

CITY OF BARTLETT, TEXAS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTAL SCHEDULES
AND INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

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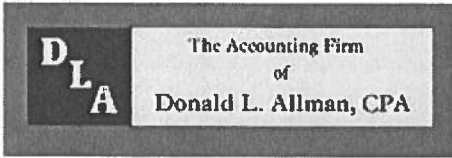
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Donald L. Allman, CPA, PC
205 E. University Ave, Ste. 165
Georgetown, Texas 78626

CERTIFIED PUBLIC ACCOUNTANT

Independent Auditors' Report

Honorable Mayor and
Members of the City Council
City of Bartlett, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Bartlett, Texas as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Bartlett, Texas' 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal 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 accounting 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 discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Bartlett, Texas as of September 30, 2016, 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 the management's discussion and analysis, budgetary comparison information, and Schedule of Changes in Net Pension Liability and Related Ratios and Schedule of Contributions on pages 3-9, and pages 43-47 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 6, 2018 on our consideration of the City of Bartlett, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Bartlett, Texas' internal control over financial reporting and compliance.

Respectfully submitted,



Donald L. Allman, CPA, PC

Georgetown, Texas
August 6, 2018

**Management's Discussion and Analysis
City of Bartlett Texas**

MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Annual Financial Report, we, the managers of City of Bartlett, Texas, discuss and analyze the City's financial performance for the fiscal year ended September 30, 2016. Please read it in conjunction with the independent auditors' report on page 1, and the City's Basic Financial Statements which begin on page 11.

FINANCIAL HIGHLIGHTS

- The City's net position decreased by \$263,901 as a result of this year's operations. This included a \$9,191 net position increase in the general fund and a \$(273,902) net decrease in the proprietary fund.
- The General Fund ended the year with a fund balance of \$285,921 on a governmental funds basis.
- The total revenues of all the City's programs \$2,924,828.
- The total cost of all the City's programs was \$3,188,729.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 11 through 13). These provide information about the activities of the City as a whole and present a longer-term view of the City's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (starting on page 14) report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. Proprietary statements provide the same type of information as the government-wide financial statements, only in more detail.

The notes to the financial statements (starting on page 23) provide narrative explanations or additional data needed for full disclosure in the government-wide statements and the fund financial statements.

**Management's Discussion and Analysis
City of Bartlett, Texas**

USING THIS ANNUAL REPORT (continued)

Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities

The analysis of the City's overall financial condition and operations begins on page 11. Its primary purpose is to show whether the City is better or worse off as a result of the year's activities. The Statement of Net Position includes all of the City's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the City's operations during the year. The City of Bartlett's net position decreased, making the City worse off than the prior year.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes). Both the statement of net position and the statement of activities are prepared utilizing the accrual basis of accounting as opposed to the modified accrual basis used in prior reporting models.

These two statements report the City's net position and the changes in them. The City's net position (the difference between assets and liabilities) provide one measure of the City's financial health or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the City however you should consider non-financial factors as well, such as changes in the property tax base and the condition of the City's facilities.

In the Statement of Net Position and the Statement of Activities, the City is divided into two kinds of activities.

Governmental activities-Most of the City's basic services are reported here, including the police, streets, culture & recreation, and general government. Property taxes, sales taxes and franchise fees finance most of these activities.

Business-type activities – The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer system activities are reported here.

**Management's Discussion and Analysis
City of Bartlett, Texas**

USING THIS ANNUAL REPORT (continued)

Reporting the City's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by state law and by bond covenants. The City's two kinds of funds – governmental and proprietary – utilize different accounting approaches.

Governmental funds – The majority of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method identified as the modified accrual basis of accounting, which measure cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. By comparing information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements readers may better understand the long-term impact of the government's near-term financing decisions. The relationships or differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental fund is detailed in a reconciliation following the fund financial statements.

Proprietary funds – The City charges customers for the services it provides, whether to outside customers or to other units within the City. These services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds are identical to the business-type activities that are reported in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City' combined net position was \$1,912,196 as of September 30, 2016. Analyzing the net position and net expenses of governmental and business-type activities separately, the business-type activities net position is \$1,716,209. The following analysis focuses on the net position (Table I) and general revenues and significant expenses of the City's governmental and business-type activities (Table II).

**Management's Discussion and Analysis
City of Bartlett, Texas**

**Table I
NET POSITION**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Current and other assets	473,783	512,090	692,660	571,580	1,166,443	1,083,670
Noncurrent and capital assets	1,087,532	1,119,682	1,618,849	1,673,914	2,706,381	2,793,596
Total Assets	1,561,315	1,631,772	2,311,509	2,245,494	3,872,824	3,877,266
Deferred Outflows of Resources	(22,509)	-	(11,086)		(33,595)	-
Current Liabilities	68,079	63,805	533,437	224,843	601,516	288,648
Long-term Liabilities	1,250,376	1,381,171	38,777	31,350	1,289,153	1,412,521
Total Liabilities	1,318,455	1,444,976	572,214	256,193	1,890,669	1,701,169
Deferred Inflows of Resources	24,364	-	12,000		36,364	-
Net Position:						
Net Investment in Capital Assets	19,362	203,522	1,598,628	1,177,554	1,617,990	1,381,076
Restricted for:						
Special Purpose	-	-			-	-
Debt Service	163,650	39,896	14,388	819	178,038	40,715
Unrestricted	12,975	(56,622)	103,193	810,928	116,168	754,306
Total Net Position	\$195,987	\$186,796	\$1,716,209	\$1,989,301	\$1,912,196	\$2,176,097

**Management's Discussion and Analysis
City of Bartlett, Texas**

Table II

CHANGE IN NET POSITION

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Program Revenues:						
Charges for Services	\$36,021	127,063	\$2,186,531	\$2,303,657	\$2,222,552	\$2,430,720
Fines & forfeitures	96,114	\$0		\$0	96,114	\$0
Operating grants and contributions	43,669	187,449	123,416	155,883	167,085	\$343,332
General Revenues:						
Property tax	273,105	379,563			273,105	\$379,563
Sales tax	102,294	0			102,294	\$0
Franchise fees	19,213	0			19,213	\$0
Investment earnings	423	0	776	0	1,199	\$0
Miscellaneous	43,266	54,518	0	0	43,266	\$54,518
Transfers	634,584	698,354	(634,584)	(698,354)	0	\$0
Total Revenue	1,248,689	1,446,947	1,676,139	1,761,186	2,924,828	3,208,133
Expenses:						
General government	662,718	648,375			662,718	648,375
Public Safety	299,143	363,863			299,143	363,863
Court Expenses	64,853	-			64,853	-
Public Works	93,267	179,345			93,267	179,345
Culture & Recreation	85,375	131,511			85,375	131,511
Interest on long-term debt	34,142	34,591	-	1,271	34,142	35,862
Water and Sewer			1,949,231	1,915,816	1,949,231	1,915,816
Total Expenses	1,239,498	1,357,685	1,949,231	1,917,087	3,188,729	3,274,772
Change in net position	9,191	89,262	(273,092)	(155,901)	(263,901)	(66,639)
Prior Period Adjustment		-				
Net position - beginning	186,796	97,534	1,989,301	2,145,202	2,176,097	2,242,736
Net position - ending	195,987	186,796	1,716,209	1,989,301	1,912,196	2,176,097

Management's Discussion and Analysis City of Bartlett, Texas

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

A large portion of the City's net position (85 percent) reflect its investment in capital assets (e.g. land, buildings, infrastructure, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently these assets are not available for future spending. Although the City'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 the capital assets themselves cannot be used to liquidate these liabilities.

The balance of *unrestricted net position*, \$116,168 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the fiscal year, the City is able to report positive balances in all categories of net position for the government as a whole.

For fiscal year 2016, revenues from governmental activities totaled \$614,105. Property Taxes are the largest components of revenues (44 percent). Sales taxes (17%) and Fines and forfeitures (16%) are the next highest revenue sources.

For fiscal year 2016, expenses for governmental activities totaled \$1,239,498. The City's three largest funded programs are for public works, public safety, and general government expenditures.

Charges for services of the City's business-type activities were \$2,186,531 for the fiscal year ending September 30, 2016. Expenses for the City's business-type activities were \$1,949,231. The City's largest expenses are the purchase of power, purchase of water, and salaries & related expenses.

THE CITY'S FUNDS

As the City completed the year, its governmental funds, as presented in the balance sheet on page 14, reported a combined fund balance of \$285,921, which is less than last year's total of \$330,341.

**Management's Discussion and Analysis
City of Bartlett, Texas**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2016, the City had \$2,706,381 invested in a broad range of capital assets, including facilities and equipment and land. There were \$290,414 in capital asset additions in Fiscal Year 2016.

Debt

The City had long-term indebted obligations of \$1,289,153, down from the \$1,412,521 in the prior year.

More detailed information about the City's long-term liabilities is presented in the Notes to the Financial Statement starting on page 23.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected and appointed officials considered service delivery and system maintenance costs when setting the fiscal year 2016 budget and tax rate.

The City adopted a \$3,701,049 budget for fiscal year 2015-2016. It was funded through property taxes via \$0.5801 tax rate, electricity, water and sewer charges, and other local revenue.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City's business office at City of Bartlett, P.O. Box 398, Bartlett, Texas 76656.

BASIC FINANCIAL STATEMENTS

CITY OF BARTLETT, TEXAS
STATEMENT OF NET POSITION
September 30, 2016

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Bartlett Municipal Development District
ASSETS				
Cash and cash equivalents	209,595	456,561	666,156	30,198
Property taxes, net of allowance for uncollectibles	\$55,086		55,086	
Other Receivables, net of allowance for uncollectibles	122,072	\$202,549	324,621	
Inventory	3,777	1,685	5,462	
Net Pension Position	64,697	31,865	96,562	
Capital assets not being depreciated:				
Land	\$25,000	78,821	103,821	
Capital assets, net of accumulated depreciation				
Machinery and Equipment	149,588	-	149,588	
Buildings & Improvements	912,944		912,944	
Utility system	-	1,540,028	1,540,028	
Due from Other Funds	18,556	-	18,556	
Total Capital Assets	1,087,532	1,618,849	2,724,937	-
Total Assets	1,561,315	2,311,509	3,839,229	30,198
Deferred Outflows - Pension Plan	(22,509)	(11,086)	(33,595)	
LIABILITIES				
Accounts payable	68,079	122,426	190,505	
Accrued liabilities	-	411,011	411,011	
Due to Other Funds		18,556	18,556	
Noncurrent liabilities:			-	
Due within one year	136,688	11,553	11,553	
Due within more than one year	1,113,688	8,668	1,122,356	
Total Liabilities	1,318,455	572,214	1,753,981	-
Deferred Inflows of Resources	24,364	12,000	36,364	
NET POSITION				
Net Investment in Capital Assets	19,362	1,598,628	1,617,990	
Restricted for:				
Debt Service	163,650	14,388	163,650	
Unrestricted	12,975	103,193	116,168	30,198
Total Net Position	195,987	1,716,209	1,897,808	30,198

The accompanying notes are an integral part of the financial statements.

CITY OF BARTLETT, TEXAS
STATEMENT OF ACTIVITIES
September 30, 2016

		Program Revenues	
		Charges for Services	Operating Grants and Contributions
	Expenses		
Functions / Programs			
Primary government:			
Governmental activities:			
General Government	\$662,718	\$15,523	\$42,176
Public safety	299,143	0	1,493
Court expenses	64,853	96,114	
Public works	93,267	2,374	
Culture & Recreation	85,375	18,124	0
Interest on long-term debt	34,142	0	
Total governmental activities	1,239,498	132,135	43,669
Business-type activities:			
Water, Sewer and Sanitation	1,949,231	2,186,531	123,416
Total business-type activities	1,949,231	2,186,531	123,416
Total primary government	3,188,729	2,318,666	0
Component Unit:			
Economic Development Corporation	\$1,000		\$0
Total Component Unit	\$1,000	\$0	\$0

The accompanying notes are an integral part of the financial statements.

	Net (Expense) Revenue and Changes in Net Position			Component Unit
	Primary Government			Bartlett Municipal Development District
	Governmental Activities	Business-type Activities	Total	
Functions / Programs				
Primary government:				
Governmental activities:				
General Government	(605,019)		(605,019)	
Public safety	(297,650)		(297,650)	
Court	31,261		31,261	
Public Services	(90,893)		(90,893)	
Culture & Recreation	(67,251)		(67,251)	
Interest on long-term debt	(34,142)		(34,142)	
Total governmental activities	(1,063,694)	-	(1,063,694)	-
Business-type activities:				
Water, Sewer and Sanitation		360,716	360,716	
Total business-type activities	-	360,716	360,716	-
Total primary government	(1,063,694)	360,716	(702,978)	-
Component Unit:				
Economic Development Corporation				(1,000)
Total Component Unit	-	-	-	(1,000)
General Revenues:				
Property tax	273,105		273,105	
Sales tax	102,294		102,294	16,371
Franchise fees	19,213		19,213	
Investment earnings	423	776	1,199	-
Miscellaneous	43,266	-	43,266	-
Transfers	634,584	(634,584)	-	
Total General Revenues	1,072,885	(633,808)	439,077	16,371
Change in net position	9,191	(273,092)	(263,901)	15,371
Net Position - Beginning	186,796	1,989,301	2,176,097	14,827
Net Position - Ending	195,987	1,716,209	1,912,196	30,198

The accompanying notes are an integral part of the financial statements.

**CITY OF BARTLETT, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2016**

<u>ASSETS</u>	General	Debt Service	Total
Cash	45,945	163,650	209,595
Taxes receivable	\$55,086		55,086
Inventory	3,777		3,777
Other receivables, net of allowance for uncollectibles	122,072		122,072
Due from other funds	18,556		18,556
Total Assets	245,436	163,650	409,086
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	68,079		68,079
Accrued expenses	-		-
Due to other funds	-		-
Unearned revenues	\$55,086		55,086
Total Liabilities	123,165		123,165
Fund Balances:			
Nonspendable	3,777		3,777
Restricted for Debt Service		163,650	163,650
Assigned	-		
Unassigned	118,494		118,494
Total Fund Balances	122,271	163,650	285,921
Total Liabilities and Fund Balances	245,436	163,650	409,086

The accompanying notes are an integral part of the financial statements.

CITY OF BARTLETT, TEXAS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
September 30, 2016

Total fund balances-governmental funds						285,921
Amounts reported for governmental activities in the statement of net position are different because:						
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:						
	Net Pension Asset					64,697
	Land			\$25,000		
	Buildings and Improvements			2,660,314		
	Furniture and Equipment			435,898		
	Accumulated Depreciation			<u>(2,033,680)</u>		
	Total capital assets			<u>\$1,087,532</u>		\$1,087,532
Some revenues in the governmental funds are deferred because they are not collected within the prescribed time period after year end. On the accrual basis, however, those revenues would be recognized, regardless of when they are collected.						
	Deferred outflows Pension Plan			(22,509)		(22,509)
	Unearned Property taxes not collected			<u>\$55,086</u>		\$55,086
Some long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:						
	Longterm Liabilities			1,250,376		
	Deferred Inflows Pension Plan			24,364		<u>(1,274,740)</u>
Net position of governmental activities						<u>\$195,987</u>

The accompanying notes are an integral part of the financial statements.

CITY OF BARTLETT, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2016

Revenues	General	Debt Service	Total
Ad valorem tax	283,735		\$283,735
Sales tax	102,294		102,294
Franchise fees	19,213		19,213
Fine and forfeitures	96,114		96,114
Licenses and permits	15,523		15,523
Grant income	43,669		43,669
Miscellaneous & other services	63,764	0	63,764
Interest income	423		423
Total Revenues	624,735	0	624,735
Expenditures			
Current:			
General government:			
Administration	551,751		551,751
Public Safety	286,953		286,953
Court expenses	64,853		64,853
Public Works	79,305		79,305
Culture & Recreation	82,428		82,428
Debt Service:			0
Principal	130,795		130,795
Interest and fiscal cost	34,142		34,142
Bond issuance cost	0		0
Capital Outlay	73,512		73,512
Total Expenditures	1,303,739	0	1,303,739
Deficiency of Revenues Over Expenditures	(679,004)	0	(679,004)
Other Financing Sources:			
Transfers in	634,584	163,650	798,234
Transfers out	(163,650)	0	(163,650)
Bonds issued	0		0
Total Other Financing Sources	470,934	163,650	634,584
Net Change in Fund Balance	(208,070)	163,650	(44,420)
Fund Balances - beginning of year	330,341	0	330,341
Fund Balances - end of year	\$122,271	\$163,650	\$285,921

The accompanying notes are an integral part of the financial statements.

CITY OF BARTLETT, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2016

Amounts reported for governmental activities in the statement of activities are different because:					
Net change in fund balances ----- total governmental funds					(\$44,420)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.					
		Capital outlay expenditures	\$73,512		
		Depreciation expense	(105,663)		
			<u>(\$32,151)</u>		(\$32,151)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.					
		Property taxes not collected	\$55,086		
		Less prior year	(65,716)		
			<u>(\$10,630)</u>		(\$10,630)
Total Pension Expense is not recognized in Governmental funds					29,218
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.					
		Increase in Net Pension position	(\$20,672)		
		Decrease in deferred outflows/inflows	87,846		
			<u>\$67,174</u>		\$67,174
Change in net position of governmental activities					<u>\$9,191</u>

The accompanying notes are an integral part of the financial statements.

CITY OF BARTLETT, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUND
September 30, 2016

	Business-type Activities Enterprise Fund
	Water, Sewer and Sanitation Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 456,561
Accounts receivable	202,549
Due from other funds	31,865
Inventory	1,685
Total Current Assets	692,660
Capital assets:	
Land	78,821
Electric System	558,624
Utility System	6,483,604
Furniture and Equipment	309,446
Construction in Progress	300,180
Less accumulated depreciation	(6,111,826)
Total capital assets	1,618,849
Total Assets	2,311,509
Deferred Outflows of Resources	(11,086)
LIABILITIES	
Current liabilities:	
Accounts payable	122,426
Accrued expenses	317,830
Customer deposits	93,181
Due to Other Funds	18,556
Current portion of long-term debt	11,553
Total Current liabilities	563,546
Non-Current liabilities	
Bonds payable	8,668
Total Liabilities	572,214
NET POSITION	
Net Investment in Capital Assets	1,598,628
Restricted for debt service	14,388
Unrestricted	103,193
Total Net Position	\$ 1,716,209
Deferred Inflows of Resources	12,000

The accompanying notes are an integral part of the financial statements.

CITY OF BARTLETT, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
NET ASSETS – PROPRIETARY FUND
For the Year Ended September 30, 2016

	Business-type Activities Enterprise Fund
	Water, Sewer and Sanitation Fund
<u>Operating Revenues</u>	
Water, Sewer, and Sanitation	\$2,186,531
Miscellaneous	0
Total Operating Revenues	2,186,531
<u>Operating Expenses</u>	
Garbage collection cost	38,135
Purchased Power	787,864
Purchased water	104,365
Salaries, Contract Services & related exp	279,651
Materials and Supplies	193,693
Equipment repairs and maintenance	122,638
Depreciation	271,967
Other services and charges	116,776
Total Operating Expenses	1,915,089
Operating Income	271,442
<u>Nonoperating Revenues</u>	
Grant Funds received	123,416
Interest Income	776
Interest expense	(34,142)
Total Nonoperating Revenues (Expenses)	90,050
Income Before Transfers	361,492
Transfers Out	(634,584)
Change in Net Position	(273,092)
Net Position - beginning	1,989,301
Net Position - ending	1,716,209

The accompanying notes are an integral part of the financial statements.

CITY OF BARTLETT, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended September 30, 2016

	Business-type Activities Enterprise Fund
	Water, Sewer and Sanitation Fund
Cash Flows from Operating Activities	
Cash received from customers	\$2,214,530
Cash paid to suppliers	(1,029,140)
Cash paid to employees	(279,651)
Net Cash Provided by Operating Activities	905,739
Cash Flows from Noncapital Financing Activities	
Transfer out - cash only	(634,584)
Net Cash used by Noncapital Financing Activities	(634,584)
Cash Flows from Capital and Related Financing Activities	
Grant funds received	123,416
Capital asset expenditures	(216,902)
Principal proceeds received	0
Principal paid	(11,129)
Interest paid	(34,142)
Net Cash Used by Capital and Related Financing Activities	(138,757)
Cash Flows from Investing Activities	
increase in invested cash	0
Interest received	776
Net Cash Provided by Investing Activities	776
Net Increase in Cash and Cash Equivalents	133,174
Cash and cash equivalents - beginning of year	323,387
Cash and cash equivalents - end of year	\$456,561
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	271,442
Adjustments to reconcile operating loss to net cash provided by Operating Activities:	28,198
Depreciation expense	271,967
Decrease in accounts receivable	27,223
increase in inventory	(1,685)
Decrease in accounts payable	(29,839)
increase in accrued liabilities	317,830
Increase in customer deposits	20,603
Total Adjustments	634,297
Net Cash Provided by Operating Activities	\$905,739

The accompanying notes are an integral part of the financial statements.

**CITY OF BARTLETT, TEXAS
NOTES TO FINANCIAL STATEMENTS**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The City of Bartlett, Texas was incorporated in 1890 as a Type A General Law Municipality, pursuant to the laws of the State of Texas. The City operates under a Council form of government and provides services authorized by its charter. Presently, these services include police and fire protection, street repair and maintenance, planning and zoning, park maintenance, and general administrative services.

The following is a summary of certain significant accounting policies followed in the preparation of the financial statements of the City of Bartlett (the City).

The City is an independent political subdivision of the State of Texas, governed by a mayor and five council members, and is considered a primary government. As required by generally accepted accounting principles, these financial statements have been prepared, based on considerations regarding the potential for inclusion of other entities, organizations, or functions, as part of the City's financial reporting entity.

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units* – an amendment of GASB Statement No. 14, and includes all component units of which the City appoints a voting majority of the unit's board; the City is either able to impose its will on the unit of a financial benefit or burden relationship exists,

Discretely Presented Component Unit

Discretely presented component units are separate legal entities that meet the component unit criteria described above. Currently, the Bartlett Municipal Development District meets the above criteria and is discretely presented within the government-wide financial statements of the City. The Bartlett Municipal Development District was formed under Chapter 377 of the Texas Government Code by resolution of City Council. By special election dated November 5, 2013, the Citizens of the City of Bartlett Texas approved adoption of a one half of one percent sales tax pursuant to Section 4B of the Development Corporation Act of 1979.

Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the City's financial reporting entity status is that of a primary government are; that it has a separately elected governing body; it is legally separate; and it is fiscally independent of other state and local governments.

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. This statement, known as the "Reporting Model" statement, affects the way the City prepares and presents financial information. State and local governments traditionally have used a financial reporting model substantially different from the one used to prepare private-sector financial reports.

GASB Statement No. 34 established new requirements and a new reporting model for the annual financial reports of state and local governments. The Statement was developed to make annual reports easier to understand and more useful to the people who use governmental financial information to make decisions and includes:

CITY OF BARTLETT, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the City's non-fiduciary activities with most of the inter-fund activities removed. Governmental activities include programs supported primarily by taxes, grants and other intergovernmental revenues. Business type activities include programs supported by water and sewer revenues.

The Statement of Activities demonstrates how other people or entities that participate in programs the City operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the City. Examples include water and sewer payments, police fines, etc. The "grants and contributions" column includes amounts paid by organizations outside the City to help meet the operational or capital requirements of a given function. If a revenue is not a program revenue, it is a general revenue used to support all of the City's functions. Taxes are always general revenues.

Inter-fund activities between governmental funds appear as due to/due from on the Governmental Fund Balance Sheet. All inter-fund transactions between governmental funds are eliminated on the government-wide statements.

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

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the 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 use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increase and decreases in current assets (i.e. revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for un-matured interest and principal on long-term debt which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The City considers all revenues available if they are collectible within 60 days after year end.

CITY OF BARTLETT, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (Continued)

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

D. FUND ACCOUNTING

The City reports the following major governmental funds:

1. **General Fund** – the City’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
2. **Debt Service Fund** – used to account for the resources accumulated and payments made for principal and interest on long-term certificate of obligation debt of governmental funds.

The City reports the following major proprietary fund:

2. **Enterprise Fund** – used to account for those operations that are financed and operated in a manner similar to private business or where the board has decided that the determination of revenues earned, cost incurred and/or net income is necessary for management accountability. This fund include the Utility Fund – Electricity, Water, Sewer and Sanitation Fund.

E. OTHER ACCOUNTING POLICIES

1. For purposes of the statement of cash flows, cash and cash equivalents include all cash and certificates of deposit having an original maturity date of less than three months.

CITY OF BARTLETT, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. OTHER ACCOUNTING POLICIES (Continued)

2. Capital Assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, other than infrastructure items, are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Infrastructure is not held to the \$1,000 limit; all infrastructure, purchased after October 1, 2003 (prospective method) is capitalized regardless of cost. The City inventoried its general fixed assets at October 1, 2003 and they are valued at original cost where such cost was known, otherwise, they are valued at estimated historical cost.

Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset 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 is included as part of the capitalized value of the assets constructed. Interest cost on governmental activities construction projects are not capitalized.

Property, plant and equipment is depreciated using the straight-line method over the following estimated useful lives.

Buildings 40, Building improvements 40; Vehicle 5; Infrastructure 50; Equipment 10; Water and sewer system 40; Sanitation system – Disposal plant 20;

3. During the course of operations, transactions occur between individual funds for specified purposes. These receivables and payable are, for the most part, eliminated from the Government-Wide Statements of Net Position and are classified a “due from other funds” or “due to other funds” in the fund financial statements. Short-term advances between funds are accounted for in the appropriate interfund receivable and payable accounts.
4. The City records the purchase of supplies as expenditures/expenses at the time of purchase and does not maintain inventory.
5. In the fund financial statements of the governmental funds, the City can reserve portions of fund equity in the governmental fund financial statements. Reserves of fund equity represent those portions of fund equity not appropriate for expenditure or legally restricted by outside parties for use for a specific purpose.

CITY OF BARTLETT, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. OTHER ACCOUNTING POLICIES (Continued)

6. Each employee is granted 40 hours of vacation at the employee's anniversary date. After 2 years 80 hours of vacation is available. After 4 years, 3 weeks of vacation is available. After 9 years of service, 4 weeks of vacation is available. Any accrued vacation balance is paid upon termination.

One day of sick pay is accrued for each month of service. Unused sick days can be carried forward, but will not be paid on termination.

The balance of compensated absences is not accrued as they are not material.

7. 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.
8. The City applied restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.
9. The City is a Type A General Law Municipality with a maximum tax rate for all purpose of \$.33912 per 100 assessed valuation. This maximum tax rate is imposed by the Constitution of the State of Texas. All taxes due the City on real or personal property are collected by the Falls County Tax Assessor-Collector and may be paid at any time after the tax rolls have been completed and approved, which is not later than October 1. Current taxes become delinquent on February 1 following the tax year. There are various penalties for delinquent taxes; there are not discounts allowed on taxes. The procedure for collecting delinquent taxes is to refer to a collection attorney after sending two delinquent notices and a letter. All properties located within the City limits on January 1 of each year are charged with a special lien in favor of the City from such date for taxes due thereon.
10. Transactions between funds that would be treated as revenues, expenditures, or expenses, if they involved organizations external to the governmental unit, are accounted for as revenues, expenditures, or expenses in the funds involved. Transactions which constitute reimbursement of a fund for expenditures or expenses initially made from that fund, which are properly attributable to another fund, are recorded as expenditures or expenses in the reimbursing fund and as reductions of the expenditure or expense in the fund that is reimbursed. Nonrecurring or non-routine transfers of equity between funds are reported as additions to, or reductions of, the fund balance of governmental fund types. All other legally authorized transfers are treated as operating transfers and are included in the results of operations of both governmental and proprietary fund types.

CITY OF BARTLETT, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Pensions:

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources, and pension expense, City specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from the City's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City's Total Pension Liability is obtained from TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions.

Deferred Outflows/Inflows of Resources:

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

- Deferred charges on refunding – A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Pension contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five year period.
- Difference in expected and actual pension experience – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statements element, deferred inflows or resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, this item is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and municipal court fines. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

CITY OF BARTLETT, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGET AND DATA

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

1. Prior to the beginning of each fiscal year, the Mayor submits to the City Council a proposed budget for the fiscal year beginning on the following October 1. The operating budget includes proposed expenditures and the means of financing those expenditures.
2. Public hearings are conducted at which all interested persons' comments concerning the budget are heard.
3. The budget is legally enacted by the City Council.
4. Budget revisions may be made during the year.
5. The City over-expended its budget in the general fund as follows:

General Government	\$ 108,754
Public Safety	\$ 463
Culture & Recreation	\$ 82,428

The City was over budget overall in the General Fund by \$176,457.

III. DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

Legal and Contractual Provisions Governing Deposits and Investments

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the City to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investment, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the City to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) Mutual Funds, (8) Investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the City to have independent auditors perform test procedures related to investment practices as provided by the Act. The City is in substantial compliance with the requirements of the Act and with local policies.

CITY OF BARTLETT, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)

III. DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS (Continued)

Additional Contracted Provisions governing deposits and investments are as follows:

The funds of the City must be deposited and invested under the terms of a contract, contents of which are set out in the **Depository Contract Law**. The depository bank places approved pledged securities for safekeeping and trust with the City's agent bank in an amount sufficient to protect City's funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

Deposits

As of September 30, 2016, the City's deposit balances were as follows:

	Primary Government	Component Unit	Total Reporting Entity
1. Insured (FDIC)	\$250,000	142,912	\$392,912
2 Uninsured, collateralized with securities held by pledging financial institution's agent in the entity's name.	432,156		432,156
4. Uninsured and uncollateralized			
Total Deposits	\$682,156	\$142,912	\$825,068
Carrying Amount	\$682,156	\$142,912	\$825,068

Policies Governing Deposits and Investments

1. Foreign Currency Risk – The City's deposits and investments are not exposed to foreign currency risk.
2. Custodial Credit Risk – The City's policy is to be collateralized. The City was fully collateralized during the year.
3. Interest Rate Risk – The City has no debt securities which have interest rate risk.

CITY OF BARTLETT, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

A. DEPOSITS AND INVESTMENTS (Continued)

Policies Governing Deposits and Investments

4. Credit Risk – In compliance with the City’s Investment Policy, as of September 30, 2016, the City minimized credit risk loss due to default of a security issuer or backer, by: limiting investments to the safest types of securities; limiting Certificates of Deposits that are insured by the Federal Deposit Insurance Corporation (FDIC); limiting the City’s investments to obligations issued, guaranteed, insured by or backed by the full faith and credit of the United States or its agencies and instrumentalities; pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the City will do business; and diversifying the investment portfolio so that potential losses on individual securities were minimized.

5. Concentration Risk – The City’s deposits and investments are not exposed to concentration risk.

B. PROPERTY TAXES

Property taxes for each year are levied on approximately October 1 and are due upon receipt of the tax bill and become delinquent on February 1 of the following year. On January 1 of each year, a tax lien is attached to the property to secure the payment of all taxes, penalties, and interest. The lien exists in the factor of the State and each taxing unit. Appraised values are established by the Central Appraisal District (CAD) of Falls County, Texas, through procedures established by the Texas Legislature. The County Tax Assessor Collector bills and collects the City’s property taxes. The County bills the City’s tax levies as soon as possible after certification of taxable values by the CAD, which is approximately August 1 as noted above. Additional tax bills are sent in December, February, April and July (which includes a surcharge for legal costs associated with collection).

In August, delinquent taxes are turned over to the County’s delinquent tax attorneys for final collection or other disposition.

The City’s property tax is levied each October 1 on the assessed value listed as of the previous January 1 for all real and personal property located in the City. The lien date is January 1 of that year and they become delinquent on February 1. The tax levy for October, 2015 (fiscal year ended September 30, 2016) was \$251,290.

The tax assessment of October 1, 2015 tax sets a tax levy at \$.0581 per \$100 of assessed valuation at 100 percent of market value.

CITY OF BARTLETT, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

B. PROPERTY TAXES (Continued)

Property taxes as of September 30, 2016, are as follows:

	General Fund
Current Taxes Receivable	\$10,756
Delinquent Taxes Receivable	44,330
	<u>\$55,086</u>

C. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at year end for the government's individual major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Water and Sewer
Receivables:		
Property Taxes	\$55,086	\$0
Accounts and other receivables	114,811	168,366
Less: allowance for uncollectibles	0	
Sales Tax	7,261	0
Net total receivables	<u>\$177,158</u>	<u>\$168,366</u>

In the proprietary funds, the City records certain revenues billed to other governmental agencies, residents, and others on a monthly basis. Adjustments to revenue are made for uncollectible accounts as determined by management.

CITY OF BARTLETT, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

C. DISAGGREGATION OF RECEIVABLES AND PAYABLES (Continued)

Payables at September 30, 2016, were as follows:

	General	Water and Sewer
Accounts Payable:	68,079	122,426
Accrued liabilities	-	-
Customer deposits		35,450
Total Payables	68,079	157,876

D. INTERFUND RECEIVABLES AND PAYABLES

Individual interfund receivable and payable balances at September 30, 2017 were:

	Due from Other Funds	Due to Other Funds
General Fund	\$18,556	\$0
Water, Sewer and Sanitation Fund	0	18,556
Total All Funds	\$18,556	\$18,556

E. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2016 was as follows:

	Beginning Balance	Increase	(Decrease)	Ending Balance
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$25,000	\$0		\$25,000
Total capital assets, not being depreciated	25,000	0		25,000
Capital assets, being depreciated:				
Buildings and Improvements	2,591,187	69,127		2,660,314
Furniture, Equipment, Vehicles	431,513	4,385		435,898
Total capital assets, being depreciated	3,022,700	73,512	0	3,096,212
Less accumulated depreciation	(1,928,017)	(105,663)	0	(2,033,680)
Total capital assets, being depreciated net	1,094,683	(32,151)	0	1,062,532
Governmental capital assets, net	1,119,683	(32,151)	0	1,087,532

CITY OF BARTLETT, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

E. CAPITAL ASSETS (Continued)

	Beginning Balance	Increase	(Decrease)	Ending Balance
Business-type activities				
		-		-
Land	78,821			78,821
Total capital assets, not being depreciated	78,821	-		78,821
Capital assets, being depreciated:				
Utility System	6,402,261	81,343		6,483,604
Furniture and Equipment	297,562	11,884		309,446
Electric System	558,624	-		558,624
Construction in progress	176,505	123,675	-	300,180
Less accumulated depreciation	(5,839,859)	(271,967)		(6,111,826)
Total capital assets, being depreciated	1,595,093	(55,065)	-	1,540,028
Business-type capital assets, net	1,673,914	(55,065)	-	1,618,849

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

Governmental activities:		
General Government		76,564
Public Safety		12,190
Public Works		13,962
Library		\$2,947
Total depreciation expense - governmental activities		<u>\$105,663</u>

Business-type activities:		
Water, sewer and sanitation		\$271,967
Total depreciation expense - business-type activities		<u>\$271,967</u>

CITY OF BARTLETT, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

F. LONG-TERM DEBT

The following is a summary of long-term debt transactions for the year ended September 30, 2016:

	Amounts Outstanding 10/1/2015	Additions	Retirements	Amounts Outstanding 9/30/2016	Current Portion
General Fund:					
General Obligation					
Bonds Payable	\$1,115,000		\$90,000	\$1,025,000	\$95,000
Time Warrants	155,000		30,000	125,000	31,000
Note Payable	71,523	0	4,187	67,336	4,080
Lease Purchase	39,648		6,608	33,040	6,608
Long-term liabilities	1,381,171		130,795	1,250,376	136,688
Utility Fund:					
Finance Contract					
Finance Contract	18,350		6,796	11,554	7,220
Lease Purchase	13,000		4,333	8,667	4,333
Long-term liabilities	31,350	\$0	11,129	20,221	11,553

	Governmental- Type Activities
\$1,375,000 General Obligation Refunding Bonds Series 2012 maturing March 1, 2026; payable \$85,000 to \$115,000 annually; interest at 2.39%; secured by levy and collection of ad valorem taxes	1,025,000
\$400,000 Series 2005 Time Warrants maturing in 2020; payable \$18,000 to \$34,000 annually; interest at 2.34%.	\$125,000
\$80,000 note payable to a local bank amortized over 15 years, \$562 in monthly payments including interest, renewable annually.	67,336
Lease purchase agreement with a local bank payable with six annual installments of \$7,288, through March 1, 2021.	33,040
Total Debt	\$1,250,376
	Business-Type Activities
Finance contract with a financial institution with principal and interest paid annually; secured by levy and collection of ad valorem taxes.	8,667
Finance contract with a financial institution with principal and interest paid annually; secured by levy and collection of ad valorem taxes.	\$11,554
Total Debt	\$20,221

CITY OF BARTLETT, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

F. LONG-TERM DEBT

Fiscal Year			
Ending	Principal	Interest	Total
2017	136,668	26,982	163,650
2018	134,608	24,276	158,884
2019	135,608	20,954	156,562
2020	133,608	17,290	150,898
2021	136,608	14,290	150,898
2022-2026	573,276	33,772	607,048
Total	\$1,250,376	\$137,564	\$1,387,940

Fiscal Year			
Ending	Principal	Interest	Total
2017	13,720	668	14,388
2018	6,501	225	6,726
Total	\$20,221	\$893	\$21,114

III. DETAILED NOTES ON ALL FUNDS (Continued)

G. DEFERRED REVENUE

Deferred revenue at year end consisted of the following:

General Fund:	
Property Taxes:	\$55,086

H. INTERFUND TRANSFERS

Inter-fund transfers during the year ended September 30, 2016 were as follows:

	Transfers In	Transfers Out
General Fund	634,584	
Water, Sewer and Sanitation Fund		634,584
Total	\$634,584	\$634,584

CITY OF BARTLETT, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)

I. DEFINED BENEFIT PENSION PLAN

A. Plan Description

The City of Bartlett participates as one of 860 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual report (CAFR) that can be obtained at www.tmr.com.

All eligible employees of the city are required to participate in TMRS.

B. Benefits Provided

TMRS provides retirement, disability and death benefits. Benefit provisions are adopted by the governing body of the city, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24 or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

Employees covered by benefit terms.

At the December 31, 2015 valuation and measurement date, the following employees were covered by the benefit terms.

Inactive employees or beneficiaries currently receiving benefits	5
Inactive employees entitled to but not yet receiving benefits	25
Active employees	<u>11</u>
Total	41

CITY OF BARTLETT, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

I. PENSION PLAN (Continued)

C. Contributions

The contribution rate for the employees in TMRS is 5%, 6% and 7% of employee gross earnings, and the City matching percentages are either 100%, 150% or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is annually determined by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Bartlett were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Bartlett were 7% and 7% in calendar years 2014 and 2015 respectively. The city's contributions to TMRS for the year ended September 30, 2016 were \$33,748, and were equal to the required contributions.

D. Net Pension Liability

The city's Net Pension Liability (NPL) was measured as of December 31, 2016, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

Inflation 3.0% per year

Overall payroll growth 3.0% per year

Investment Rate of Return 7.00% net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

CITY OF BARTLETT, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

I. PENSION PLAN (Continued)

Actuarial assumptions used in the December 31, 2015, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2010 through December 31, 2015, first used in the December 31, 2015 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2015 valuation.

The long-term expected rate of return on pension plan investments is 6.75%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset class	Target allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.80%
International Equity	17.5%	6.05%
Core Fixed Income	30.0%	1.50%
Non-Core Fixed Income	10.0%	3.50%
Real Return	5.0%	1.75%
Real Estate	10.0%	5.25%
Absolute Return	5.0%	4.25%
Private Equity	5.0%	8.50%
Total	100.0%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

City of Bartlett		
Schedule of Changes in Net Pension Liability and Related Ratios		
Current Period		
A.	Total pension liability	
	1. Service Cost	91,795
	2. Interest (on the Total Pension Liability)	64,479
	3. Changes of benefit terms	-
	4. Difference between expected and actual experience	(152,675)
	5. Changes of assumptions	17,527
	6. Benefit payments, including refunds of employee contributions	(51,862)
	7. Net change in total pension liability	\$ (30,736)
	8. Total pension liability - beginning	901,158
	9. Total pension liability - ending	870,422
B.	Plan fiduciary net position	
	1. Contributions - employer	33,748
	2. Contributions - employee	45,508
	3. Net investment income	1,384
	4. Benefit payments, including refunds of employee contributions	(51,862)
	5. Administrative Expense	(844)
	6. Other	(42)
	7. Net change in plan fiduciary net position	\$ 27,892
	8. Plan fiduciary net position - beginning	939,092
	9. Plan fiduciary net position - ending	966,984
C.	Net pension liability [A.9-B.9]	(96,562)
D.	Plan fiduciary net position as a percentage of the total pension liability [B.9 / A.9]	111.09%
E.	Covered-employee payroll	\$ 650,109
F.	Net pension liability as a percentage of covered employee payroll [C / E]	-14.85%

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	\$54,163	\$(96,562)	\$(215,751)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmr.com

CITY OF BARTLETT
SCHEDULE OF PENSION EXPENSE
SEPTEMBER 30, 2016

1.	Total Service Cost	\$ 91,795
2.	Interest on the Total Pension Liability	64,479
3.	Current Period Benefit Changes	-
4.	Employee Contributions (Reduction of Expense)	(45,508)
5.	Projected Earnings on Plan Investments (Reduction of Expense)	(65,736)
6.	Administrative Expense	844
7.	Other Changes in Fiduciary Net Position	42
8.	Recognition of Current Year Outflow (Inflow) of Resources - Liabilities	(35,379)
9.	Recognition of Current Year Outflow (Inflow) of Resources - Assets	12,871
10.	Amortization of Prior Year Outflows (Inflows) of Resources - Liabilities	3,671
11.	Amortization of Prior Year Outflows (Inflows) of Resources - Assets	2,139
12.	Total Pension Expense	<u>\$ 29,218</u>

CITY OF BARTLETT
SCHEDULE OF OUTFLOWS AND INFLOWS - CURRENT AND FUTURE EXPENSE
SEPTEMBER 30, 2016

	Recognition Period (or amortization yrs)	Total (Inflow) or Outflow of Resources	2016 Recognized in current pension expense	Deferred (Inflow) Outflow in future expense
Due to Liabilities:				
Difference in expected and actual experience [actuarial (gains) or losses]	3.8200	\$ (152,675)	\$ (39,967)	\$ (112,708)
Difference in assumption changes [actuarial (gains) or losses]	3.8200	\$ 17,527	\$ 4,588	\$ 12,939
			<u>\$ (35,379)</u>	<u>\$ (99,769)</u>
Due to Assets:				
Difference in projected and actual earnings on pension plan investments [actuarial (gains) or losses]	5.0000	\$ 64,353	\$ 12,871	\$ 51,482
			<u>\$ 12,871</u>	<u>\$ 51,482</u>
Total:				<u>\$ (48,287)</u>

Deferred Outflows and Deferred Inflows of Resources, by year, to be recognized in future pension expense as follows:

	Net deferred outflows (inflows) of resources
2016	\$ (16,698)
2017	(18,382)
2018	(13,999)
2019	12,869
2020	-
Thereafter	-
Total	<u>\$ (36,210)</u>

CITY OF BARTLETT, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

Notes to the Financial Statements for an Employer Contributing to a Cost-Sharing Multiple-Employer Defined Benefit Healthcare Plan

Schedule of Contribution Rates

(Retiree-only portion of the rate, for OPEB)

Plan/ Annual Required Percentage of

Calendar Contribution Actual Contribution Made ARC contributed

Year (Rate) (Rate)

2013 0.04% 0.04% 100.0%

2014 0.03% 0.03% 100.0%

2015 0.04% 0.04% 100.0%

2016 0.04% (city to provide) (city to provide)

2017 0.07% (city to provide) (city to provide)

The City 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 City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City 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 City 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.

The City's contributions to the TMRS SDBF for the years ended 2016, 2015 and 2014 were 4%, 4%, and 4%, respectively, which equaled the required contributions each year.

J. CONCENTRATION OF CREDIT RISK

Proprietary fund accounts receivable are concentrated within the geographic service area of the utility system, which is within the City of Bartlett. These receivables are not concentrated within any individually significant customers. The City requires a deposit from each utility customer prior to establishing service. The total amount of proprietary fund accounts receivable at year end including estimated amounts for service provided, but not yet billed at year end was \$202,549. Utility customer deposits held at year end totaled \$93,181.

K. COMMITMENTS AND CONTINGENCIES

As of September 30, 2016, the City of Bartlett, Texas did not have any pending litigation or potential, non-disclosed liabilities that would have a material effect on the financial statements.

L. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City's risk management program includes coverage for property, general liability, automobile liability, public official's liability and employee dishonesty bonds. The City participates in the Texas Municipal League (TML) joint self insurance fund, which is a public entity risk pool. The premiums paid to TML result in the transfer of risk to the pool. The Texas Municipal League Intergovernmental Risk Pool has published its own financial report, which can be obtained by writing the Texas Municipal League Intergovernmental Risk Pool, 1821 Rutherford Lane, Austin, TX 78754.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BARTLETT, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE BUDGET TO ACTUAL – PROPRIETARY FUND
For the Year Ended September 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		
<u>Operating Revenues</u>				
Water Service	\$ 646,950	\$ 646,950	\$ 493,332	\$ (153,618)
Sewer Service	748,400	748,400	402,098	\$ (346,302)
Municipal Light & Power System	1,014,350	1,014,350	1,089,629	\$ 75,279
Garbage service	162,916	162,916	164,329	\$ 1,413
Garbage tax	-	-	1,131	\$ 1,131
Penalty income	-	-	23,569	\$ 23,569
Interest income	-	-	776	\$ 776
Meter Connect/Service/Transfer fees	-	-	8,775	\$ 8,775
Water & Sewer Tap Fee	-	-	-	\$ -
Miscellaneous	-	-	3,668	\$ 3,668
Total Operating Revenues	2,572,616	2,572,616	2,187,307	(385,309)
<u>Operating Expenses</u>				
Cost of water	368,947	368,947	104,365	264,582
Cost of garbage services	155,216	155,216	38,135	117,081
Contract, Salaries and related expenses	421,408	421,408	279,651	141,757
Municipal Light & Power System	1,077,437	1,077,437	787,864	289,573
Wastewater expenses	550,759	550,759	122,638	428,121
Other services and charges	-	-	116,776	(116,776)
Depreciation	-	-	271,967	(271,967)
Materials and Supplies	-	-	193,693	(193,693)
Total Operating Expenses	2,573,767	2,573,767	1,915,089	658,678
Operating Income	(1,151)	(1,151)	272,218	(273,369)
<u>Nonoperating Revenues (Expenses)</u>				
Grant income	-	-	123,416	123,416
Interest income	-	-	-	-
Interest expense	-	-	(34,142)	(34,142)
Total nonoperating revenues (expenses)	-	-	89,274	89,274
<u>Excess (Deficiency) of Revenues</u>				
Over Expenditures:	(1,151)	(1,151)	361,492	362,643
<u>Other Financing Sources (Uses):</u>				
Transfers in	-	-	-	-
Transfers out	-	-	(634,584)	(634,584)
Total Other Financing Sources (Uses)	-	-	(634,584)	(634,584)
Net Change in Fund Balance	(1,151)	(1,151)	(273,092)	(271,941)
Fund Balances - beginning of year	1,989,301	1,989,301	1,989,301	
Fund Balances - end of year	\$1,988,150	\$1,988,150	\$1,716,209	(\$271,941)

The accompanying notes are an integral part of the financial statements.

CITY OF BARTLETT, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE BUDGET TO ACTUAL – GENERAL FUND
For the Year Ended September 30, 2016

	Original	Final	Actual Amounts	Variance with Final Budget
Revenues	-			
Ad valorem tax	\$403,071	\$403,071	283,735	(\$119,336)
Sales tax	120,000	120,000	102,294	(17,706)
Franchise fees	29,000	29,000	19,213	(9,787)
Fine and forfeitures	200,000	200,000	96,114	(103,886)
Miscellaneous income	15,000	15,000	63,764	48,764
Licenses and permits	3,000	3,000	15,523	12,523
Cemetary revenue	2,500	2,500	-	(2,500)
Interest income	450	450	423	(27)
Rental fees	5,000	5,000		
Pool revenue	2,000	2,000	43,669	41,669
Library revenues	53,429	53,429		
Total Revenue	833,450	\$833,450	624,735	(\$150,286)
Expenditures				
Current:				
General government	442,997	442,997	551,751	(108,754)
Public Safety	286,490	286,490	286,953	(463)
Court Expenses	89,111	89,111	64,853	24,258
Public Works	197,625	197,625	79,305	118,320
Cultural & Recreation			82,428	(82,428)
Debt Service:				
Principal	-	-	130,795	(130,795)
Interest and fiscal charges	-	-	34,142	(34,142)
Capital Outlay:	111,059	111,059	73,512	37,547
Total Expenditures	1,127,282	1,127,282	1,303,739	(176,457)
Excess (Deficiency) of Revenues Over Expenditures:	(293,832)	(293,832)	(679,004)	(326,743)
Other Financing Sources (Uses):				
Transfers in	-	-	634,584	634,584
Transfers out			-	-
Total Other Financing Sources (Uses)	-	-	634,584	634,584
Net Change in Fund Balance	-	(293,832)	(44,420)	\$307,841
Fund Balances - beginning of year	330,341	330,341	330,341	
Fund Balances - end of year	\$330,341	\$36,509	\$285,921	\$307,841

The accompanying notes are an integral part of the financial statements.

City of Bartlett					
Schedule of Changes in Net Pension Liability and Related Ratios					
Last ten years (will ultimately be displayed)					
	2014	2015	2016	2017	
A. Total pension liability					
1. Service Cost	\$ 88,003	91,795	-	xxxxxx	
2. Interest (on the Total Pension Liability)	56,009	64,479	-	xxxx	
3. Changes of benefit terms	-	-	-		
4. Difference between expected and actual experience	13,000	(152,675)	-	xxxx	
5. Changes of assumptions	-	17,527	-		
6. Benefit payments, including refunds of employee contributions	(23,956)	(51,862)	-	xxxx	
7. Net change in total pension liability	\$ 133,056	\$ (30,736)	-	xxxx	
8. Total pension liability - beginning	768,102	901,158	-	xxxx	
9. Total pension liability - ending	\$ 901,158	870,422	-	xxxx	
B. Plan fiduciary net position					
1. Contributions - employer	\$ 27,889	33,748	-	xxxx	
2. Contributions - employee	51,701	45,508	-	xxxxx	
3. Net investment income	47,834	1,384	-	xxxxx	
4. Benefit payments, including refunds of employee contributions	(23,956)	(51,862)	-	xxxxx	
5. Administrative Expense	(499)	(844)	-	xxxxx	
6. Other	(41)	(42)	-	xxxxx	
7. Net change in plan fiduciary net position	\$ 102,928	\$ 27,892	-	xxxxx	
8. Plan fiduciary net position - beginning	836,164	939,092	-	xxxxx	
9. Plan fiduciary net position - ending	\$ 939,092	966,984	-	xxxxx	
C. Net pension liability [A.9-B.9]	\$ (37,934)	(96,562)	-	xxxxx	
D. Plan fiduciary net position as a percentage of the total pension liability [B.9 / A.9]	104.21%	111.09%	0.00%	xxx	
E. Covered-employee payroll	\$ 738,590	\$ 650,109	-	xxx	
F. Net pension liability as a percentage of covered employee payroll [C / E]	-5.14%	-14.85%	0.00%	xxx	

City of Bartlett					
Schedule of Contributions					
Last 10 Fiscal Years (will ultimately be displayed)					
September 30, 2016					
	2014	2015	2016	2017	
Actually Determined Contribution	\$ 79,590	\$ 79,256	\$ -	\$xxx,xxx	
Contributions in relation to the actuarially determined contribution	<u>79,590</u>	<u>79,256</u>	<u>-</u>	<u>xxx,xxx</u>	
	-	-	-	xxx,xxx	
Contribution deficiency	-	-	-	xxx,xxx	
Covered employee payroll	\$ 738,590	\$ 650,109	\$ -	\$xxx,xxx	
Contributions as a percentage of covered employee payroll	10.78%	12.19%	0.00%	xx.xx%	
				-	
Noes to Schedule of Contributions					
Valuation Date	determined				
Notes					

NOTES TO SCHEDULE OF CONTRIBUTIONS

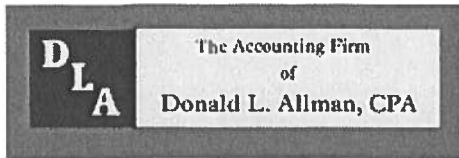
Valuation Date:
Notes

Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	25 years
Asset Valuation Method	10 year smoothed market, 15% soft corridor
Inflation	2.5 %
Salary Increases	3.5% to 10.5%, including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an Experience study of the period 2010-2014
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment With male rates multiplied by 109% and female rates multiplied By 103% and projected on a fully generational basis with scale BB
Other information: Notes	There were no benefit changes during the year.

COMPLIANCE AND INTERNAL CONTROL SECTION



Donald L. Allman, CPA, PC
205 E. University Ave, Ste. 165
Georgetown, Texas 78626

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Mayor & City Council
City of Bartlett, Texas

We have audited, in accordance with the 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, the 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 City of Bartlett, Texas, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Texas, Texas' basic financial statements, and have issued our report thereon dated August 7, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Bartlett, Texas' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Bartlett, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Bartlett, Texas' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Bartlett, Texas' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Donald L. Allman, CPA, PC

Georgetown, TX
August 7, 2018

