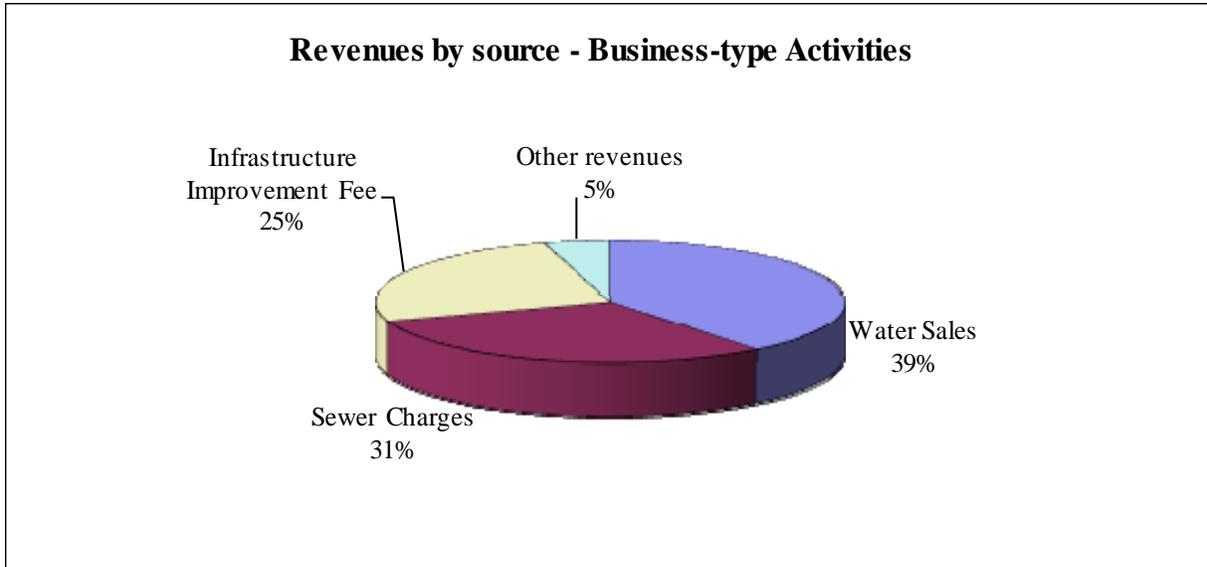
Below are two graphs summarizing governmental revenue and expense:

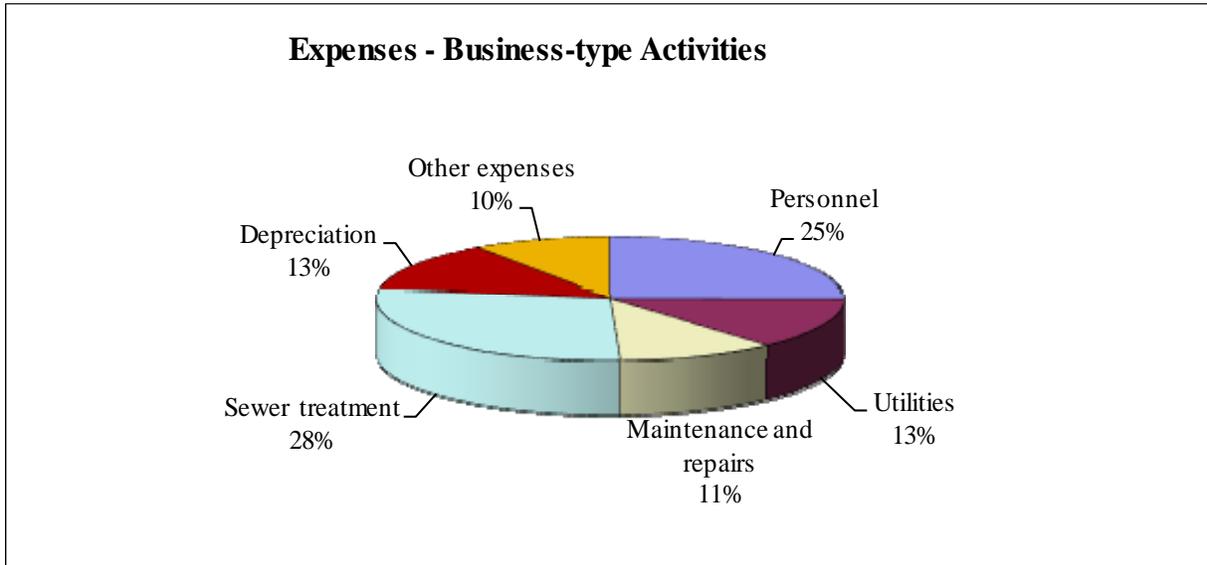




Business-type activities. Business-type activities decreased the Town’s net position by \$446,045 in the current year compared to an increase in net position of \$223,279 in the prior year. The business-type activities total revenues decreased \$40,989 (3%). Charges for services decreased \$40,785, primarily because water sales and infrastructure improvement revenues decreased. Business-type activities expenses increased \$71,335 (7%), primarily due to \$73,928 in Northern Trinity Groundwater Conservation District fees.

Below are two graphs summarizing business-type activities revenue and expense:





Financial Analysis of the Government's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Town's governmental funds 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, unassigned fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the year.

At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$5,087,586. Of the total combined fund balance, \$2,044,889 (40%) constitutes unassigned fund balance, which is available for spending at the government's discretion.

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the general fund was \$2,044,889. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 59% or 216 days of total general fund expenditures. The fund balance of the general fund increased \$497,916 compared to a \$119,806 increase in the prior year. Key factors in this change are as follows:

- Revenues increased \$115,496. Sales tax increased \$57,780, ambulance services increased \$22,626 and franchise tax increased \$18,807.
- Other financing sources (uses) increased \$219,341.

The street improvement construction capital projects fund was created to account for infrastructure maintenance and improvements funded with a ¼ ¢ sales tax. Fund balance of the street improvement construction fund decreased by \$840,747 to \$668,708. Sales tax revenue increased \$10,312 from the previous year to \$281,984. Expenditures for street improvement were \$212,468.

The park row capital projects fund was created to help centralize revenues, transfers, and expenditures related to the rehabilitation of the Park Row corridor. Fund balance of the park row project fund was \$1,407,000.

Proprietary funds. The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Water and Sewer Fund at the end of the year amounted to \$1,378,378. Total net position decreased by \$446,045. Other factors concerning the finances of this fund have already been addressed in the discussion of the Town's business-type activities.

General Fund Budgetary Highlights

During the fiscal year the Town amended its budget twice. General fund expenditures were decreased by \$5,791 and transfers out were increased by \$73,676. Overall, actual expenditures of the general fund were \$155,521 less than budgeted.

Capital Assets

The Town's investment in capital assets for its governmental and business type activities as of September 30, 2014, amounts to \$6,055,134 (net of accumulated depreciation). Major capital asset events during the current fiscal year included the following:

Governmental Activities:

- \$200,654 resurfacing Peachtree Lane and Country Club Court
- 2 Chevy Tahoes and 1 Ford F-150 for \$100,647

Business-type Activities:

- \$40,255 pump and motor at Nora Well site

The Town of Pantego's Capital Assets (Net of Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 211,263	\$ 211,263	\$ 61,971	\$ 61,971	\$ 273,234	\$ 273,234
Construction in progress	15,001	272,484	7,208	7,208	22,209	279,692
Buildings	1,020,014	1,069,760	-	-	1,020,014	1,069,760
Improvements	563,593	619,365	829,707	927,621	1,393,300	1,546,986
Machinery and equipment	1,056,571	1,020,728	-	-	1,056,571	1,020,728
Infrastructure	2,289,806	2,166,249	-	-	2,289,806	2,166,249
Total	<u>\$ 5,156,248</u>	<u>\$ 5,359,849</u>	<u>\$ 898,886</u>	<u>\$ 996,800</u>	<u>\$ 6,055,134</u>	<u>\$ 6,356,649</u>

Additional information on the Town's capital assets can be found in the notes to the basic financial statements.

Long-Term Debt

At the end of the year, the Town had \$1,047,157 in bonded debt and capital leases outstanding. Of this amount \$55,000 are general obligation bonds backed by the full faith and credit of the government and \$145,000 represent bonds secured by a combination of property taxes and a limited pledge of other revenues. The capital lease obligations of \$847,157 pertain to machinery and equipment financed with capital leases.

Town of Pantego's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
General Obligation Bonds \$	55,000	\$ 160,000	\$ -	\$ -	\$ 55,000	\$ 160,000
Certificates of Obligation	145,000	170,000	-	-	145,000	170,000
Capital lease obligations	847,157	511,826	-	-	847,157	511,826
Total	<u>\$ 1,047,157</u>	<u>\$ 841,826</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,047,157</u>	<u>\$ 841,826</u>

More detailed information about the Town's debt is presented in the notes to the basic financial statements.

Economic factors and the Next Year's Budgets and Rates

Although the nationwide economic forecast for the future continues to be uncertain, the Town continues to remain in a viable position. Trends in sales tax revenue seem to indicate the local economy may be rebounding. A slight increase in sales tax revenue as compared to the prior fiscal year actual was budgeted for fiscal year 2015. The Town's efforts toward economic development, by attracting retail businesses, should be increased and become a major focus for years to come.

Ad Valorem taxes are expected to remain flat for fiscal year 2015. The Town's property tax rate remained unchanged at \$0.42 per \$100 taxable value for fiscal year 2015.

Grant awards have been awarded toward the completion of some capital projects. Among these are a \$260,000 grant from Tarrant County to partially fund the Park Row project which has a total projected cost of \$1.7 million.

The repair and upgrade of the Town's streets and roads continues to be a top priority of Council and staff. As stated above, the most significant activity the Town will undertake in the upcoming year will be the Park Row project. The renovation and rehabilitation of the Park Row corridor will be the largest project the Town will complete since the Highway 303, Bowen Road intersection, which was completed in late 1998. The economic impact of upgrading the infrastructure on the commercial area should bring in more retail business and create an economic benefit in the near future. While on the lesser scale, it is hoped that the Highway 303 landscape project will also help create a climate for economic progress.

Request for Information

This financial report is designed to provide a general overview of the Town's finances. Questions concerning any of the information provided in this report or requests for additional information may be obtained by contacting the Town of Pantego, Attn: Finance Department, 1614 South Bowen Road, Pantego, Texas 76013.

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**BASIC FINANCIAL
STATEMENTS**

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TOWN OF PANTEGO, TEXAS
Statement of Net Position
September 30, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Pantego Economic Development Corporation
ASSETS:				
Cash and cash equivalents	\$ 4,448,243	\$ 1,287,415	\$ 5,735,658	\$ 366,093
Receivables (net of allowances for uncollectibles)				
Property taxes	43,418	-	43,418	-
Sales tax	286,499	-	286,499	95,500
Franchise tax	174,003	-	174,003	-
Accounts	328,931	228,174	557,105	-
Other	431,361	118,273	549,634	-
Accrued interest	893	343	1,236	-
Due from other funds	50,100	-	50,100	-
Other assets	16,272	-	16,272	-
Inventory	-	11,398	11,398	-
Restricted assets:				
Cash and investments	-	115,446	115,446	-
Notes receivable	-	-	-	102,765
Capital assets:				
Nondepreciable	226,264	69,179	295,443	113,293
Depreciable, net of accumulated depreciation	4,929,984	829,707	5,759,691	-
Total Assets	10,935,968	2,659,935	13,595,903	677,651
LIABILITIES:				
Accounts payable	64,181	267,225	331,406	9,560
Accrued payroll liabilities	118,667	-	118,667	-
Interest payable	5,467	-	5,467	8,158
Current liabilities payable from restricted assets:				
Customer deposits	-	115,446	115,446	-
Noncurrent liabilities:				
Due within one year	363,523	-	363,523	140,000
Due in more than one year	1,088,832	-	1,088,832	1,155,000
Total Liabilities	1,640,670	382,671	2,023,341	1,312,718
NET POSITION:				
Investments in capital assets, net of debt	4,109,091	898,886	5,007,977	113,293
Restricted (Expendable)	2,601,335	-	2,601,335	-
Unrestricted net position	2,584,872	1,378,378	3,963,250	(748,360)
Total Net Position	\$ 9,295,298	\$ 2,277,264	\$ 11,572,562	\$ (635,067)

The notes to the financial statements are an integral part of this statement.

TOWN OF PANTEGO, TEXAS
Statement of Activities
For the Year Ended September 30, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
General and administrative	\$ 629,296	\$ 114,103	\$ -	\$ -
Public works	694,444	77,419	-	-
Police	1,176,704	882,288	-	-
Fire	1,063,922	145,965	-	-
Municipal court	385,411	112,060	-	-
Other	186,349	15,295	32,271	-
Interest and fiscal agent charges	38,628	-	-	-
Total governmental activities	<u>4,174,754</u>	<u>1,347,130</u>	<u>32,271</u>	<u>-</u>
Business-type activities:				
Water and sewer	<u>1,067,519</u>	<u>1,177,852</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>1,067,519</u>	<u>1,177,852</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 5,242,273</u>	<u>\$ 2,524,982</u>	<u>\$ 32,271</u>	<u>\$ -</u>
Component Unit				
Panetego Economic Development Corporation				
General and administrative	\$ 116,557	\$ -	\$ -	\$ -
Economic development grants	10,882	-	-	-
Other	100,420	-	-	-
Interest and fiscal agent charges	67,186	-	-	-
Total component unit	<u>\$ 295,045</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues:
Taxes:
Property taxes, levied for general purposes
Property taxes, levied for debt service
Sales
Franchise
Investment earnings
Other revenue
Gain (loss) on retirement of capital assets
Transfers
Total general revenues and transfers

Change in net position

Net Position - Beginning - Restated

Net Position - Ending

The notes to the financial statements are an integral part of this statement.

Exhibit B-1

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Pantego Economic Development Corporation
\$ (515,193)	\$ -	\$ (515,193)	\$ -
(617,025)	-	(617,025)	-
(294,416)	-	(294,416)	-
(917,957)	-	(917,957)	-
(273,351)	-	(273,351)	-
(138,783)	-	(138,783)	-
(38,628)	-	(38,628)	-
<u>(2,795,353)</u>	<u>-</u>	<u>(2,795,353)</u>	<u>-</u>
-	110,333	110,333	-
<u>-</u>	<u>110,333</u>	<u>110,333</u>	<u>-</u>
\$ <u>(2,795,353)</u>	\$ <u>110,333</u>	\$ <u>(2,685,020)</u>	\$ <u>-</u>
\$ -	\$ -	\$ -	\$ (116,557)
-	-	-	(10,882)
-	-	-	(100,420)
-	-	-	(67,186)
\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(295,045)</u>
\$ 877,682	\$ -	\$ 877,682	\$ -
148,788	-	148,788	-
1,708,772	-	1,708,772	563,969
342,799	-	342,799	-
3,140	622	3,762	592
24,148	-	24,148	1,586
68,733	-	68,733	-
557,000	(557,000)	-	-
<u>3,731,062</u>	<u>(556,378)</u>	<u>3,174,684</u>	<u>566,147</u>
935,709	(446,045)	489,664	271,102
<u>8,359,589</u>	<u>2,723,309</u>	<u>11,082,898</u>	<u>(906,169)</u>
\$ <u>9,295,298</u>	\$ <u>2,277,264</u>	\$ <u>11,572,562</u>	\$ <u>(635,067)</u>

TOWN OF PANTEGO, TEXAS
Balance Sheet
Governmental Funds
September 30, 2014

	General	Street Improvement Construction	Park Row Project Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Assets:					
Cash and cash equivalents	\$ 1,944,319	\$ 620,790	\$ 1,407,000	\$ 476,134	\$ 4,448,243
Receivables (Net of allowances for uncollectibles)					
Property taxes	33,679	-	-	9,739	43,418
Sales tax	238,749	47,750			286,499
Franchise tax	174,003	-	-	-	174,003
Accounts	328,931	-	-	-	328,931
Other receivables	-	-	-	431,361	431,361
Accrued interest	344	343	-	206	893
Due from other funds	50,100	-	-	-	50,100
Other assets	16,272	-	-	-	16,272
Total assets	<u>\$ 2,786,397</u>	<u>\$ 668,883</u>	<u>\$ 1,407,000</u>	<u>\$ 917,440</u>	<u>\$ 5,779,720</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 45,388	\$ 175	\$ -	\$ 18,618	\$ 64,181
Accrued payroll liabilities	118,667	-	-	-	118,667
Total liabilities	<u>164,055</u>	<u>175</u>	<u>-</u>	<u>18,618</u>	<u>182,848</u>
Deferred inflows of resources:					
Deferred revenue	499,548	-	-	9,738	509,286
Fund Balances:					
Nonspendable	16,272	-	-	-	16,272
Restricted	61,633	668,708	1,407,000	459,723	2,597,064
Committed	-	-	-	429,361	429,361
Unassigned	2,044,889	-	-	-	2,044,889
Total fund balances	<u>2,122,794</u>	<u>668,708</u>	<u>1,407,000</u>	<u>889,084</u>	<u>5,087,586</u>
Total liabilities deferred inflows and fund balances	<u>\$ 2,786,397</u>	<u>\$ 668,883</u>	<u>\$ 1,407,000</u>	<u>\$ 917,440</u>	<u>\$ 5,779,720</u>

TOWN OF PANTEGO, TEXAS
Reconciliation of the Governmental Funds Balance Sheet
To the Statement of Net Position
September 30, 2014

Total Fund Balances - Governmental Funds	\$	5,087,586
Capital assets used in governmental activities are not financial resources and therefore are reported in the governmental funds. The cost of these assets was \$16,738,958 and the accumulated depreciation was \$11,582,710.		5,156,248
Long-term liabilities, including \$200,000 bonds payable, \$847,156 capital lease obligations, \$304,014 net pension obligation and \$101,184 compensated absences payable are not due and payable in the current period, and, therefore are not reported as liabilities in the fund financial statements.		(1,452,355)
Interest payable is not expected to be liquidated with available financial resources and is not reported as a liability in the fund financial statements.		(5,467)
Property taxes, franchise taxes, ambulance service charges and municipal court fines and fees are not available soon enough to pay for the current period's expenditures and therefore are deferred revenue in the fund financial statements.		509,286
Net Position of Governmental Activities	\$	9,295,298

TOWN OF PANTEGO, TEXAS
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2014

	General	Street Improvement Construction	Park Row Project Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes:					
Property	\$ 881,236	\$ -	\$ -	\$ 143,854	\$ 1,025,090
Sales	1,426,788	281,984	-	-	1,708,772
Franchise	331,465	-	-	-	331,465
Fines and forfeitures	879,838	-	-	33,951	913,789
Licenses and permits	77,419	-	-	-	77,419
Ambulance service	143,553	-	-	-	143,553
Charges for services	114,103	-	-	12,235	126,338
Contributions and donations	-	-	-	18,050	18,050
Investment earnings	2,146	621	-	373	3,140
Miscellaneous	39,138	-	-	30,686	69,824
Total revenues	<u>3,895,686</u>	<u>282,605</u>	<u>-</u>	<u>239,149</u>	<u>4,417,440</u>
EXPENDITURES					
Current:					
General and administrative	587,748	-	-	-	587,748
Public works	370,659	-	-	-	370,659
Police	1,134,279	-	-	10,052	1,144,331
Fire	972,951	-	-	5,489	978,440
Municipal court	362,011	-	-	16,968	378,979
Other	20,402	-	-	126,542	146,944
Capital outlay	-	212,468	-	116,830	329,298
Debt service:					
Principal	11,701	-	-	212,329	224,030
Interest and fiscal agent charges	759	-	-	34,241	35,000
Total expenditures	<u>3,460,510</u>	<u>212,468</u>	<u>-</u>	<u>522,451</u>	<u>4,195,429</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>435,176</u>	<u>70,137</u>	<u>-</u>	<u>(283,302)</u>	<u>222,011</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from capital lease	-	-	-	429,361	429,361
Proceeds from sale of capital assets	67,040	-	-	1,693	68,733
Transfers in	80,876	-	1,407,000	85,176	1,573,052
Transfers out	(85,176)	(910,884)	-	(19,992)	(1,016,052)
Total other financing sources (uses)	<u>62,740</u>	<u>(910,884)</u>	<u>1,407,000</u>	<u>496,238</u>	<u>1,055,094</u>
NET CHANGE IN FUND BALANCES	497,916	(840,747)	1,407,000	212,936	1,277,105
FUND BALANCE OCTOBER 1, 2013	<u>1,624,878</u>	<u>1,509,455</u>	<u>-</u>	<u>676,148</u>	<u>3,810,481</u>
FUND BALANCE SEPTEMBER 30, 2014	<u>\$ 2,122,794</u>	<u>\$ 668,708</u>	<u>\$ 1,407,000</u>	<u>\$ 889,084</u>	<u>\$ 5,087,586</u>

TOWN OF PANTEGO, TEXAS
Reconciliation of Statement of Revenues,
Expenditures and Changes in Fund Balances of
The Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2014

Total Net Change in Fund Balances - Governmental Funds	\$ 1,277,105
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including \$317,481 of capital outlays and \$224,030 of debt principal payments is to increase net position.	541,513
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.	(521,085)
Current year capital leases are other financing sources in the fund financial statements. The increase in long-term debt is a decrease in net position.	(429,361)
Revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenues in the funds.	67,293
Current year interest payable, net pension obligation and compensated absences of the governmental funds are not due and payable in the current period and, therefore are not reported as liabilities in the funds. Changes in these balances are reported as expenses in the governmental activities of the Statement of Activities.	244
 Change in Net Position of Governmental Activities	 <u><u>\$ 935,709</u></u>

The notes to the financial statements are an integral part of this statement.

TOWN OF PANTEGO, TEXAS
Statement of Net Position
Proprietary Funds
September 30, 2014

	<u>Water and Sewer Fund</u>
ASSETS:	
Current assets:	
Cash and investments	\$ 1,287,415
Receivables (net of allowance for uncollectibles):	
Accounts	228,174
Other	118,273
Accrued interest	343
Inventory	11,398
Restricted assets:	
Cash and investments	115,446
Total current assets	<u>1,761,049</u>
Noncurrent assets:	
Capital assets, at cost:	
Non-depreciable assets	69,179
Depreciable assets, net of accumulated depreciation	829,707
Total noncurrent assets	<u>898,886</u>
Total assets	<u>2,659,935</u>
LIABILITIES:	
Current liabilities:	
Accounts payable	267,225
Current liabilities payable from restricted assets:	
Customer deposits payable	115,446
Total current liabilities	<u>382,671</u>
Total liabilities	<u>382,671</u>
NET POSITION:	
Investment in capital assets, net of related debt	898,886
Unrestricted	1,378,378
Total net position	<u>\$ 2,277,264</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF PANTEGO, TEXAS
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended September 30, 2014

	<u>Water and Sewer Fund</u>
Operating revenues:	
Water sales	\$ 463,881
Sewer charges	360,099
Infrastructure improvement fee	300,113
Late payment charges	20,545
Miscellaneous	33,214
Total operating revenue	<u>1,177,852</u>
Operating expenses:	
Personnel	268,176
Utilities	141,683
Maintenance and repairs	116,744
Franchise tax	98,936
Other	3,848
Sewage treatment - other governments	299,964
Depreciation	138,168
Total operating expenses	<u>1,067,519</u>
Operating income (loss)	<u>110,333</u>
Nonoperating revenues (expenses):	
Investment earnings	<u>622</u>
Total nonoperating revenues (expenses)	<u>622</u>
Income (loss) before contributions and transfers	110,955
Capital contributions and transfers:	
Transfers out	<u>(557,000)</u>
Change in net position	(446,045)
Net position October 1, 2013	<u>2,723,309</u>
Net position September 30, 2014	<u>\$ 2,277,264</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF PANTEGO, TEXAS
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2014

	<u>Water and Sewer Fund</u>
Cash flows from operating activities:	
Cash received from customers	\$ 1,197,128
Cash paid to suppliers	(532,738)
Cash paid to employees	(268,176)
Net cash provided by operating activities	<u>396,214</u>
Cash flow from noncapital financing activities:	
Transfers to other funds	(557,000)
Net cash provided (used) by noncapital financing activities	<u>(557,000)</u>
Cash flow from capital and related financing activities:	
Capital expenditures	(40,255)
Net cash provided (used) by capital and related financing activities	<u>(40,255)</u>
Cash flow from investing activities:	
Investment earnings	280
Net cash provided (used) by investing activities	<u>280</u>
Net increase (decrease) in cash and cash equivalents	(200,761)
Cash and cash equivalents, beginning	<u>1,603,622</u>
Cash and cash equivalents, ending	<u>\$ 1,402,861</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities	
Operating income (loss)	\$ <u>110,333</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	138,168
(Increase) decrease in accounts receivable	(95,201)
(Increase) decrease in inventories and supplies	1,683
Increase (decrease) in accounts payable	241,236
Increase (decrease) in customer meter deposits	(5)
Total adjustments	<u>285,881</u>
Net cash provided by operating activities	<u>\$ 396,214</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF PANTEGO, TEXAS
Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2014

	<u>Agency Fund</u>
Assets	
Cash and investments	\$ <u>190,642</u>
Total assets	\$ <u><u>190,642</u></u>
Liabilities	
Due to others	\$ 140,542
Due to general fund	<u>50,100</u>
Total liabilities	\$ <u><u>190,642</u></u>

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**NOTES TO THE BASIC
FINANCIAL STATEMENTS**

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TOWN OF PANTEGO, TEXAS
Notes to Basic Financial Statements
September 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Town of Pantego, Texas (the Town) was incorporated January 5, 1952, and operates under a Town Council-manager form of government providing the following services as a duly incorporated general law Town as authorized by the general laws of the State of Texas and subsequent Town ordinances: public safety (police, fire, and ambulance), streets and bridges, sanitation, water and sewer, public improvements, planning and zoning, and general administrative services.

The accounting policies of the Town of Pantego, Texas, conform to generally accepted accounting principles issued by the Governmental Accounting Standards Board, which is the recognized financial accounting standard setting body for governmental entities. The notes to the financial statements are an integral part of the Town's financial statements.

As required by generally accepted accounting principles, these financial statements present the Town and its component units. Component units are legally separate entities for which the Town is considered financially accountable or other organizations whose nature and significant relationship with the Town are such that exclusion would cause the Town's financial statements to be misleading or incomplete. The Town is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial burden on the Town.

The financial statements include one discretely component unit which has a September 30 year-end. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the Town.

Discretely Presented Component Units

The Pantego Economic Development Corporation (PEDC) was created under the Development Corporation Act of 1979 and is governed by Section 4B of the Act. PEDC is governed by a Board of Directors comprised of members of the Town Council and members appointed by the Town Council. PEDC may not issue debt without approval of the voters of the Town and the Town Council. The Town must approve changes to the PEDC's articles of incorporation, may unilaterally terminate PEDC, and has residual interest in the net position of PEDC. PEDC's activities are reported in the PEDC Sales Tax Revenue Special Revenue Fund, PEDC Debt Service Fund, and PEDC Construction Capital Projects Fund. The PEDC is reported as a discretely presented component unit in the statement of net positions and statement of activities.

Flow of Revenue – PEDC – Sales tax is the significant source of revenue for PEDC. Sales tax receipts are initially recorded in the PEDC Sales Tax Revenue Fund as sales tax revenue. Transfers are used to transfer cash to the PEDC Debt Service Fund as needed to maintain a required reserve and to make debt service payments as they become due. Transfers are also used to transfer cash in excess of debt service needs to the PEDC Construction Capital Projects Fund.

TOWN OF PANTEGO, TEXAS
Notes to Basic Financial Statements
September 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental accounting standards require reasonable separation between the primary government and its discretely presented component units, both in the financial statements and in the related notes. Because the discretely presented component units, although legally separate, have been and are operated as if each is part of the primary government, there are limited instances where special note reference or separation will be required. If no separate note reference or categorization is made, the user should assume that information presented is equally applicable.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year-end. Expenditures generally are recorded when the related fund liability is incurred, however, debt service expenditures and expenditures related to compensated absences and claims and judgments, are recognized when payment is due.

TOWN OF PANTEGO, TEXAS
Notes to Basic Financial Statements
September 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property taxes, sales taxes, franchise taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the government receives payment.

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The Town reports the following major governmental funds:

The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Street Improvement Construction Special Revenue Fund* accounts for .25% sales tax used for infrastructure maintenance and improvements.

The *Park Row Project Capital Projects Fund* centralizes revenues, transfers, and expenditures related to the rehabilitation of the Park Row corridor which is to include: new streets, sidewalks, waterline upgrades, lighting and crosswalks.

The Town reports the following major enterprise fund:

The *water and sewer fund* operates the water distribution system and the wastewater collection system.

The Town reports the following fund types:

The *Agency Funds* are used to account for resources that the Town holds on behalf of other entities as their agent.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges and transfers between the governmental activities and the business-type activities, which cannot be eliminated.

Amounts reported as program revenues include 1) charges for customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds, distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The

TOWN OF PANTEGO, TEXAS
Notes to Basic Financial Statements
September 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

principal operating revenues of the Town's enterprise funds are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Net Position or Equity

1. *Cash and Investments*

The Town pools cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable.

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments that are highly liquid with maturity within three months or less when purchased. Amounts invested in Tex-Pool public investment pools are considered cash and cash equivalents. Assets reported as cash and investments are considered cash and cash equivalents for the statement of cash flows.

2. *Interfund Receivables and Payables*

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances".

3. *Unbilled Service*

Utility operating revenues (water and sewer) are billed on monthly cycles. The Town records estimated revenues for services delivered during the fiscal year, which will be billed during the next fiscal year. Accounts receivable in the water and sewer fund includes \$125,546 of earned but unbilled revenues.

4. *Inventory*

The inventories of supplies are recorded under the purchase method. Under the purchase method the inventory is first recorded as an expense when purchased and then adjusted at the end of the year to reflect the value of inventory at that date. Inventories are valued at cost using the first-in/first-out (FIFO) method.

5. *Capital Assets*

Capital assets, which include property, plant, equipment and infrastructure, are reported in the applicable governmental activities or business-type activities columns in the government-wide

TOWN OF PANTEGO, TEXAS
Notes to Basic Financial Statements
September 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

financial statements and in the proprietary funds financial statements. The Town defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities and proprietary funds is included as part of the capitalized value of the assets constructed.

Property, plant and equipment of the primary government and component unit are depreciated using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Years</u>
Buildings	5 - 50
Improvements other than buildings	3 - 30
Water and sewer system infrastructure	5 - 50
Street and storm drainage infrastructure	10 - 40
Machinery, equipment and furniture	3 - 10

6. *Compensated Absences*

It is the Town's policy to permit employees to accumulate a limited amount of earned but unused vacation and sick pay benefits. No sick pay benefits are paid upon separation from service and therefore have not been accrued in the financial statements. All vacation pay benefits are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

7. *Long-term Obligations*

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other

TOWN OF PANTEGO, TEXAS
Notes to Basic Financial Statements
September 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

financing sources while discounts on debt issuances are reported as other financing uses. Issuances cost, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Fund Balance – Governmental Funds

The fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources:

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form (such as prepaids or inventory) or are legally or contractually required to be maintained intact (such as endowment funds).

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

Committed – includes amounts constrained to specific purposes by a government itself, using its highest decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint (Town Council ordinance or resolution).

Assigned – includes amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. The Town Council has the authority to assign amounts for specific purposes.

Unassigned – All amounts not included in other spendable classifications.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted fund balance to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been first spent out of committed funds, then assigned, and finally unassigned as needed.

Minimum Fund Balance Policy – It is the goal of the Town that unassigned fund balance of the General Fund should be at least 90 days (24.66%) of the General Fund annual expenditures. In order to adhere to the principles of matching current revenues with current expenditures and minimizing property taxes, the Town will take action to reduce fund balance if the unassigned fund balance grows beyond 120 days of expenditures. Unassigned fund balance of the General Fund at September 30, 2014, was 216 days (59%) of General Fund annual expenditures.

TOWN OF PANTEGO, TEXAS
Notes to Basic Financial Statements
September 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The details of the fund balances of the governmental funds are as follows:

	General Fund	Street Improvement Construction	Park Row Project Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable					
Prepaid items	\$ 16,272	\$ -	\$ -	\$ -	\$ 16,272
Restricted					
Public, Educational & Governmental (PEG) fees	11,533	-	-	-	11,533
Police	50,100	-	-	-	50,100
Municipal court	-	-	-	84,972	84,972
Library	-	-	-	24,343	24,343
Animal control services	-	-	-	82,941	82,941
Pentego Fest	-	-	-	29,825	29,825
Debt service	-	-	-	237,642	237,642
Street improvements	-	668,708	-	-	668,708
Park row project	-	-	1,407,000	-	1,407,000
Committed					
Equipment Replacement	-	-	-	429,361	429,361
Unassigned	2,044,889	-	-	-	2,044,889
Total fund balance	<u>\$ 2,122,794</u>	<u>\$ 668,708</u>	<u>\$ 1,407,000</u>	<u>\$ 889,084</u>	<u>\$ 5,087,586</u>

9. Net Position

Net position represent the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The following is a reconciliation of restricted fund balance reported in the governmental fund financial statements to restricted net position of the governmental activities reported in the government-wide financial statements.

Restricted Fund Balance (Exhibit C-1)	\$ 2,597,064
Adjustments	
Accrued interest payable restricted for debt service	(5,467)
Deferred property tax revenue restricted for debt service	9,738
Total adjustments	<u>4,271</u>
Restricted Net Position(Exhibit A-1)	<u>\$ 2,601,335</u>

TOWN OF PANTEGO, TEXAS
Notes to Basic Financial Statements
September 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net position of the PEDC component unit is negative \$635,067 because the PEDC has \$1,295,000 of tax notes outstanding that were used to construct capital assets for the governmental activities. These capital assets were transferred to the governmental activities upon completion.

The net position of the governmental activities has been restated to remove the discretely presented component unit. The beginning net position has been increased \$906,169 to \$8,359,589.

10. *Use of Estimates*

The preparation of financial statements, in conformity with Generally Accepted Accounting Principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

11. *Reclassifications*

Certain accounts and funds in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

NOTE 2: CASH AND INVESTMENTS

Substantially all operating cash and investments are maintained in consolidated cash and investment accounts. Investment income relating to consolidated investments is allocated to the individual funds monthly based on the funds' pro-rata share of total cash and investments.

The Town's investment policy authorizes the Town to invest in obligations of the United States government and its agencies and instrumentalities, fully insured or collateralized certificates of deposit, repurchase agreements not to exceed 90 days to stated maturity, AAA-rated, SEC registered money market funds, AAA-rated Texas local government investment pools, and other interest bearing accounts at the Town's depository. During the year ended September 30, 2014, the Town did not own any types of securities other than those permitted by statute.

The Town invests idle funds in the Texas Local Government Investment Pool (TexPool). The Town's investment pool operates in a manner consistent with the SEC's Rule 2A7 of the Investment Act of 1940. The Pool is required to maintain a market value of its underlying investment portfolio within one half of one percent of the value of its shares.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Town's funds are required to be deposited and invested under the terms of a depository contract. The Town's deposits are required to be collateralized with securities held by the pledging institution's trust department or agent in the Town's name. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit.

TOWN OF PANTEGO, TEXAS
Notes to Basic Financial Statements
September 30, 2014

NOTE 2: CASH AND INVESTMENTS (Continued)

Insurance Corporation (“FDIC”) Insurance. The PEDC’s deposits are secured by a separate pledge of securities and FDIC Insurance. At September 30, 2014, the Town’s deposits and those of the Pantego Economic Development Corporation were covered by FDIC Insurance or collateralized with securities held by the bank’s agent in the Town’s name.

Credit Risk– Investments

The Town controls credit risk by limiting its investments to those instruments allowed by its investment policy.

Interest Rate Risk – Investments

In accordance with its investment policy, the Town manages its exposure to declines in fair market values, to the extent possible, by attempting to match investment maturities with anticipated cash flows, thereby reducing the need to sell securities prior to maturity and by investing primarily in shorter-term securities and limiting the stated maturity of certain securities.

The Town’s investments at September 30, 2014 included the following:

<u>Investment</u>	<u>Credit Rating</u>	<u>Weighted Average Maturities</u>	<u>Percentage of Total Investments</u>	<u>Cost</u>	<u>Fair Value</u>
Investment in Tex-Pool	AAAm	83 days	100.00%	\$ 5,129,597	\$ 5,129,597
				<u>\$ 5,129,597</u>	<u>\$ 5,129,597</u>

NOTE 3: PROPERTY TAX

The Town’s property tax is levied each October 1, on the assessed value listed as of the prior January 1, for all real property and personal property located in the Town. Taxes are billed and due on October 1 of each year. The last date for payment without penalty is the following January 31. Delinquent penalties are added on February 1 with additional attorney fees being added on July 1. Lien attaches to properties on the February 1 following levy date. Tarrant County bills and collects the property taxes for the Town.

Property taxes are limited by the Texas Constitution to \$2.50 per \$100 of assessed valuation and by City Charter to \$1.50 per \$100 assessed valuation. The combined tax rate to finance general governmental service and debt services for the year ended September 30, 2014, was \$.42 per \$100 of assessed valuation.

In the governmental funds the Town’s property tax revenues are recognized when levied to the extent that they result in current receivables available for financing current operations. The remaining receivables are reflected in deferred revenue.

TOWN OF PANTEGO, TEXAS
Notes to Basic Financial Statements
September 30, 2014

NOTE 4: RECEIVABLES

All receivables are shown net of an allowance for uncollectible accounts. The allowances for uncollectible accounts are based upon historical experience. Property tax and municipal court allowances for uncollectible accounts are equal to approximately 60% and 75%, of the outstanding balances at September 30. The ambulance allowance consists of 100% of accounts aged more than 120 days and 60% of accounts aged 120 days or less. The allowance for water and sewer trade accounts receivable is equal to the accounts receivable that are aged 3 or more months as of September 30. Receivables as of year-end for the Town's major and nonmajor funds, including the applicable allowances for uncollectible accounts are as follows:

	Governmental Funds					
	Street					
	General	Improvement Construction	Nonmajor Governmental	Governmental Activities	Business-type Activities	Component Unit
Receivables:						
Property taxes	\$ 84,198	\$ -	\$ 24,346	\$ 108,544	\$ -	\$ -
Sales tax	238,749	47,750	-	286,499	-	95,500
Franchise tax	174,003	-	-	174,003	-	-
Accounts	1,874,898	-	-	1,874,898	128,344	-
Earned but unbilled	-	-	-	-	110,156	-
Other	-	-	431,361	431,361	118,273	-
Accrued interest	344	343	206	893	343	-
Notes receivable	-	-	-	-	-	102,765
Gross receivables	<u>2,372,192</u>	<u>48,093</u>	<u>455,913</u>	<u>2,876,198</u>	<u>357,116</u>	<u>198,265</u>
Less: allowance for uncollectibles	<u>(1,596,486)</u>	<u>-</u>	<u>(14,607)</u>	<u>(1,611,093)</u>	<u>(10,326)</u>	<u>-</u>
Net total receivables	<u><u>\$ 775,706</u></u>	<u><u>\$ 48,093</u></u>	<u><u>\$ 441,306</u></u>	<u><u>\$ 1,265,105</u></u>	<u><u>\$ 346,790</u></u>	<u><u>\$ 198,265</u></u>

TOWN OF PANTEGO, TEXAS
Notes to Basic Financial Statements
September 30, 2014

NOTE 4: RECEIVABLES (Continued)

The Pantego Economic Development Corporation provides loans towards assisting local businesses with improvements to the borrower’s property. Notes receivable for the year ended September 30, 2014 are as follows:

\$16,000 loan dated April 23, 2012, at 2% payable in equal monthly installments of \$638.10 over two (2) years beginning April 1, 2013, secured by the furniture, fixtures, and equipment of borrower.	\$ 6,918
\$20,000 loan dated July 20, 2012, at 2% payable in equal monthly installments of \$433.90 over five (5) years beginning August 1, 2013, secured by the furniture, fixtures, and equipment of borrower.	15,939
\$7,000 loan dated December 7, 2012, at 2% payable in equal monthly installments of \$297.78 over two (2) years beginning December 1, 2013, secured by the furniture, fixtures, and equipment of borrower.	4,408
\$8,500 loan dated October 30, 2013, at 3% payable in equal monthly installments of \$247.19 over three (3) years beginning November 1, 2014, secured by the furniture, fixtures, and equipment of borrower.	8,500
\$35,000 loan dated October 30, 2013, at 3% payable in equal monthly installments of \$774.70 over four (4) years beginning November 1, 2014, secured by the furniture, fixtures, and equipment of borrower.	35,000
\$15,000 loan dated December 13, 2013, at 3% payable in equal monthly installments of \$436.22 over three (3) years beginning December 1, 2014, secured by the furniture, fixtures, and equipment of borrower.	15,000
\$17,000 loan dated March 13, 2014, at 3% payable in equal monthly installments of \$494.38 over three (3) years beginning March 1, 2015, secured by the furniture, fixtures, and equipment of borrower.	17,000
	\$ 102,765

TOWN OF PANTEGO, TEXAS
Notes to Basic Financial Statements
September 30, 2014

NOTE 4: RECEIVABLES (Continued)

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	General	Nonmajor Governmental	Total Governmental Funds
Deferred property taxes receivable	\$ 33,679	\$ 9,738	\$ 43,417
Franchise tax receivable	151,074	-	151,074
Ambulance service receivable	52,102	-	52,102
Municipal Court fines and fees receivable	262,693	-	262,693
	\$ 499,548	\$ 9,738	\$ 509,286

TOWN OF PANTEGO, TEXAS
Notes to Basic Financial Statements
September 30, 2014

NOTE 5: INTERFUND RECEIVABLE, PAYABLES AND TRANSFERS

The composition of interfund transfers for the Town's individual major funds and nonmajor funds at September 30, 2014, is as follows:

Interfund Receivables:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	
General	Agency Fund	\$ 50,100	Sale of Nolan county property
Total Governmental Funds		<u>\$ 50,100</u>	

Transfers:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>	<u>Purpose</u>
General	Street Improvement Construction	\$ 60,884	Administrative costs
	Other Governmental	19,992	Court security
Other Governmental	General Fund	85,176	Pantego Fest and Equipment replacement
Park Row Project Fund	Street Improvement Construction	850,000	Capital improvements
	Water and Sewer Fund	57,000	Capital improvements
	Water and Sewer Infrastructure Fund	500,000	Capital improvements
Total Governmental Funds Transfers In		<u>\$ 1,573,052</u>	

TOWN OF PANTEGO, TEXAS
Notes to Basic Financial Statements
September 30, 2014

NOTE 6: CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Non - Depreciable Assets:				
Land	\$ 211,263	\$ -	\$ -	\$ 211,263
Construction in Progress	272,484	211,195	(468,678)	15,001
Total non-depreciable assets	<u>483,747</u>	<u>211,195</u>	<u>(468,678)</u>	<u>226,264</u>
Depreciable Assets:				
Buildings	2,081,276	5,642	(1,658)	2,085,260
Improvements other than buildings	2,166,067	17,760	-	2,183,827
Machinery and equipment	2,916,974	182,494	(51,194)	3,048,274
Infrastructure	8,826,262	369,071	-	9,195,333
Total capital assets being depreciated	<u>15,990,579</u>	<u>574,967</u>	<u>(52,852)</u>	<u>16,512,694</u>
Accumulated Depreciation:				
Buildings	(1,011,516)	(55,388)	1,658	(1,065,246)
Improvements other than buildings	(1,546,702)	(73,532)	-	(1,620,234)
Machinery and equipment	(1,896,246)	(146,651)	51,194	(1,991,703)
Infrastructure	(6,660,013)	(245,514)	-	(6,905,527)
Total accumulated depreciation	<u>(11,114,477)</u>	<u>(521,085)</u>	<u>52,852</u>	<u>(11,582,710)</u>
Governmental activities capital assets, net	<u>\$ 5,359,849</u>	<u>\$ 265,077</u>	<u>\$ (468,678)</u>	<u>\$ 5,156,248</u>
Business-type activities:				
Non - Depreciable Assets:				
Land	\$ 61,971	\$ -	\$ -	\$ 61,971
Construction in Progress	7,208	-	-	7,208
Total non-depreciable assets	<u>69,179</u>	<u>-</u>	<u>-</u>	<u>69,179</u>
Depreciable Assets:				
Improvements other than buildings	4,415,959	40,255	-	4,456,214
Total capital assets being depreciated	<u>4,415,959</u>	<u>40,255</u>	<u>-</u>	<u>4,456,214</u>
Accumulated Depreciation:				
Improvements other than buildings	(3,488,338)	(138,169)	-	(3,626,507)
Total accumulated depreciation	<u>(3,488,338)</u>	<u>(138,169)</u>	<u>-</u>	<u>(3,626,507)</u>
Business-type activities capital assets, net	<u>\$ 996,800</u>	<u>\$ (97,914)</u>	<u>\$ -</u>	<u>\$ 898,886</u>

TOWN OF PANTEGO, TEXAS
Notes to Basic Financial Statements
September 30, 2014

NOTE 6: CAPITAL ASSETS (Continued)

Component Unit	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Non - Depreciable Assets:				
Construction in Progress	\$ 101,865	\$ 11,428	\$ -	\$ 113,293
Total non-depreciable assets	<u>101,865</u>	<u>11,428</u>	<u>-</u>	<u>113,293</u>
Component unit capital assets, net	<u>\$ 101,865</u>	<u>\$ 11,428</u>	<u>\$ -</u>	<u>\$ 113,293</u>

The PEDC occasionally funds public infrastructure improvements. When the construction is completed the capital assets are contributed to the governmental or business-type activities.

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

Governmental activities:	
General and administrative	\$ 39,327
Public works	322,273
Police	32,387
Fire	82,125
Municipal court	5,568
Other	39,405
Total depreciation expense - governmental activities	<u>\$ 521,085</u>
Business-type activities:	
Water and sewer	<u>\$ 138,168</u>
Total depreciation expense - business-type activities	<u>\$ 138,168</u>

NOTE 7: LONG-TERM LIABILITIES

The Town of Pantego and the PEDC component unit have issued general obligation bonds, certificates of obligation bonds, and tax revenue bonds to provide funds for the acquisition and construction of major capital facilities. The general obligation refunding bonds and certificates of obligation are paid by the G.O. Bonds Interest and Sinking Debt Service Fund and the sales tax revenue bonds are paid by the PEDC Debt Service Fund. The following bonds were outstanding at September 30, 2014:

TOWN OF PANTEGO, TEXAS
Notes to Basic Financial Statements
September 30, 2014

NOTE 7: LONG-TERM LIABILITIES (Continued)

Issue Description and Purpose	Maturity Date	Interest Rate	Original Principal Amount	Amount Outstanding
General Obligation Refunding Bonds				
Town refunding, Series 2004	2015	3.67%	\$ 905,000	\$ 55,000
Certificates of Obligation				
Town improvements, Series 2004	2019	3.97%	365,000	145,000
Total governmental activities			<u>\$ 1,270,000</u>	<u>\$ 200,000</u>
Sales Tax Revenue Bonds				
PEDC refunding, Series 2010	2022	4.93%	\$ 1,745,000	\$ 1,295,000
Total component unit			<u>\$ 1,745,000</u>	<u>\$ 1,295,000</u>

Annual debt service requirements to maturity for the bonds are as follows:

Year Ending September 30,	General Obligation		Certificates of Obligation		Sales Tax Revenue Bonds		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2015	\$ 55,000	\$ 2,019	\$ 25,000	\$ 5,756	\$ 140,000	\$ 61,260	\$ 289,035
2016	-	-	30,000	4,764	140,000	54,401	229,165
2017	-	-	30,000	3,574	145,000	47,141	225,715
2018	-	-	30,000	2,382	160,000	39,521	231,903
2019	-	-	30,000	1,192	165,000	31,399	227,591
2020-2022	-	-	-	-	545,000	41,775	586,775
Total	<u>\$ 55,000</u>	<u>\$ 2,019</u>	<u>\$ 145,000</u>	<u>\$ 17,668</u>	<u>\$ 1,295,000</u>	<u>\$ 275,497</u>	<u>\$ 1,790,184</u>

TOWN OF PANTEGO, TEXAS
Notes to Basic Financial Statements
September 30, 2014

NOTE 7: LONG-TERM LIABILITIES (Continued)

Capital Lease Obligations

Capital lease obligations as of September 30, 2014, consist of the following:

\$699,898 due in annual installments of \$86,531.44 including interest at 4.6%, maturing in July 2019, and secured by a fire truck purchased in 2010 for \$699,898.	\$ 378,815
\$30,532 due in monthly installments of \$974 including interest at 7.99%, maturing in February 2015, secured by telephone equipment purchased in 2012 for \$30,532.	4,773
\$2,205 due in monthly installments of \$84 including interest at 15.00%, maturing in February 2015, secured by telephone equipment purchased in 2012 for \$2,205.	438
\$66,675 due in semi-annual installments of \$8,709 including interest at 2.05%, maturing in August 2016, secured by (2) Chevy Tahoes patrol vehicles and equipment purchased in 2013 for \$66,675.	33,770
\$429,361 due in annual payments of \$91,348.13 including interest at 0% year 1 and 3.19% years 2-5, maturing in April 2019, secured by public safety communications equipment to be purchased after year-end.	429,361
	\$ 847,157

Capital assets acquired through capital leases are as follows:

Machinery and equipment	\$ 799,310
Less: Accumulated Depreciation	(187,020)
	\$ 612,290

TOWN OF PANTEGO, TEXAS
Notes to Basic Financial Statements
September 30, 2014

NOTE 7: LONG-TERM LIABILITIES (Continued)

Future minimum lease payments are as follows:

Year Ending September 30,	Lease Obligations
2015	200,623
2016	195,298
2017	177,880
2018	177,880
2019	177,879
Total	<u>929,560</u>
Less interest portion	<u>(82,403)</u>
Obligation under capital lease	<u><u>\$ 847,157</u></u>

Changes in Long-term Liabilities

The following is a summary of long-term debt transactions for the year ended September 30, 2014:

Changes in Long-term Liabilities

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Governmental Activities:					
General obligation bonds	160,000	\$ -	\$ 105,000	\$ 55,000	\$ 55,000
Certificates of obligation	170,000	-	25,000	145,000	25,000
	<u>330,000</u>	<u>-</u>	<u>130,000</u>	<u>200,000</u>	<u>80,000</u>
Capital lease obligations	511,826	429,361	94,030	847,157	182,339
Net pension obligation	302,748	315,549	314,283	304,014	-
Compensated absences	106,322	101,184	106,322	101,184	101,184
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Governmental Activities					
long-term liabilities	<u>\$ 1,250,896</u>	<u>\$ 846,094</u>	<u>\$ 644,635</u>	<u>\$ 1,452,355</u>	<u>\$ 363,523</u>
Component Unit:					
Sales tax revenue bonds	<u>\$ 1,425,000</u>	<u>\$ -</u>	<u>\$ 130,000</u>	<u>\$ 1,295,000</u>	<u>\$ 140,000</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Component Unit					
long-term liabilities	<u>\$ 1,425,000</u>	<u>\$ -</u>	<u>\$ 130,000</u>	<u>\$ 1,295,000</u>	<u>\$ 140,000</u>

Compensated absences and the net pension obligations of the governmental activities are paid by the general fund.

TOWN OF PANTEGO, TEXAS
Notes to Basic Financial Statements
September 30, 2014

NOTE 8: RISK MANAGEMENT

The Town is exposed to various risk of loss 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 and participates in the Intergovernmental Risk Pool. Premiums are paid to the Pool who administers all claims. The Town retains, as a risk, only the deductible amount of each policy. The Town has maintained insurance coverage in all major categories of risk comparable to that of the prior year with not reduction in coverage. The amount of settlements during the past three years has not exceeded the insurance coverage.

NOTE 9: 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 state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the Town are within the options available in the governing state statutes of TMRS.

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

	<u>Plan Year 2013</u>	<u>Plan Year 2014</u>
Employee deposit rate	7%	7%
Matching ratio (Town to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20	60/5, 0/20
Updated Service Credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity Increase (to retirees)	70% of CPI Repeating	50% of CPI Repeating

TOWN OF PANTEGO, TEXAS
Notes to Basic Financial Statements
September 30, 2014

NOTE 9: RETIREMENT PLAN (Continued)

Contributions

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

Schedule of Actuarial Liabilities and Funding Progress

Fiscal Year	2012	2013	2014
Annual Required Contribution (ARC)	\$ 396,375	\$ 375,118	\$ 312,976
Interest on Net Pension Obligation	19,126	20,623	21,192
Adjustment to ARC	(15,345)	(18,119)	(18,619)
Annual Pension Cost	400,156	377,622	315,549
Contributions Made	(360,557)	(369,489)	(314,283)
Increase (Decrease) in Net Pension Obligation	39,599	8,133	1,266
Net Pension Obligation/(Asset), beginning of year	255,016	294,615	302,748
Net Pension Obligation/(Asset), end of year	<u>\$ 294,615</u>	<u>\$ 302,748</u>	<u>\$ 304,014</u>
Contributions as a percentage of APC	90.1%	97.8%	99.6%

The required contribution rates for fiscal year 2014 were determined as part of the December 31, 2011 and 2012 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2013, also follows:

TOWN OF PANTEGO, TEXAS
Notes to Basic Financial Statements
September 30, 2014

NOTE 9: RETIREMENT PLAN (Continued)

General System-wide Actuarial Assumptions

Actuarial Valuation Date	12/31/11	12/31/12	12/31/13
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Entry Age Normal
Amortization Method	Level Percent of Payoll	Level Percent of Payoll	Level Percent of Payoll
GASB 25 Equivalent Single Amortization Period	26.2 Years-Closed	25.2 Years-Closed	30 Years-Closed
Amortization Period for new Gains/Losses	30 years	30 years	30 years
Asset Valuation Method	10-year Smoothed	10-year Smoothed	10-year Smoothed
Actuarial Assumptions:			
Investment Rate of Return	7.0%	7.0%	7.0%
Projected Salary Increases	Varies by age and service	Varies by age and service	Varies by age and service
Includes Inflation At	3.0%	3.0%	3.0%
Cost of Living Adjustments	2.1%	1.5%	1.5%

Funding Status and Funding Progress

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (ALL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2013	\$ 10,952,271	\$ 13,567,769	80.7%	\$ 2,615,498	\$ 2,055,508	127.2%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual 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

TOWN OF PANTEGO, TEXAS
Notes to Basic Financial Statements
September 30, 2014

NOTE 9: RETIREMENT PLAN (Continued)

financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS

Supplemental Death Benefits Fund

The Town also participates in the cost sharing multiple-employer defined benefit group term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The Town elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The Town may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit" or OPEB.

The Town contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

Schedule of Contribution Rates:
(RETIREE-only portion of the rate)

Plan/ Calendar Year	Annual Required Contribution (Rate)	Actual Contribution Made (Rate)	Percentage of ARC Contributed
2012	0.03%	0.03%	100.0%
2013	0.03%	0.03%	100.0%
2014	0.04%	0.04%	100.0%

TOWN OF PANTEGO, TEXAS
Notes to Basic Financial Statements
September 30, 2014

NOTE 11: CONTINGENT LIABILITIES

A. Federal and State Programs

Federal and state funding received related to various grant programs are based upon periodic reports detailing reimbursable expenditures made, in compliance with program guidelines, to the grantor agency. These programs are governed by various statutory rules and regulations of grantors. Amounts received and receivable under these various funding programs are subject to periodic audit and adjustment by the funding agencies. To the extent, if any, the Town has not complied with all the rules and regulations with respect to performance, financial or otherwise, adjustment to or return of fund monies may be required.

As it pertains to other matters of compliance, in the opinion of the Town's administration, there are no significant contingent liabilities relating to matters of compliance and accordingly, no provision has been made in the accompanying financial statements for such contingencies.

B. Litigation

One lawsuit is pending against the Town and the outcome of the lawsuit is not presently determinable. Although the amount of the Town's direct liability cannot be reasonably estimated at this time, it is the opinion of the City management and legal counsel that the potential loss on the claim will be covered by the City's insurance policy or will not have a material adverse effect on the financial condition of the City.

NOTE 12: CONTRACTS AND COMMITMENTS

A. Sewer Contracts

The Town has contracts with the City of Fort Worth and City of Arlington for the treatment of wastewater. The contracts require the City to pay varying amounts based on the costs associated with the wastewater treated. Charges for wastewater treatment during 2014 were \$210,716 for Fort Worth and \$89,248 for Arlington.

NOTE 13: SUBSEQUENT EVENTS

Subsequent events were evaluated through February 25, 2015, which is the date the financial statements were available to be issued.

NOTE 14: FUTURE ACCOUNTING PRONOUNCEMENTS

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. This Statement is to improve the accounting

TOWN OF PANTEGO, TEXAS
Notes to Basic Financial Statements
September 30, 2014

NOTE 14: FUTURE ACCOUNTING PRONOUNCEMENTS (Continued)

and financial reporting by state and local governments for pensions. This Statement will require government-wide and proprietary fund statements to recognize a liability equal to the net pension liability and that changes in the net pension liability be included in pension expense in the period of the change. This Statement is effective for fiscal years beginning after June 15, 2014.

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. This Statement addresses issues related to amount associated with contributions, in any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This Statement will be implemented with GASB Statement No. 68, effective for the fiscal year ending August 31, 2015.



**REQUIRED
SUPPLEMENTARY
INFORMATION**

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TOWN OF PANTEGO, TEXAS
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	GAAP Basis	Positive (Negative)
REVENUES				
Taxes:				
Property	\$ 880,000	\$ 880,000	\$ 881,236	\$ 1,236
Sales	1,292,969	1,292,969	1,426,788	133,819
Franchise	327,000	327,000	331,465	4,465
Fines and forfeitures	861,500	861,500	879,838	18,338
Licenses and permits	83,050	83,050	77,419	(5,631)
Ambulance service	120,000	120,000	143,553	23,553
Charges for services	114,107	114,107	114,103	(4)
Investment earnings	6,000	6,000	2,146	(3,854)
Miscellaneous	35,075	35,075	39,138	4,063
Total revenues	<u>3,719,701</u>	<u>3,719,701</u>	<u>3,895,686</u>	<u>175,985</u>
EXPENDITURES				
Current:				
General and administrative	610,980	619,207	587,748	31,459
Public works	438,822	429,397	370,659	58,738
Police	1,217,967	1,194,693	1,134,279	60,414
Fire	970,030	968,421	972,951	(4,530)
Municipal court	368,523	371,232	362,011	9,221
Other	15,500	20,621	20,402	219
Debt service:				
Principal	-	11,700	11,700	-
Interest and fiscal agent charges	-	760	760	-
Total expenditures	<u>3,621,822</u>	<u>3,616,031</u>	<u>3,460,510</u>	<u>155,521</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>97,879</u>	<u>103,670</u>	<u>435,176</u>	<u>331,506</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	8,000	8,000	67,040	59,040
Transfers in	80,884	80,884	80,876	(8)
Transfers out	(11,500)	(85,176)	(85,176)	-
Total other financing sources (uses)	<u>77,384</u>	<u>3,708</u>	<u>62,740</u>	<u>59,032</u>
NET CHANGE IN FUND BALANCES	175,263	107,378	497,916	390,538
FUND BALANCE OCTOBER 1, 2013	<u>1,624,878</u>	<u>1,624,878</u>	<u>1,624,878</u>	<u>-</u>
FUND BALANCE SEPTEMBER 30, 2014	<u>\$ 1,800,141</u>	<u>\$ 1,732,256</u>	<u>\$ 2,122,794</u>	<u>\$ 390,538</u>

The notes to the required supplementary information are an integral part of this statement.

TOWN OF PANTEGO, TEXAS
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Street Improvement Construction Fund
For the Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Sales tax	\$ 248,355	\$ 248,355	\$ 281,984	\$ 33,629
Investment earnings	1,000	1,000	621	(379)
Total revenues	<u>249,355</u>	<u>249,355</u>	<u>282,605</u>	<u>33,250</u>
EXPENDITURES				
Capital outlay	306,000	226,600	212,468	14,132
Total expenditures	<u>306,000</u>	<u>226,600</u>	<u>212,468</u>	<u>14,132</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>(56,645)</u>	<u>22,755</u>	<u>70,137</u>	<u>47,382</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(910,884)</u>	<u>(910,884)</u>	<u>(910,884)</u>	<u>-</u>
Total other financing sources (uses)	<u>(910,884)</u>	<u>(910,884)</u>	<u>(910,884)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES				
	(967,529)	(888,129)	(840,747)	47,382
FUND BALANCE OCTOBER 1, 2013				
	<u>1,509,455</u>	<u>1,509,455</u>	<u>1,509,455</u>	<u>-</u>
FUND BALANCE SEPTEMBER 30, 2014				
	<u>\$ 541,926</u>	<u>\$ 621,326</u>	<u>\$ 668,708</u>	<u>\$ 47,382</u>

TOWN OF PANTEGO, TEXAS
Texas Municipal Retirement System
Schedule of Funding Progress

Exhibit F-3

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (ALL)</u>	<u>Funded Ratio</u>	<u>Unfunded AAL (UAAL)</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
12/31/2011	\$ 9,832,664	\$ 13,008,434	75.6%	\$ 3,175,770	\$ 2,084,867	152.3%
12/31/2012	10,384,861	12,639,423	82.2%	2,254,562	2,114,593	106.6%
12/31/2013	10,952,271	13,567,769	80.7%	2,615,498	2,055,508	127.2%

TOWN OF PANTEGO, TEXAS
Notes to the Required Supplementary Information
For the Year Ended September 30, 2014

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at year end.

Prior to August 1, the Town Manager submits to the Town Council a proposed operating budget for the fiscal year commencing October 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted to obtain taxpayer comments. Prior to September 30, the budget is legally enacted through passage of an ordinance.

The appropriated budget is prepared by fund, function and department. The Town Manager may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Town Council. The legal level of budgetary control is the department level.

Excess of Expenditures over Appropriations

General fund actual expenditures were \$155,521 less than appropriations. Fire exceeded appropriations by \$4,530. These excesses were covered by underspending in other functions.



**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

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COMBINING FINANCIAL STATEMENTS NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special Revenue Funds are used by the City to account for revenues that are legally restricted to expenditure for a particular purpose.

Municipal Court Building Security Fund - This fund is used to account for the Town's share of fines to be used to enhance building security for municipal court.

Municipal Court Technology Fund - This fund accounts for the Town's share of fines to be used for improvements to municipal court technology.

Shamburger Fund - This fund is used to account for the care and feeding of stray animals found and rescued within the Town of Pantego.

Cartwright Library Fund - This fund is used for library services and the maintenance and development of the Town's website.

PantegoFest Fund - This fund is used to account for donations and expenditures related to Pantego Fest.

Debt Service Funds

The **Debt Service Fund** is used to account for the accumulation of resources to be used for the general obligation principal and interest payments, except for those certificates of obligation serviced by the Enterprise Fund.

G.O. Bonds Interest and Sinking Fund - This fund is used to account for accumulation of tax revenue to pay principal and interest due to the Town's bonds.

Capital Projects Funds

The Capital Projects Fund accounts for all resources used for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

Equipment Replacement Fund - This fund is used to account for acquisition of equipment for various departments of the Town.

TOWN OF PANTEGO, TEXAS
Nonmajor Governmental Funds
Combining Balance Sheet
September 30, 2014

	Special Revenue Funds				
	Municipal Court Building Security	Municipal Court Technology	Shamburger Fund	Cartwright Library	Pantego Fest
Assets:					
Cash and investments	\$ 36,117	\$ 48,855	\$ 82,872	\$ 24,343	\$ 46,443
Receivables (Net of allowances for uncollectibles)					
Property taxes	-	-	-	-	-
Other Receivables	-	-	-	-	2,000
Accrued interest	-	-	69	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 36,117</u>	<u>\$ 48,855</u>	<u>\$ 82,941</u>	<u>\$ 24,343</u>	<u>\$ 48,443</u>
Liabilities, deferred inflows and fund balance:					
Liabilities:					
Accounts payable	\$ -	-	-	-	18,618
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,618</u>
Deferred inflows of resources:					
Deferred revenue	-	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund Balance:					
Restricted	36,117	48,855	82,941	24,343	29,825
Committed	-	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>36,117</u>	<u>48,855</u>	<u>82,941</u>	<u>24,343</u>	<u>29,825</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 36,117</u>	<u>\$ 48,855</u>	<u>\$ 82,941</u>	<u>\$ 24,343</u>	<u>\$ 48,443</u>

Exhibit G-1

Total Special Revenue	Debt Service Funds		Capital Project Funds		Total Nonmajor Funds
	G.O. Bonds Interest and Sinking	Total Debt Service	Equipment Replacement	Total Capital Project	
\$ 238,630	\$ 237,504	\$ 237,504	\$ -	\$ -	\$ 476,134
-	9,739	9,739	-	-	9,739
2,000	-	-	429,361	429,361	431,361
69	137	137	-	-	206
<u>\$ 240,699</u>	<u>\$ 247,380</u>	<u>\$ 247,380</u>	<u>\$ 429,361</u>	<u>\$ 429,361</u>	<u>\$ 917,440</u>
18,618	-	-	-	-	18,618
18,618	-	-	-	-	18,618
-	9,738	9,738	-	-	9,738
222,081	237,642	237,642	-	-	459,723
-	-	-	429,361	429,361	429,361
222,081	237,642	237,642	429,361	429,361	889,084
<u>\$ 240,699</u>	<u>\$ 247,380</u>	<u>\$ 247,380</u>	<u>\$ 429,361</u>	<u>\$ 429,361</u>	<u>\$ 917,440</u>

TOWN OF PANTEGO, TEXAS
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended September 30, 2014

	Special Revenue Funds				
	Municipal Court Building Security	Municipal Court Technology	Shamburger Fund	Cartwright Library	Pantego Fest
Revenues:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	14,475	19,476	-	-	-
Charges for services	-	-	-	-	12,235
Contributions and donations	-	-	-	-	18,050
Investment earnings	-	-	124	-	-
Miscellaneous	-	16,465	-	-	14,221
Total revenue	<u>14,475</u>	<u>35,941</u>	<u>124</u>	<u>-</u>	<u>44,506</u>
Expenditures:					
Current:					
Police	-	-	-	-	-
Fire	-	-	-	-	-
Municipal court	-	16,968	-	-	-
Other	-	-	1,421	3,308	121,813
Capital outlay	-	-	-	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest and fiscal agent charges	-	-	-	-	-
Total expenditures	<u>-</u>	<u>16,968</u>	<u>1,421</u>	<u>3,308</u>	<u>121,813</u>
Excess (deficiency) of revenues over (under) expenditures	<u>14,475</u>	<u>18,973</u>	<u>(1,297)</u>	<u>(3,308)</u>	<u>(77,307)</u>
Other financing sources (uses):					
Proceeds from capital lease	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-
Transfers in	-	-	-	-	71,500
Transfers out	(19,992)	-	-	-	-
Total other financing sources (uses):	<u>(19,992)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>71,500</u>
Net change in fund balances	(5,517)	18,973	(1,297)	(3,308)	(5,807)
Fund Balance October 1, 2013	<u>41,634</u>	<u>29,882</u>	<u>84,238</u>	<u>27,651</u>	<u>35,632</u>
Fund Balance September 30, 2014	<u>\$ 36,117</u>	<u>\$ 48,855</u>	<u>\$ 82,941</u>	<u>\$ 24,343</u>	<u>\$ 29,825</u>

Exhibit G-2

Debt Service Funds			Capital Projects Funds		
Total Special Revenue	G.O. Bonds Interest and Sinking	Total Debt Service	Equipment Replacement	Total Capital Project	Total Nonmajor Funds
\$ -	\$ 143,854	\$ 143,854	\$ -	\$ -	\$ 143,854
33,951	-	-	-	-	33,951
12,235	-	-	-	-	12,235
18,050	-	-	-	-	18,050
124	249	249	-	-	373
30,686	-	-	-	-	30,686
<u>95,046</u>	<u>144,103</u>	<u>144,103</u>	<u>-</u>	<u>-</u>	<u>239,149</u>
-	-	-	10,052	10,052	10,052
-	-	-	5,489	5,489	5,489
16,968	-	-	-	-	16,968
126,542	-	-	-	-	126,542
-	-	-	116,830	116,830	116,830
-	130,000	130,000	82,329	82,329	212,329
-	12,620	12,620	21,621	21,621	34,241
<u>143,510</u>	<u>142,620</u>	<u>142,620</u>	<u>236,321</u>	<u>236,321</u>	<u>522,451</u>
<u>(48,464)</u>	<u>1,483</u>	<u>1,483</u>	<u>(236,321)</u>	<u>(236,321)</u>	<u>(283,302)</u>
-	-	-	429,361	429,361	429,361
-	-	-	1,693	1,693	1,693
71,500	-	-	13,676	13,676	85,176
(19,992)	-	-	-	-	(19,992)
<u>51,508</u>	<u>-</u>	<u>-</u>	<u>444,730</u>	<u>444,730</u>	<u>496,238</u>
3,044	1,483	1,483	208,409	208,409	212,936
<u>219,037</u>	<u>236,159</u>	<u>236,159</u>	<u>220,952</u>	<u>220,952</u>	<u>676,148</u>
<u>\$ 222,081</u>	<u>\$ 237,642</u>	<u>\$ 237,642</u>	<u>\$ 429,361</u>	<u>\$ 429,361</u>	<u>\$ 889,084</u>

TOWN OF PANTEGO, TEXAS
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Municipal Court Building Security Fund
For the Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Fines and forfeitures	\$ 15,000	\$ 15,000	\$ 14,475	\$ (525)
Investment earnings	100	-	-	-
Total revenues	<u>15,100</u>	<u>15,000</u>	<u>14,475</u>	<u>(525)</u>
EXPENDITURES				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>15,100</u>	<u>15,000</u>	<u>14,475</u>	<u>(525)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(20,000)</u>	<u>(20,000)</u>	<u>(19,992)</u>	<u>8</u>
Total other financing sources (uses)	<u>(20,000)</u>	<u>(20,000)</u>	<u>(19,992)</u>	<u>8</u>
NET CHANGE IN FUND BALANCES	(4,900)	(5,000)	(5,517)	(517)
FUND BALANCE OCTOBER 1, 2013	<u>41,634</u>	<u>41,634</u>	<u>41,634</u>	<u>-</u>
FUND BALANCE SEPTEMBER 30, 2014	<u><u>\$ 36,734</u></u>	<u><u>\$ 36,634</u></u>	<u><u>\$ 36,117</u></u>	<u><u>\$ (517)</u></u>

TOWN OF PANTEGO, TEXAS
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Municipal Court Technology Fund
For the Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Fines and forfeitures	\$ 18,000	\$ 18,000	\$ 19,476	\$ 1,476
Investment earnings	100	-	-	-
Miscellaneous	14,000	14,000	16,465	2,465
Total revenues	<u>32,100</u>	<u>32,000</u>	<u>35,941</u>	<u>3,941</u>
EXPENDITURES				
Current:				
Municipal court	31,063	31,063	16,968	14,095
Total expenditures	<u>31,063</u>	<u>31,063</u>	<u>16,968</u>	<u>14,095</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,037</u>	<u>937</u>	<u>18,973</u>	<u>18,036</u>
NET CHANGE IN FUND BALANCES	1,037	937	18,973	18,036
FUND BALANCE OCTOBER 1, 2013	<u>29,882</u>	<u>29,882</u>	<u>29,882</u>	<u>-</u>
FUND BALANCE SEPTEMBER 30, 2014	<u>\$ 30,919</u>	<u>\$ 30,819</u>	<u>\$ 48,855</u>	<u>\$ 18,036</u>

TOWN OF PANTEGO, TEXAS
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Shamburger Fund
For the Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment earnings	\$ 100	\$ 100	\$ 124	\$ 24
Total revenues	<u>100</u>	<u>100</u>	<u>124</u>	<u>24</u>
EXPENDITURES				
Current:				
Other	-	1,200	1,421	(221)
Total expenditures	<u>-</u>	<u>1,200</u>	<u>1,421</u>	<u>(221)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>100</u>	<u>(1,100)</u>	<u>(1,297)</u>	<u>(197)</u>
NET CHANGE IN FUND BALANCES	100	(1,100)	(1,297)	(197)
FUND BALANCE OCTOBER 1, 2013	<u>84,238</u>	<u>84,238</u>	<u>84,238</u>	<u>-</u>
FUND BALANCE SEPTEMBER 30, 2014	<u>\$ 84,338</u>	<u>\$ 83,138</u>	<u>\$ 82,941</u>	<u>\$ (197)</u>

TOWN OF PANTEGO, TEXAS
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Cartwright Library Fund
For the Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment earnings	\$ 100	\$ -	\$ -	\$ -
Total revenues	<u>100</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Current:				
Other	3,000	3,308	3,308	-
Total expenditures	<u>3,000</u>	<u>3,308</u>	<u>3,308</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(2,900)	(3,308)	(3,308)	-
FUND BALANCE OCTOBER 1, 2013	<u>27,651</u>	<u>27,651</u>	<u>27,651</u>	<u>-</u>
FUND BALANCE SEPTEMBER 30, 2014	<u>\$ 24,751</u>	<u>\$ 24,343</u>	<u>\$ 24,343</u>	<u>\$ -</u>

TOWN OF PANTEGO, TEXAS
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
PantegoFest Fund
For the Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ -	\$ 15,000	\$ 12,235	\$ (2,765)
Contributions and donations	-	20,000	18,050	(1,950)
Miscellaneous	50,000	15,000	14,221	(779)
Total revenues	<u>50,000</u>	<u>50,000</u>	<u>44,506</u>	<u>(5,494)</u>
EXPENDITURES				
Current:				
Other	50,000	118,935	121,813	(2,878)
Total expenditures	<u>50,000</u>	<u>118,935</u>	<u>121,813</u>	<u>(2,878)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>-</u>	<u>(68,935)</u>	<u>(77,307)</u>	<u>(8,372)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	11,500	71,500	71,500	-
Total other financing sources (uses)	<u>11,500</u>	<u>71,500</u>	<u>71,500</u>	<u>-</u>
NET CHANGE IN FUND BALANCES				
	11,500	2,565	(5,807)	(8,372)
FUND BALANCE OCTOBER 1, 2013				
	<u>35,632</u>	<u>35,632</u>	<u>35,632</u>	<u>-</u>
FUND BALANCE SEPTEMBER 30, 2014				
	<u>\$ 47,132</u>	<u>\$ 38,197</u>	<u>\$ 29,825</u>	<u>\$ (8,372)</u>

TOWN OF PANTEGO, TEXAS
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
G.O. Bonds Interest and Sinking - Debt Service Fund
For the Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 144,000	\$ 144,000	\$ 143,854	\$ (146)
Investment earnings	-	250	249	(1)
Total revenues	<u>144,000</u>	<u>144,250</u>	<u>144,103</u>	<u>(147)</u>
EXPENDITURES				
Debt service:				
Principal	130,000	130,000	130,000	-
Interest and fiscal agent charges	12,621	12,621	12,620	1
Total expenditures	<u>142,621</u>	<u>142,621</u>	<u>142,620</u>	<u>1</u>
NET CHANGE IN FUND BALANCES	1,379	1,629	1,483	(146)
FUND BALANCE OCTOBER 1, 2013	<u>236,159</u>	<u>236,159</u>	<u>236,159</u>	-
FUND BALANCE SEPTEMBER 30, 2014	<u>\$ 237,538</u>	<u>\$ 237,788</u>	<u>\$ 237,642</u>	<u>\$ (146)</u>

TOWN OF PANTEGO, TEXAS
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Park Row Project Fund
For the Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 260,000	\$ -	\$ -	\$ -
Total revenues	<u>260,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Capital Outlay	1,660,000	-	-	-
Total expenditures	<u>1,660,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>(1,400,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,407,000	1,407,000	1,407,000	-
Total other financing sources (uses)	<u>1,407,000</u>	<u>1,407,000</u>	<u>1,407,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES				
	7,000	1,407,000	1,407,000	-
FUND BALANCE OCTOBER 1, 2013				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE SEPTEMBER 30, 2014				
	<u>\$ 7,000</u>	<u>\$ 1,407,000</u>	<u>\$ 1,407,000</u>	<u>\$ -</u>

TOWN OF PANTEGO, TEXAS
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Equipment Replacement Fund
For the Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Total revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Current				
Public works	4,809	-	-	-
Police	36,347	10,052	10,052	-
Fire	95,001	5,489	5,489	-
Municipal court	10,264	-	-	-
Capital Outlay	-	113,431	116,830	(3,399)
Debt service				
Principal	-	103,950	82,329	21,621
Interest and fiscal agent charges	-	-	21,621	(21,621)
Total expenditures	<u>146,421</u>	<u>232,922</u>	<u>236,321</u>	<u>(3,399)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>(146,421)</u>	<u>(232,922)</u>	<u>(236,321)</u>	<u>(3,399)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from capital lease	-	-	429,361	429,361
Proceeds from sale of capital assets	-	-	1,693	1,693
Transfers in	-	13,676	13,676	-
Total other financing sources (uses)	<u>-</u>	<u>13,676</u>	<u>444,730</u>	<u>431,054</u>
NET CHANGE IN FUND BALANCES	(146,421)	(219,246)	208,409	427,655
FUND BALANCE OCTOBER 1, 2013	<u>220,952</u>	<u>220,952</u>	<u>220,952</u>	<u>-</u>
FUND BALANCE SEPTEMBER 30, 2014	<u>\$ 74,531</u>	<u>\$ 1,706</u>	<u>\$ 429,361</u>	<u>\$ 427,655</u>

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**PANTEGO ECONOMIC
DEVELOPMENT CORPORATION FUNDS
(P.E.D.C.)**

The Pantego Economic Development Corporation (PEDC) is a discretely presented component component unit of the Town, therefore the PEDC's annual financials and annual operating budget are separately presented.

The PEDC was founded in 1993, following an election to assess a 1/2 cent sales and use tax. Funds administered by the PEDC are restricted funds and can only be used for those projects which are either directly or indirectly attributable to economic development within the Town.

The PEDC's financial activities are reported in the following funds:

P.E.D.C. Sales Tax Revenue Fund - This fund is used to account for 1/2 sales and use tax.

P.E.D.C. Construction Fund - This fund is used to account for construction economic development activities financed with debt and residual sales tax revenue.

P.E.D.C. Debt Service Fund - This fund is used to account for accumulation of sales tax revenue to pay principal and interest due on P.E.D.C. debt.

TOWN OF PANTEGO, TEXAS
Pantego Economic Development Corporation
Combining Balance Sheet
September 30, 2014

	<u>P.E.D.C.</u> Sales Tax Revenue	<u>P.E.D.C.</u> Debt Service	<u>P.E.D.C.</u> Operating Fund	<u>Total</u> P.E.D.C. Funds
Assets:				
Cash and investments	\$ -	\$ 201,260	\$ 164,833	\$ 366,093
Receivables (Net of allowances for uncollectibles)				
Other taxes	95,500	-	-	95,500
Notes receivable	<u>-</u>	<u>-</u>	<u>102,765</u>	<u>102,765</u>
 Total assets	 <u>\$ 95,500</u>	 <u>\$ 201,260</u>	 <u>\$ 267,598</u>	 <u>\$ 564,358</u>
 Liabilities and fund balance:				
Liabilities:				
Accounts payable	\$ <u>-</u>	\$ <u>-</u>	\$ <u>9,560</u>	\$ <u>9,560</u>
 Total liabilities	 <u>-</u>	 <u>-</u>	 <u>9,560</u>	 <u>9,560</u>
 Fund Balance:				
Restricted	<u>95,500</u>	<u>201,260</u>	<u>258,038</u>	<u>554,798</u>
 Total fund balances	 <u>95,500</u>	 <u>201,260</u>	 <u>258,038</u>	 <u>554,798</u>
 Total liabilities and fund balances	 <u>\$ 95,500</u>	 <u>\$ 201,260</u>	 <u>\$ 267,598</u>	 <u>\$ 564,358</u>
 Fund Balances				 \$ 554,798
 Long term liabilities, including \$1,295,000 bonds and tax notes payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the fund financial statements.				 (1,295,000)
 Interest payable is not expected to be liquidated with available financial resources and is not reported as a liability in the fund financial statements.				 (8,158)
 Capital assets used in governmental activities are not financial resources and therefore are reported in the governmental funds.				 113,293
 Net Assets of Governmental Activities				 <u>\$ (635,067)</u>

TOWN OF PANTEGO, TEXAS
Pantego Economic Development Corporation
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended September 30, 2014

	P.E.D.C. Sales Tax Revenue	P.E.D.C Debt Service	P.E.D.C. Operating Fund	Total P.E.D.C. Funds
Revenues:				
Sales taxes	\$ 563,969	\$ -	\$ -	\$ 563,969
Investment earnings	-	-	592	592
Miscellaneous	-	-	1,586	1,586
Total revenue	563,969	-	2,178	566,147
Expenditures:				
Current:				
General and administrative	-	-	116,557	116,557
Economic development grants	-	-	10,882	10,882
Other	-	-	100,420	100,420
Capital outlay	-	-	11,428	11,428
Debt service				
Principal	-	130,000	-	130,000
Interest and fiscal agent charges	-	68,005	-	68,005
Total expenditures	-	198,005	239,287	437,292
Excess (deficiency) of revenues over (under) expenditures	563,969	(198,005)	(237,109)	128,855
Other financing sources (uses):				
Transfers in	-	387,003	372,340	759,343
Transfers out	(562,340)	-	(197,003)	(759,343)
Total other financing sources (uses):	(562,340)	387,003	175,337	-
Net change in fund balances	1,629	188,998	(61,772)	128,855
Fund Balance October 1, 2013	93,871	12,262	319,810	425,943
Fund Balance September 30, 2014	\$ 95,500	\$ 201,260	\$ 258,038	\$ 554,798
Net Change in Fund Balance				\$ 128,855
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements but are increases in capital assets and reductions in long-term debt in the government-wide financial statements.				141,428
Current year interest payable of the governmental funds are not due and payable in the current period. Changes in the balance are reported as expenses in the governmental activities of the Statement of Activities.				819
Change in net Assets of Governmental Activities				\$ 271,102

TOWN OF PANTEGO, TEXAS
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
P.E.D.C. Sales Tax Revenue
For the Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Sales tax	\$ 475,000	\$ 475,000	\$ 563,969	\$ 88,969
Total revenues	<u>475,000</u>	<u>475,000</u>	<u>563,969</u>	<u>88,969</u>
EXPENDITURES				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>475,000</u>	<u>475,000</u>	<u>563,969</u>	<u>88,969</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(475,000)</u>	<u>(475,000)</u>	<u>(562,340)</u>	<u>(87,340)</u>
Total other financing sources (uses)	<u>(475,000)</u>	<u>(475,000)</u>	<u>(562,340)</u>	<u>(87,340)</u>
NET CHANGE IN FUND BALANCES	-	-	1,629	1,629
FUND BALANCE OCTOBER 1, 2013	<u>93,871</u>	<u>93,871</u>	<u>93,871</u>	<u>-</u>
FUND BALANCE SEPTEMBER 30, 2014	<u><u>\$ 93,871</u></u>	<u><u>\$ 93,871</u></u>	<u><u>\$ 95,500</u></u>	<u><u>\$ 1,629</u></u>

TOWN OF PANTEGO, TEXAS
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
P.E.D.C. - Debt Service Fund
For the Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Total revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Debt service:				
Principal	130,000	130,000	130,000	-
Interest and fiscal agent charges	68,006	68,006	68,005	1
Total expenditures	198,006	198,006	198,005	1
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	(198,006)	(198,006)	(198,005)	1
OTHER FINANCING SOURCES (USES)				
Transfers in	190,000	387,004	387,003	(1)
Total other financing sources (uses)	190,000	387,004	387,003	(1)
NET CHANGE IN FUND BALANCES				
	(8,006)	188,998	188,998	-
FUND BALANCE OCTOBER 1, 2013				
	12,262	12,262	12,262	-
FUND BALANCE SEPTEMBER 30, 2014				
	\$ 4,256	\$ 201,260	\$ 201,260	\$ -

TOWN OF PANTEGO, TEXAS
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
P.E.D.C Operating Fund
For the Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment earnings	\$ 500	\$ 500	\$ 592	\$ 92
Other	2,250	750	1,586	836
Total revenues	<u>2,750</u>	<u>1,250</u>	<u>2,178</u>	<u>928</u>
EXPENDITURES				
Current				
General and administrative	116,857	116,857	116,557	300
Economic development grants	150,000	150,000	10,882	139,118
Other	131,500	130,641	100,420	30,221
Capital outlay	5,000	11,428	11,428	-
Total expenditures	<u>403,357</u>	<u>408,926</u>	<u>239,287</u>	<u>169,639</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>(400,607)</u>	<u>(407,676)</u>	<u>(237,109)</u>	<u>170,567</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	285,000	285,000	372,340	87,340
Transfers out	-	(197,003)	(197,003)	-
Total other financing sources (uses)	<u>285,000</u>	<u>87,997</u>	<u>175,337</u>	<u>87,340</u>
NET CHANGE IN FUND BALANCES				
	(115,607)	(319,679)	(61,772)	257,907
FUND BALANCE OCTOBER 1, 2013				
	<u>319,810</u>	<u>319,810</u>	<u>319,810</u>	<u>-</u>
FUND BALANCE SEPTEMBER 30, 2014				
	<u>\$ 204,203</u>	<u>\$ 131</u>	<u>\$ 258,038</u>	<u>\$ 257,907</u>



STATISTICAL SECTION

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**TOWN OF PANTEGO, TEXAS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED SEPTEMBER 30, 2014
 STATISTICAL SECTION INDEX
 (Unaudited)**

This part of the Town of Pantego's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

CONTENTS	TABLES
<p>FINANCIAL TRENDS These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</p>	<p>1-4</p>
<p>REVENUE CAPACITY These schedules contain information to help the reader assess the government's most significant local revenue sources, property and sales tax.</p>	<p>5-10</p>
<p>DEBT CAPACITY These schedules present information to help the reader assess the affordability of the government's current level of outstanding debt and the government's ability to issue additional debt in the future.</p>	<p>11-14</p>
<p>DEMOGRAPHIC AND ECONOMIC INFORMATION These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</p>	<p>15-16</p>
<p>OPERATING INFORMATION These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</p>	<p>17-20</p>

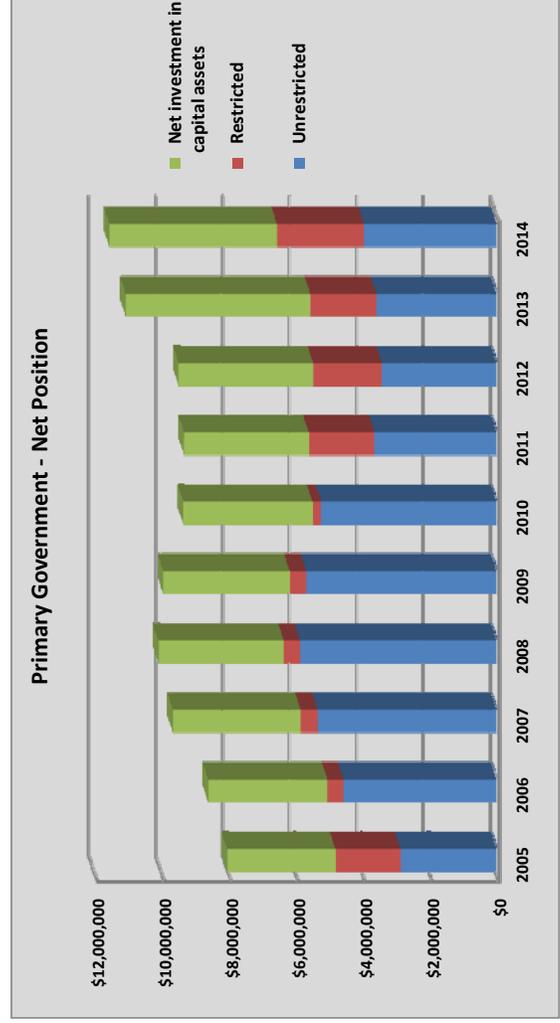
Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports of the relevant year.

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TABLE 1

TOWN OF PANTEGO, TEXAS
NET POSITION BY COMPONENT
Last Ten Fiscal Years
 (accrual basis of accounting)
 (Unaudited)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities:										
Net investment in capital assets	\$ 2,533,622	\$ 2,394,456	\$ 2,682,609	\$ 2,713,108	\$ 2,771,088	\$ 2,910,100	\$ 2,781,910	\$ 2,874,937	\$ 4,518,024	\$ 4,109,091
Restricted	1,928,309	479,795	506,169	484,638	487,099	262,987	1,974,246	2,051,618	1,973,526	2,601,335
Unrestricted	2,084,899	4,242,133	4,923,796	5,011,007	4,760,101	4,385,715	2,351,040	2,073,165	1,868,043	2,584,872
Total governmental activities net position	\$ 6,546,830	\$ 7,116,384	\$ 8,112,574	\$ 8,208,753	\$ 8,018,288	\$ 7,558,802	\$ 7,107,196	\$ 6,999,720	\$ 8,359,593	\$ 9,295,298
Business-type activities:										
Net investment in capital assets	\$ 705,705	\$ 1,171,698	\$ 1,136,795	\$ 1,038,102	\$ 1,013,638	\$ 949,834	\$ 939,879	\$ 1,146,278	\$ 996,800	\$ 898,886
Restricted	17,400	-	-	-	-	-	-	-	-	-
Unrestricted	785,162	330,112	424,400	863,332	930,290	851,758	1,293,767	1,353,752	1,726,509	1,378,378
Total business-type activities net position	\$ 1,508,267	\$ 1,501,810	\$ 1,561,195	\$ 1,901,434	\$ 1,943,928	\$ 1,801,592	\$ 2,233,646	\$ 2,500,030	\$ 2,723,309	\$ 2,277,264
Primary government:										
Net investment in capital assets	\$ 3,239,327	\$ 3,566,154	\$ 3,819,404	\$ 3,751,210	\$ 3,784,726	\$ 3,859,934	\$ 3,721,789	\$ 4,021,215	\$ 5,514,824	\$ 5,007,977
Restricted	1,945,709	479,795	506,169	484,638	487,099	262,987	1,974,246	2,051,618	1,973,526	2,601,335
Unrestricted	2,870,061	4,572,245	5,348,196	5,874,339	5,690,391	5,237,473	3,644,807	3,426,917	3,594,552	3,963,250
Total primary government activities net position	\$ 8,055,097	\$ 8,618,194	\$ 9,673,769	\$ 10,110,187	\$ 9,962,216	\$ 9,360,394	\$ 9,340,842	\$ 9,499,750	\$ 11,082,902	\$ 11,572,562



NOTE:
 The Town implemented the GASB 34 model of reporting in fiscal year ending September 30, 2005.
 The Fiscal Year 2012 governmental activities have been reinstated excluding the Pantego Economic Development Corporation (PEDC) which is reported as discretely presented component unit from FY2013 forward in compliance with GASB 14, 34 and 61.

TOWN OF PANTEGO, TEXAS
CHANGE IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year				
	2005	2006	2007	2008	2009
Expenses					
Governmental activities:					
General and administrative	\$ 650,187	\$ 710,497	\$ 713,723	\$ 791,534	\$ 874,011
Public works	626,520	567,858	507,259	484,067	491,704
Police	1,132,660	1,284,654	1,158,739	1,123,143	1,270,901
Fire	985,942	1,046,489	1,033,692	1,047,045	1,089,882
Municipal court	222,417	185,189	179,855	209,525	240,134
Other	610,735	186,911	155,946	414,938	461,177
Interest and other fees	210,840	192,232	175,803	175,397	186,500
Total governmental activities expenses	<u>4,439,301</u>	<u>4,173,830</u>	<u>3,925,017</u>	<u>4,245,649</u>	<u>4,614,309</u>
Business-type activities:					
Water and wastewater	816,353	811,847	809,546	1,006,654	854,591
Total business-type activities expenses	<u>816,353</u>	<u>811,847</u>	<u>809,546</u>	<u>1,006,654</u>	<u>854,591</u>
Total primary government expenses	<u>\$ 5,255,654</u>	<u>\$ 4,985,677</u>	<u>\$ 4,734,563</u>	<u>\$ 5,252,303</u>	<u>\$ 5,468,900</u>
Program Revenues:					
Governmental activities:					
Charges for services	\$ 881,205	\$ 762,087	\$ 629,909	\$ 706,925	\$ 797,730
Operating grants and contributions	-	-	60,389	8,376	12,681
Capital grants and contributions	260,746	-	282,950	-	-
Total governmental activities program revenue:	<u>1,141,951</u>	<u>762,087</u>	<u>973,248</u>	<u>715,301</u>	<u>810,411</u>
Business-type activities					
Charges for services	654,851	731,309	784,922	835,380	887,421
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	-	-	36,964	-	-
Total business-type activities program revenues	<u>654,851</u>	<u>731,309</u>	<u>821,886</u>	<u>835,380</u>	<u>887,421</u>
Total primary government program revenues	<u>\$ 1,796,802</u>	<u>\$ 1,493,396</u>	<u>\$ 1,795,134</u>	<u>\$ 1,550,681</u>	<u>\$ 1,697,832</u>
Net (expense)/revenue					
Governmental activities	\$ (3,297,350)	\$ (3,411,743)	\$ (2,951,769)	\$ (3,530,348)	\$ (3,803,898)
Business-type activities	(161,502)	(80,538)	12,340	(171,274)	32,830
Total primary government net expense	<u>\$ (3,458,852)</u>	<u>\$ (3,492,281)</u>	<u>\$ (2,939,429)</u>	<u>\$ (3,701,622)</u>	<u>\$ (3,771,068)</u>
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes					
Property taxes	\$ 835,804	\$ 921,916	\$ 885,635	\$ 905,863	\$ 953,351
Sales and use taxes	2,222,263	2,397,302	2,453,639	2,352,541	2,104,317
Franchise fees	320,725	330,602	318,892	315,740	318,034
Investment income	88,806	177,281	263,177	168,780	46,024
Other revenue	177,454	170,035	32,109	111,803	76,969
Gain on retirement of capital assets	-	-	-	-	-
Change in net position of component unit	-	-	-	-	-
Transfers	(350,000)	(15,839)	(5,493)	(228,200)	18,520
Total governmental activities	<u>3,295,052</u>	<u>3,981,297</u>	<u>3,947,959</u>	<u>3,626,527</u>	<u>3,517,215</u>
Business-type activities:					
Investment income	14,272	31,902	22,951	18,569	5,473
Miscellaneous	19,867	26,340	18,601	264,744	22,711
Transfers	350,000	15,839	5,493	228,200	(18,520)
Total business-type revenues	<u>384,139</u>	<u>74,081</u>	<u>47,045</u>	<u>511,513</u>	<u>9,664</u>
Total primary government	<u>\$ 3,679,191</u>	<u>\$ 4,055,378</u>	<u>\$ 3,995,004</u>	<u>\$ 4,138,040</u>	<u>\$ 3,526,879</u>
Change in Net Position					
Governmental activities	\$ (2,298)	\$ 569,554	\$ 996,190	\$ 96,179	\$ (286,683)
Business-type activities	222,637	(6,457)	59,385	340,239	42,494
Total primary government	<u>\$ 220,339</u>	<u>\$ 563,097</u>	<u>\$ 1,055,575</u>	<u>\$ 436,418</u>	<u>\$ (244,189)</u>

(Continued)

Note: The Fiscal Year 2012 governmental activities have been reinstated excluding the Pantego Economic Development Corporation (PEDC) which is reported as discretely presented component unit from FY 2011 forward in compliance with GASB 14, 34 and 61.

TABLE 2

Fiscal Year				
2010	2011	2012	2013	2014
\$ 764,570	\$ 661,453	\$ 693,811	\$ 605,615	\$ 629,296
529,120	513,486	546,033	716,928	694,444
1,371,184	1,387,954	1,296,885	1,194,325	1,176,704
1,167,319	1,057,114	1,104,320	1,102,614	1,063,922
268,789	312,826	326,926	343,778	385,411
438,665	233,610	328,025	154,960	186,349
149,005	144,489	141,009	38,596	38,628
<u>4,688,652</u>	<u>4,310,932</u>	<u>4,437,009</u>	<u>4,156,816</u>	<u>4,174,754</u>
1,033,595	914,384	890,868	996,184	1,067,519
<u>1,033,595</u>	<u>914,384</u>	<u>890,868</u>	<u>996,184</u>	<u>1,067,519</u>
<u>\$ 5,722,247</u>	<u>\$ 5,225,316</u>	<u>\$ 5,327,877</u>	<u>\$ 5,153,000</u>	<u>\$ 5,242,273</u>
\$ 973,378	\$ 1,019,524	\$ 998,208	\$ 1,285,417	\$ 1,347,130
180,419	39,813	31,613	58,715	32,271
-	-	-	95,862	-
<u>1,153,797</u>	<u>1,059,337</u>	<u>1,029,821</u>	<u>1,439,994</u>	<u>1,379,401</u>
891,425	1,072,886	1,151,062	1,218,637	1,177,852
-	-	-	-	-
-	-	-	-	-
<u>891,425</u>	<u>1,072,886</u>	<u>1,151,062</u>	<u>1,218,637</u>	<u>1,177,852</u>
<u>\$ 2,045,222</u>	<u>\$ 2,132,223</u>	<u>\$ 2,180,883</u>	<u>\$ 2,658,631</u>	<u>\$ 2,557,253</u>
\$ (3,534,855)	\$ (3,251,595)	\$ (3,407,188)	\$ (2,716,822)	\$ (2,795,353)
(142,170)	158,502	260,194	222,453	110,333
<u>\$ (3,677,025)</u>	<u>\$ (3,093,093)</u>	<u>\$ (3,146,994)</u>	<u>\$ (2,494,369)</u>	<u>\$ (2,685,020)</u>
\$ 973,185	\$ 922,272	\$ 993,101	\$ 1,016,196	\$ 1,026,470
1,734,889	1,761,271	1,749,558	1,640,680	1,708,772
304,706	309,633	494,345	301,675	342,799
10,557	6,660	7,373	6,991	3,140
32,266	33,912	60,879	32,431	24,148
-	-	-	-	68,733
-	-	-	219,803	-
19,766	(233,759)	(5,544)	-	557,000
<u>3,075,369</u>	<u>2,799,989</u>	<u>3,299,712</u>	<u>3,217,776</u>	<u>3,731,062</u>
1,432	200	646	826	622
18,168	39,593	-	-	-
(19,766)	233,759	5,544	-	(557,000)
<u>(166)</u>	<u>273,552</u>	<u>6,190</u>	<u>826</u>	<u>(556,378)</u>
<u>\$ 3,075,203</u>	<u>\$ 3,073,541</u>	<u>\$ 3,305,902</u>	<u>3,218,602</u>	<u>3,174,684</u>
\$ (459,486)	\$ (451,606)	\$ (107,476)	\$ 500,954	\$ 935,709
(142,336)	432,054	266,384	223,279	(446,045)
<u>\$ (601,822)</u>	<u>\$ (19,552)</u>	<u>\$ 158,908</u>	<u>\$ 724,233</u>	<u>\$ 489,664</u>

(concluded)

TOWN OF PANTEGO, TEXAS
FUND BALANCES
GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

	Fiscal Year					
	2005	2006	2007	2008	2009	2010
General Fund						
Unreserved	\$ 1,468,206	\$ 1,635,494	\$ 2,023,383	\$ 2,041,816	\$ 2,172,794	\$ 2,057,277
Nonspendable	-	-	-	-	-	-
Restricted:						
PEG fees	-	-	-	-	-	-
Police	-	-	-	-	-	-
Assigned to:						
Deficit subsequent year budget	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total general fund	<u>\$ 1,468,206</u>	<u>\$ 1,635,494</u>	<u>\$ 2,023,383</u>	<u>\$ 2,041,816</u>	<u>\$ 2,172,794</u>	<u>\$ 2,057,277</u>
All Other Governmental Funds						
Reserved	\$ 450,403	\$ 486,531	\$ 514,164	\$ 507,277	\$ 503,300	\$ 278,241
Unreserved, reported in:						
Special revenue funds	402,233	423,182	384,702	363,180	341,644	322,070
Capital project funds	1,462,724	1,955,560	2,387,509	2,446,167	2,205,219	1,988,035
Restricted for:						
Municipal court	-	-	-	-	-	-
Animal control services	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Street improvements	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
PantegoFest	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-
Other purposes	-	-	-	-	-	-
Committed to:						
Capital projects	-	-	-	-	-	-
Assigned to:						
Capital projects	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 2,315,360</u>	<u>\$ 2,865,273</u>	<u>\$ 3,286,375</u>	<u>\$ 3,316,624</u>	<u>\$ 3,050,163</u>	<u>\$ 2,588,346</u>

(Continued)

Note: The Town began to report accrual information when it implemented GASB Statement No. 34 in fiscal year 2005.

The Town implemented GASB Statement No. 54 in fiscal year 2011.

The Fiscal Year 2012 governmental fund balances have been reinstated excluding the Pantego Economic Development Corporation (PEDC) which is reported as discretely presented component unit from FY 2013 forward in compliance with GASB 14, 34 and 61.

TABLE 3

Fiscal Year			
2011	2012	2013	2014
\$ -	\$ -	\$ -	\$ -
1,155	-	-	16,272
-	4,054	5,910	11,533
-	-	-	50,100
-	176,763	-	-
1,589,109	1,324,256	1,618,969	2,044,889
<u>\$ 1,590,264</u>	<u>\$ 1,505,073</u>	<u>\$ 1,624,879</u>	<u>\$ 2,122,794</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
69,718	70,785	71,516	84,972
105,601	91,225	84,238	82,941
254,460	254,323	236,159	237,642
1,430,384	1,502,483	1,509,455	668,708
77,415	74,963	-	-
-	28,666	35,632	29,825
-	-	-	1,407,000
44,098	30,538	27,651	24,343
605,809	511,445	220,952	429,361
172,958	-	-	-
<u>\$ 2,760,443</u>	<u>\$ 2,564,428</u>	<u>\$ 2,185,603</u>	<u>\$ 2,964,792</u>

(concluded)

TOWN OF PANTEGO, TEXAS
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	Fiscal Year				
	2005	2006	2007	2008	2009
Revenues					
Property taxes	\$ 826,507	\$ 919,020	\$ 892,963	\$ 916,958	\$ 953,739
Sales taxes	2,222,263	2,397,302	2,453,639	2,352,541	2,104,317
Franchise fees	320,725	330,602	318,892	315,740	318,034
Court fines, permits and fees	541,210	578,352	559,634	510,444	617,082
Fines and forfeitures	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Ambulance service	108,026	112,966	124,824	128,813	136,677
Charges for service	-	-	-	-	-
Interest income	88,806	177,280	263,176	168,780	46,024
Intergovernmental	260,746	-	60,389	8,376	12,681
Miscellaneous	167,719	261,017	87,354	156,832	133,669
Total revenues	<u>4,536,002</u>	<u>4,776,539</u>	<u>4,760,871</u>	<u>4,558,484</u>	<u>4,322,223</u>
Expenditures					
Current operations:					
General and administrative	638,390	687,586	689,045	757,290	882,186
Public works	357,071	297,881	247,376	228,971	192,810
Police	1,060,866	1,114,030	1,098,438	1,157,803	1,166,239
Fire	868,900	935,852	917,812	963,169	998,976
Municipal court	221,573	187,667	176,508	205,026	236,038
Other	144,940	186,911	352,318	482,146	386,933
Capital outlay	668,123	109,624	114,468	202,741	275,927
Debt service:					
Principal	310,000	333,674	214,916	236,237	274,237
Interest and fiscal agent charges	235,927	190,274	173,089	165,569	165,551
Total expenditures	<u>4,505,790</u>	<u>4,043,499</u>	<u>3,983,970</u>	<u>4,398,952</u>	<u>4,578,897</u>
Excess (deficiency) of revenues over (under) expenditures	<u>30,212</u>	<u>733,040</u>	<u>776,901</u>	<u>159,532</u>	<u>(256,674)</u>
Other financing sources (uses)					
Transfers in	531,913	595,069	856,920	965,838	792,866
Transfers out	(881,913)	(610,908)	(862,413)	(1,194,038)	(774,346)
Proceeds of capital lease	-	-	37,583	117,350	81,913
Proceeds from insurance recovery	-	-	-	-	20,758
Proceeds of bond issuance	1,270,000	-	-	-	-
Payment to refunded bonds agent	(870,018)	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-
Total other financing sources (uses)	<u>49,982</u>	<u>(15,839)</u>	<u>32,090</u>	<u>(110,850)</u>	<u>121,191</u>
Net change in fund balances	<u>\$ 80,194</u>	<u>\$ 717,201</u>	<u>\$ 808,991</u>	<u>\$ 48,682</u>	<u>\$ (135,483)</u>
Debt service as a percentage of non-capital expenditures (1)	14.23%	13.32%	10.03%	9.58%	10.22%

(Continued)

Note: The Fiscal Year 2012 changes in fund balance have been reinstated excluding the Pantego Economic Development Corporation (PEDC) which is reported as discretely presented component unit from FY 2013 forward in compliance with GASB 14, 34 and 61.

TABLE 4

		Fiscal Year							
		2010	2011	2012	2013	2014			
\$	965,637	\$	916,772	\$	991,707	\$	1,019,023	\$	1,025,090
	1,734,889		1,761,271		1,749,558		1,640,680		1,708,772
	304,706		309,633		343,620		312,658		331,465
	714,169		748,369		919,785		991,792		-
	-		-		-		-		913,789
	-		-		-		-		77,419
	113,291		119,357		123,802		120,927		143,553
	-		-		-		112,296		126,338
	10,557		6,660		7,373		6,991		18,050
	180,419		39,813		1,885		95,862		3,140
	162,961		135,753		106,110		104,196		69,824
	<u>4,186,629</u>		<u>4,037,628</u>		<u>4,243,840</u>		<u>4,404,425</u>		<u>4,417,440</u>
	690,802		603,291		641,908		564,540		587,748
	218,227		212,208		215,127		385,942		370,659
	1,268,241		1,289,130		1,235,305		1,146,567		1,144,331
	1,050,314		962,979		1,029,348		1,026,053.00		978,440
	255,482		298,261		322,743		345,589		378,979
	378,951		188,293		309,378		112,674		146,944
	902,421		103,804		324,771		473,361		329,298
	513,483		337,444		335,638		226,900		224,030
	266,056		141,876		138,073		39,218		35,000
	<u>5,543,977</u>		<u>4,137,286</u>		<u>4,552,291</u>		<u>4,320,844</u>		<u>4,195,429</u>
	<u>(1,357,348)</u>		<u>(99,658)</u>		<u>(308,451)</u>		<u>83,581</u>		<u>222,011</u>
	638,841		847,597		802,218		330,221		1,573,052
	(619,076)		(1,081,357)		(807,762)		(330,221)		(1,016,052)
	-		34,692		32,737		66,675		429,361
	-		-		-		-		-
	2,444,898		-		-		-		-
	(1,684,649)		-		-		-		-
	-		3,810		52		9,423		68,733
	<u>780,014</u>		<u>(195,258)</u>		<u>27,245</u>		<u>76,098</u>		<u>1,055,094</u>
\$	<u>(577,334)</u>	\$	<u>(294,916)</u>	\$	<u>(281,206)</u>	\$	<u>159,679</u>	\$	<u>1,277,105</u>
	16.79%		11.88%		11.21%		6.92%		6.70%
									(concluded)

**TOWN OF PANTEGO, TEXAS
GOVERNMENTAL FUNDS
TAX REVENUE BY SOURCE**

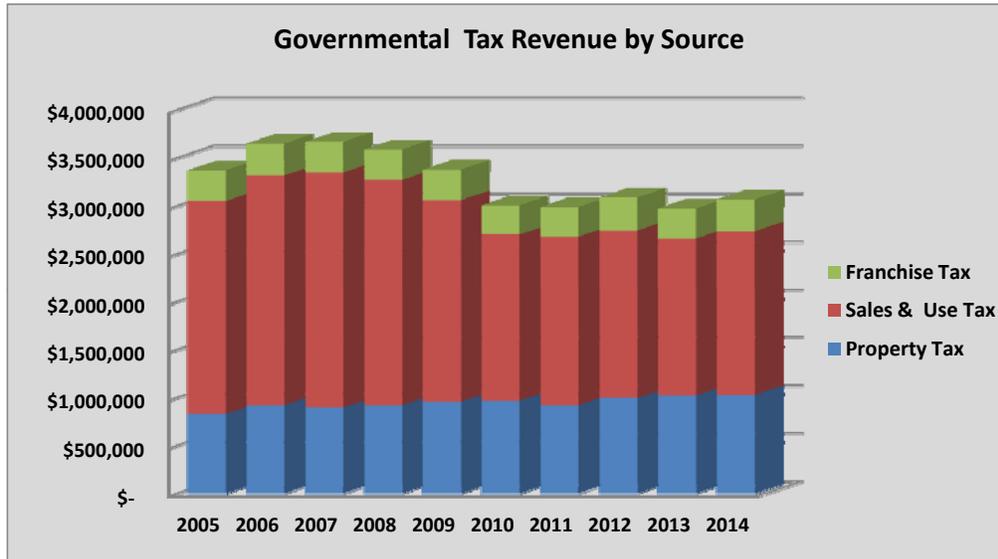
TABLE 5

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

Fiscal Year	Property Tax	Sales & Use Tax	Franchise Tax	Total Tax Revenue
2005	\$ 826,507	\$ 2,222,263	\$ 320,725	\$ 3,369,495
2006	919,020	2,397,302	330,602	3,646,924
2007	892,963	2,453,639	318,892	3,665,494
2008	916,958	2,352,541	315,740	3,585,239
2009	953,739	2,104,317	318,034	3,376,090
2010	965,637	1,734,889	304,706	3,005,232
2011	916,772	1,761,271	309,633	2,987,676
2012	991,707	1,749,558	343,620	3,084,885
2013	1,019,023	1,640,680	312,658	2,972,361
2014	1,025,090	1,708,772	331,464	3,065,326

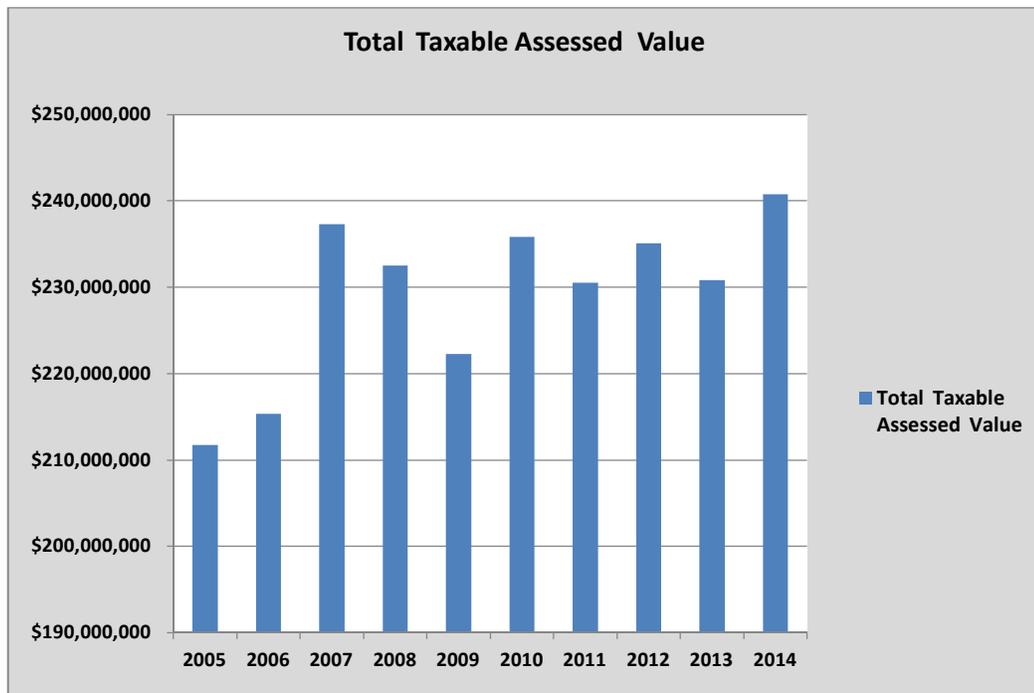


Note: The Fiscal Year 2012 changes in fund balance have been reinstated excluding the Pantego Economic Development Corporation (PEDC) which is reported as discretely presented component unit from FY 2013 forward in compliance with GASB 14, 34 and 61.

TOWN OF PANTEGO, TEXAS
ASSESSED AND ESTIMATED ACTUAL
VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years
(Unaudited)

TABLE 6

Fiscal Year	Residential Property	Industrial/Commercial Property	Mineral Reserves	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
2005	\$ 100,192,929	\$ 158,673,633	\$ -	\$ 47,153,693	\$ 211,712,869	0.400200	\$ 211,712,869	100.0%
2006	104,578,750	160,996,250	-	50,228,446	215,346,554	0.398834	215,346,554	100.0%
2007	94,886,663	151,843,449	-	9,403,326	237,326,786	0.382880	237,326,786	100.0%
2008	97,969,475	164,245,132	-	29,728,052	232,486,555	0.373270	232,486,555	100.0%
2009	99,840,554	157,704,217	-	35,237,846	222,306,925	0.373270	222,306,925	100.0%
2010	93,276,078	152,240,801	1,706,000	11,362,557	235,860,322	0.373270	235,860,322	100.0%
2011	94,073,887	146,999,822	1,059,600	11,600,419	230,532,890	0.373270	230,532,890	100.0%
2012	96,721,534	146,193,612	4,124,310	11,973,713	235,065,743	0.410000	235,065,743	100.0%
2013	96,315,249	146,719,746	1,029,420	13,260,159	230,804,256	0.410000	230,804,256	100.0%
2014	99,233,630	147,686,096	945,070	7,118,107	240,746,689	0.420000	240,746,689	100.0%



Source: Tarrant Appraisal District

Note: Property in the Town is reassessed each year.

Property is assessed at actual value; therefore, the assessed values are equal to actual value.

TOWN OF PANTEGO, TEXAS
DIRECT AND OVERLAPPING PROPERTY TAX RATES
 Last Ten Fiscal Years
 (Unaudited)

TABLE 7

	FISCAL YEAR									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
OVERLAPPING RATES										
Tarrant County	0.272500	0.272500	0.371500	0.2665000	0.264000	0.264000	0.264000	0.264000	0.264000	0.264000
Tarrant County Hospital District	0.235397	0.235397	0.235397	0.2303970	0.227897	0.227897	0.227890	0.227897	0.227897	0.227897
Tarrant County Junior College District	0.139380	0.139380	0.139380	0.1393800	0.137960	0.137670	0.137640	0.148970	0.148970	0.149500
Arlington Independent School District	1.755000	1.745460	1.610000	1.27800	1.272000	1.272000	1.335000	1.305500	1.301000	1.292170
CITY DIRECT RATES										
Operating & Maintenance	0.250605	0.271541	0.320835	0.315197	0.315050	0.317208	0.317448	0.351044	0.352160	0.361060
Interest & Sinking	0.149595	0.127293	0.062045	0.058073	0.058220	0.056062	0.055822	0.058956	0.057840	0.058940
Total Direct Rate	0.400200	0.398834	0.382880	0.373270	0.373270	0.373270	0.373270	0.410000	0.410000	0.420000
Total Direct & Overlapping Rate	2.802477	2.791571	2.739157	2.287547	2.275127	2.274837	2.337800	2.356367	2.351867	2.353567

Sources: Tarrant Appraisal District and Town records.

Note: All rates per \$100 assessed value.

Totals are not provided for columns since they would be meaningless.
 Some of the jurisdictions are mutually exclusive.

TOWN OF PANTEGO, TEXAS
PRINCIPAL PROPERTY TAX PAYERS
Current and Nine Years Ago
(Unaudited)

TABLE 8

Taxpayer	2014			2005		
	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation
TSCA-201 Ltd Partnership	\$ 4,856,785	2	2.0 %	\$ 5,905,164	1	2.8 %
Triad Senior Living	7,503,530	1	3.1	5,220,390	2	2.5
Oncor Electric Delivery Co Inc	4,106,934	3	1.7	4,401,845	3	2.1
Arlington Westbury Ltd	-		-	3,227,000	4	1.5
Texas Pneumatic Systems Inc	3,631,574	4	1.5	3,224,359	5	1.5
Commercial Net Lease Realty Lp	-		-	3,183,744	6	1.5
Stagliano, VJ Etux Peggy Etal	3,375,000	5	1.4	3,090,377	7	1.5
Texas Appliance Supply Inc	-		-	3,035,228	8	1.4
Nap/Springman Fund Vii Lp	-		-	2,878,155	9	1.4
Arctic star Fef Mfg Co Inc	-		-	2,852,764	10	1.3
Four Seasons Ltd	3,100,000	6	1.29	-		-
Ean Holdings LLC	2,638,057	7	1.10	-		-
SVS Apartments LLC	2,500,000	8	1.04	-		-
Wal-Mart Stores Texas LLC	2,443,542	9	1.01	-		-
Aldi Texas LLC	2,354,755	10	0.98	-		-
Total	<u>\$ 36,510,177</u>		<u>15.2 %</u>	<u>\$ 37,019,026</u>		<u>17.5 %</u>

Source: Tarrant Appraisal District

TABLE 9

TOWN OF PANTEGO, TEXAS
 PROPERTY TAX LEVIES AND COLLECTIONS
 Last Ten Fiscal Years
 (Unaudited)

Fiscal Year Ended 9/30	Actual Levy Year	Taxes Levied for the Fiscal Year	Adjustment to Levy	Adjusted Taxes Levied for Fiscal Year	Collected within the		Collection in Subsequent Years	Total Collections to Date	
					Fiscal Year of the Levy	Percentage of Levy			
2005	2004	\$ 830,594	\$ 3,655	\$ 834,249	\$ 819,479	98.2%	\$ 7,242	\$ 826,721	99.1%
2006	2005	872,334	8,955	881,289	867,052	98.4%	6,575	873,627	99.1%
2007	2006	875,013	9,106	884,119	875,965	99.1%	5,405	881,370	99.7%
2008	2007	899,974	11,265	911,238	899,827	98.7%	5,991	905,818	99.4%
2009	2008	910,576	47,064	957,639	931,437	97.3%	20,696	952,133	99.4%
2010	2009	899,027	55,296	954,323	936,382	98.1%	10,637	947,019	99.2%
2011	2010	898,268	5,390	903,658	884,426	97.9%	16,630	901,056	99.7%
2012	2011	988,951	(2,655)	986,296	967,494	98.1%	14,810	982,304	99.6%
2013	2012	1,003,031	(4,396)	998,635	986,987	98.8%	6,702	993,689	99.5%
2014	2013	1,004,406	13,787	1,018,192	1,003,184	98.5%	-	1,003,184	98.5%

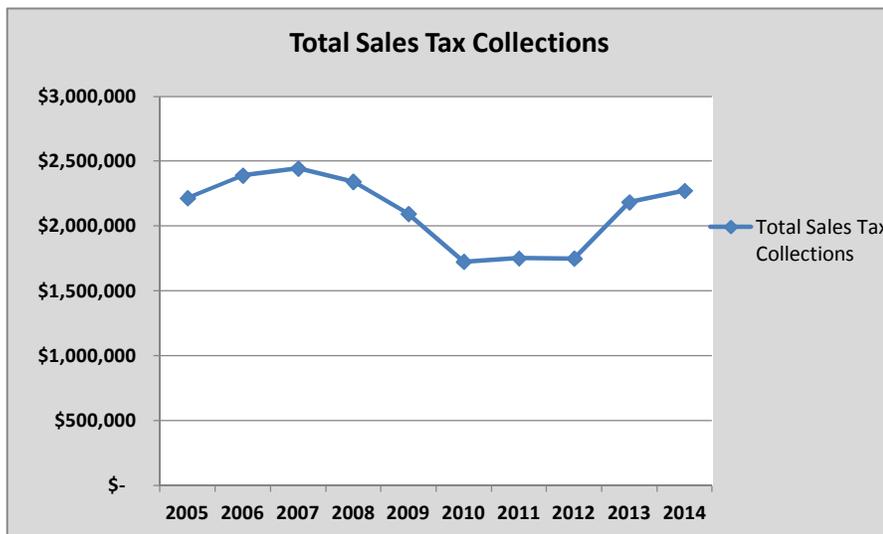
Sources: Tarrant County Tax Assessor Collector and Town records.

Tax Lien and Assessment Date: January 1 each year
 Taxes due: October 1 of the same year
 Taxes delinquent: February 1 of the following year

TOWN OF PANTEGO, TEXAS
SALES TAX COLLECTIONS BY FUND
Last Ten Fiscal Years
(Unaudited)

TABLE 10

Fiscal Year Ended 9/30	General	Street Improvement	PEDC Sales Tax	Total Primary Government	Component Unit	Total Sales Tax Collections
					Economic Development	
2005	\$ 1,378,458	\$ 275,788	\$ 561,678	\$ 2,215,924	\$ -	\$ 2,215,924
2006	1,514,880	279,548	596,031	2,390,459	-	2,390,459
2007	1,527,940	305,597	611,166	2,444,703	-	2,444,703
2008	1,463,846	292,769	585,539	2,342,154	-	2,342,154
2009	1,308,342	261,994	523,444	2,093,780	-	2,093,780
2010	1,077,662	215,533	431,065	1,724,260	-	1,724,260
2011	1,094,193	218,839	437,677	1,750,709	-	1,750,709
2012	1,097,439	217,373	434,746	1,749,558	-	1,749,558
2013	1,369,008	271,672	-	1,640,680	543,344	2,184,024
2014	1,426,788	281,984	-	1,708,772	563,969	2,272,741



Note: PEDC sales tax from FY 2013 and forward are presented separately from the primary government as a discretely presented component unit in compliance with GASB 14, 34 and 61.

TOWN OF PANTEGO, TEXAS
RATIOS OF OUTSTANDING BONDED DEBT BY TYPE
Last Ten Fiscal Years
(Unaudited)

TABLE 11

Fiscal Year	GOVERNMENTAL ACTIVITIES										Total Debt Per Capita (5)	Percentage of Personal Income (5)
	General Obligation Bonds	Certificates of Obligation (1)	Tax Notes	Sales Tax Revenue Bonds (4)		Capital Leases	Total Primary Government (2)	Component Unit		Total Outstanding Debt		
				Sales Tax Revenue Bonds (4)	Capital Leases			Sales Tax Revenue Bonds (4)	Component Unit			
2005	\$ 865,000	\$ 345,000	\$ 135,000	\$ 2,380,000	\$ 48,590	\$ 3,773,590	\$ -	\$ -	\$ 3,773,590	\$ 1,620	1.9%	
2006	790,000	325,000	-	2,300,000	24,916	3,439,916	-	-	3,439,916	1,469	2.1%	
2007	710,000	305,000	-	2,210,000	37,583	3,262,583	-	-	3,262,583	1,386	2.2%	
2008	625,000	285,000	-	2,120,000	113,695	3,143,695	-	-	3,143,695	1,329	2.3%	
2009	535,000	265,000	-	2,025,000	126,371	2,951,371	-	-	2,951,371	1,242	2.5%	
2010	445,000	245,000	-	1,745,000	702,786	3,137,786	-	-	3,137,786	1,311	2.3%	
2011	355,000	220,000	-	1,645,000	619,951	2,839,951	-	-	2,839,951	1,169	2.5%	
2012	260,000	195,000	-	1,535,000	547,050	2,537,050	-	-	2,537,050	1,030	2.8%	
2013	160,000	170,000	-	-	511,825	841,825	1,425,000	-	2,266,825	914	3.1%	
2014	55,000	145,000	-	-	847,157	1,047,157	1,295,000	-	2,342,157	943	3.0%	

Notes:

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) Includes certificate of obligation secured by a combination of property and sales tax revenue.

(2) Includes governmental activities and business-type activities debt.

The Town did not have business-type activities debt during the ten fiscal year period reported.

(3) See Table 15 for population and personal income data.

(4) PEDC's sales tax revenue bonds from FY 2013 and forward are presented separately from the

primary government as a discretely presented component unit in compliance with GASB 14, 34 and 61.

(5) See Table 15 for population and personal income data.

TOWN OF PANTEGO, TEXAS
 NET GENERAL BONDED DEBT OUTSTANDING
 Last Ten Fiscal Years
 (Unaudited)

Fiscal Year	Governmental Activities										Component Unit	Percentage of Actual Taxable Value (1)	Net General Bonded Debt Outstanding	Per Capita (2)
	General Obligation Bonds	Certificates of Obligation (3)	Tax Notes	Sales Tax Revenue Bonds	Less: Amounts Available in		Sales Tax Revenue Bonds (4)	Total General Bonded Debt	Self-supported Debt (3)	Less: Self-supported Debt (3)				
					Debt Service Fund	Fund								
2005	\$ 865,000	\$ 345,000	\$ 135,000	\$ 2,380,000	\$ 259,859	\$ -	\$ 3,465,141	\$ 2,380,000	\$ 1,085,141	\$ 466	0.51%	\$		
2006	790,000	325,000	-	2,300,000	486,531	-	2,928,469	2,300,000	628,469	268	0.29%			
2007	710,000	305,000	-	2,210,000	514,164	-	2,710,836	2,210,000	500,836	213	0.21%			
2008	625,000	285,000	-	2,120,000	507,277	-	2,522,723	2,120,000	402,723	170	0.17%			
2009	535,000	265,000	-	2,025,000	503,300	-	2,321,700	2,025,000	296,700	125	0.13%			
2010	445,000	245,000	-	1,745,000	278,241	-	2,156,759	1,745,000	411,759	172	0.17%			
2011	355,000	220,000	-	1,645,000	254,460	-	1,965,540	1,645,000	320,540	132	0.14%			
2012	260,000	195,000	-	1,535,000	254,323	-	1,735,677	1,535,000	200,677	82	0.09%			
2013	160,000	170,000	-	-	240,981	1,425,000	1,514,019	1,425,000	89,019	36	0.04%			
2014*	55,000	145,000	-	-	237,642	1,295,000	1,257,358	1,295,000	(37,642)	(15)	-0.02%			

Notes:

Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

(1) See Table 6 for taxable value of property data.

(2) See Table 15 for population and personal income data.

(3) Includes debt secured by a combination tax and revenue pledge.

These bonds are serviced completely by revenue streams other than general property taxes.

(4) PEDC's sales tax revenue bonds from FY 2013 and forward are presented separately from governmental activities as a discretely presented component unit in compliance with GASB 14, 34 and 61.

* As of the September 30, 2014, the Town has sufficient reserves in the Debt Service Fund to cover the entire remaining balance due on outstanding general bonded debt.

TOWN OF PANTEGO, TEXAS
DIRECT AND OVERLAPPING
GOVERNMENTAL ACTIVITIES DEBT
As of September 30, 2014
(Unaudited)

TABLE 13

<u>Governmental Unit</u>	<u>Tax Supported Debt Outstanding (1)</u>	<u>Estimated Percent Applicable (2)</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Town of Pantego	\$ 200,000	100%	<u>\$ 200,000</u>
Total direct debt			<u>\$ 200,000</u>
Tarrant County	357,174,000	0.29%	\$ 1,026,188
Tarrant County Hospital District	26,285,000	0.02%	5,558
Tarrant County Junior College District	7,935,000	0.01%	494
Arlington ISD	449,112,552 (3)	2.22%	<u>9,974,922</u>
Total overlapping debt			<u>\$ 11,007,162</u>
Total direct and overlapping debt			<u>\$ 11,207,162</u>
Per capita direct and overlapping debt	Population: 2,485		<u>\$ 4,510</u>

Source: (1) Town records.

(2) Tarrant Appraisal District; estimated percentage is based on formula using assessed property values.

(3) Per AISD CAFR for fiscal year end June 30, 2014.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Town. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Town of Pantego. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

TOWN OF PANTEGO, TEXAS
PEDC SALES TAX REVENUE
PLEDGED - REVENUE BOND COVERAGE
Last Ten Fiscal Years
(Unaudited)

TABLE 14

PANTEGO ECONOMIC DEVELOPMENT CORPORATION (PEDC)				
Fiscal Year	Sales Tax Revenue Bonds			
	Sales Tax Collections	Debt Service		PEDC Bond Coverage (1)
		Principal	Interest	
2005	\$ 561,678	\$ 75,000	\$ 140,605	2.61
2006	596,031	80,000	135,955	2.76
2007	611,166	90,000	131,193	2.76
2008	585,539	90,000	127,466	2.69
2009	523,444	95,000	122,611	2.41
2010	431,065	95,000	155,547	1.72
2011	437,677	100,000	84,757	2.37
2012	434,746	110,000	79,709	2.29
2013	543,344	110,000	73,985	2.95
2014	563,969	130,000	68,006	2.85

Note: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.
In 2010, PEDC refunded the sales tax revenue bonds.
(1) Bond covenants require a coverage of no less than 1.25.

TOWN OF PANTEGO, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years
(Unaudited)

TABLE 15

Fiscal Year	Estimated Population (1)	Personal Income (thousands of dollars) (2)	Per Capita Income (1)	Median Age (3)	Public School Enrollment (4)	Unemployment Rate (5)
2005	2,330	\$ 70,997	\$ 30,471	44.9	3,976	5.4%
2006	2,342	71,352	30,471	44.9	3,982	4.9%
2007	2,353	71,709	30,471	44.9	3,999	4.4%
2008	2,365	72,068	30,471	44.9	3,978	4.9%
2009	2,377	72,428	30,471	44.9	4,139	7.5%
2010	2,394	72,948	30,471	49.9	4,194	8.2%
2011	2,430	71,000	29,218	45.2	4,176	7.9%
2012	2,462	71,000	28,838	45.2	4,185	6.9%
2013	2,480	71,000	28,629	45.2	4,258	6.3%
2014	2,485	69,851	28,110	42.4	4,219	5.3%

- Sources:**
- (1) U.S. Census Bureau, 2000 Census: 2005-2009 population growth estimates; 2011-2014 represent 2013 population estimates.
 - (2) 2000 Census: 2005-2009 estimates; 2010 Census: 2011-2013 estimates; Nielsen Company Demographics: 2014 estimate.
Personal Income is derived by multiplying per capita income by the estimated population.
 - (3) 2000 Census: 2005-2009 estimates; 2010 Census: 2011-2013 estimates. Nielsen Company Demographics: 2014 estimate.
 - (4) Arlington Independent School District (AISD) - Student Demographic Reports.
Includes enrollment for Hill Elementary, Bailey Junior High and Arlington High School, which are AISD schools zoned for the Town of Pantego.
 - (5) U.S. Department of Labor, Bureau of Labor Statistics - State of Texas Unemployment Statistics report.

TOWN OF PANTEGO, TEXAS
PRINCIPAL EMPLOYERS
Current and Nine Years Ago
(Unaudited)

TABLE 16

Employer	2005		2014	
	Employees	Rank	Employees	Rank
Silverleaf Resort Center	400	1	450	1
Pantego Christian Academy	--	--	153	2
Wal-Mart Neighborhood	125	2	125	3
Anton Cabinetry	100	3	100	4
ESP Services Heating & A/C	90	4	90	5
Texas Pneumatic Systems	50	5	68	6
The Waterford	30	--	30	7
Trojan Electric	20	--	26	8
Artic Star	20	6	17	9
Welden Mechanical Corporation	20	7	20	10
Aldi Grocery Store	--	--	10	11
Total	855		1,089	

Sources: Town's Economic Development records.

Note: Total employment figures for the Town of Pantego were not available to calculate percentage of total city employment.

TOWN OF PANTEGO, TEXAS
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES
BY FUNCTION/PROGRAM
Last Ten Fiscal Years
(Unaudited)

TABLE 17

<u>Function/Program</u>	<u>FISCAL YEAR</u>									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General and administrative										
City Manager	1	1	1	1	1	1	1	1	1	1
Deputy City Manager	1	-	-	-	-	-	-	-	-	-
City Secretary	1	1	1	1	1	1	1	1	1	1
Finance Director	1	1	1	1	1	1	1	1	1	1
Accounts Payable/Payroll/HR	1	1	1	1	1	1	1	1	1	1
Utility Billing Coordinator	1	1	1	1	1	-	-	-	-	-
Support Specialist	2	2	2	2	2	2	2	2	2	2
Public Safety Chief	-	-	-	-	-	-	-	-	1	1
Subtotal	<u>8</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>6</u>	<u>6</u>	<u>6</u>	<u>7</u>	<u>7</u>
Public Works										
Public Works Director	1	1	1	1	1	1	1	1	1	1
Building Inspector	1	1	1	1	1	1	1	1	-	-
Foreman	1	1	1	-	-	-	1	1	1	1
Crew Leader	1	1	-	-	-	-	-	-	-	-
Public Works Worker	3	3	4	6	6	6	5	5	4.5	4.5
Subtotal	<u>7</u>	<u>7</u>	<u>7</u>	<u>8</u>	<u>8</u>	<u>8</u>	<u>8</u>	<u>8</u>	<u>6.5</u>	<u>6.5</u>
Community Development										
Community Development Director	-	-	-	-	-	-	-	-	1	1
Subtotal	<u>-</u>	<u>1</u>	<u>1</u>							
Police										
Police Chief	1	1	1	1	1	1	1	1	-	-
Assistant Police Chief	-	-	-	-	-	-	-	-	1	1
Captain	1	1	1	1	1	-	-	-	-	-
Lieutenant	-	-	-	-	-	-	-	1	-	-
Sergeant	1	1	1	1	1	1	2	1	1	1
Detective	-	1	1	1	1	1	1	1	1	1
Corporal	2	1	2	2	2	2	1	2	2	2
Officer	7	7	6	6	6	7	7	6	6	6
School Crossing Guard	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Dispatcher	5	5	5	5	5	6	6	6	5.5	5.5
Subtotal	<u>17.5</u>	<u>17.5</u>	<u>17.5</u>	<u>17.5</u>	<u>17.5</u>	<u>18.5</u>	<u>18.5</u>	<u>18.5</u>	<u>17.0</u>	<u>17.0</u>
Fire										
Fire Chief	1	1	1	1	1	1	1	1	-	-
Assistant Fire Chief	-	-	-	-	-	-	-	-	1	1
Captain	1	1	1	1	-	-	-	-	-	-
Lieutenant	3	3	3	3	3	3	3	3	3	3
Firefighter/Paramedic	6	6	6	6	6	6	6	6	6	6
Subtotal	<u>11</u>	<u>11</u>	<u>11</u>	<u>11</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>
Municipal Court										
Court Administrator	-	-	-	-	-	1	1	1	1	1
Court Clerk	1	1	1	1	1	-	-	-	-	-
Deputy Court Clerk	1	1	1	-	-	1	1	1	1	1
Assistant Court Clerk	1	1	-	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Warrant Officer	-	-	1	1	1	1	1	2	2	2
Subtotal	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>	<u>2.5</u>	<u>2.5</u>	<u>3.5</u>	<u>3.5</u>	<u>4.5</u>	<u>4.5</u>	<u>4.5</u>
Total	<u><u>46.5</u></u>	<u><u>45.5</u></u>	<u><u>45.5</u></u>	<u><u>46.0</u></u>	<u><u>45.0</u></u>	<u><u>46.0</u></u>	<u><u>46.0</u></u>	<u><u>47.0</u></u>	<u><u>46.0</u></u>	<u><u>46.0</u></u>

Source: Town records.

TOWN OF PANTEGO, TEXAS
SCHEDULE OF INSURANCE POLICIES IN FORCE
AS OF SEPTEMBER 30, 2014
(Unaudited)

TABLE 18

	<u>AM Best Rating</u>	<u>Policy Number</u>	<u>Policy Period</u>	<u>Coverage</u>	<u>Deductibles</u>	<u>Liability Limits</u>
Texas Municipal League Intergovernmental Risk Pool	A++	4039	10/1/13-10/1/14	General Liability	\$ 5,000	\$ 2,000,000
				Real & Personal Property	2,500	6,859,981
				Auto Liability	5,000	2,000,000
				Auto Physical Damage	1,000	Per schedule
				Law Enforcement Liability	5,000	2,000,000
				Errors & Omissions	5,000	1,000,000
				Workers' Compensation	N/A	500,000

Source: TML Intergovernmental Risk Pool
P.O. Box 149194, Austin, Texas 78714-9194

**TOWN OF PANTEGO, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM**

TABLE 19

Last Ten Fiscal Years
(Unaudited)

	FISCAL YEAR									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public safety										
Police										
Number of employees	17.5	17.5	17.5	17.5	17.5	18.5	18.5	18.5	17.0	17.0
Part 1 index crimes	*	204	135	122	151	168	145	157	162	144
Total calls	15,799	16,732	25,000	25,229	21,020	21,333	22,471	22,611	22,611	24,428
Crash reports	91	91	92	78	73	69	81	92	70	62
Citations	*	7,389	4,554	5,015	7,573	8,040	8,040	8,072	8,790	6,796
Warrants issued/CID	*	35	19	35	14	19	-	-	-	-
Total arrests	735	533	601	739	943	1,143	1,000	1,137	1,324	976
Fire										
Number of employees	11	11	11	11	10	10	10	10	10	10
Number of calls for service	1,448	1,276	1,253	1,734	1,994	1,280	1,472	1,476	1,521	1,700
Automatic and mutual aid	808	708	700	1,181	1,395	718	843	814	994	1,000
Inspections	*	*	*	264	688	807	710	367	709	799
Municipal Court										
Number of employees	3.0	3.0	3.0	2.5	2.5	3.5	3.5	4.5	4.5	4.5
Citations processed	1,365	7,194	7,000	7,194	7,573	9,876	5,736	7,780	9,462	6,591
Warrants processed	3,330	3,330	3,800	3,330	4,233	4,170	5,844	4,623	5,825	8,280
Public Works										
Number of employees	7.0	7.0	7.0	8.0	8.0	8.0	8.0	8.0	6.5	6.5
Hours worked per function:										
Public works (1)	*	1,529	-	1,868	-	-	-	-	-	-
Public works - administration	*	-	719	-	652	467	866	1,171	2,035	1,806
Parks	*	-	1,791	-	2,399	2,797	1,881	1,729	1,950	1,616
Maintenance	*	-	1,202	-	1,671	1,110	821	805	1,406	1,392
Streets/Drainage	*	324	437	838	484	993	773	1,080	1,635	1,711
Animal control	*	154	184	224	158	139	109	194	154	214
Community Development										
Building Safety Inspections	*	*	326	507	430	411	413	599	669	559
Code Compliance Inspections	*	*	5	-	-	27	38	127	200	69
Commercial Permits Issued	80	81	93	70	91	88	66	103	112	123
Residential Permits Issued	88	101	116	192	118	86	85	118	129	124
Certificates of Occupancy Issued	68	71	70	77	90	86	90	72	93	93
Water and Sewer										
Number of water customers	1,160	1,168	1,173	1,174	1,174	1,184	1,192	1,197	1,193	1,187
Number of sewer connections	1,114	1,121	1,126	1,126	1,126	1,129	1,136	1,140	1,144	1,141
Number of solid waste customers	915	915	913	913	917	915	919	923	925	923
Number of recycling customers	866	864	865	865	866	865	867	873	875	872
Yearly water consumption (millions of gallons)	*	223.8	178.4	195.8	196.4	189.9	244.2	214.1	194.6	273.3
Yearly sewer usage (millions of gallons)	*	*	*	*	*	163.9	184.9	125.8	109.4	114.3

Source: Various Town departmental records.

Notes:

(1) Public works functions include parks, street, facilities maintenance, animal control services, water and wastewater operations.

* Information not available.

TOWN OF PANTEGO, TEXAS
CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM

TABLE 20

Last Ten Fiscal Years

(Unaudited)

	FISCAL YEAR									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public safety										
Police stations	1	1	1	1	1	1	1	1	1	1
Police patrol units	8	8	8	8	8	8	8	8	8	8
Police admin units	2	2	2	2	2	2	2	2	2	2
Fire stations	1	1	1	1	1	1	1	1	1	1
Ambulance units	2	2	2	2	2	2	2	2	2	2
Fire engine units	2	2	2	2	2	2	2	2	2	2
Hazmat units	1	1	1	1	1	1	1	1	1	1
Fire admin units	3	3	3	3	3	3	3	3	3	3
Streets										
Streets (miles)	17.62	17.62	17.62	17.62	17.62	17.62	17.62	17.62	17.62	17.62
Traffic signals	8	8	8	8	8	8	8	8	8	8
Streetlights	237	237	237	237	237	237	237	237	237	237
Culture and recreation										
Parks	1	1	1	1	1	1	1	1	1	1
Park (acres)	7.69	7.69	7.69	7.69	7.69	7.69	7.69	7.69	7.69	7.69
Playgrounds	3	3	3	3	3	3	3	3	3	3
Basketball court	2	2	2	2	2	2	2	2	2	2
Park pavillions	3	3	3	3	3	3	3	3	3	3
Water and sewer										
Miles of water main	23.5	23.5	23.5	23.5	23.5	23.5	23.5	23.5	23.5	23.5
Miles of sewer main	25.3	25.3	25.3	25.3	25.3	25.3	25.3	25.3	25.3	25.3
Water storage facilities	3	3	3	3	3	3	3	3	3	3
Number of fire hydrants	171	171	171	171	171	171	171	171	171	171

Source: Various Town departmental records.

* Information not available.

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