

CITY OF BARTLETT, TEXAS  
BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTAL SCHEDULES  
AND INDEPENDENT AUDITOR'S REPORT  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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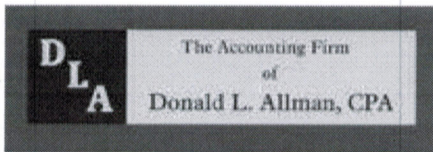
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Donald L. Allman, CPA, PC  
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CERTIFIED PUBLIC ACCOUNTANT

## **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, 2020, 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, 2020, 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 October 4, 2021 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  
October 4, 2021

## **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, 2020. 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 \$(411,473) as a result of this year's operations. This included a (\$944,877) net position decrease in the general fund, before transfers, and a \$533,404 net increase in the proprietary fund, before transfers.

The General Fund ended the year with a fund balance of \$(140,161) on a governmental funds basis, a \$(223,081) decrease.

The total revenues of all the City's programs \$2,872,519.

The total cost of all the City's programs was \$3,283,992.

### **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**

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

**Table I  
NET POSITION**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Government</b>	<b>Primary</b>
	2020	2019	2020	2019	2020	2019
Current and other assets	384,476	445,239	869,847	947,899	1,254,323	1,393,138
Noncurrent and capital assets	794,741	815,250	1,342,700	1,446,925	2,137,441	2,262,175
Total Assets	1,179,217	1,260,489	2,212,547	2,394,824	3,391,764	3,655,313
Deferred Outflows of Resources	(45,399)	19,972	(27,111)	9,321	(72,510)	29,293
Current Liabilities	276,367	211,914	228,052	164,743	504,419	376,657
Long-term Liabilities	203,023	145,132	1,005,216	1,241,816	1,208,239	1,386,948
Total Liabilities	479,390	357,046	1,233,268	1,406,559	1,712,658	1,763,605
Deferred Inflows of Resources	141,883	75,189	67,052	36,678	208,935	111,867
Net Position:						
Net Investment in Capital Assets	646,787	714,000	337,484	297,811	984,271	1,011,811
Restricted for:						
Special Purpose	-	-			-	-
Debt Service	48,784	46,436	174,179	137,220	222,963	183,656
Unrestricted	(183,026)	87,790	373,453	525,877	190,427	613,667
Total Net Position	\$512,545	\$848,226	\$885,116	\$960,908	\$1,397,661	\$1,809,134



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

**Table II  
CHANGE IN NET POSITION**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
<b>Program Revenues:</b>						
Charges for Services	\$3,335	18,678	\$2,326,913	\$2,412,784	\$2,330,248	\$2,431,462
Fines & forfeitures	106,257	\$124,366		\$0	106,257	\$124,366
Operating grants and contributions	0	11,047	0	0	0	\$11,047
<b>General Revenues:</b>						
Property tax	280,836	285,506			280,836	\$285,506
Sales tax	110,713	51,156			110,713	\$51,156
Franchise fees	42,605	36,151			42,605	\$36,151
Investment earnings	1,495	8	0	0	1,495	\$8
Miscellaneous	365	208,860	0	0	365	\$208,860
Transfers	609,196	814,174	(609,196)	(814,174)	0	\$0
<b>Total Revenue</b>	<b>1,154,802</b>	<b>1,549,946</b>	<b>1,717,717</b>	<b>1,598,610</b>	<b>2,872,519</b>	<b>3,148,556</b>
<b>Expenses:</b>						
General government	731,333	688,180			731,333	688,180
Public Safety	403,405	571,952			403,405	571,952
Court Expenses	66,853	90,686			66,853	90,686
Public Works	233,536	293,460			233,536	293,460
Culture & Recreation	49,402	43,293			49,402	43,293
Interest on long-term debt	5,954	5,954	-	-	5,954	5,954
Water and Sewer			1,793,509	1,643,791	1,793,509	1,643,791
<b>Total Expenses</b>	<b>1,490,483</b>	<b>1,693,525</b>	<b>1,793,509</b>	<b>1,643,791</b>	<b>3,283,992</b>	<b>3,337,316</b>
<b>Change in net position</b>	<b>(335,681)</b>	<b>(143,579)</b>	<b>(75,792)</b>	<b>(45,181)</b>	<b>(411,473)</b>	<b>(188,760)</b>
Net position - beginning	848,226	991,805	960,908	1,006,089	1,809,134	1,997,894
Net position - ending	512,545	848,226	885,116	960,908	1,397,661	1,809,134

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

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)**

A large portion of the City's net position (70 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*, \$190,427 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 2020, revenues from governmental activities totaled \$545,606. Property Taxes are the largest components of revenues (51 percent). Sales taxes (20%) and Fines and forfeitures (19%) are the next highest revenue sources.

For fiscal year 2020, expenses for governmental activities totaled \$1,490,483. 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 \$2,326,913 for the fiscal year ending September 30, 2020. Expenses for the City's business-type activities were \$1,793,509. 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 \$(140,161), which is less than last year's total of \$82,920.

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

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

#### **Capital Assets**

At the end of 2020, the City had \$2,137,441 invested in a broad range of capital assets, including facilities and equipment and land. There were \$218,257 in capital asset additions in Fiscal Year 2020.

#### **Debt**

The City had long-term indebted obligations of \$1,153,170 down from the \$1,278,645 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 2020 budget and tax rate.

The City adopted a \$3,222,808 budget for fiscal year 2019-2020. 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, 2020**

	Primary Government		Component Unit	
	Governmental Activities	Business-type Activities	Total	Bartlett Municipal Development District
<b>ASSETS</b>				
Cash and cash equivalents	128,053	594,961	723,014	94,389
Property taxes, net of allowance for uncollectibles	\$99,136		99,136	
Other Receivables, net of allowance for uncollectibles	8,153	\$201,433	209,586	
Inventory	-	-	-	
Net Pension Position	149,134	73,453	222,587	
Capital assets not being depreciated:				
Land	25,000	78,821	103,821	
Capital assets, net of accumulated depreciation				
Machinery and Equipment	186,571	-	186,571	
Buildings & Improvements	583,170		583,170	
Utility system	-	1,263,879	1,263,879	
Due from Other Funds	-	-	-	
Total Capital Assets	794,741	1,342,700	2,137,441	-
Total Assets	1,179,217	2,212,547	3,319,254	94,389
Deferred Outflows - Pension Plan	(45,399)	(27,111)	(72,510)	
<b>LIABILITIES</b>				
Accounts payable	52,127	99,717	151,844	
Accrued liabilities	224,240	128,335	352,575	
Due to Other Funds			-	
Noncurrent liabilities:			-	
Net OPEB Liability	55,069		55,069	
Due within one year	41,746	145,643	145,643	
Due within more than one year	106,208	859,573	965,781	
Total Liabilities	479,390	1,233,268	1,670,912	-
Deferred Inflows of Resources	141,883	67,052	208,935	
<b>NET POSITION</b>				
Net Investment in Capital Assets	646,787	337,484	984,271	
Restricted for:				
Debt Service	48,784	174,179	222,963	
Unrestricted	(183,026)	373,453	190,427	94,389
Total Net Position	512,545	885,116	1,397,661	94,389

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

**CITY OF BARTLETT, TEXAS**  
**STATEMENT OF ACTIVITIES**  
**September 30, 2020**

<u>Functions / Programs</u>	<u>Program Revenues</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Primary government:			
Governmental activities:			
General Government	\$ 731,333	\$3,335	\$0
Public safety	403,405	0	0
Court expenses	66,853	106,257	
Public works	233,536	0	
Culture & Recreation	49,402	0	0
Interest on long-term debt	5,954	0	
Total governmental activities	<u>1,490,483</u>	<u>109,592</u>	<u>0</u>
Business-type activities:			
Water, Sewer and Sanitation	<u>1,793,509</u>	<u>2,326,913</u>	<u>0</u>
Total business-type activities	<u>1,793,509</u>	<u>2,326,913</u>	<u>0</u>
Total primary government	<u>3,283,992</u>	<u>2,436,505</u>	<u>0</u>
Component Unit:			
Economic Development Corporation	<u>\$3,052</u>		<u>\$0</u>
Total Component Unit	<u>\$3,052</u>	<u>\$0</u>	<u>\$0</u>

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	
<b>Functions / Programs</b>				
Primary government:				
Governmental activities:				
General Government	(727,998)		(727,998)	
Public safety	(403,405)		(403,405)	
Court	39,404		39,404	
Public Services	(233,536)		(233,536)	
Culture & Recreation	(49,402)		(49,402)	
Interest on long-term debt	(5,954)		(5,954)	
Total governmental activities	(1,380,891)	-	(1,380,891)	-
Business-type activities:				
Water, Sewer and Sanitation		533,404	533,404	
Total business-type activities	-	533,404	533,404	-
Total primary government	(1,380,891)	533,404	(847,487)	-
Component Unit:				
Economic Development Corporation				(3,052)
Total Component Unit	-	-	-	(3,052)
General Revenues:				
Property tax	280,836		280,836	
Sales tax	110,713		110,713	23,223
Franchise fees	42,605		42,605	
Investment earnings	1,495	-	1,495	-
Miscellaneous	365	-	365	-
Transfers	609,196	(609,196)	-	
Total General Revenues	1,045,210	(609,196)	436,014	23,223
Change in net position	(335,681)	(75,792)	(411,473)	20,171
Net Position - Beginning	848,226	960,908	1,809,134	74,218
Prior Period Adjustment	-	-	-	
Net Position - Ending	512,545	885,116	1,397,661	94,389

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

**CITY OF BARTLETT, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
September 30, 2020**

<u>ASSETS</u>	<u>General</u>	<u>Debt Service</u>	<u>Total</u>
Cash	79,269	48,784	128,053
Taxes receivable	\$99,136		99,136
Inventory	-		-
Other receivables, net of allowance for uncollectibles	8,153		8,153
Due from other funds	-		-
Total Assets	<u>186,558</u>	<u>48,784</u>	<u>235,342</u>
 <b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	52,127		52,127
Accrued expenses	224,240		224,240
Due to other funds	-		-
Unearned revenues	\$99,136		99,136
Total Liabilities	<u>375,503</u>		<u>375,503</u>
Fund Balances:			
Nonspendable	-		-
Restricted for Debt Service		48,784	48,784
Assigned	-		-
Unassigned	(188,945)		(188,945)
Total Fund Balances	<u>(188,945)</u>	<u>48,784</u>	<u>(140,161)</u>
Total Liabilities and Fund Balances	<u>186,558</u>	<u>48,784</u>	<u>235,342</u>

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, 2020**

Total fund balances-governmental funds		(140,161)
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		149,134
Land	\$25,000	
Buildings and Improvements	2,670,630	
Furniture and Equipment	534,770	
Accumulated Depreciation	(2,435,659)	
Total capital assets	<u>\$794,741</u>	\$794,741
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	(45,399)	(45,399)
Unearned Property taxes not collected	<u>\$99,136</u>	\$99,136
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	(55,069)	
Longterm Liabilities	147,954	
Deferred Inflows Pension Plan	141,883	<u>(344,906)</u>
Net position of governmental activities		<u>\$512,545</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, 2020**

<u>Revenues</u>	General	Debt Service	Total
Ad valorem tax	312,338		\$312,338
Sales tax	110,713		110,713
Franchise fees	42,605		42,605
Fine and forfeitures	106,257		106,257
Licenses and permits	3,335		3,335
Donations income	0		0
Miscellaneous & other services	365	0	365
Interest income	1,495		1,495
Total Revenues	577,108	0	577,108
<u>Expenditures</u>			
Current:			
General government:			
Administration	618,202		618,202
Public Safety	391,066		391,066
Court expenses	66,853		66,853
Public Works	213,200		213,200
Culture & Recreation	46,566		46,566
Debt Service:			0
Principal	0	54,002	54,002
Interest and fiscal cost	0	5,954	5,954
Bond issuance cost	0		0
Capital Outlay	85,967		85,967
Total Expenditures	1,421,854	59,956	1,481,810
Deficiency of Revenues Over Expenditures	(844,746)	(59,956)	(904,702)
Other Financing Sources:			
Transfers in	609,196	62,304	671,500
Transfers out	(62,304)	0	(62,304)
Loan proceeds	72,425		72,425
Total Other Financing Sources	619,317	62,304	681,621
Net Change in Fund Balance	(225,429)	2,348	(223,081)
Fund Balances - beginning of year	36,484	46,436	82,920
Fund Balances - end of year	(\$188,945)	\$48,784	(\$140,161)

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, 2020**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances ----- total governmental funds (\$223,081)

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.

Loan proceeds for Capital Outlay		(72,465)
Capital outlay expenditures	\$85,967	
Depreciation expense	(106,476)	
	<u>(\$20,509)</u>	(\$20,509)
Payroll Taxes accrued and not paid		(121,924)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Debt Service		54,002
Property taxes not collected	\$99,136	
Less prior year	(130,638)	
	<u>(\$31,502)</u>	(\$31,502)

Total Pension Expense is not recognized in Governmental funds 0

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	\$129,367	
Decrease in deferred outflows/inflows	(49,569)	
	<u>\$79,798</u>	\$79,798

Change in net position of governmental activities (\$335,681)

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

**CITY OF BARTLETT, TEXAS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**September 30, 2020**

		Business-type Activities Enterprise Fund
		Water, Sewer and Sanitation Fund
<b><u>ASSETS</u></b>		
Current assets:		
Cash and cash equivalents	\$	594,961
Accounts receivable		201,433
Net Pension Position		73,453
Inventory		-
Total Current Assets		869,847
Capital assets:		
Land		78,821
Electric System		694,396
Utility System		6,731,244
Furniture and Equipment		335,873
Construction in Progress		691,453
Less accumulated depreciation		(7,189,087)
Total capital assets		1,342,700
Total Assets		2,212,547
Deferred Outflows of Resources		(27,111)
<b><u>LIABILITIES</u></b>		
Current liabilities:		
Accounts payable		99,717
Accrued expenses		-
Customer deposits		128,335
Due to Other Funds		-
Current portion of long-term debt		145,643
Total Current liabilities		373,695
Non-Current liabilities		
Bonds payable		859,573
Total Liabilities		1,233,268
<b><u>NET POSITION</u></b>		
Net Investment in Capital Assets		337,484
Restricted for debt service		174,179
Unrestricted		373,453
Total Net Position	\$	885,116
Deferred Inflows of Resources		67,052

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, 2020**

	Business-type Activities Enterprise Fund
	Water, Sewer and Sanitation Fund
<b><u>Operating Revenues</u></b>	
Water, Sewer, and Sanitation	\$2,326,913
Miscellaneous	0
Total Operating Revenues	2,326,913
<b><u>Operating Expenses</u></b>	
Garbage collection cost	203,987
Purchased Power	626,673
Purchased water	0
Contract Services & related exp	406,073
Materials and Supplies	95,444
Equipment repairs and maintenance	116,060
Depreciation	236,515
Other services and charges	76,087
	1,760,839
Total Operating Expenses	1,760,839
Operating Income	566,074
<b><u>Nonoperating Revenues</u></b>	
Grant Funds received	-
Interest Income	0
Interest expense	(32,670)
Total Nonoperating Revenues (Expenses)	(32,670)
Income Before Transfers	533,404
Transfers Out	(609,196)
Change in Net Position	(75,792)
Net Position - beginning	960,908
Prior Period Adjustment	0
Net Position - ending	885,116

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, 2020**

	Business-type Activities Enterprise Fund
	Water, Sewer and Sanitation Fund
<b><u>Cash Flows from Operating Activities</u></b>	
Cash received from customers	\$2,445,334
Cash paid to suppliers	(1,108,998)
Cash paid to employees	(406,073)
Net Cash Provided by Operating Activities	930,263
<b><u>Cash Flows from Noncapital Financing Activities</u></b>	
Transfer out - cash only	(609,196)
Net Cash used by Noncapital Financing Activities	(609,196)
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>	
Grant funds received	0
Capital asset expenditures	(132,290)
Principal proceeds received	0
Principal paid	(143,898)
Interest paid	(32,670)
Net Cash Used by Capital and Related Financing Activities	(308,858)
<b><u>Cash Flows from Investing Activities</u></b>	
Decrease in invested cash	(35,558)
Interest received	0
Net Cash Provided by Investing Activities	(35,558)
Net Increase in Cash and Cash Equivalents	(23,349)
Cash and cash equivalents - beginning of year	618,310
Cash and cash equivalents - end of year	\$594,961
<b><u>Reconciliation of operating income to net cash provided by operating activities:</u></b>	
Operating income	566,074
Adjustments to reconcile operating loss to net cash provided by Operating Activities:	0
Depreciation expense	236,515
Decrease in accounts receivable	118,421
Decrease in inventory	0
Increase in accounts payable	82,632
increase in accrued liabilities	(92,702)
Increase in customer deposits	19,323
Total Adjustments	364,189
Net Cash Provided by Operating Activities	\$930,263

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 tolls 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, 2019

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	\$ 503,349
Public Safety	\$ 231,983
Court Expenses	\$ 195,993

The City was over budget overall in the General Fund by \$448,950.

**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, 2020, the City's deposit balances were as follows:

	<b>Primary Government</b>	<b>Component Unit</b>	<b>Total Reporting Entity</b>
1. Insured (FDIC)	\$250,000	94,389	\$344,389
2 Uninsured, collateralized with securities held by pledging financial institution's agent in the entity's name.	473,014		473,014
4. Uninsured and uncollateralized			
<b>Total Deposits</b>	<b>\$723,014</b>	<b>\$94,389</b>	<b>\$817,403</b>
<b>Carrying Amount</b>	<b>\$723,014</b>	<b>\$94,389</b>	<b>\$817,403</b>

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, 2019 (fiscal year ended September 30, 2020) was \$280,836.

The tax assessment of October 1, 2019 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, 2020, are as follows:

	<b>General Fund</b>
Current Taxes Receivable	\$44,803
Delinquent Taxes Receivable	54,333
	\$99,136

**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:

	<b>General</b>	<b>Water and Sewer</b>
Receivables:		
Property Taxes	\$99,136	\$0
Accounts and other receivables	0	201,433
Less: allowance for uncollectibles	0	0
Sales Tax	8,153	0
State Court Costs	0	
Net total receivables	\$107,289	\$201,433

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, 2020, were as follows:

	<b>General</b>	<b>Water and Sewer</b>
Accounts Payable:	52,127	99,717
Accrued liabilities	224,240	-
Customer deposits		128,335
<b>Total Payables</b>	<b>276,367</b>	<b>228,052</b>

**D. INTERFUND RECEIVABLES AND PAYABLES**

Individual interfund receivable and payable balances at September 30, 2020 were:

	<b>Due from Other Funds</b>	<b>Due to Other Funds</b>
General Fund	\$0	\$0
Water, Sewer and Sanitation Fund	0	0
<b>Total All Funds</b>	<b>\$0</b>	<b>\$0</b>

**E. CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2020 was as follows:

	<b>Beginning Balance</b>	<b>Increase</b>	<b>(Decrease)</b>	<b>Ending Balance</b>
<b>Governmental Activities</b>				
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	448,803	85,967		534,770
Total capital assets, being depreciated	3,119,433	85,967	0	3,205,400
Less accumulated depreciation	(2,329,183)	(106,476)	0	(2,435,659)
Total capital assets, being depreciated net	790,250	(20,509)	0	769,741
Governmental capital assets, net	815,250	(20,509)	0	794,741

**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
<b>Business-type activities</b>				
Land	78,821			78,821
Total capital assets, not being depreciated	78,821	-		78,821
Capital assets, being depreciated:				
Utility System	6,731,244	-		6,731,244
Furniture and Equipment	335,873	-		335,873
Electric System	694,396	-		694,396
Construction in progress	559,163	132,290	-	691,453
Less accumulated depreciation	(6,952,572)	(236,515)		(7,189,087)
Total capital assets, being depreciated	1,368,104	(104,225)	-	1,263,879
Business-type capital assets, net	1,446,925	(104,225)	-	1,342,700

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

Governmental activities:	
General Government	70,965
Public Safety	12,339
Public Works	20,336
Library	\$2,836
Total depreciation expense - governmental activities	<u>\$106,476</u>
Business-type activities:	
Water, sewer and sanitation	<u>\$236,515</u>
Total depreciation expense - business-type activities	<u>\$236,515</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, 2020:

	<b>Governmental- Type Activities</b>
\$72,425 Capital lease maturing in July 2023, 36 payments of \$2,093.15 with an interest rate of 2.59%.	\$68,547
\$80,000 note payable to a local bank amortized over 15 years, \$578 in monthly payments including interest, renewable annually.	52,772
Lease purchase agreement with a local bank payable with six annual installments of \$7,288, through March 1, 2021.	7,288
Lease purchase agreement with monthly payments of \$563.03,	19,347
Total Debt	\$147,954
	<b>Business-Type Activities</b>
\$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	645,000
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%.	360,216
Total Debt	\$1,005,216

Fiscal Year Ending	Principal	Interest	Total
2021	41,746	7,038	48,784
2022	35,076	3,126	38,202
2023	30,600	1,911	32,511
2024	4,080	1,170	5,250
2025	4,080	1,080	5,160
Thereafter	32,372	9,075	41,447
Total	\$147,954	\$23,400	\$171,354

Fiscal Year Ending	Principal	Interest	Total
2021	145,643	28,536	174,179
2022	152,457	24,272	176,729
2023	154,343	19,876	174,219
2024	161,303	15,346	176,649
2025	163,342	9,305	172,647
2026	228,128	9,536	237,664
Total	1,005,216	106,871	1,112,087

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

**III. DETAILED NOTES ON ALL FUNDS (Continued)**  
**F. LONG-TERM DEBT**

	Amounts Outstanding 10/1/2019	Additions	Retirements	Amounts Outstanding 9/30/2020	Current Portion
General Fund:					
General Obligation					
Bonds Payable					
Time Warrants	32,000		32,000	-	-
Note Payable	56,852	0	4,080	52,772	4,080
Lease Payable		72,425	3,878	68,547	23,622
Lease Payable	26,103	-	6,756	19,347	6,756
Lease Purchase	14,576		7,288	7,288	7,288
Long-term liabilities	129,531	72,425	54,002	147,954	41,746
Utility Fund:					
Bonds Payable	745,000		100,000	645,000	100,000
Note Payable	404,114	-	43,898	360,216	45,643
Long-term liabilities	1,149,114	-	143,898	1,005,216	145,643

**III. DETAILED NOTES ON ALL FUNDS (Continued)**

**G. DEFERRED REVENUE**

Deferred revenue at year end consisted of the following

General Fund:	
Property Taxes:	<u>\$99,136</u>

**H. INTERFUND TRANSFERS**

Inter-fund transfers during the year ended September 30, 2020 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	609,196	
Water, Sewer and Sanitation Fund		609,196
Total	<u>\$609,196</u>	<u>\$609,196</u>

**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](http://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, 2019 valuation and measurement date, the following employees were covered by the benefit terms.

Inactive employees or beneficiaries currently receiving benefits	9
Inactive employees entitled to but not yet receiving benefits	28
Active employees	<u>12</u>
Total	49

**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 6.75% and 6.75% in calendar years 2018 and 2019 respectively. The city's contributions to TMRS for the year ended September 30, 2020 were \$38,238, and were equal to the required contributions.

D. Net Pension Liability

The city's Net Pension Liability (NPL) was measured as of December 31, 2019, 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, 2019 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, 2019, 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**

<b>A. Total pension liability</b>		
1. Service Cost		88,767
2. Interest (on the Total Pension Liability)		84,263
3. Changes of benefit terms		-
4. Difference between expected and actual experience		(97,046)
5. Changes of assumptions		6,185
6. Benefit payments, including refunds of employee contributions		(65,106)
7. Net change in total pension liability	\$	17,063
8. Total pension liability - beginning		1,236,515
9. Total pension liability - ending		<u>1,253,578</u>
<b>B. Plan fiduciary net position</b>		
1. Contributions - employer		42,299
2. Contributions - employee		38,238
3. Net investment income		195,855
4. Benefit payments, including refunds of employee contributions		(65,106)
5. Administrative Expense		(1,106)
6. Other		(32)
7. Net change in plan fiduciary net position	\$	210,148
8. Plan fiduciary net position - beginning		1,266,017
9. Plan fiduciary net position - ending		<u>1,476,165</u>
<b>C. Net pension liability [A.9-B.9]</b>		<u>(222,587)</u>
<b>D. Plan fiduciary net position as a percentage of the total pension liability [B.9 / A.9]</b>		117.76%
<b>E. Covered-employee payroll</b>	\$	546,261
<b>F. Net pension liability as a percentage of covered employee payroll [C / E]</b>		-40.75%

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	\$(10,584)	\$(222,587)	\$(391,839)

**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](http://www.tmr.com)



**CITY OF BARTLETT**  
**SCHEDULE OF PENSION EXPENSE**  
**SEPTEMBER 30, 2020**

1. Total Service Cost	\$ 88,767
2. Interest on the Total Pension Liability	84,263
3. Current Period Benefit Changes	-
4. Employee Contributions (Reduction of Expense)	(38,238)
5. Projected Earnings on Plan Investments (Reduction of Expense)	(85,456)
6. Administrative Expense	1,106
7. Other Changes in Fiduciary Net Position	33
8. Recognition of Current Year Outflow (Inflow) of Resources - Liabilities	(39,334)
9. Recognition of Current Year Outflow (Inflow) of Resources - Assets	(22,080)
10. Amortization of Prior Year Outflows (Inflows) of Resources - Liabilities	(2,287)
11. Amortization of Prior Year Outflows (Inflows) of Resources - Assets	<u>22,581</u>
12. Total Pension Expense	\$ 9,355

**CITY OF BARTLETT**  
**SCHEDULE OF OUTFLOWS AND INFLOWS - CURRENT AND FUTURE EXPENSE**  
**SEPTEMBER 30, 2020**

A.	Recognition Period (or amortization yrs)	Total (Inflow) or Outflow of Resources	2020 Recognized in current pension expense	Deferred (Inflow) Outflow in future expense
<u>Due to Liabilities:</u>				
Difference in expected and actual experience [actuarial (gains) or losses]	2.3100	\$ (97,046)	\$ (42,011)	\$ (55,035)
Difference in assumption changes [actuarial (gains) or losses]	2.3100	\$ 6,185	\$ 2,677	\$ 3,508
			<u>\$ (39,334)</u>	<u>\$ (51,527)</u>
<u>Due to Assets:</u>				
Difference in projected and actual earnings on pension plan investments [actuarial (gains) or losses]	5.0000	\$ (110,399)	\$ (22,080)	\$ (88,319)
			<u>\$ (22,080)</u>	<u>\$ (88,319)</u>
<u>Total:</u>				<u>\$ (139,846)</u>

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

B.	Net deferred outflows (inflows) of resources
2020	\$ (50,607)
2021	(24,595)
2022	2,972
2023	(22,079)
2024	-
Thereafter	-
Total	<u>\$ (94,309)</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)

2015 0.03% 0.03% 100.0%

2016 0.04% 0.04% 100.0%

2017 0.04% 0.04% 100.0%

2018 0.07% (city to provide) (city to provide)

2019 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**

	<b>Increase (Decrease)</b>
	<b><u>Total OPEB Liability</u></b>
<b>Balance at 12/31/19</b>	<b>\$43,882</b>
Changes for the year	
Service Cost	4,479
Interest on Total OPEB liability	1,705
Changes of benefit terms	0
Differences between expected and actual experience	(3,265)
Changes in assumption or other inputs	8,596
Benefit payments	(328)
Net changes	11,187
Total OPEB Liability – end of year	<b>\$ 55,069</b>
 Total OPEB Liability as a Percentage of Covered Payroll	 10.08%

**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	\$67,399	\$55,069	\$45,656

**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, 2020**

1. Total Service Cost	\$ 4,479
2. Interest on the Total OPEB Liability	1,705
3. Changes in benefit terms	-
4. Employer Administrative costs	-
5. Recognition of deferred outflows/inflows of resources	-
6. Differences between expected and actual experience	(490)
7. Changes in assumptions or other inputs	1,924
8. Total OPEB Expense	<u>7,618</u>

**CITY OF BARTLETT**  
**SCHEDULE OF OUTFLOWS AND INFLOWS - OPEB CURRENT AND FUTURE EXPENSE**  
**SEPTEMBER 30, 2020**

<u>Due to Liabilities:</u>	<u>Recognition Period (or amortization yrs)</u>	<u>Total (Inflow) or Outflow of Resources</u>	<u>2020 Recognized in current pension expense</u>	<u>Deferred (Inflow) Outflow in future expense</u>
Difference in expected and actual experience [actuarial (gains) or losses]	4.6100	\$ (3,265)	\$ (708)	\$ (2,557)
Difference in assumption changes [actuarial (gains) or losses]	4.6100	\$ 8,596	\$ 1,865	\$ 6,731
Contributions made subsequent to measurement date		provided by city	provided by city	provided by city
			<u>\$ 1,157</u>	<u>\$ 4,174</u>

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

	<u>Net deferred outflows (inflows) of resources</u>
2020	\$ 1,434
2021	1,398
2022	739
2023	703
2024	-
Thereafter	-
Total	<u>\$ 4,274</u>

**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 \$201,433. Utility customer deposits held at year end totaled \$128,335.

**K. COMMITMENTS AND CONTINGENCIES**

As of September 30, 2020, 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”).

**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, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		
<b><u>Operating Revenues</u></b>				
Water Service	\$ 510,180	\$ 510,180	\$ 447,938	\$ (62,242)
Sewer Service	277,108	277,108	253,122	\$ (23,986)
Municipal Light & Power System	1,224,000	1,224,000	1,303,445	\$ 79,445
Garbage service	277,100	277,100	216,917	\$ (60,183)
Garbage tax	6,000	6,000	17,549	\$ 11,549
Penalty income	47,105	47,105	4,800	\$ (42,305)
Interest income	1,000	1,000	133	\$ (867)
Meter Connect/Service/Transfer fees	25,000	25,000	1,178	\$ (23,822)
Water & Sewer Tap Fee	10,000	10,000	20,000	\$ 10,000
Miscellaneous	35,150	35,150	61,831	\$ 26,681
<b>Total Operating Revenues</b>	<b>2,412,643</b>	<b>2,412,643</b>	<b>2,326,913</b>	<b>(85,730)</b>
<b><u>Operating Expenses</u></b>				
Cost of water	239,978	239,978	-	239,978
Cost of garbage services	138,600	138,600	203,987	(65,387)
Contract, Salaries and related expenses	1,202,414	1,202,414	406,073	796,341
Municipal Light & Power System	917,754	917,754	626,673	291,081
Wastewater expenses	220,220	220,220	116,060	104,160
Other services and charges	-	-	76,087	(76,087)
Depreciation/Capital outlay	-	-	236,515	(236,515)
Materials and Supplies	-	-	95,444	(95,444)
<b>Total Operating Expenses</b>	<b>2,718,966</b>	<b>2,718,966</b>	<b>1,760,839</b>	<b>958,127</b>
<b>Operating Income</b>	<b>(306,323)</b>	<b>(306,323)</b>	<b>566,074</b>	<b>(872,397)</b>
<b>Nonoperating Revenues (Expenses)</b>				
Grant income	-	-	-	-
Interest income	-	-	-	-
Interest expense/Debt service	(126,472)	(126,472)	(32,670)	93,802
<b>Total nonoperating revenues (expenses)</b>	<b>(126,472)</b>	<b>(126,472)</b>	<b>(32,670)</b>	<b>(32,670)</b>
<b>Excess (Deficiency) of Revenues</b>				
Over Expenditures:	(432,795)	(432,795)	533,404	966,199
<b>Other Financing Sources (Uses):</b>				
Loan Repayment	308,362	308,362	-	(308,362)
Transfers out	-	-	(609,196)	(609,196)
<b>Total Other Financing Sources (Uses)</b>	<b>308,362</b>	<b>308,362</b>	<b>(609,196)</b>	<b>(917,558)</b>
<b>Net Change in Fund Balance</b>	<b>(124,433)</b>	<b>(124,433)</b>	<b>(75,792)</b>	<b>48,641</b>
Fund Balances - beginning of year	960,908	960,908	960,908	
Prior period adjustment			-	
<b>Fund Balances - end of year</b>	<b>\$836,475</b>	<b>\$836,475</b>	<b>885,116</b>	<b>\$48,641</b>

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, 2020**

	Original	Final	Actual Amounts	Variance with Final Budget
<b><u>Revenues</u></b>				
Ad valorem tax	\$277,343	\$277,343	312,338	\$34,995
Sales tax	95,000	95,000	110,713	15,713
Franchise fees	25,000	25,000	42,605	17,605
Fine and forfeitures	94,000	94,000	106,257	12,257
Miscellaneous income	1,220	1,220	365	(855)
Licenses and permits	1,800	1,800	3,335	1,535
Cemetary revenue	2,000	2,000	-	(2,000)
Interest income	80	80	1,495	1,415
Rental fees	2,000	2,000	0	(2,000)
Pool revenue	3,300	3,300	-	(3,300)
Library revenues	60	60	-	(60)
Total Revenue	<u>501,803</u>	<u>\$501,803</u>	<u>577,108</u>	<u>\$75,365</u>
<b><u>Expenditures</u></b>				
Current:				
General government	114,853	114,853	618,202	(503,349)
Public Safety	159,083	159,083	391,066	(231,983)
Court Expenses	36,229	36,229	66,853	(30,624)
Public Works	17,207	17,207	213,200	(195,993)
Cultural & Recreation	20,927	20,927	46,566	(25,639)
Debt Service:				
Principal	-	-	54,002	(54,002)
Interest and fiscal charges	-	-	5,954	(5,954)
Capital Outlay:	-	-	85,967	(85,967)
Total Expenditures	<u>348,299</u>	<u>348,299</u>	<u>1,481,810</u>	<u>(1,133,511)</u>
Excess (Deficiency) of Revenues Over Expenditures:				
	153,504	153,504	(904,702)	(1,058,146)
Other Financing Sources (Uses):				
Loan Proceeds			72,425	
Transfers in	-	-	609,196	609,196
Transfers out			-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>681,621</u>	<u>609,196</u>
Net Change in Fund Balance	153,504	153,504	(223,081)	(\$448,950)
Fund Balances - beginning of year	82,920	82,920	82,920	
Fund Balances - end of year	<u>\$236,424</u>	<u>\$236,424</u>	<u>(\$140,161)</u>	<u>(\$448,950)</u>

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)**

<b>A. Total pension liability</b>	2014	2015	2016	2017	2018	2019
1. Service Cost	\$ 88,003	91,795	85,020	81,795	81,178	88,767
2. Interest (on the Total Pension Liability)	56,009	64,479	60,632	71,210	76,900	84,263
3. Changes of benefit terms	-	-	-	-	-	-
4. Difference between expected and actual experience	13,000	(152,675)	38,744	(31,009)	5,759	(97,046)
5. Changes of assumptions	-	17,527	-	-	-	6,185
6. Benefit payments, including refunds of employee contributions	(23,956)	(51,862)	(29,354)	(22,804)	(51,978)	(65,106)
7. Net change in total pension liability	\$ 133,056	\$ (30,736)	155,042	99,192	111,859	17,063
8. Total pension liability - beginning	768,102	901,158	870,422	1,025,464	1,124,656	1,236,515
9. Total pension liability - ending	\$ 901,158	870,422	1,025,464	1,124,656	1,236,515	1,253,578
<b>B. Plan fiduciary net position</b>						
1. Contributions - employer	\$ 27,889	33,748	39,950	38,394	36,385	42,299
2. Contributions - employee	51,701	45,508	39,809	38,858	35,671	38,238
3. Net investment income	47,834	1,384	65,096	149,900	(38,515)	195,855
4. Benefit payments, including refunds of employee contributions	(23,956)	(51,862)	(29,354)	(22,804)	(51,978)	(65,106)
5. Administrative Expense	(499)	(844)	(738)	(778)	(744)	(1,106)
6. Other	(41)	(42)	(40)	(40)	(39)	(32)
7. Net change in plan fiduciary net position	\$ 102,928	\$ 27,892	114,723	203,530	(19,220)	210,148
8. Plan fiduciary net position - beginning	836,164	939,092	966,984	1,081,707	1,285,237	1,266,017
9. Plan fiduciary net position - ending	\$ 939,092	966,984	1,081,707	1,285,237	1,266,017	1,476,165
<b>C. Net pension liability [A.9-B.9]</b>	\$ (37,934)	(96,562)	(56,243)	(160,581)	(29,502)	(222,587)
<b>D. Plan fiduciary net position as a percentage of the total pension liability [B.9 / A.9]</b>	104.21%	111.09%	105.48%	114.28%	102.39%	117.76%
<b>E. Covered-employee payroll</b>	\$ 738,590	\$ 650,109	568,696	550,811	509,591	546,261
<b>F. Net pension liability as a percentage of covered employee payroll [C / E]</b>	-5.14%	-14.85%	-9.89%	-29.15%	-5.79%	-40.75%

**City of Bartlett  
Schedule of Contributions**

**Last 10 Fiscal Years (will ultimately be displayed)**

**September 30, 2020**

	2014	2015	2016	2017	2018	2019
Actually Determined Contribution	\$ 79,590	\$ 79,256	\$ 79,759	\$ 77,252	72,056	\$ 80,537
Contributions in relation to the actuarially determined contribution	<u>79,590</u>	<u>79,256</u>	<u>79,759</u>	<u>77,252</u>	<u>72,056</u>	<u>80,537</u>
Contribution deficiency	-	-	-	-	-	-
Covered employee payroll	\$ 738,590	\$ 650,109	\$ 568,696	\$ 550,811	\$ 509,591	546,261
Contributions as a percentage of covered employee payroll	10.78%	12.19%	14.02%	14.03%	14.14%	14.74%

**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:**

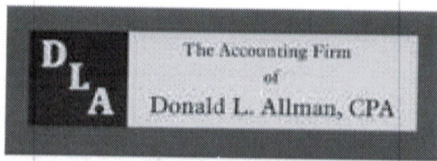
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	25 years
Asset Valuation Method	10 year smoothed market, 15% soft corridor
Inflation	2.5 %
Salary Increases	3.5% to 10.5%, including inflation
Investment Rate of Return	6.75%
Retirement 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 Auditors' 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

Members of the 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, 2020, and the related notes to the financial statements, which collectively comprise the City of Bartlett, Texas' basic financial statements and have issued our report thereon dated October 4, 2021

**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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2020-1, 2020-2, to be material weaknesses.

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. We consider the deficiencies described in the accompany schedule of findings and questioned costs as items 2020-3 to be significant deficiencies.



### **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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2020-1, 2020-2, and 2020-3.

### **City of Bartlett, Texas' Response to Findings**

City of Bartlett, Texas' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Bartlett, Texas' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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, Texas

October 4, 2021

**CITY OF BARTLETT**  
**SCHEDULE OF FINDINGS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

One or more material weaknesses identified?        X   Yes             No

One or more significant deficiencies identified that  
are not considered to be material weaknesses?        X   Yes             No

Noncompliance material to financial  
Statements noted?        X   Yes             No

B. Financial Statement Findings

2020-1 General Accounting Procedures

Condition: There were material errors in the General Fund and Proprietary fund trial balance prepared by the previous administration. The General Fund and Enterprise Fund balance sheets and profit & loss statements were incomplete and did not contain all activity for the fiscal year ended September 30, 2020. The current administration had to recreate the balance sheet and income statement information from the bank statements.

Criteria: Internal control procedures should be in place to assure that the best accounting reports and records are available to enable the council to have accurate financial information for decision making and budgeting purposes.

Effect: Incorrect internal financial statements inhibit the budgetary process and do not allow the City Council to make informed decisions regarding the City's correct current position.

Cause: Enterprise Fund and General Fund financial statements were incomplete and did not contain 12 months of information.

Recommendation: The City of Bartlett needs to ensure the most accurate accounting information is used to prepare internal financial statements.

City's response: The city administrator will ensure the most accurate accounting information is used to prepare internal financial statements.

**CITY OF BARTLETT**  
**SCHEDULE OF FINDINGS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

2020-2 Form 941 payroll tax reports were not filed for fiscal year 2020 and federal tax deposits were not made during fiscal year 2020.

**Condition:** Form 941 payroll tax returns were not filed and federal payroll tax deposits were not made for fiscal year 2020. This puts the City of Bartlett in an adverse position of employee W-2's not being accepted by IRS and substantial interest and penalties could be incurred for failure to file payroll tax returns and failure to make payroll tax deposits.

**Criteria:** Internal control procedures should be in place to assure that payroll tax deposits are made timely and accurately and payroll tax returns are filed timely and accurately.

**Effect:** Legal issues could exist for failure to file payroll tax returns and substantial penalties and interest could be incurred for late filing and late payment of payroll taxes.

**Cause:** Payroll tax returns weren't filed timely and payroll tax deposits weren't made timely.

**Recommendation:** The City of Bartlett needs to ensure proper authorization exists for all payroll tax returns and payroll tax deposits and these are made timely.

**City's response:** The city administrator will ensure proper authorization is present for all payroll tax returns and payroll tax deposits and they are made timely and accurately.

2020-3 The annual audit should be performed within 6 months of year end to ensure compliance with Loan and Grant conditions and requirements.

**Condition:** The annual audit for the fiscal year ended September 30, 2020 was not completed within the six month filing deadline of March 31, 2021. The audit is being completed approximately 6 months late. This puts the City of Bartlett in an adverse position for loan compliance and in applying for grants.

**Criteria:** Internal control procedures should be in place to assure that the annual audit are completely timely and all information necessary to complete the audit is available in a timely manner.

**Effect:** Legal issues could exist for failure to complete the audit in a timely manner and loan and grant opportunities could be missed due to non-compliance with the audit requirements.

**CITY OF BARTLETT**  
**SCHEDULE OF FINDINGS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

- Cause: The September 30, 2020 annual audit for the City of Bartlett was due by March 31, 2021 and was not completed until October 5, 2021.
- Recommendation: The City of Bartlett needs to ensure the annual audit is completed in a timely manner and all information is available to the auditor in a timely manner in order to comply with the 6 month after year end deadline.
- City's response: The city administrator will ensure all required information is ready and available for the annual audit to be completed within the 6 month deadline after fiscal year end.

**CITY OF BARTLETT**  
**CORRECTIVE ACTION PLAN**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

The City Administrator will ensure the most accurate accounting information is used so the city council will have accurate and up to date information to assist in making decisions for the City.

The City Administrator will ensure payroll tax returns are filed timely and payroll tax deposits are made timely.

The City Administrator will ensure all information necessary for the completion of the annual audit is ready and available in order to complete the audit within the 6 month after year end filing deadline and be in compliance with loan and grant conditions and qualifications.

