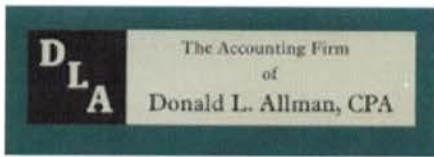


CITY OF BARTLETT, TEXAS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTAL SCHEDULES
AND INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

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Donald L. Allman, CPA, PC
4749 Williams Drive, Ste. 322
Georgetown, Texas 78633

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, 2018, 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, 2018, 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

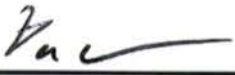
Required Supplementary Information

Accounting principles generally accepted 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 5, 2019 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 on 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 5, 2019

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, 2018. 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 increased by \$69,758 as a result of this year's operations. This included a (\$888,020) net position decrease in the general fund, before transfers, and a \$957,778 net increase in the proprietary fund, before transfers.

- . The General Fund ended the year with a fund balance of \$217,046 on a governmental funds basis, a \$(2,643) decrease.
- . The total revenues of all the City's programs \$3,195,398.
- . The total cost of all the City's programs was \$3,125,640.

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 increased, making the City better 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 \$1,967,639 as of September 30, 2018. Analyzing the net position and net expenses of governmental and business-type activities separately, the general fund activities net position is \$991,805 and the proprietary fund activities net position is \$975,834. 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	
	2018	2017	2018	2017	2018	2017
Current and other assets	467,997	419,505	1,202,447	591,280	1,670,444	1,010,785
Noncurrent and capital assets	900,224	996,813	1,416,670	1,440,853	2,316,894	2,437,666
Total Assets	1,368,221	1,416,318	2,619,117	2,032,133	3,987,338	3,448,451
Deferred Outflows of Resources	(46,012)	(7,618)	(24,050)	(3,753)	(70,062)	(11,371)
Current Liabilities	70,368	91,392	187,591	119,809	257,959	211,201
Long-term Liabilities	184,348	184,157	1,394,363	1,051,776	1,578,711	1,235,933
Total Liabilities	254,716	275,549	1,581,954	1,171,585	1,836,670	1,447,134
Deferred Inflows of Resources	75,688	39,552	37,279	19,480	112,967	59,032
Net Position:						
Net Investment in Capital Assets	757,286	812,656	115,009	481,779	872,295	1,294,435
Restricted for:						
Special Purpose	-	-			-	-
Debt Service	41,688	43,884	121,726	121,726	163,414	165,610
Unrestricted	192,831	237,059	739,099	233,810	931,930	470,869
Total Net Position	\$991,805	\$1,093,599	\$975,834	\$837,315	\$1,967,639	\$1,930,914

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

Table II

CHANGE IN NET POSITION

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Program Revenues:						
Charges for Services	\$16,149	19,717	\$2,586,145	\$2,273,785	\$2,602,294	\$2,293,502
Fines & forfeitures	159,083	\$158,283		\$0	159,083	\$158,283
Operating grants and contributions	2,546	2,152	0	55,184	2,546	\$57,336
General Revenues:						
Property tax	283,150	266,183			283,150	\$266,183
Sales tax	113,781	120,874			113,781	\$120,874
Franchise fees	21,616	22,416			21,616	\$22,416
Investment earnings	203	206	1,102	1,102	1,305	\$1,308
Miscellaneous	11,623	8,948	0	0	11,623	\$8,948
Transfers	819,259	640,112	(819,259)	(640,112)	0	\$0
Total Revenue	1,427,410	1,238,891	1,767,988	1,689,959	3,195,398	2,928,850
Expenses:						
General government	663,017	483,987			663,017	483,987
Public Safety	303,878	306,059			303,878	306,059
Court Expenses	121,769	131,928			121,769	131,928
Public Works	275,723	277,951			275,723	277,951
Culture & Recreation	127,508	74,372			127,508	74,372
Interest on long-term debt	4,276	1,982	-	-	4,276	1,982
Water and Sewer			1,629,469	1,633,853	1,629,469	1,633,853
Total Expenses	1,496,171	1,276,279	1,629,469	1,633,853	3,125,640	2,910,132
Change in net position	(68,761)	(37,388)	138,519	56,106	69,758	18,718
Prior Period Adjustment	(33,033)	935,000	-	(935,000)	(33,033)	
Net position - beginning	1,093,599	195,987	837,315	1,716,209	1,930,914	1,912,196
Net position - ending	991,805	1,093,599	975,834	837,315	1,967,639	1,930,914

Management's Discussion and Analysis City of Bartlett, Texas

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

A large portion of the City's net position (44 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*, \$931,930 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 2018, revenues from governmental activities totaled \$608,151. Property Taxes are the largest components of revenues (47 percent). Sales taxes (19%) and Fines and forfeitures (26%) are the next highest revenue sources.

For fiscal year 2018, expenses for governmental activities totaled \$1,496,171. 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 \$2,586,145 for the fiscal year ending September 30, 2018. Expenses for the City's business-type activities were \$1,629,469. The City's largest expenses are the purchase of power, 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 \$217,046, which is less than last year's total of \$219,689.

Management's Discussion and Analysis City of Bartlett, Texas

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2018, the City had \$2,316,894 invested in a broad range of capital assets, including facilities and equipment and land. There were \$255,658 in capital asset additions in Fiscal Year 2018.

Debt

The City had long-term indebted obligations of \$1,444,599 up from the \$1,143,231 in the prior year. A new loan was added for \$500,000 in fiscal year 2018.

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 2018 budget and tax rate.

The City adopted a \$3,100.440 budget for fiscal year 2017-2018. It was funded through property taxes via \$0.5168 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, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Bartlett Municipal Development District
ASSETS				
Cash and cash equivalents	72,762	690,819	763,581	66,685
Property taxes, net of allowance for uncollectibles	\$72,993		72,993	
Other Receivables, net of allowance for uncollectibles	118,173	\$456,952	575,125	
Inventory	3,777	1,685	5,462	
Net Pension Position	107,590	52,991	160,581	
Capital assets not being depreciated:				
Land	\$25,000	78,821	103,821	
Capital assets, net of accumulated depreciation				
Machinery and Equipment	125,850	-	125,850	
Buildings & Improvements	749,374		749,374	
Utility system	-	1,337,849	1,337,849	
Due from Other Funds	\$92,702	-	92,702	
Total Capital Assets	\$900,224	1,416,670	2,409,596	-
Total Assets	1,368,221	2,619,117	3,917,276	66,685
Deferred Outflows - Pension Plan	(46,012)	(24,050)	(70,062)	
LIABILITIES				
Accounts payable	12,542	119,761	132,303	
Accrued liabilities	57,826	67,830	125,656	
Due to Other Funds		92,702	92,702	
Noncurrent liabilities:				
Net OPEB Liability	41,410		41,410	
Due within one year	41,688	152,547	152,547	
Due within more than one year	101,250	1,149,114	1,250,364	
Total Liabilities	254,716	1,581,954	1,794,982	-
Deferred Inflows of Resources	75,688	37,279	112,967	
NET POSITION				
Net Investment in Capital Assets	757,286	115,009	872,295	
Restricted for:				
Debt Service	41,688	121,726	163,414	
Unrestricted	192,831	739,099	931,930	66,685
Total Net Position	991,805	975,834	1,967,639	66,685

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

CITY OF BARTLETT, TEXAS
STATEMENT OF ACTIVITIES
September 30, 2018

		Program Revenues	
		Charges for Services	Operating Grants and Contributions
	Expenses		
Functions / Programs			
Primary government:			
Governmental activities:			
General Government	\$ 663,017	\$ 11,057	\$ 0
Public safety	303,878	0	2,546
Court expenses	121,769	158,283	
Public works	275,723	0	
Culture & Recreation	127,508	5,092	0
Interest on long-term debt	4,276	0	
Total governmental activities	1,496,171	174,432	2,546
Business-type activities:			
Water, Sewer and Sanitation	1,629,469	2,586,145	0
Total business-type activities	1,629,469	2,586,145	0
Total primary government			
	3,125,640	2,760,577	0
Component Unit:			
Economic Development Corporation	\$ 19,138		\$ 0
Total Component Unit	\$ 19,138	\$ 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	(651,960)		(651,960)	
Public safety	(301,332)		(301,332)	
Court	36,514		36,514	
Public Services	(275,723)		(275,723)	
Culture & Recreation	(122,416)		(122,416)	
Interest on long-term debt	(4,276)		(4,276)	
Total governmental activities	(1,319,193)	-	(1,319,193)	-
Business-type activities:				
Water, Sewer and Sanitation		956,676	956,676	
Total business-type activities	-	956,676	956,676	-
Total primary government	(1,319,193)	956,676	(362,517)	-
Component Unit:				
Economic Development Corporation				(19,138)
Total Component Unit	-	-	-	(19,138)
General Revenues:				
Property tax	283,150		283,150	
Sales tax	113,781		113,781	37,487
Franchise fees	22,416		22,416	
Investment earnings	203	1,102	1,305	-
Miscellaneous	11,623	-	11,623	-
Transfers	819,259	(819,259)	-	
Total General Revenues	1,250,432	(818,157)	432,275	37,487
Change in net position	(68,761)	138,519	69,758	18,349
Net Position - Beginning	1,093,599	837,315	1,930,914	48,336
Prior Period Adjustment	(33,033)	-	(33,033)	
Net Position - Ending	991,805	975,834	1,967,639	66,685

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

**CITY OF BARTLETT, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2018**

ASSETS	General	Debt Service	Total
Cash	31,074	41,688	72,762
Taxes receivable	\$72,993		72,993
Inventory	3,777		3,777
Other receivables, net of allowance for uncollectibles	118,173		118,173
Due from other funds	92,702		92,702
Total Assets	318,719	41,688	360,407
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	12,542		12,542
Accrued expenses	57,826		57,826
Due to other funds	-		-
Unearned revenues	\$72,993		72,993
Total Liabilities	143,361		143,361
Fund Balances:			
Nonspendable	3,777		3,777
Restricted for Debt Service		41,688	41,688
Assigned	-		
Unassigned	171,581		171,581
Total Fund Balances	175,358	41,688	217,046
Total Liabilities and Fund Balances	318,719	41,688	360,407

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, 2018

Total fund balances-governmental funds					217,046
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				107,590
	Land		\$25,000		
	Buildings and Improvements		2,670,630		
	Furniture and Equipment		435,898		
	Accumulated Depreciation		(2,231,304)		
	Total capital assets		<u>\$900,224</u>		\$900,224
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		(46,012)		(46,012)
	Unearned Property taxes not collected		<u>\$72,993</u>		\$72,993
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:					
	Net OPEB Liability		(41,410)		
	Longterm Liabilities		142,938		
	Deferred Inflows Pension Plan		75,688		<u>(260,036)</u>
Net position of governmental activities					<u>\$991,805</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, 2018

Revenues	General	Debt Service	Total
Ad valorem tax	286,459		\$286,459
Sales tax	113,781		113,781
Franchise fees	22,416		22,416
Fine and forfeitures	158,283		158,283
Licenses and permits	11,057		11,057
Donations income	2,546		2,546
Miscellaneous & other services	16,715	0	16,715
Interest income	203		203
Total Revenues	611,460	0	611,460
Expenditures			
Current:			
General government:			
Administration	584,613		584,613
Public Safety	292,829		292,829
Court expenses	121,769		121,769
Public Works	263,984		263,984
Culture & Recreation	124,672		124,672
Debt Service:			0
Principal	0	41,219	41,219
Interest and fiscal cost	0	4,276	4,276
Bond issuance cost	0		0
Capital Outlay	0		0
Total Expenditures	1,387,867	45,495	1,433,362
Deficiency of Revenues Over Expenditures	(776,407)	(45,495)	(821,902)
Other Financing Sources:			
Transfers in	819,259	43,299	862,558
Transfers out	(43,299)	0	(43,299)
Bonds issued	0		0
Total Other Financing Sources	775,960	43,299	819,259
Net Change in Fund Balance	(447)	(2,196)	(2,643)
Fund Balances - beginning of year	175,805	43,884	219,689
Fund Balances - end of year	\$175,358	\$41,688	\$217,046

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, 2018

Amounts reported for governmental activities in the statement of activities are different because:					
Net change in fund balances ----- total governmental funds					(\$2,643)
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	\$0		
		Depreciation expense	(96,589)		
			<u>(\$96,589)</u>		(\$96,589)
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	\$72,993		
		Less prior year	(70,741)		
			<u>\$2,252</u>		\$2,252
Total Pension Expense is not recognized in Governmental funds					16,666
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.					
		Decrease in Net Pension position	(\$45,428)		
		Decrease in deferred outflows/inflows	56,981		
			<u>\$11,553</u>		\$11,553
Change in net position of governmental activities					<u>(\$68,761)</u>

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

CITY OF BARTLETT, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUND
September 30, 2018

	Original	Final	Actual Amounts	Variance with Final Budget
Revenues				
Ad valorem tax	\$272,471	\$272,471	286,459	\$13,988
Sales tax	112,600	112,600	113,781	1,181
Franchise fees	25,000	25,000	22,416	(2,584)
Fine and forfeitures	55,000	55,000	158,283	103,283
Miscellaneous income	5,600	5,600	7,641	2,041
Licenses and permits	3,200	3,200	11,057	7,857
Cemetary revenue	3,600	3,600	11,620	8,020
Interest income	133	133	203	70
Rental fees	450	450		
Pool revenue	3,900	3,900	-	(3,900)
Library revenues	250	250		
Total Revenue	482,204	\$482,204	611,460	\$129,956
Expenditures				
Current:				
General government	216,867	216,867	584,613	(367,746)
Public Safety	359,632	359,632	292,829	66,803
Court Expenses	85,596	85,596	121,769	(36,173)
Public Works	111,291	111,291	263,984	(152,693)
Cultural & Recreation	87,842	87,842	124,672	(36,830)
Debt Service:				
Principal	133,612	133,612	41,219	92,393
Interest and fiscal charges	-	-	4,276	(4,276)
Capital Outlay:	-	-	-	-
Total Expenditures	994,840	994,840	1,433,362	(438,522)
Excess (Deficiency) of Revenues				
Over Expenditures:	(512,636)	(512,636)	(821,902)	(308,566)
Other Financing Sources (Uses):				
Transfers in	-	-	819,259	819,259
Transfers out			-	-
Total Other Financing Sources (Uses)	-	-	819,259	819,259
Net Change in Fund Balance	(512,636)	(512,636)	(2,643)	\$510,693
Fund Balances - beginning of year	219,689	219,689	219,689	
Fund Balances - end of year	(\$292,947)	(\$292,947)	\$217,046	\$510,693

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, 2018

	Business-type Activities Enterprise Fund
	Water, Sewer and Sanitation Fund
<u>ASSETS</u>	
Current assets:	
Cash and cash equivalents	\$ 690,819
Accounts receivable	456,952
Net Pension Position	52,991
Inventory	1,685
Total Current Assets	1,202,447
Capital assets:	
Land	78,821
Electric System	558,624
Utility System	6,684,078
Furniture and Equipment	309,446
Construction in Progress	448,448
Less accumulated depreciation	(6,662,747)
Total capital assets	1,416,670
Total Assets	2,619,117
Deferred Outflows of Resources	(24,050)
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	119,761
Accrued expenses	-
Customer deposits	67,830
Due to Other Funds	92,702
Current portion of long-term debt	152,547
Total Current liabilities	432,840
Non-Current liabilities	
Bonds payable	1,149,114
Total Liabilities	1,581,954
<u>NET POSITION</u>	
Net Investment in Capital Assets	115,009
Restricted for debt service	121,726
Unrestricted	739,099
Total Net Position	\$ 975,834
Deferred Inflows of Resources	37,279

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, 2018

	Business-type Activities Enterprise Fund
	Water, Sewer and Sanitation Fund
<u>Operating Revenues</u>	
Water, Sewer, and Sanitation	\$2,586,145
Miscellaneous	0
Total Operating Revenues	2,586,145
<u>Operating Expenses</u>	
Garbage collection cost	140,289
Purchased Power	814,614
Purchased water	7,461
Contract Services & related exp	126,871
Materials and Supplies	79,889
Equipment repairs and maintenance	89,414
Depreciation	279,841
Other services and charges	86,814
Total Operating Expenses	1,625,193
Operating Income	960,952
<u>Nonoperating Revenues</u>	
Grant Funds received	-
Interest Income	1,102
Interest expense	(4,276)
Total Nonoperating Revenues (Expenses)	(3,174)
Income Before Transfers	957,778
Transfers Out	(819,259)
Change in Net Position	138,519
Net Position - beginning	837,315
Prior Period Adjustment	0
Net Position - ending	975,834

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, 2018

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	\$ 367,746
Public Works	\$ 152,693
Court Expenses	\$ 36,173
Culture & recreation	\$ 36,830

The City was over budget overall in the General Fund by \$438,522.

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, 2018, the City's deposit balances were as follows:

	Primary Government	Component Unit	Total Reporting Entity
1. Insured (FDIC)	\$250,000	66,685	\$316,685
2 Uninsured, collateralized with securities held by pledging financial institution's agent in the entity's name.	513,581		513,581
4. Uninsured and uncollateralized			
Total Deposits	\$763,581	\$66,685	\$830,266
Carrying Amount	\$763,581	\$66,685	\$830,266

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, 2018, 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, 2017 (fiscal year ended September 30, 2018) was \$283,150.

The tax assessment of October 1, 2016 tax sets a tax levy at \$.05168 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, 2018, are as follows:

	General Fund
Current Taxes Receivable	\$18,660
Delinquent Taxes Receivable	54,333
	<u>\$72,993</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	\$72,993	\$0
Accounts and other receivables	111,054	574,790
Less: allowance for uncollectibles	(78)	(117,838)
Sales Tax	7,119	0
State Court Costs	155	
Net total receivables	<u>\$191,243</u>	<u>\$456,952</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, 2018, were as follows:

	General	Water and Sewer
Accounts Payable:	12,542	119,761
Accrued liabilities	-	-
Customer deposits		67,830
Total Payables	12,542	187,591

D. INTERFUND RECEIVABLES AND PAYABLES

Individual interfund receivable and payable balances at September 30, 2018 were:

	Due from Other Funds	Due to Other Funds
General Fund	\$92,702	\$0
Water, Sewer and Sanitation Fund	0	92,702
Total All Funds	\$92,702	\$92,702

E. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2018 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	2,670,630	0		2,670,630
Furniture, Equipment, Vehicles	435,898	0		435,898
Total capital assets, being depreciated	3,106,528	0	0	3,106,528
Less accumulated depreciation	(2,134,715)	(96,589)	0	(2,231,304)
Total capital assets, being depreciated net	971,813	(96,589)	0	875,224
Governmental capital assets, net	996,813	(96,589)	0	900,224

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	6,483,604	200,474		6,684,078
Furniture and Equipment	309,446	-		309,446
Electric System	558,624	-		558,624
Construction in progress	393,264	55,184	-	448,448
Less accumulated depreciation	(6,382,906)	(279,841)		(6,662,747)
Total capital assets, being depreciated	1,362,032	(24,183)	-	1,337,849
Business-type capital assets, net	1,440,853	(24,183)	-	1,416,670

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

Governmental activities:		
General Government		70,965
Public Safety		11,049
Public Works		11,739
Library		\$2,836
Total depreciation expense - governmental activities		<u>\$96,589</u>

Business-type activities:		
Water, sewer and sanitation		\$279,841
Total depreciation expense - business-type activities		<u>\$279,841</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, 2018:

			Governmental- Type Activities
\$400,000 Series 2005 Time Warrants maturing in 2020; payable \$18,000 to \$34,000 annually; interest at 2.34%.			\$63,000
\$80,000 note payable to a local bank amortized over 15 years, \$562 in monthly payments including interest, renewable annually.			59,176
Lease purchase agreement with a local bank payable with six annual installments of \$7,288, through March 1, 2021.			20,762
Total Debt			\$142,938
			Business-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			393,666
Loan with Governmental Capital Corporation for \$500,000, payments due March 30, beginning December 6, 2017 and maturing March 30, 2027. Payments of \$59,957.75 annually with an interest rate of 3.974%.			446,334
Finance contract with a financial institution with principal and interest paid annually; secured by levy and collection of ad valorem taxes.			15,327
Total Debt			\$855,327

Fiscal Year Ending	Principal	Interest	Total
2019	35,608	5,954	41,562
2020	28,608	7,290	35,898
2021	26,608	14,290	40,898
2022	24,608	5,290	29,898
2023	27,506	4,482	31,988
Total	\$142,938	\$37,306	\$180,244
Fiscal Year Ending	Principal	Interest	Total
2019	152,547	38,435	190,982
2020	143,898	32,670	176,568
2021	145,643	28,536	174,179
2022	152,457	24,272	176,729
2023	154,343	19,876	174,219
2024-2026	552,773	34,187	586,960
Total	\$1,301,661	\$177,976	\$1,479,637

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

III. DETAILED NOTES ON ALL FUNDS (Continued)

F. LONG-TERM DEBT

	Amounts Outstanding 10/1/2017	Additions	Retirements	Amounts Outstanding 9/30/2018	Current Portion
General Fund:					
General Obligation					
Bonds Payable	\$0		\$0	\$0	\$0
Time Warrants	94,000		31,000	63,000	31,000
Note Payable	63,256	0	4,080	59,176	4,080
Lease Purchase	26,901		6,139	20,762	6,608
Long-term liabilities	184,157		41,219	142,938	41,688
Utility Fund:					
Bonds Payable	935,000		95,000	840,000	95,000
Note Payable		500,000	53,666	446,334	42,220
Finance Contract	4,414		4,414		0
Lease Purchase	19,660	-	4,333	15,327	15,327
Long-term liabilities	959,074	-	103,747	1,301,661	152,547

III. DETAILED NOTES ON ALL FUNDS (Continued)

G. DEFERRED REVENUE

Deferred revenue at year end consisted of the following

General Fund:	
Property Taxes:	\$72,993

H. INTERFUND TRANSFERS

Inter-fund transfers during the year ended September 30, 2018 were as follows:

	Transfers In	Transfers Out
General Fund	819,259	
Water, Sewer and Sanitation Fund		819,259
Total	\$819,259	\$819,259

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.tmrs.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, 2017 valuation and measurement date, the following employees were covered by the benefit terms.

Inactive employees or beneficiaries currently receiving benefits	7
Inactive employees entitled to but not yet receiving benefits	28
Active employees	<u>13</u>
Total	48

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 6.75% of their annual gross earnings during the fiscal year. The contribution rates for the City of Bartlett were 7% and 7% in calendar years 2017 and 2018 respectively. The city's contributions to TMRS for the year ended September 30, 2018 were \$38,394, and were equal to the required contributions.

D. Net Pension Liability

The city's Net Pension Liability (NPL) was measured as of December 31, 2017, 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, 2017 actuarial valuation was determined using the following actuarial assumptions:

Inflation 2.5% per year

Overall payroll growth 3.5% per year

Investment Rate of Return 6.75% 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 o 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, 2017, 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	81,795
	2. Interest (on the Total Pension Liability)	71,210
	3. Changes of benefit terms	-
	4. Difference between expected and actual experience	(31,009)
	5. Changes of assumptions	-
	6. Benefit payments, including refunds of employee contributions	(22,804)
	7. Net change in total pension liability	\$ 99,192
	8. Total pension liability - beginning	1,025,464
	9. Total pension liability - ending	1,124,656
B.	Plan fiduciary net position	
	1. Contributions - employer	38,394
	2. Contributions - employee	38,858
	3. Net investment income	149,900
	4. Benefit payments, including refunds of employee contributions	(22,804)
	5. Administrative Expense	(778)
	6. Other	(40)
	7. Net change in plan fiduciary net position	\$ 203,530
	8. Plan fiduciary net position - beginning	1,081,707
	9. Plan fiduciary net position - ending	1,285,237
C.	Net pension liability [A.9-B.9]	(160,581)
D.	Plan fiduciary net position as a percentage of the total pension liability [B.9 / A.9]	114.28%
E.	Covered-employee payroll	\$ 550,811
F.	Net pension liability as a percentage of covered employee payroll [C / E]	-29.15%

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	\$40,127	\$(160,581)	\$(319,925)

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, 2018

1.	Total Service Cost	\$ 81,795
2.	Interest on the Total Pension Liability	71,210
3.	Current Period Benefit Changes	-
4.	Employee Contributions (Reduction of Expense)	(38,858)
5.	Projected Earnings on Plan Investments (Reduction of Expense)	(73,015)
6.	Administrative Expense	777
7.	Other Changes in Fiduciary Net Position	39
8.	Recognition of Current Year Outflow (Inflow) of Resources - Liabilities	(13,195)
9.	Recognition of Current Year Outflow (Inflow) of Resources - Assets	(15,377)
10.	Amortization of Prior Year Outflows (Inflows) of Resources - Liabilities	(17,316)
11.	Amortization of Prior Year Outflows (Inflows) of Resources - Assets	15,045
12.	Total Pension Expense	\$ 11,105

CITY OF BARTLETT
SCHEDULE OF OUTFLOWS AND INFLOWS - CURRENT AND FUTURE EXPENSE
SEPTEMBER 30, 2018

	Recognition Period (or amortization yrs)	Total (Inflow) or Outflow of Resources	2018 Recognized in current pension expense	Deferred (Inflow) Outflow in future expense
Due to Liabilities:				
Difference in expected and actual experience [actuarial (gains) or losses]	2.3500	\$ (31,009)	\$ (13,195)	\$ (17,814)
Difference in assumption changes [actuarial (gains) or losses]	2.3500	\$ -	\$ -	\$ -
			<u>\$ (13,195)</u>	<u>\$ (17,814)</u>
Due to Assets:				
Difference in projected and actual earnings on pension plan investments [actuarial (gains) or losses]	5.0000	\$ (76,884)	\$ (15,377)	\$ (61,507)
			<u>\$ (15,377)</u>	<u>\$ (61,507)</u>
Total:				<u>\$ (79,321)</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
2018	\$ (35,944)
2019	(7,092)
2020	(15,342)
2021	(15,376)
2022	-
Thereafter	-
Total	\$ (73,754)

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)

2014 0.03% 0.03% 100.0%

2015 0.04% 0.04% 100.0%

2016 0.04% 0.04% 100.0%

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

2018 0.06% (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 2017, 2016 and 2015 were 4%, 4%, and 4%, respectively, which equaled the required contributions each year.

Net Other Post Employment Benefits Liability.

Actuarial Assumptions

Actuarial assumptions were developed from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2010 to December 31, 2014. These assumptions were adopted in 2015 and first used in the December 31, 2015 valuation.

All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.

The Mortality Experience Investigation Study covering 2009 through 2011 is used as the basis for the post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs). Mortality Rates for service employees uses the RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

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

III. DETAILED NOTES ON ALL FUNDS (Continued)

Inflation	2.50% per year
Overall payroll growth	3.50 to 10.5% per year including inflation
Discount rate	3.31%

Changes in the Net Other Post Employment Benefits Liability

	Increase (Decrease)
	<u>Total OPEB Liability</u>
Balance at 12/31/16	\$33,419
Changes for the year	
Service Cost	3,525
Interest on Total OPEB liability	1,323
Changes of benefit terms	0
Differences between expected and actual experience	0
Changes in assumption or other inputs	3,529
Benefit payments	(386)
Net changes	7,991
Total OPEB Liability – end of year	\$ 41,410

Total OPEB Liability as a Percentage of Covered Payroll 7.52%

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, calculated using the current discount rate of 3.31% as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.31%) or -1 percentage point higher (4.31%) than the current rate. Because the SDBF is considered an unfunded trust, the relevant discount rate to calculate the total OPEB liability is based on the Fidelity Index's 20 year Municipal GO AA Index.

	1% Decrease in Discount Rate (2.31%)	Discount Rate (3.31%)	1% Increase in Discount Rate (4.31%)
Total OPEB liability	\$50,619	\$41,410	\$34,461

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

Exhibit A-11

NOTE 13 – DEFINED BENEFIT PENSION PLAN (Continued)

CITY OF BARTLETT		
SCHEDULE OF OPEB EXPENSE		
SEPTEMBER 30, 2018		
1.	Total Service Cost	\$ 3,525
2.	Interest on the Total OPEB Liability	1,323
3.	Changes in benefit terms	-
4.	Employer Administrative costs	-
5.	Recognition of deferred outflows/inflows of resources	-
6.	Differences between expected and actual experience	-
7.	Changes in assumptions or other inputs	713
8.	Total OPEB Expense	5,561

CITY OF BARTLETT				
SCHEDULE OF OUTFLOWS AND INFLOWS - OPEB CURRENT AND FUTURE EXPENSE				
SEPTEMBER 30, 2018				
	Recognition		2018	
	Period (or	Total (Inflow)	Recognized	Deferred
	amortization	or Outflow of	in current	(Inflow) Outflow
	yrs)	Resources	pension expense	in future expense
Due to Liabilities:				
Difference in expected and actual experience [actuarial (gains) or losses]	4.9500	\$ -	\$ -	\$ -
Difference in assumption changes [actuarial (gains) or losses]	4.9500	\$ 3,529	\$ 713	\$ 2,816
Contributions made subsequent to measurement date		provided by city	provided by city	provided by city
			\$ 713	\$ 2,816
Deferred Outflows and Deferred Inflows of Resources, by year, to be recognized in future pension expense as follows:				
	Net deferred			
	outflows			
	(inflows) of			
	resources			
2018	\$ 713			
2019	713			
2020	713			
2021	677			
2022	-			
Thereafter	-			
Total	\$ 2,816			

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

Exhibit A-11

NOTE 13 – DEFINED BENEFIT PENSION PLAN (Continued)

Other Information

Due to the SDBF being considered an unfunded OPEB plan, benefit payments are treated as being equal to the employer's yearly contributions for retirees. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits. In order to determine the retiree portion of the City's Supplemental Death Benefit Plan contributions (that which is considered OPEB), the City should perform the following calculation:
Total covered payroll * retiree Portion of SDB Contribution (Rate)

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 \$456,952. Utility customer deposits held at year end totaled \$67,830.

K. COMMITMENTS AND CONTINGENCIES

As of September 30, 2018, 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.

M. NOTE 18 – IMPLEMENTATION OF NEW ACCOUNTING STANDARDS

In the current fiscal year, the City implemented the following new standards:

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* ("ASB 68"), replaces the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of GASB Statement No. 50, *Pension Disclosures*, as they relate to pension plans administered as trusts or equivalent arrangements that meet certain criteria. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

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

Exhibit A-11

NOTE 13 – DEFINED BENEFIT PENSION PLAN (Continued)

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – and Amendment of GASB 68* (“GASB 71”), requires employer contributions made between the measurement date, which is the date used to determine an employer’s net pension liability (“NPL”), and the employer’s fiscal year end be reported as a deferred outflow of resources (“DOoR”).

GASB Statement No. 75, ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS. THIS NEW STANDARD REQUIRES A NET OPEB LIABILITY TO BE RECORDED, ALONG WITH OPEB EXPENSE, DEFERRED OUTFLOWS OF RESOURCES, AND A PRIOR PERIOD ADJUSTMENT. THE PRIOR PERIOD ADJUSTMENT IS 33,033, DEFERRED OUTFLOWS OF RESOURCES ARE 2,816, AND OPEB EXPENSE IS 5,561. THE NET OPEB LIABILITY IS 41,410.

NOTE N – LITIGATION

Attorneys representing the City of Bartlett note there are cases involving pending litigation with possible outcomes against the City. However, none of these cases may be reasonably estimated at this time with regard to the potential outcome or settlement amount. Also, none of the pending litigation would be considered material to the financial statements for audit purposes. Therefore, no contingent liabilities are recorded with regard to pending litigation.

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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		
<u>Operating Revenues</u>				
Water Service	\$ 527,636	\$ 527,636	\$ 542,203	\$ 14,567
Sewer Service	400,000	400,000	428,576	\$ 28,576
Municipal Light & Power System	995,000	995,000	1,362,441	\$ 367,441
Garbage service	167,000	167,000	165,121	\$ (1,879)
Garbage tax	13,800	13,800	2,183	\$ (11,617)
Penalty income	2,500	2,500	11,810	\$ 9,310
Interest income	700	700	1,102	\$ 402
Meter Connect/Service/Transfer fees	1,600	1,600	8,050	\$ 6,450
Water & Sewer Tap Fee	10,000	10,000	6,424	\$ (3,576)
Miscellaneous	-	-	4,153	\$ 4,153
Total Operating Revenues	2,118,236	2,118,236	2,532,063	413,827
<u>Operating Expenses</u>				
Cost of water		-	7,461	(7,461)
Cost of garbage services	157,800	157,800	140,289	17,511
Contract, Salaries and related expenses	470,485	470,485	126,871	343,614
Municipal Light & Power System	885,287	885,287	814,614	70,673
Wastewater expenses	303,624	303,624	89,414	214,210
Other services and charges	-	-	86,814	(86,814)
Depreciation/Capital outlay	-	-	279,841	(279,841)
Materials and Supplies	-	-	79,889	(79,889)
Total Operating Expenses	1,817,196	1,817,196	1,625,193	192,003
Operating Income	301,040	301,040	906,870	(605,830)
Nonoperating Revenues (Expenses)				
Grant income	-	-	55,184	55,184
Interest income	-	-	-	-
Interest expense	-	-	(4,276)	(4,276)
Total nonoperating revenues (expenses)	-	-	50,908	50,908
Excess (Deficiency) of Revenues				
Over Expenditures:	301,040	301,040	957,778	656,738
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	(819,259)	(819,259)
Total Other Financing Sources (Uses)	-	-	(819,259)	(819,259)
Net Change in Fund Balance	301,040	301,040	138,519	(162,521)
Fund Balances - beginning of year	837,315	837,315	837,315	
Prior period adjustment			-	
Fund Balances - end of year	\$1,138,355	\$1,138,355	975,834	(\$162,521)

The accompanying notes are an integral part of the financial statements.-48-

CITY OF BARTLETT, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE BUDGET TO ACTUAL – GENERAL FUND
For the Year Ended September 30, 2018

	Original	Final	Actual Amounts	Variance with Final Budget
Revenues				
Ad valorem tax	\$272,471	\$272,471	286,459	\$13,988
Sales tax	112,600	112,600	113,781	1,181
Franchise fees	25,000	25,000	22,416	(2,584)
Fine and forfeitures	55,000	55,000	158,283	103,283
Miscellaneous income	5,600	5,600	7,641	2,041
Licenses and permits	3,200	3,200	11,057	7,857
Cemetary revenue	3,600	3,600	11,620	8,020
Interest income	133	133	203	70
Rental fees	450	450		
Pool revenue	3,900	3,900	-	(3,900)
Library revenues	250	250		
Total Revenue	482,204	\$482,204	611,460	\$129,956
Expenditures				
Current:				
General government	216,867	216,867	584,613	(367,746)
Public Safety	359,632	359,632	292,829	66,803
Court Expenses	85,596	85,596	121,769	(36,173)
Public Works	111,291	111,291	263,984	(152,693)
Cultural & Recreation	87,842	87,842	124,672	(36,830)
Debt Service:				
Principal	133,612	133,612	41,219	92,393
Interest and fiscal charges	-	-	4,276	(4,276)
Capital Outlay:				
	-	-	-	-
Total Expenditures	994,840	994,840	1,433,362	(438,522)
Excess (Deficiency) of Revenues				
Over Expenditures:	(512,636)	(512,636)	(821,902)	(308,566)
Other Financing Sources (Uses):				
Transfers in	-	-	819,259	819,259
Transfers out			-	-
Total Other Financing Sources (Uses)	-	-	819,259	819,259
Net Change in Fund Balance	(512,636)	(512,636)	(2,643)	\$510,693
Fund Balances - beginning of year	219,689	219,689	219,689	
Fund Balances - end of year	(\$292,947)	(\$292,947)	\$217,046	\$510,693

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

CITY OF BARTLETT
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

2018-2 No Authorization for Loan Agreement Found in Minutes

Condition: No authorization or discussion was found regarding a new loan issued for \$500,000 during the fiscal year.

Criteria: Internal control procedures should be in place to assure that proper authorization exists for all transactions.

Effect: Legal issues could exist if proper authorization for loans is not present.

Cause: No documentation regarding the new loan could be found in the minutes.

Recommendation: The City of Bartlett needs to ensure proper authorization exists for all transactions.

City's response: The city administrator will ensure proper authorization is present for all transactions.

CITY OF BARTLETT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2018

The City Administrator will ensure the most accurate accounting information is used and only one trial balance is maintained.

The City Administrator will ensure proper authorization is present for all transactions.