

CITY OF BARTLETT, TEXAS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTAL SCHEDULES
AND INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

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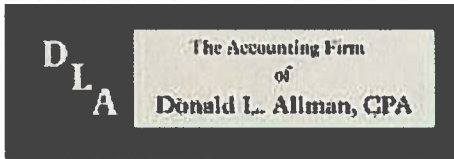
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Donald L. Allman, CPA, PC
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CERTIFIED PUBLIC ACCOUNTANT

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, 2021, 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, 2021, 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 3, 2022

**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, 2021. 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 \$(562,954) as a result of this year's operations. This included a (\$1,082,790) net position decrease in the general fund, before transfers, and a \$519,836 net increase in the proprietary fund, before transfers.

- . The General Fund ended the year with a fund balance of \$(411,249) on a governmental funds basis, a \$(271,088) decrease.
- . The total revenues of all the City's programs \$3,538,231, a \$665,712 increase.
- . The total cost of all the City's programs was \$4,101,185, a \$817,193 increase.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Current and other assets	292,050	384,476	1,447,803	869,847	1,739,853	1,254,323
Noncurrent and capital assets	727,830	794,741	1,476,343	1,342,700	2,204,173	2,137,441
Total Assets	1,019,880	1,179,217	2,924,146	2,212,547	3,944,026	3,391,764
Deferred Outflows of Resources	(24,164)	(45,399)	(23,476)	(27,111)	(47,640)	(72,510)
Current Liabilities	449,641	276,367	253,377	228,052	703,018	504,419
Long-term Liabilities	184,661	203,023	1,939,393	1,005,216	2,124,054	1,208,239
Total Liabilities	634,302	479,390	2,192,770	1,233,268	2,827,072	1,712,658
Deferred Inflows of Resources	160,652	141,883	73,955	67,052	234,607	208,935
Net Position:						
Net Investment in Capital Assets	618,695	646,787	214,223	337,484	832,918	984,271
Restricted for:						
Special Purpose	-	-	-	-	-	-
Debt Service	40,122	48,784	280,686	174,179	320,808	222,963
Unrestricted	(458,055)	(183,026)	139,036	373,453	(319,019)	190,427
Total Net Position	\$200,762	\$512,545	\$633,945	\$885,116	\$834,707	\$1,397,661

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

Table II

CHANGE IN NET POSITION

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Program Revenues:						
Charges for Services	\$112,369	3,335	\$2,611,986	\$2,326,913	\$2,724,355	\$2,330,248
Fines & forfeitures	87,047	\$106,257		\$0	87,047	\$106,257
Operating grants and contributions	0	0	240,891	0	240,891	\$0
General Revenues:						
Property tax	285,038	280,836			285,038	\$280,836
Sales tax	120,922	110,713			120,922	\$110,713
Franchise fees	42,669	42,605			42,669	\$42,605
Investment earnings	540	1,495	193	0	733	\$1,495
Miscellaneous	36,576	365	0	0	36,576	\$365
Transfers	771,007	609,196	(771,007)	(609,196)	0	\$0
Total Revenue	1,456,168	1,154,802	2,082,063	1,717,717	3,538,231	2,872,519
Expenses:						
General government	833,224	731,333			833,224	731,333
Public Safety	351,968	403,405			351,968	403,405
Court Expenses	74,589	66,853			74,589	66,853
Public Works	411,471	233,536			411,471	233,536
Culture & Recreation	89,661	49,402			89,661	49,402
Interest on long-term debt	7,038	5,954	28,536	-	35,574	5,954
Water and Sewer			2,304,698	1,793,509	2,304,698	1,793,509
Total Expenses	1,767,951	1,490,483	2,333,234	1,793,509	4,101,185	3,283,992
Change in net position	(311,783)	(335,681)	(251,171)	(75,792)	(562,954)	(411,473)
	-	-	-	-	-	-
Net position - beginning	512,545	848,226	885,116	960,908	1,397,661	1,809,134
Net position - ending	200,762	512,545	633,945	885,116	834,707	1,397,661

Management's Discussion and Analysis City of Bartlett, Texas

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

A large portion of the City's net position (99.8 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*, \$(319,019) may be used to meet the government's ongoing obligations to citizens and creditors.

Restricted fund balance of \$320,808 is required to make bond, loan and lease payments over the next fiscal year.

For fiscal year 2021, revenues from governmental activities totaled \$685,161. Property Taxes are the largest components of revenues (41.6 percent). Sales taxes (17.6%) and Fines and forfeitures (12.7%) are the next highest revenue sources.

For fiscal year 2021, expenses for governmental activities totaled \$1,767,951. 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 \$2,853,070 for the fiscal year ending September 30, 2021. Expenses for the City's business-type activities were \$2,333,234. 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 \$(411,249), which is less than last year's total of \$(140,161).

Management's Discussion and Analysis

City of Bartlett, Texas

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2021, the City had \$2,204,173 invested in a broad range of capital assets, including facilities and equipment and land. There were \$371,186 in capital asset additions in Fiscal Year 2021.

Debt

The City had long-term indebted obligations of \$2,124,054 up from the \$1,208,239 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 2021 budget and tax rate.

The City adopted a \$4,025,296 budget for fiscal year 2020-2021. It was funded through property taxes via \$0.554900 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, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Bartlett Municipal Development District
ASSETS				
Cash and cash equivalents	29,456	1,131,046	1,160,502	94,389
Property taxes, net of allowance for uncollectibles	\$86,206		86,206	
Other Receivables, net of allowance for uncollectibles	8,936	\$234,282	243,218	
Inventory	-	-	-	
Net Pension Position	167,452	82,475	249,927	
Capital assets not being depreciated:				
Land	25,000	78,821	103,821	
Capital assets, net of accumulated depreciation				
Machinery and Equipment	118,832	-	118,832	
Buildings & Improvements	583,998		583,998	
Utility system	-	1,397,522	1,397,522	
Due from Other Funds	-	-	-	
Total Capital Assets	727,830	1,476,343	2,204,173	-
Total Assets	1,019,880	2,924,146	3,896,386	94,389
Deferred Outflows - Pension Plan	(24,164)	(23,476)	(47,640)	
LIABILITIES				
Accounts payable	26,075	125,042	151,117	
Accrued liabilities	423,566	128,335	551,901	
Due to Other Funds		-	-	
Noncurrent liabilities:				
Net OPEB Liability	75,526		75,526	
Due within one year	36,996	245,401	245,401	
Due within more than one year	72,139	1,693,992	1,766,131	
Total Liabilities	634,302	2,192,770	2,790,076	-
Deferred Inflows of Resources	160,652	73,955	234,607	
NET POSITION				
Net Investment in Capital Assets	618,695	214,223	832,918	
Restricted for:				
Debt Service	40,122	280,686	320,808	
Unrestricted	(458,055)	139,036	(319,019)	94,389
Total Net Position	200,762	633,945	834,707	94,389

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

**CITY OF BARTLETT, TEXAS
STATEMENT OF ACTIVITIES
September 30, 2021**

		Program Revenues	
		Charges for Services	Operating Grants and Contributions
Expenses			
Functions / Programs			
Primary government:			
Governmental activities:			
General Government	\$ 833,224	\$52,196	\$0
Public safety	351,968	40,585	0
Court expenses	74,589	87,047	
Public works	411,471	0	
Culture & Recreation	89,661	19,588	0
Interest on long-term debt	35,574	0	
Total governmental activities	1,796,487	199,416	0
Business-type activities:			
Water, Sewer and Sanitation	2,304,698	2,611,986	0
Total business-type activities	2,304,698	2,611,986	0
Total primary government	4,101,185	2,811,402	0
Component Unit:			
Economic Development Corporation	\$0		\$0
Total Component Unit	\$0	\$0	\$0

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

	Net (Expense) Revenue and Changes in Net Position			Component Unit
	Primary Government			Bartlett Municipal Development District
	Governmental Activities	Business-type Activities	Total	
Functions / Programs				
Primary government:				
Governmental activities:				
General Government	(781,028)		(781,028)	
Public safety	(311,383)		(311,383)	
Court	12,458		12,458	
Public Services	(411,471)		(411,471)	
Culture & Recreation	(70,073)		(70,073)	
Interest on long-term debt	(7,038)	(28,536)	(35,574)	
Total governmental activities	(1,568,535)	(28,536)	(1,597,071)	-
Business-type activities:				
Water, Sewer and Sanitation		307,288	307,288	
Total business-type activities	-	307,288	307,288	-
Total primary government	(1,568,535)	278,752	(1,289,783)	-
Component Unit:				
Economic Development Corporation				-
Total Component Unit	-	-	-	-
General Revenues:				
Property tax	285,038		285,038	
Sales tax	120,922		120,922	-
Franchise fees	42,669		42,669	
Investment earnings	540	193	733	-
Miscellaneous	36,576	-	36,576	-
Grant income	-	240,891	240,891	
Transfers	771,007	(771,007)	-	
Total General Revenues	1,256,752	(529,923)	726,829	-
Change in net position	(311,783)	(251,171)	(562,954)	-
Net Position - Beginning	512,545	885,116	1,397,661	94,389
Prior Period Adjustment	-	-	-	
Net Position - Ending	200,762	633,945	834,707	94,389

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

**CITY OF BARTLETT, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2021**

<u>ASSETS</u>	General	Debt Service	Total
Cash	(10,666)	40,122	29,456
Taxes receivable	\$86,206		86,206
Inventory	-		-
Other receivables, net of allowance for uncollectibles	8,936		8,936
Due from other funds	-		-
Total Assets	84,476	40,122	124,598
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	26,075		26,075
Accrued expenses	423,566		423,566
Due to other funds	-		-
Unearned revenues	\$86,206		86,206
Total Liabilities	535,847		535,847
Fund Balances:			
Nonspendable	-		-
Restricted for Debt Service		40,122	40,122
Assigned	-		
Unassigned	(451,371)		(451,371)
Total Fund Balances	(451,371)	40,122	(411,249)
Total Liabilities and Fund Balances	84,476	40,122	124,598

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, 2021

Total fund balances-governmental funds					(411,249)
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				167,452
	Land		\$25,000		
	Buildings and Improvements		2,670,630		
	Furniture and Equipment		543,419		
	Accumulated Depreciation		(2,511,219)		
	Total capital assets		<u>\$727,830</u>		\$727,830
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		(24,164)		(24,164)
	Unearned Property taxes not collected		<u>\$86,206</u>		\$86,206
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		(75,526)		
	Longterm Liabilities		109,135		
	Deferred Inflows Pension Plan		160,652		<u>(345,313)</u>
Net position of governmental activities					<u>\$200,762</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, 2021

Revenues	General	Debt Service	Total
Ad valorem tax	297,968		\$297,968
Sales tax	120,922		120,922
Franchise fees	42,669		42,669
Fine and forfeitures	87,047		87,047
Licenses and permits	92,781		92,781
Donations income	0		0
Miscellaneous & other services	36,576	0	36,576
Interest income	540		540
Total Revenues	678,503	0	678,503
Expenditures			
Current:			
General government:			
Administration	770,987		770,987
Public Safety	339,629		339,629
Court expenses	74,589		74,589
Public Works	391,135		391,135
Culture & Recreation	86,825		86,825
Debt Service:			0
Principal	0	41,746	41,746
Interest and fiscal cost	0	7,038	7,038
Bond issuance cost	0		0
Capital Outlay	8,649		8,649
Total Expenditures	1,671,814	48,784	1,720,598
Deficiency of Revenues Over Expenditures	(993,311)	(48,784)	(1,042,095)
Other Financing Sources:			
Transfers in	771,007	40,122	811,129
Transfers out	(40,122)	0	(40,122)
Loan proceeds	0		0
Total Other Financing Sources	730,885	40,122	771,007
Net Change in Fund Balance	(262,426)	(8,662)	(271,088)
Fund Balances - beginning of year	(188,945)	48,784	(140,161)
Fund Balances - end of year	(\$451,371)	\$40,122	(\$411,249)

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, 2021

Amounts reported for governmental activities in the statement of activities are different because:			
Net change in fund balances ----- total governmental funds			(\$271,088)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.			
			-
	Capital outlay expenditures	\$8,649	
	Depreciation expense	<u>(75,560)</u>	
		<u>(\$66,911)</u>	(\$66,911)
	Payroll Taxes accrued and not paid		(60,922)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
	Debt Service		41,746
	Property taxes not collected	\$86,206	
	Less prior year	<u>(99,136)</u>	
		<u>(\$12,930)</u>	(\$12,930)
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	\$18,318	
	Decrease in deferred outflows/inflows	<u>40,004</u>	
		<u>\$58,322</u>	\$58,322
Change in net position of governmental activities			<u>(\$311,783)</u>

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

CITY OF BARTLETT, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUND
September 30, 2021

	Business-type Activities Enterprise Fund
	Water, Sewer and Sanitation Fund
<u>ASSETS</u>	
Current assets:	
Cash and cash equivalents	\$ 1,131,046
Accounts receivable	234,282
Net Pension Position	82,475
Inventory	-
Total Current Assets	1,447,803
Capital assets:	
Land	78,821
Electric System	694,396
Utility System	6,731,244
Furniture and Equipment	375,683
Construction in Progress	1,014,180
Less accumulated depreciation	(7,417,981)
Total capital assets	1,476,343
Total Assets	2,924,146
Deferred Outflows of Resources	(23,476)
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	125,042
Accrued expenses	-
Customer deposits	128,335
Due to Other Funds	-
Current portion of long-term debt	245,401
Total Current liabilities	498,778
Non-Current liabilities	
Bonds payable	1,693,992
Total Liabilities	2,192,770
<u>NET POSITION</u>	
Net Investment in Capital Assets	214,223
Restricted for debt service	280,686
Unrestricted	139,036
Total Net Position	\$ 633,945
Deferred Inflows of Resources	73,955

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, 2021

	Business-type Activities Enterprise Fund
	Water, Sewer and Sanitation Fund
<u>Operating Revenues</u>	
Water, Sewer, and Sanitation	\$2,611,986
Miscellaneous	0
Total Operating Revenues	2,611,986
<u>Operating Expenses</u>	
Garbage collection cost	118,265
Purchased Power	778,920
Purchased water	240,891
Contract Services & related exp	450,761
Materials and Supplies	199,687
Equipment repairs and maintenance	73,508
Depreciation	228,894
Other services and charges	213,772
Total Operating Expenses	2,304,698
Operating Income	307,288
<u>Nonoperating Revenues</u>	
Grant Funds received	240,891
Interest Income	193
Interest expense	(28,536)
Total Nonoperating Revenues (Expenses)	212,548
Income Before Transfers	519,836
Transfers Out	(771,007)
Change in Net Position	(251,171)
Net Position - beginning	885,116
Prior Period Adjustment	0
Net Position - ending	633,945

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, 2021

	Business-type Activities Enterprise Fund
	Water, Sewer and Sanitation Fund
<u>Cash Flows from Operating Activities</u>	
Cash received from customers	\$2,294,064
Cash paid to suppliers	(1,314,645)
Cash paid to employees	(450,761)
Net Cash Provided by Operating Activities	528,658
<u>Cash Flows from Noncapital Financing Activities</u>	
Transfer out - cash only	(771,007)
Net Cash used by Noncapital Financing Activities	(771,007)
<u>Cash Flows from Capital and Related Financing Activities</u>	
Grant funds received	240,891
Capital asset expenditures	(362,537)
Principal proceeds received	1,000,000
Principal paid	(145,643)
Interest paid	(28,536)
Net Cash Used by Capital and Related Financing Activities	704,175
<u>Cash Flows from Investing Activities</u>	
Decrease in invested cash	74,066
Interest received	193
Net Cash Provided by Investing Activities	74,259
Net Increase in Cash and Cash Equivalents	536,085
Cash and cash equivalents - beginning of year	594,961
Cash and cash equivalents - end of year	\$1,131,046
<u>Reconciliation of operating income to net cash provided by operating activities:</u>	
Operating income	307,288
Adjustments to reconcile operating loss to net cash provided by Operating Activities:	0
Depreciation expense	228,894
Increase in accounts receivable	(32,849)
Decrease in inventory	0
Increase in accounts payable	25,325
increase in accrued liabilities	0
Increase in customer deposits	0
Total Adjustments	221,370
Net Cash Provided by Operating Activities	\$528,658

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

CITY OF BARTLETT, TEXAS
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

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

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

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

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

Discretely Presented Component Unit

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

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

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

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

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increase and decreases in current assets (i.e. revenues and other financing sources and expenditures and other financing uses).

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

D. FUND ACCOUNTING

The City reports the following major governmental funds:

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

The City reports the following major proprietary fund:

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

E. OTHER ACCOUNTING POLICIES

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. OTHER ACCOUNTING POLICIES (Continued)

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

Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Interest cost on governmental activities construction projects are not capitalized.

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. OTHER ACCOUNTING POLICIES (Continued)

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

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

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

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

CITY OF BARTLETT, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

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	\$ 334,505
Public Works	\$ 215,446
Culture & recreation	\$ 51,930

The City was over budget overall in the General Fund by \$562,878.

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, 2021, the City's deposit balances were as follows:

	Primary Government	Component Unit	Total Reporting Entity
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.	910,502		910,502
4. Uninsured and uncollateralized			
Total Deposits	\$1,160,502	\$94,389	\$1,254,891
Carrying Amount	\$1,160,502	\$94,389	\$1,254,891

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 Williamson 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, 2020 (fiscal year ended September 30, 2021) was \$285,038.

The tax assessment of October 1, 2019 tax sets a tax levy at \$.05549 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, 2021, are as follows:

	General Fund
Current Taxes Receivable	\$18,425
Delinquent Taxes Receivable	67,781
	<u>\$86,206</u>

C. DISAGGREGATION OF RECEIVABLES AND PAYABLES

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

	General	Water and Sewer
Receivables:		
Property Taxes	\$86,206	\$0
Accounts and other receivables	0	234,282
Less: allowance for uncollectibles	0	0
Sales Tax	8,936	0
State Court Costs	0	
Net total receivables	<u>\$95,142</u>	<u>\$234,282</u>

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

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

III. DETAILED NOTES ON ALL FUNDS (Continued)

C. DISAGGREGATION OF RECEIVABLES AND PAYABLES (Continued)

Payables at September 30, 2021, were as follows:

	General	Water and Sewer
Accounts Payable:	26,075	125,042
Accrued liabilities	423,566	-
Customer deposits		128,335
Total Payables	449,641	253,377

D. INTERFUND RECEIVABLES AND PAYABLES

Individual interfund receivable and payable balances at September 30, 2021 were:

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

E. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2021 was as follows:

	Beginning Balance	Increase	(Decrease)	Ending Balance
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$25,000	\$0		\$25,000
Total capital assets, not being depreciated	25,000	0		25,000
Capital assets, being depreciated:				
Buildings and Improvements	2,670,630	0		2,670,630
Furniture, Equipment, Vehicles	534,770	8,649		543,419
Total capital assets, being depreciated	3,205,400	8,649	0	3,214,049
Less accumulated depreciation	(2,435,659)	(75,560)	0	(2,511,219)
Total capital assets, being depreciated net	769,741	(66,911)	0	702,830
Governmental capital assets, net	794,741	(66,911)	0	727,830

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

III. DETAILED NOTES ON ALL FUNDS (Continued)

E. CAPITAL ASSETS (Continued)

	Beginning Balance	Increase	(Decrease)	Ending Balance
Business-type activities				
Land	78,821			78,821
Total capital assets, not being depreciated	78,821	-		78,821
Capital assets, being depreciated:				
Utility System	6,731,244	-		6,731,244
Furniture and Equipment	335,873	39,810		375,683
Electric System	694,396	-		694,396
Construction in progress	691,453	322,727	-	1,014,180
Less accumulated depreciation	(7,189,087)	(228,894)		(7,417,981)
Total capital assets, being depreciated	1,263,879	133,643	-	1,397,522
Business-type capital assets, net	1,342,700	133,643	-	1,476,343

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

Governmental activities:		
General Government		40,049
Public Safety		12,339
Public Works		20,336
Library		\$2,836
Total depreciation expense - governmental activities		<u>\$75,560</u>

Business-type activities:		
Water, sewer and sanitation		\$228,894
Total depreciation expense - business-type activities		<u>\$228,894</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, 2021:

	Governmental- Type Activities
\$72,425 Capital lease maturing in July 2023, 36 payments of \$2,093.15 with an interest rate of 2.59%.	\$46,871
\$80,000 note payable to a local bank amortized over 15 years, \$578 in monthly payments including interest, renewable annually.	48,692
Lease purchase agreement with a local bank payable with six annual installments of \$7,288, through March 1, 2021.	-
Lease purchase agreement with monthly payments of \$563.03,	13,572
Total Debt	\$109,135
	Business-Type Activities
\$1,375,000 General Obligation Refunding Bonds Series 2012 maturing March 1, 2026; payable \$85,000 to \$115,000 annually; interest at 2.39%; secured by levy and collection of ad valorem taxes	545,000
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%.	314,573
\$1,000,000 Combination Tax and Revenue Bonds Series 2021 maturing March 1, 2028; payable March 1st and September 1st	1,000,000
Payments from \$83,239 to \$191,606, interest rate of 3%.	
Total Debt	\$1,859,573

Fiscal Year Ending	Principal	Interest	Total
2022	36,996	3,126	40,122
2023	33,629	1,911	35,540
2024	12,944	449	13,393
2025	12,944	449	13,393
2026	12,622	411	13,033
Thereafter	-	-	-
Total	\$109,135	\$6,346	\$115,481

Fiscal Year Ending	Principal	Interest	Total
2022	232,457	35,285	267,742
2023	259,343	34,537	293,880
2024	271,303	28,190	299,493
2025	328,342	19,825	348,167
2026	398,128	17,226	415,354
Thereafter	370,000	6,339	376,339
Total	1,859,573	141,402	2,000,975

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

III. DETAILED NOTES ON ALL FUNDS (Continued)

F. LONG-TERM DEBT

	Amounts Outstanding 10/1/20	Additions	Retirements	Amounts Outstanding 9/30/2021	Current Portion
General Fund:					
General Obligation					
Note Payable	52,772	0	4,080	48,692	6,000
Lease Payable	68,547	-	21,676	46,871	24,240
Lease Payable	19,347	-	5,775	13,572	6,756
Lease Purchase	7,288		7,288	-	-
Long-term liabilities	147,954	-	38,819	109,135	36,996
Utility Fund:					
Bonds Payable	645,000	1,000,000	100,000	1,545,000	185,000
Note Payable	360,216	-	45,643	314,573	47,457
Lease Payable		89,528	9,708	79,820	12,944
Long-term liabilities	1,005,216	1,089,528	155,351	1,939,393	245,401

III. DETAILED NOTES ON ALL FUNDS (Continued)

G. DEFERRED REVENUE

Deferred revenue at year end consisted of the following

General Fund:	
Property Taxes:	\$86,206

H. INTERFUND TRANSFERS

Inter-fund transfers during the year ended September 30, 2021 were as follows:

	Transfers In	Transfers Out
General Fund	771,007	
Water, Sewer and Sanitation Fund		771,007
Total	\$771,007	\$771,007

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

I. DEFINED BENEFIT PENSION PLAN

A. Plan Description

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

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

B. Benefits Provided

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

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

Employees covered by benefit terms.

At the December 31, 2020 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	30
Active employees	<u>17</u>
Total	56

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 2019 and 2020 respectively. The city's contributions to TMRS for the year ended September 30, 2021 were \$49,151, and were equal to the required contributions.

D. Net Pension Liability

The city's Net Pension Liability (NPL) was measured as of December 31, 2020, 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, 2020 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, 2020, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2010 through December 31, 2015, first used in the December 31, 2015 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2015 valuation.

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

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

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

Discount Rate

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

City of Bartlett	
Schedule of Changes in Net Pension Liability and Related Ratios	
Current Period	
A.	Total pension liability
	1. Service Cost
	2. Interest (on the Total Pension Liability)
	3. Changes of benefit terms
	4. Difference between expected and actual experience
	5. Changes of assumptions
	6. Benefit payments, including refunds of employee contributions
	7. Net change in total pension liability
	8. Total pension liability - beginning
	9. Total pension liability - ending
B.	Plan fiduciary net position
	1. Contributions - employer
	2. Contributions - employee
	3. Net investment income
	4. Benefit payments, including refunds of employee contributions
	5. Administrative Expense
	6. Other
	7. Net change in plan fiduciary net position
	8. Plan fiduciary net position - beginning
	9. Plan fiduciary net position - ending
C.	Net pension liability [A.9-B.9]
D.	Plan fiduciary net position as a percentage of the total pension liability [B.9 / A.9]
E.	Covered-employee payroll
F.	Net pension liability as a percentage of covered employee payroll [C / E]

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	\$(17,470)	\$(249,927)	\$(436,411)

Pension Plan Fiduciary Net Position

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

CITY OF BARTLETT
SCHEDULE OF PENSION EXPENSE
SEPTEMBER 30, 2021

1.	Total Service Cost	\$ 91,876
2.	Interest on the Total Pension Liability	86,181
3.	Current Period Benefit Changes	-
4.	Employee Contributions (Reduction of Expense)	(42,062)
5.	Projected Earnings on Plan Investments (Reduction of Expense)	(99,641)
6.	Administrative Expense	725
7.	Other Changes in Fiduciary Net Position	28
8.	Recognition of Current Year Outflow (Inflow) of Resources - Liabilities	(1,441)
9.	Recognition of Current Year Outflow (Inflow) of Resources - Assets	(2,497)
10.	Amortization of Prior Year Outflows (Inflows) of Resources - Liabilities	(38,239)
11.	Amortization of Prior Year Outflows (Inflows) of Resources - Assets	(12,368)
12.	Total Pension Expense	<u>\$ (17,438)</u>

CITY OF BARTLETT
SCHEDULE OF OUTFLOWS AND INFLOWS - CURRENT AND FUTURE EXPENSE
SEPTEMBER 30, 2021

	Recognition Period (or amortization yrs)	Total (Inflow) or Outflow of Resources	2021 Recognized in current pension expense	Deferred (Inflow) Outflow in future expense
Due to Liabilities:				
Difference in expected and actual experience [actuarial (gains) or losses]	1.9500	\$ (2,809)	\$ (1,441)	\$ (1,368)
Difference in assumption changes [actuarial (gains) or losses]	1.9500	\$ -	\$ -	\$ -
			<u>\$ (1,441)</u>	<u>\$ (1,368)</u>
Due to Assets:				
Difference in projected and actual earnings on pension plan investments [actuarial (gains) or losses]	5.0000	\$ (12,487)	\$ (2,497)	\$ (9,990)
			<u>\$ (2,497)</u>	<u>\$ (9,990)</u>
Total:				<u>\$ (11,358)</u>

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

	Net deferred outflows (inflows) of resources
2021	\$(28,460)
2022	475
2023	(24,576)
2024	(2,499)
2025	-
Thereafter	-
Total	\$(55,060)

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)

2016 0.03% 0.03% 100.0%

2017 0.04% 0.04% 100.0%

2018 0.04% 0.04% 100.0%

2019 0.07% (city to provide) (city to provide)

2020 0.06% (city to provide) (city to provide)

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

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

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

The City's contributions to the TMRS SDBF for the years ended 2017, 2016 and 2015 were 4%, 4%, and 4%, respectively, which equaled the required contributions each year.

Net Other Post Employment Benefits Liability.

Actuarial Assumptions

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

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

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

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

III. DETAILED NOTES ON ALL FUNDS (Continued)

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

Changes in the Net Other Post Employment Benefits Liability

	Increase (Decrease)
	<u>Total OPEB Liability</u>
Balance at 12/31/19	\$55,069
Changes for the year	
Service Cost	4,447
Interest on Total OPEB liability	1,569
Changes of benefit terms	0
Differences between expected and actual experience	4,075
Changes in assumption or other inputs	10,847
Benefit payments	(481)
Net changes	20,457
Total OPEB Liability – end of year	\$ 75,526

Total OPEB Liability as a Percentage of Covered Payroll 12.57%

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	\$94,396	\$75,526	\$61,576

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, 2021		
1.	Total Service Cost	\$ 4,447
2.	Interest on the Total OPEB Liability	1,569
3.	Changes in benefit terms	-
4.	Employer Administrative costs	-
5.	Recognition of deferred outflows/inflows of resources	-
6.	Differences between expected and actual experience	577
7.	Changes in assumptions or other inputs	4,764
8.	Total OPEB Expense	<u>11,357</u>

CITY OF BARTLETT				
SCHEDULE OF OUTFLOWS AND INFLOWS - OPEB CURRENT AND FUTURE EXPENSE				
SEPTEMBER 30, 2021				
	Recognition		2020	
	Period (or	Total (Inflow)	Recognized	Deferred
	amortization	or Outflow of	in current	(Inflow) Outflow
	yrs)	Resources	pension expense	in future expense
Due to Liabilities:				
Difference in expected and actual experience [actuarial (gains) or losses]	3.8200	\$ 4,075	\$ 1,067	\$ 3,008
Difference in assumption changes [actuarial (gains) or losses]	3.8200	\$ 10,847	\$ 2,840	\$ 8,007
Contributions made subsequent to measurement date		provided by city	provided by city	provided by city
			<u>\$ 3,907</u>	<u>\$ 11,015</u>
Deferred Outflows and Deferred Inflows of Resources, by year, to be recognized in future pension expense as follows:				
	Net deferred			
	outflows			
	(inflows) of			
	resources			
2021	\$ 5,305			
2022	4,646			
2023	3,904			
2024	-			
2025	-			
Thereafter	-			
Total	<u>\$ 13,855</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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		
Operating Revenues				
Water Service	\$ 523,100	\$ 523,100	\$ 553,596	\$ 30,496
Sewer Service	287,027	287,027	303,075	\$ 16,048
Municipal Light & Power System	1,225,000	1,225,000	1,293,492	\$ 68,492
Garbage service	255,500	255,500	269,785	\$ 14,285
Garbage tax	6,947	6,947	7,335	\$ 388
Penalty income	67,105	67,105	70,857	\$ 3,752
Interest income	1,000	1,000	-	\$ (1,000)
Meter Connect/Service/Transfer fees	52,400	52,400	55,330	\$ 2,930
Water & Sewer Tap Fee	26,000	26,000	27,454	\$ 1,454
Miscellaneous	29,600	29,600	31,255	\$ 1,655
Total Operating Revenues	2,473,679	2,473,679	2,612,179	138,500
Operating Expenses				
Cost of water	517,296	517,296	240,891	276,405
Cost of garbage services	120,972	120,972	118,265	2,707
Contract, Salaries and related expenses	-	-	450,761	(450,761)
Municipal Light & Power System	1,456,617	1,456,617	778,920	677,697
Wastewater expenses	178,750	178,750	73,508	105,242
Other services and charges	-	-	213,772	(213,772)
Depreciation/Capital outlay	-	-	228,894	(228,894)
Materials and Supplies	-	-	199,687	(199,687)
Total Operating Expenses	2,273,635	2,273,635	2,304,698	(31,063)
Operating Income	200,044	200,044	307,481	(107,437)
Nonoperating Revenues (Expenses)				
Grant income	30,000	30,000	240,891	240,891
Interest income	3,000	3,000	193	(2,807)
Interest expense/Debt service	-	-	(28,536)	(28,536)
Total nonoperating revenues (expenses)	-	-	212,355	212,355
Excess (Deficiency) of Revenues				
Over Expenditures:	200,044	200,044	519,836	319,792
Other Financing Sources (Uses):				
Loan Repayment	398,958	398,958	-	(398,958)
Transfers out	-	-	(771,007)	(771,007)
Total Other Financing Sources (Uses)	398,958	398,958	(771,007)	(1,169,965)
Net Change in Fund Balance	599,002	599,002	(251,171)	(850,173)
Fund Balances - beginning of year	885,116	885,116	885,116	
Prior period adjustment			-	
Fund Balances - end of year	\$1,484,118	\$1,484,118	633,945	(\$850,173)

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, 2021

	Original	Final	Actual Amounts	Variance with Final Budget
Revenues				
Ad valorem tax	\$294,178	\$294,178	297,968	\$3,790
Sales tax	112,600	112,600	120,922	8,322
Franchise fees	30,000	30,000	42,669	12,669
Fine and forfeitures	114,000	114,000	87,047	(26,953)
Miscellaneous income	6,400	6,400	36,576	30,176
Licenses and permits	27,000	27,000	92,781	65,781
Cemetary revenue	5,005	5,005	-	(5,005)
Interest income	75	75	540	465
Grant income	74,000	74,000	0	(74,000)
Rental fees	4,000	4,000	0	(4,000)
Pool revenue	1,000	1,000	-	(1,000)
Library revenues	100	100	-	(100)
Total Revenue	\$668,358	\$668,358	678,503	\$10,245
Expenditures				
Current:				
General government	436,482	436,482	770,987	(334,505)
Public Safety	458,275	458,275	339,629	118,646
Court Expenses	52,379	52,379	74,589	(22,210)
Public Works	175,689	175,689	391,135	(215,446)
Cultural & Recreation	34,895	34,895	86,825	(51,930)
Debt Service:				
Principal	-	-	41,746	(41,746)
Interest and fiscal charges	-	-	7,038	(7,038)
Capital Outlay:	-	-	8,649	(8,649)
Total Expenditures	1,157,720	1,157,720	1,720,598	(562,878)
Excess (Deficiency) of Revenues				
Over Expenditures:	(489,362)	(489,362)	(1,042,095)	(552,633)
Other Financing Sources (Uses):				
Loan Proceeds				
Transfers in	-	-	771,007	771,007
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	771,007	771,007
Net Change in Fund Balance				
Net Change in Fund Balance	(489,362)	(489,362)	(271,088)	\$218,374
Fund Balances - beginning of year	(140,161)	(140,161)	(140,161)	
Fund Balances - end of year	(\$629,523)	(\$629,523)	(\$411,249)	\$218,374

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

City of Bartlett							
Schedule of Changes in Net Pension Liability and Related Ratios							
Last ten years (will ultimately be displayed)							
	2014	2015	2016	2017	2018	2019	2020
A. Total pension liability							
1. Service Cost	\$ 88,003	91,795	85,020	81,795	81,178	88,767	91,876
2. Interest (on the Total Pension Liability)	56,009	64,479	60,632	71,210	76,900	84,263	86,181
3. Changes of benefit terms	-	-	-	-	-	-	-
4. Difference between expected and actual exp	13,000	(152,675)	38,744	(31,009)	5,759	(97,046)	(2,809)
5. Changes of assumptions	-	17,527	-	-	-	6,185	-
6. Benefit payments, including refunds	(23,956)	(51,862)	(29,354)	(22,804)	(51,978)	(65,106)	(45,526)
7. Net change in total pension liability	\$ 133,056	\$ (30,736)	155,042	99,192	111,859	17,063	129,722
8. Total pension liability - beginning	768,102	901,158	870,422	1,025,464	1,124,656	1,236,515	1,253,578
9. Total pension liability - ending	\$ 901,158	870,422	1,025,464	1,124,656	1,236,515	1,253,578	1,383,300
B. Plan fiduciary net position							
1. Contributions - employer	\$ 27,889	33,748	39,950	38,394	36,385	42,299	49,151
2. Contributions - employee	51,701	45,508	39,809	38,858	35,671	38,238	42,062
3. Net investment income	47,834	1,384	65,096	149,900	(38,515)	195,855	112,128
4. Benefit payments, including refunds	(23,956)	(51,862)	(29,354)	(22,804)	(51,978)	(65,106)	(45,526)
5. Administrative Expense	(499)	(844)	(738)	(778)	(744)	(1,106)	(725)
6. Other	(41)	(42)	(40)	(40)	(39)	(32)	(28)
7. Net change in plan fiduciary net position	\$ 102,928	\$ 27,892	114,723	203,530	(19,220)	210,148	157,062
8. Plan fiduciary net position - beginning	836,164	939,092	966,984	1,081,707	1,285,237	1,266,017	1,476,165
9. Plan fiduciary net position - ending	\$ 939,092	966,984	1,081,707	1,285,237	1,266,017	1,476,165	1,633,227
C. Net pension liability [A.9-B.9]	\$ (37,934)	(96,562)	(56,243)	(160,581)	(29,502)	(222,587)	(249,927)
D. Plan fiduciary net position as a percentage of the total pension liability [B.9 / A.9]	104.21%	111.09%	105.48%	114.28%	102.39%	117.76%	118.07%
E. Covered-employee payroll	\$ 738,590	\$ 650,109	568,696	550,811	509,591	546,261	600,890
F. Net pension liability as a percentage of covered employee payroll [C / E]	-5.14%	-14.85%	-9.89%	-29.15%	-5.79%	-40.75%	-41.59%

City of Bartlett								
Schedule of Contributions								
Last 10 Fiscal Years (will ultimately be displayed)								
September 30, 2021								
	2014	2015	2016	2017	2018	2019	2020	
Actually Determined Contribution	\$ 79,590	\$ 79,256	\$ 79,759	\$ 77,252	72,056	\$ 80,537	\$ 91,213	
Contributions in relation to the actuarially determined contribution	79,590	79,256	79,759	77,252	72,056	80,537	91,213	
	-	-	-	-	-	-	-	
Contribution deficiency	-	-	-	-	-	-	-	
Covered employee payroll	\$ 738,590	\$ 650,109	\$ 568,696	\$ 550,811	\$509,591	546,261	600,890	
Contributions as a percentage of covered employee payroll	10.78%	12.19%	14.02%	14.03%	14.14%	14.74%	15.18%	
Noes to Schedule of Contributions								
Valuation Date	determined							
Notes								

NOTES TO SCHEDULE OF CONTRIBUTIONS

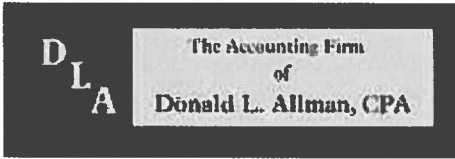
Valuation Date:
Notes

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
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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, 2021, 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 3, 2022.

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 accompanying 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 3, 2022

CITY OF BARTLETT
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

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, 2021

2020-2 Form 941 payroll tax reports were filed for fiscal year 2021 but federal tax deposits were not made during fiscal year 2021.

Condition: Form 941 payroll tax returns were filed but federal payroll tax deposits were not made for fiscal year 2021. 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, 2021 was not completed within the six month filing deadline of March 31, 2022. 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, 2021**

Cause: The September 30, 2021 annual audit for the City of Bartlett was due by March 31, 2022 and was not completed until October 3, 2022.

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, 2021

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.

The 2020 audit was not completed until after the September 30, 2021 fiscal year deadline had passed, so all of the Findings were still prevalent as of September 30, 2021. The corrective action plan has been initiated for fiscal year ending September 30, 2022 and the corrective actions were initiated after the September 30, 2021 fiscal year end, which is why the Findings for 2020 were still in existence at 2021, but will be corrected during fiscal year 2022.