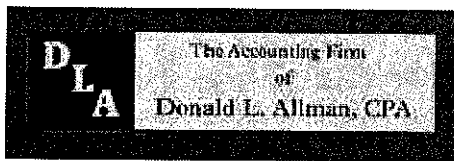


**CITY OF BERTRAM, TEXAS**  
**BASIC FINANCIAL STATEMENTS**  
**AND SUPPLEMENTAL SCHEDULES**  
**AND INDEPENDENT AUDITOR'S REPORT**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

**CITY OF BERTRAM, TEXAS  
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CERTIFIED PUBLIC ACCOUNTANT

## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council  
City of Bertram, 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 Bertram, Texas as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Bertram, 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 Bertram, Texas as of September 30, 2020, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

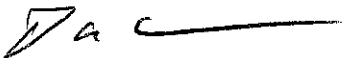
## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and Schedule of Changes in Net Pension Liability and Related Ratios and Schedule of Contributions on pages 3-9, and pages 36-41, 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 January 5, 2021 on our consideration of the City of Bertram, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Bertram, Texas' internal control over financial reporting and compliance.



Donald L. Allman, CPA, P.C.

Georgetown, TX  
January 5, 2021

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

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

Our discussion and analysis of the City of Bertram's financial performance provides an overview and analysis of the City's financial activities for the fiscal year ended September 30, 2020. Please read it in conjunction with the independent Auditors' Report on page 1, and the accompanying basic financial statements.

### **FINANCIAL HIGHLIGHTS**

- The City's government-wide net position increased by \$219,051 as a result of the year's operations.
- The City's business-type activities net position increased by \$95,270 as a result of this year's operations. The City's general fund activities net position increased by \$123,781 as a result of this year's operations.
- Total revenues from all sources were \$3,088,894 an increase of \$533,835 from the prior year. This was primarily due to increases in property tax sales tax, and permits and fees income.
- During the year, the City's cost of all programs was \$2,869,843 which represents an increase of \$850,751 from the prior year.
- At September 30, 2020, the City's governmental funds reported an ending balance of \$772,040, which represents an increase of \$98,064 from the prior year.

### **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 (on page 9). 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 12) 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 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 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 of page 19) 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 Bertram, Texas**

### **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 9. Its primary purpose is to show whether the City is better off or worse off as a result of the year's activities. The Statement of Net Position includes all 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. These statements are presented using the accrual basis of accounting, which means that all of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the City's net position and 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 property tax base and 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 police, 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 cover all of most of the cost of certain services it provides. The City's water and sewer system activity are reported here.

### **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.

## **Management's Discussion and Analysis**

### **City of Bertram, Texas**

**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 measures 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 service 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.

**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 Statement of Net Position and the Statement of Activities. In fact, The City's enterprise funds are identical to the business-type activities that are reported in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

#### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The City's combined net position was \$4,594,004 of September 30, 2020. When analyzing the net position and net expenses of governmental and business-type activities separately, the business type activities net position is \$3,357,394. The analysis focuses on net position (Table I) and general revenues and significant expenses of the City's governmental and business-type activities (Table II).



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

**Table I**

**NET POSITION**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Current and other assets	\$ 868,324	\$ 745,831	\$ 337,703	\$ 279,181	\$ 1,206,027	\$ 1,025,012
Capital assets, net	544,470	506,662	4,372,110	4,294,103	4,916,580	4,800,765
Restricted assets	<u>230,449</u>	<u>262,430</u>	<u>18,031,923</u>	<u>601,023</u>	<u>18,262,372</u>	<u>863,453</u>
Total assets	<u>1,643,243</u>	<u>1,514,923</u>	<u>22,741,736</u>	<u>5,174,307</u>	<u>24,384,979</u>	<u>6,689,230</u>
Deferred Outflows of Resources	36,224	52,356	32,194	46,500	68,418	98,856
Current liabilities	78,896	83,625	372,955	254,591	451,851	338,216
Long-term liabilities	<u>293,000</u>	<u>328,632</u>	<u>18,979,724</u>	<u>1,665,774</u>	<u>19,272,724</u>	<u>1,994,406</u>
Total liabilities	<u>371,896</u>	<u>412,257</u>	<u>19,352,679</u>	<u>1,920,365</u>	<u>19,724,575</u>	<u>2,332,622</u>
Deferred Inflows of Resources	70,961	42,193	63,857	38,318	134,818	80,511
Net Position:						
Net Investment in Capital Assets	234,470	180,662	2,483,281	2,542,470	2,717,751	2,723,132
Restricted for:						
Debt service	30,485	30,504	296,062	158,493	326,547	188,997
Street maintenance	19,313	75,148	-	-	19,313	75,148
Other non-major funds	175,064	156,778	491,947	442,530	667,011	599,308
Unrestricted	<u>777,278</u>	<u>669,737</u>	<u>86,104</u>	<u>118,631</u>	<u>863,382</u>	<u>788,368</u>
Total net position	<u>1,236,610</u>	<u>1,112,829</u>	<u>3,357,394</u>	<u>3,262,124</u>	<u>4,594,004</u>	<u>4,374,953</u>

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

**Table II**  
**CHANGE IN NET POSITION**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Revenues						
Program Revenues:						
Charges for services	\$ 162,548	\$ 50,870	\$ 1,561,025	\$ 1,217,417	\$ 1,723,573	\$ 1,268,287
General Revenues:						
Property tax	506,115	446,498	-	-	506,115	446,498
Sales tax	404,368	273,480	-	-	404,368	273,480
Franchise Tax	59,893	57,789	-	-	59,893	57,789
Hotel Tax & Alcohol	6,516	13,979	-	-	6,516	13,979
Court fines & fees	229,026	96,703	-	-	229,026	96,703
Grant income	58,100	31,000	-	282,300	58,100	313,300
Other income	22,161	39,161	69,716	38,522	91,877	77,683
Investment earnings	4,321	3,311	5,105	4,029	9,426	7,340
Total revenues	<u>1,453,048</u>	<u>1,012,791</u>	<u>1,635,846</u>	<u>1,542,268</u>	<u>3,088,894</u>	<u>2,555,059</u>
Expenses:						
General government	874,859	638,603	18,368	5,829	893,227	644,432
Public safety	83,531	98,704	-	-	83,531	98,704
Public works	154,743	61,742	-	-	154,743	61,742
Court expenses	147,563	67,847	-	-	147,563	67,847
Parks and recreation	45,471	66,253	-	-	45,471	66,253
Grant expenses	23,100	-	-	-	23,100	-
Water and sewer	-	-	1,522,208	1,080,114	1,522,208	1,080,114
Total expenses	<u>1,329,267</u>	<u>933,149</u>	<u>1,540,576</u>	<u>1,085,943</u>	<u>2,869,843</u>	<u>2,019,092</u>
Increase in net position						
Before transfer	123,781	79,642	95,270	456,325	219,051	535,967
Transfers	-	102,135	-	(102,135)	-	-
Increase in net position	<u>123,781</u>	<u>181,777</u>	<u>95,270</u>	<u>354,190</u>	<u>219,051</u>	<u>535,967</u>
Net position - beginning	1,112,829	931,052	3,262,124	2,907,934	4,374,953	3,838,986
Prior Period Adjustment	-	-	-	-	-	-
Net position - ending	<u>1,236,610</u>	<u>1,112,829</u>	<u>3,357,394</u>	<u>3,262,124</u>	<u>4,594,004</u>	<u>4,374,953</u>

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

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

A large portion of the City's net position (59%) reflects 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 its 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.

An additional portion of the City's net position (22%) represents resources that are subject to external restrictions on how they may be used. The balance of *unrestricted net position*, \$863,382 or 19%, may be used to meet the government's ongoing obligations to citizens and suppliers.

For the fiscal year 2020, revenues from governmental activities totaled \$1,453,048. Property taxes and sales taxes are the largest components of revenue 63%.

For fiscal year 2020, expenses for governmental activities totaled \$1,329,267. The City's two largest funded programs are public safety and general government.

Revenues of the city's business-type activities were \$1,635,846 for the fiscal year ending September 30, 2020. Expenses for the City's business-type activities were \$1,540,576. The City's largest expenses are personnel services and repairs and maintenance.

**THE CITY'S FUNDS**

As the City completed the year, its governmental funds (as presented in the balance sheet on page 12) reported a combined fund balance of \$772,040, which is more than last year's total of \$673.976.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of 2020, the city has invested \$4,916,580 in capital assets, including equipment and land. This amount represents a net increase of \$115,815 due to current year additions and depreciation. This year's major additions included:

Water System Improvements \$290,684. Fleet & Equipment additions \$112,012.

More detailed information about the City's capital assets is presented in the Notes to the Financial Statements starting on page 26.

**Debt**

At year-end, the City had \$19,272,724 in long-term debt outstanding, versus \$1,994,406 last year. This increase is due to three new loans added in fiscal year 2020.

More detailed information about the City's long-term liabilities is presented in the Notes to the Financial Statements starting on page 27.

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

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The City's elected and appointed officials considered population growth and available resources from state revenues and tax revenues when setting the fiscal year budget and tax rate.

For the 2020 fiscal year, the City adopted a \$1,414,366 budget for the General Fund and a \$2,043,541 budget for the Enterprise Fund. It will be funded through property taxes via a \$0.481 property tax rate and water and sewer revenue.

If the City does not incur any unforeseen expenditures or reductions in revenue, it should accomplish the task of providing services in the City within its available resources and not further reduce the current fund balance.

### **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 any questions about this report or need additional information, contact the City's business office, at City of Bertram, 110 East Vaughan Street, Bertram, Texas 78605.

## **BASIC FINANCIAL STATEMENTS**

**CITY OF BERTRAM, TEXAS**  
**STATEMENT OF NET POSITION**  
**September 30, 2020**

	Primary Government			Component
	Governmental	Business-type		
	Activities	Activities	Total	Unit
<u>Assets</u>				
Cash and cash equivalents	\$ 785,294	\$ 234,976	\$ 1,020,270	\$ 315,911
Accounts receivable, net of allowance for doubtful accounts	83,030	102,727	185,757	-
Capital assets, net	544,470	4,372,110	4,916,580	-
Net Pension Asset	5,587	7,723	13,310	-
Restricted assets:				
Cash and investments	224,862	18,024,200	18,249,062	-
Total assets	1,643,243	22,741,736	24,384,979	315,911
Deferred Outflows of Resources	36,224	32,194	68,418	-
<u>Liabilities</u>				
Accounts payable	13,287	58,125	71,412	-
Accrued expenses	48,609	23,095	71,704	-
Customer deposits	-	146,439	146,439	-
Noncurrent liabilities				
Due within one year	17,000	145,296	162,296	-
Due in more than one year	293,000	18,979,724	19,272,724	-
Net Pension Liability	-	-	-	-
Total liabilities	371,896	19,352,679	19,724,575	-
Deferred Inflows of Resources	70,961	63,857	134,818	-
<u>Net Position</u>				
Net Investment in Capital Assets	234,470	2,483,281	2,717,751	-
Restricted for:				
Debt service	30,485	296,062	326,547	-
Street maintenance	19,313	-	19,313	-
Court technology	8,063	-	8,063	-
Court building fund	5,677	-	5,677	-
Hotel/Motel tax account	34,987	-	34,987	-
LEOSE Training account	3,092	-	3,092	-
Municipal Development district	123,245	-	123,245	-
Asset replacement, repairs, reserve		491,947	491,947	-
Economic development	-	-	-	315,911
Unrestricted net position	777,278	86,104	863,382	-
Total Net Position	\$ 1,236,610	\$ 3,357,394	\$ 4,594,004	\$ 315,911

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

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**CITY OF BERTRAM, TEXAS**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended September 30, 2020

Net (Expense) Revenue and Changes in Net Position							
Functions/Programs	Expenses	Program Revenues			Primary Government		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total	Component Unit
Primary Government:							
Governmental activities:							
General government	\$ 877,278	\$ 162,548	\$ -	\$ (714,730)	\$ -	\$ (714,730)	\$ -
Public safety	83,531	-	58,100	(25,431)	-	(25,431)	-
Municipal Court	147,563	229,026	-	81,463	-	81,463	-
Public works	154,743	-	-	(154,743)	-	(154,743)	-
Pension Expense	39,049	-	-	(20,681)	(18,368)	(39,049)	-
Parks and recreation	45,471	-	-	(45,471)	-	(45,471)	-
Total governmental activities	1,347,635	391,574	58,100	(879,593)	(18,368)	(897,961)	-
Business-type activities							
Water and Sewer	1,522,208	1,561,025	-	-	38,817	38,817	-
Total business-type activities	1,522,208	1,561,025	-	(879,593)	20,449	(859,144)	-
Total primary government	2,869,843	1,952,599	58,100	-	-	-	-
Component unit:							
Economic development	62,449	-	-	-	-	-	(62,449)
General revenues:							
		Property taxes	506,115	-	-	506,115	-
		Sales taxes	404,368	-	-	404,368	91,136
		Franchise taxes	59,893	-	-	59,893	-
		Hotel & alcoholic beverage tax	6,516	-	-	6,516	-
		Other income	22,161	69,716	-	91,877	-
		Investment & other earnings	4,321	5,105	-	9,426	1,489
		Total general revenues	1,003,374	74,821	-	1,078,195	92,625
		Changes in net position	123,781	95,270	-	219,051	30,176
		Transfers	-	-	-	-	-
		Net position - beginning of year	1,112,829	3,262,124	-	4,374,953	285,735
		Net position - end of year	\$ 1,236,610	\$ 3,357,394	-	\$ 4,594,004	\$ 315,911

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



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

	<u>General</u>	<u>Total Governmental Funds</u>
<b><u>ASSETS</u></b>		
Cash and investments	\$ 785,294	\$ 785,294
Accounts receivable (net)	<u>83,030</u>	<u>83,030</u>
Total Assets	<u>\$ 868,324</u>	<u>\$ 868,324</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>		
Liabilities:		
Accounts payable	\$ 13,287	\$ 13,287
Accrued liabilities	-	-
Unearned revenue	<u>82,997</u>	<u>82,997</u>
Total Liabilities	96,284	96,284
Fund Balances:		
Nonspendable	-	-
Restricted	-	-
Committed	194,377	194,377
Assigned	-	-
Unassigned	<u>577,663</u>	<u>577,663</u>
Total Fund Balances	<u>772,040</u>	<u>772,040</u>
Total Liabilities and Fund Balances	<u>\$ 868,324</u>	<u>\$ 868,324</u>

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

**CITY OF BERTRAM, TEXAS**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**September 30, 2020**

Total fund balance (deficit) - governmental funds	\$ 772,040
Net Pension Asset is not included in governmental funds	5,587

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

Deferred Outflows of Resources are not included in Govt. Funds	36,224
--	--------

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Land	\$ 19,415	
Buildings & Improvements	487,036	
Machinery & Equipment	443,712	
Parks and Recreation	33,332	
Software	12,283	
Accumulated Depreciation	<u>(451,308)</u>	
Total Capital Assets		544,470

Various accounting differences between govt. wide and gov. funds	45,788
--	--------

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the fund cash reserved	224,862
--	---------

Deferred Inflows of Resources are not included in Governmental funds	(70,961)
--	----------

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:

Compensated absences	(11,400)	
Long-term debt	<u>(310,000)</u>	
Total Long-Term Liabilities		<u>(321,400)</u>

Net Position of governmental activities	<u>\$ 1,236,610</u>
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The accompanying notes are an integral part of the financial statements.

CITY OF BERTRAM, TEXAS  
STATEMENT OF  
REVENUES, EXPENDITURES, AND CHANGES IN GOVERNMENTAL FUNDS  
For the Year Ended September 30, 2020

	<u>General</u>
<b>REVENUE</b>	
General property taxes	\$ 501,693
Sales taxes	404,368
Franchise and other taxes	66,409
Fines	229,026
Fees and permits	162,548
Other charges and service income	11,832
Interest	4,321
Other income	22,161
Grant Income	58,100
Total Revenue	<u>\$ 1,460,458</u>
<b>EXPENDITURES</b>	
General government	\$ 835,673
Public safety	83,531
Public works	154,743
Parks and recreation	43,967
Court expenses	147,563
Pension expense	-
Debt service:	
Principal	16,000
Capital outlay	80,917
Total Expenditures	<u>\$ 1,362,394</u>
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>\$ 98,064</u>
<b>OTHER FINANCING SOURCES (USES)</b>	
Transfers in	-
Transfers from Restricted Assets	-
Total Other Financing Sources (Uses)	<u>\$ -</u>
<b>EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<u>\$ 98,064</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>673,976</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>772,040</u>

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

**CITY OF BERTRAM, TEXAS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCES**  
**TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2020**

Change in net position of governmental funds	\$ 123,781
Amounts reported for governmental activities in the statement of activities (page 14) are different because:	
Net change in fund balances - total governmental funds	
Difference in property tax revenues for govt. funds	4,422
Total Pension Expense not included in Govt. Funds	20,681
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (43,109) was less than capital outlays (80,917) in the current	
	(37,808)
Governmental funds report debt proceeds as current financial resources. In contrast, the statement of activities treats the incurrence of debt as a liability. Governmental funds report repayment of debt as an expenditure. In contrast, the statement of activities treats such repayments as a reduction in long-term liabilities. This is the amount of debt payments.	
	16,000
Increase in accrued absences	-
Decrease in Restricted Investment Funds not recognized as a revenue source	(29,012)
Change in net position of governmental activities (page 11)	\$ <u>98,064</u>

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

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

	<b>Business-type Activities</b>
	<b>Enterprise Fund</b>
<b><u>Assets</u></b>	
Current assets:	
Cash and cash equivalents	\$ 234,976
Due from General Fund	-
Accounts receivable, net	<u>102,727</u>
Total current assets	337,703
Noncurrent assets:	
Net Pension Asset	7,723
Restricted cash and investments	18,024,200
Capital assets, net	<u>4,372,110</u>
Total noncurrent assets	<u>22,404,033</u>
Total assets	<u>\$ 22,741,736</u>
Deferred Outflows of Resources	32,194
<b><u>Liabilities</u></b>	
Current liabilities:	
Accounts payable	\$ 58,125
Accrued expenses	23,095
Customer deposits	146,439
Current portion of long-term debt	<u>145,296</u>
Total current liabilities	372,955
Noncurrent liabilities	
Net Pension Liability	-
Revenue Bonds	18,979,724
Notes Payable	<u>-</u>
Total liabilities	<u>\$ 19,352,679</u>
Deferred Inflows of Resources	63,857
<b><u>Net Position</u></b>	
Net Investment in Capital Assets	2,483,281
Restricted for debt service	296,062
Reserved for asset replacement, repairs, reserve	491,947
Unrestricted	<u>86,104</u>
Total net position	<u>\$ 3,357,394</u>
Total liabilities and net position	<u>\$ 22,710,073</u>

The accompanying notes are an integral part of the financial statements

**CITY OF BERTRAM, TEXAS**  
**STATEMENT OF REVENUE, EXPENSES,**  
**AND CHANGES IN NET POSITION – PROPRIETARY FUND**  
**Year Ended September 30, 2020**

	<b>Business-Type Activities</b>
	<b><u>Enterprise Fund</u></b>
<b>OPERATING REVENUE</b>	
Charges for services	\$ 1,561,025
Total Operating Revenue	<u>1,561,025</u>
<b>OPERATING EXPENSES</b>	
Cost of water	68,916
Cost of sanitation	154,705
Personnel services	380,805
Utilities	40,299
Maintenance and repairs	429,800
Administration	78,600
Insurance	8,221
Depreciation	<u>272,626</u>
Total Operating Expenses	1,433,972
<b>OPERATING GAIN (LOSS)</b>	127,053
<b>NON-OPERATING REVENUE (EXPENSES)</b>	
Grant income	-
Interest income	5,105
Interest expense	(88,236)
Grant expense	-
Total Pension Expense	(18,368)
Other income	<u>69,716</u>
Total Non-operating Revenue (Expenses)	(31,783)
Interfund transfers:	
Transfers (out)	\$ <u>-</u>
Total interfund transfers	
<b>NET GAIN (LOSS)</b>	95,270
Net Position - beginning of year	<u>3,262,124</u>
Net Position - end of year	<u>3,357,394</u>

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

**CITY OF BERTRAM, TEXAS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**September 30, 2020**

	<b>Business-type Activities</b>
	<b>Enterprise Fund</b>
<u>Cash Flows from Operating Activities</u>	
Cash received from customers	\$ 1,552,605
Cash payments to suppliers	(707,860)
Cash payments to employees	(380,805)
Net Cash Provided by Operating Activities	<u>463,940</u>
<u>Cash Flows from Non-Capital Financing Activities</u>	
Transfers from (to) other funds	-
other income	69,716
Grant income	-
Net cash (used) in non-capital financing activities	<u>69,716</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Acquisition of capital assets	(350,633)
Payments on long-term bonds	(143,613)
Interest paid	(88,236)
Debt Issuance	-
Net Cash Provided by Capital and Related Financing Activities	<u>(582,482)</u>
<u>Cash Flows from Investing Activities</u>	
Interest received	5,105
(Increase) decrease in restricted cash, CDs	<u>93,823</u>
Net Cash Provided by Investing Activities	<u>98,928</u>
Net Increase in Cash and Cash Equivalents	50,102
Cash and cash equivalents - beginning of year	<u>184,874</u>
Cash and cash equivalents - end of year	<u>\$ 234,976</u>
<u>Reconciliation of operating loss to net cash provided by operating activities:</u>	
Operating income (loss)	\$ 127,053
Adjustments to reconcile operating loss to net cash provided by Operating Activities:	
Depreciation expense	272,626
(Increase) decrease in accounts receivable	(8,420)
Increase (decrease) in accounts payable	57,037
Increase (decrease) in accrued expenses	(3,739)
Increase (decrease) in customer deposits	<u>19,383</u>
Total adjustments	336,887
Net Cash Provided by Operating Activities	<u>\$ 463,940</u>

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

**CITY OF BERTRAM, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**A. REPORTING ENTITY**

The City of Bertram, Texas (the City), is a general law city in Burnet County, Texas which operates under a Council form of government and provides such services as public safety (police and EMS), highways and streets, water and sanitation, public improvements, planning and zoning, judicial, general administrative and other services as are authorized by its code of ordinances and its citizens.

The City Council consists of a Mayor and five Aldermen, constituting an ongoing entity and is the level of government which has governing responsibilities over all activities related to the City. The City is not included in any other government reporting entity. The Mayor and Aldermen are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

In evaluating the City's financial reporting entity, management has considered all potential component units. The decision to include a potential component unit was made set forth in GASB Statement No. 14. The component units discussed below have been included based on this criteria.

**Bertram Economic Development Corporation** is included as a component unit because of its operational and financial relationship with the City. The Corporation receives its funding from a one-half percent sales tax assessed by the City, and the City appoints the members of the governing board. The Corporation was created by the City to enhance the economic development of the Bertram community. The Bertram Economic Development Corporation is presented as a discretely presented component unit.

**B. FINANCIAL REPORTING MODEL**

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 more useful to the people who use governmental financial information to make decisions.



**CITY OF BERTRAM, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. FINANCIAL REPORTING MODEL (Continued)**

*Management's Discussion and Analysis* – GASB Statement No. 34 requires that financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities (MD&A). This analysis is similar to the analysis the private sector provides in the annual reports.

*Government-wide Financial Statements* – The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities (such as cash and accounts payable) but also capital assets and long-term liabilities (such as buildings and general obligation debt). Accrual accounting also reports all of the revenues and costs of providing services each year, not just those received or paid in the current year or soon thereafter.

*Statement of Net Position* – The Statement of Net Position is designed to display the financial position of the primary government (government and business-type activities) and its discretely presented component units. Governments report all capital assets, including infrastructure, in the government-wide Statement of Net Position and report depreciation expense- the cost of "using up" capital assets – in the Statement of Activities. The net position of the government will be broken down in three categories – 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

*Statement of Activities* – The government-wide statement of activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Fines and miscellaneous revenues are considered to be measurable and available only when cash is received by the City.

**CITY OF BERTRAM, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. FUND ACCOUNTING**

The City reports the following major governmental fund:

General Fund – The general fund is the City's primary operating fund. It is used to account for all financial resources of the general government except those required to be accounted for in another fund.

The City reports the following major proprietary fund:

Water and Sewer Fund – The water and sewer fund accounts for the activities of the water distribution system, the sewage treatment plant, sewage pumping stations and collections systems.

Additionally, the government reports the following fund type:

Debt Service Fund – accounts for the servicing of general long-term debt not being financed by proprietary funds.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are following in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

Proprietary fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer enterprise funds are charges to customers for sales and services. The water and sewer funds also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

**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

**CITY OF BERTRAM, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2020**

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 BERTRAM, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. ASSETS, LIABILITIES, AND NET POSITION**

**a. Deposits and Investments**

The City's cash and cash equivalents for purposes of reporting cash flows of the proprietary fund consist of cash on hand and demand deposits.

State statutes authorize the City to invest in obligations of the United States or its agencies and instrumentalities and state or local governments, fully insured certificates of deposit, commercial paper, guaranteed investment contracts, repurchase agreement, and certain governmental investment pools. The City's local investment policy limits the City to invest in obligations of the United States or its agencies and instrumentalities, fully insured certificates of deposit, fully collateralized repurchase agreements by obligations of the United States or its agencies and instrumentalities, money market mutual funds, and local government investment pools.

**b. Receivables and Payables**

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" or "advances to/from other funds." All other outstanding balances between funds are reported as "due to/from other funds."

All accounts receivables are shown net of an allowance for uncollectibles.

**c. Restricted Assets**

Certain resources of the City's enterprise fund are set aside for the repayment of its revenue bonds and are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

**d. Capital Assets**

Capital assets, which include land, buildings and improvement, machinery and equipment, infrastructure, and water and sewer facilities are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City has elected not to report major general infrastructure assets retroactively as permitted by GASB Statement No. 34 for smaller governments. The City will report newly acquired or constructed general infrastructure assets subsequent to October 1, 2003 in the statement of net assets in the period they acquire or construct those assets. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. 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 assets lives are not capitalized.

**CITY OF BERTRAM, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. ASSETS, LIABILITIES, AND NET POSITION (Continued)**

**d. Capital Assets (Continued)**

Capital assets of the City are depreciated using the straight line method over the following estimated useful lives:

<b>Assets</b>	<b>Years</b>
Buildings and improvements	20-40
Pool and park improvements	10-15
Machinery and equipment	5-10
Water system	10-40
Sewer system	15-40
Software	3-5

**e. General Obligation Enterprise Bonds**

The Enterprise Fund provides the annual debt service requirements on certain obligations enterprise bonds (not secured by system revenues) issued to finance system improvements. Accordingly, these obligations have been recorded on the balance sheet of the Enterprise Fund.

**f. Compensated Absences**

The City accrues a liability for compensated absences which meet the following criteria:

- (a) The City's obligation relating to employees' rights to receive compensation for future absences is attributable to the employees' services already rendered.
- (b) The obligation relates to rights that vest or accumulate.
- (c) Payment of the compensation is probable.
- (d) The amount can be reasonably estimated.

In accordance with the above criteria, the City has accrued a liability for vacation pay which has been earned but not taken by employees. As of the balance sheet date, the City expected that all of the liability for accrued vacation would be liquidated with expendable resources. Therefore, the liability for accrued vacation and sick leave is reflected as a current liability in the financial statements for the year ended September 30, 2019.

**g. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**h. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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

**CITY OF BERTRAM, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. ASSETS, LIABILITIES, AND NET POSITION (Continued)**

**h. Estimates (continued)**

date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. BUDGETARY INFORMATION**

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

Prior to August 1 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 them for the upcoming year, along with estimates for the current year and actual data from the preceding year.

Public hearings are conducted to obtain taxpayer comments. Prior to September 30, the budget is legally enacted through passage by majority vote of the City Council. The Council may authorize supplemental appropriations during the year.

The final amended budget is used in the report. Unused appropriations lapse at the end of the year unless carried forward to the next year by Council action. No encumbrances are recognized or recorded. The operating budget includes proposed expenditures for the General Fund. The City adopted the current year budget on a line item basis.

**CITY OF BERTRAM, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2020**

**3. DETAILED NOTES ON ALL FUNDS**

**A. DEPOSITS**

As of September 30, 2020, cash deposits were with a depository bank in interest bearing accounts. The carrying amounts of the City's General Funds and Utility Funds deposits and the bank accounts of the Economic Development Corporation deposits were \$19,585,243 and the bank balances were \$19,585,243 of which \$0 is not insured by the Federal Deposit Insurance Corporation. These assets are valued at cost which approximates market value. Restricted cash from the 2019, 2020A and 2020B Bond obligations total \$17,517,000, \$1,752,332 is cash for the City of Bertram and \$315,911 is cash for the EDC.

As of September 30, 2020, the City's depository bank for these funds had pledged securities sufficient to cover the amount above FDIC limits.

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

**B. RESTRICTED TEMPORARY INVESTMENTS**

***Governmental Activities Assets Restricted***

Temporary investments consist of cash and other highly liquid investments that are dedicated to the following:

Street Maintenance	\$ 19,313
Other Non-Major Funds	<u>175,064</u>
	<u>\$ 194,377</u>

***Business Type Activities Assets Restricted***

Temporary investments consist of cash and other highly liquid investments that are dedicated to the following:

Debt Service	<u>\$ 296,062</u>
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**C. PROPERTY TAXES AND RECEIVABLES**

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, 2018 (fiscal year ended September 30, 2020) was \$506,115.

The tax assessment of October 1, 2018 tax sets a tax levy at \$.0481 per \$100 of assessed valuation at 100 percent of market value.

Delinquent property taxes estimated to be collected within the next fiscal year are recognized as revenues. Other delinquent property taxes receivable at year end that are deemed uncollectible are recorded as deferred revenues in the governmental fund balance sheet. Current property taxes receivable at 9/30/20 were \$13,635 and delinquent property taxes receivable were \$32,153 for a total due of \$45,788.

**CITY OF BERTRAM, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2020**

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

**D. CAPITAL ASSETS**

Changes in capital assets during the year ended September 30, 2020, were as follows:

	Balance October 1, 2019	Additions	Transfers/ Retirements	Balance September 30, 2020
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land	\$ 19,415	\$ -	\$ -	\$ 19,415
Capital assets being depreciated:				
Buildings and improvements	458,182	28,854	-	487,036
Pool and park improvements	33,332	-	-	33,332
Machinery and equipment, vehicles	391,649	52,063	-	443,712
Infrastructure	12,283	-	-	12,283
Total capital assets being depreciated	895,446	80,917	-	976,363
Less accumulated depreciation	(408,199)	(43,109)	-	(451,308)
Total capital assets, being depreciated, net	487,247	37,808	-	525,055
Governmental activities capital assets, net	<u>506,662</u>	<u>37,808</u>	<u>-</u>	<u>544,470</u>
<b>Business-type Activities</b>				
Capital assets not being depreciated				
Land	\$ 250,773	\$ -	\$ -	\$ 250,773
Total capital assets not being depreciated	<u>250,773</u>	<u>-</u>	<u>-</u>	<u>250,773</u>
Capital assets being depreciated:				
Buildings and improvements	78,599	-	-	78,599
Water system	4,475,919	-	-	4,475,919
Sewer system	3,236,780	290,684	-	3,527,464
Machinery and equipment	818,393	59,949	-	878,342
Total capital assets, being depreciated	8,609,691	350,633	-	8,960,324
Less accumulated depreciation	(4,566,361)	(272,626)	-	(4,838,987)
Total capital assets, being depreciated, net	4,043,330	78,007	-	4,121,337
Business-type activities capital assets, net	<u>\$ 4,294,103</u>	<u>\$ 78,007</u>	<u>\$ -</u>	<u>\$ 4,372,110</u>



**CITY OF BERTRAM, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2020**

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

**D. CAPITAL ASSETS (Continued)**

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

Governmental activities:

General government 6,584

Public safety 15,447

Streets 19,574

Parks and recreation 1,503

Total depreciation expense - governmental activities \$ 43,108

Business-type activities:

Water and sewer \$ 272,626

**E. LONG-TERM DEBT**

The following is a summary of long-term debt transactions in the business-type activities for the year ended September 30, 2020:

	Balance October 1, 2019	Increases	Decreases	Balance September 30, 2020
2015 Gov. Cap. Corp.	94,633	-	22,613	72,020
1991 Certificate of Obligation	467,000	-	7,000	460,000
2013 Refunding Bonds	1,190,000	-	70,000	1,120,000
2019 Tax and Revenue Bonds	-	327,000	44,000	283,000
2020A Combination Tax and Junior Lien Revenue Certificates of Obligation		12,440,000	-	12,440,000
2020B Combination Tax and Junior Lien Revenue Certificates of Obligation		4,750,000	-	4,750,000
	<u>1,751,633</u>	<u>17,517,000</u>	<u>143,613</u>	<u>19,125,020</u>

**CITY OF BERTRAM, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2020**

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

**E. LONG-TERM DEBT (Continued)**

Long-term debt for business-type activities at September 30, 2020 consists of the following:

**Payee and Terms**

Government Capital Corporation - The City entered Public Property Finance Act Contracts with annual principal and interest payments to begin in November of 2016 and end November of 2022, with an interest rate of 3.021%.	\$ 72,020
Series 1991 Certificate of Obligation - The City issued a combination tax and revenue certificates of obligation in the amount of \$700,000 maturing annually until the year 2033, plus interest at a rate of 5%.	\$ 460,000
Series 2013 Refunding Bonds - The City issued revenue certificates of obligation in the amount of \$1,575,000 maturing annually until the year 2033, plus average interest at a rate of 3.38%.	\$ 1,120,000
Tax and Revenue Note, Series 2019 with interest rate of 3.33% and payments on 5/15 and 11/15, interest only on 5/15 and principal payments from \$44,000 to 51,000 until 2025.	283,000
Combination Tax and Junior Lien Revenue Certificates of Obligation, Series 2020A. Interest rates from 0.04 to 0.6%, annual payments on 9/30 from \$275,000 to \$510,125. Matures 9/30/2052.	12,440,000
Combination Tax and Junior Lien Revenue Certificates of Obligation, Series 2020B. Interest rates from 0.13 to 1.22%, annual payments on 3/15 from \$45,000 to \$241,464. Matures 3/15/2051.	4,750,000
Total	\$ 19,125,020
Less current portion	145,296
Total Long-Term Debt	\$ 18,979,724

The annual requirements to amortize the long term debt outstanding in the business-type activities as of September 30, 2020, are as follows:

<u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	145,296	150,766	296,062
2022	197,000	146,097	343,097
2023	473,724	141,087	614,811
2024	461,000	136,047	597,047
2025	458,000	131,437	589,437
2026-2030	2,575,000	603,269	3,178,269
2031-2035	2,729,000	502,109	3,231,109
2036-2053	12,086,000	836,491	12,922,491
Total	\$ 19,125,020	\$ 2,647,303	\$ 21,772,323

**CITY OF BERTRAM, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2020**

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

**E. LONG-TERM DEBT (Continued)**

The following is a summary of long term debt transactions in the governmental activities for the year ending September 30, 2020:

	<u>Balance</u> <u>October 1, 2019</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>September 30, 2020</u>
Wells Nelson & Asso \$	326,000	\$ -	\$ (16,000)	\$ 310,000

Government Capital Corporation - The City entered a Public Finance Act Contract with annual principal and interest payments that began in May 2014 and ends May 2034 for the purchase of police cars.

\$ 310,000

Total

\$ 310,000

Less current portion

17,000

\$ 293,000

Long term debt for governmental activities as September 30, 2020 consists of the following:

Payee and Terms

<u>Year ended</u> <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	17,000	13,485	30,485
2022	17,000	12,746	29,746
2023	18,000	12,006	30,006
2024	19,000	11,223	30,223
2025	20,000	10,396	30,396
2026-2030	111,000	38,324	149,324
2031-2034	<u>108,000</u>	<u>12,050</u>	<u>120,050</u>
Total	\$ 310,000	\$ 110,230	\$ 420,230

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

**4. OTHER INFORMATION**

**A. 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 has joined together with other governments in the State of Texas to form the Texas Municipal League Intergovernmental Risk Pool (the Pool), a public entity risk pool currently operating as a common risk management and insurance program for liability, property, and workmen's compensation coverage. The City pays a quarterly contribution to the Pool for its insurance coverage. The agreement for formation of the Pool provides that the Pool will be self-sustaining through member contributions and will reinsure through commercial companies for claims in excess of specific limits.

The City has experienced no significant reductions in coverage through the Pool over the past year. There have been no insurance settlements exceeding Pool coverage for any of the last three years.

**CITY OF BERTRAM, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2020**

**4. OTHER INFORMATION (Continued)**

**D. SANITATION SERVICES**

In April, 1998, the City entered into a contract with a trash disposal company for garbage collection within the City. Fees are billed monthly to the City based upon a fee schedule included in the contract. During the years ended September 30, 2020 and 2019, payments by the city under the contract totaled \$154,705 and 117,759, respectively.

**E. WATER PURCHASE AGREEMENT**

The City of Bertram uses well water. The contract provides for an annual review of the price to be paid for the water. The contract specifies that the price will be the amount charged by the Lower Colorado River Authority for the diversion of water from area lakes plus 15 percent. The term of the contract is 50 years. During the years ended September 30, 2020 and 2019, the total amount paid by the City for water purchased under the contract was \$58,559 and \$46,708 respectively.

**F. PENSION PLAN**

***Plan Description***

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

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

**B. Benefits Provided**

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

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

**CITY OF BERTRAM, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2020**

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

**I. PENSION PLAN (Continued)**

Employees covered by benefit terms.

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms.

Inactive employees or beneficiaries currently receiving benefits	6
Inactive employees entitled to but not yet receiving benefits	14
Active employees	<u>14</u>
Total	34

**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 Bertram were required to contribute 5% of their annual gross earnings during the fiscal year. The contribution rates for the City of Bertram were 5% and 5% in calendar years 2020 and 2019 respectively. The city's contributions to TMRS for the year ended September 30, 2020 were 38,777, and were equal to the required contributions.

**D. Net Pension Liability**

The city's Net Pension Liability (NPL) was measured as of December 31, 2019, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation 2.5% per year

Overall payroll growth 3.5-10.5% per year

Investment Rate of Return 6.75% net of pension plan investment expense, including inflation

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

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

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.

Actuarial assumptions used in the December 31, 2018, 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, 2014, first used in the December 31, 2017 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 2017 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 BERTRAM, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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

**I. PENSION PLAN (Continued)**

<b>City of Bertram</b>		
<b>Schedule of Changes in Net Pension Liability and Related Ratios Current Period</b>		
<b>September 30, 2020</b>		
<b>A. Total pension liability</b>		
1. Service Cost	\$	53,165
2. Interest (on the Total Pension Liability)		42,169
3. Changes of benefit terms		16,184
4. Difference between expected and actual experience		(24,957)
5. Changes of assumptions		(5,481)
6. Benefit payments, including refunds of employee contributions		(48,082)
7. Net change in total pension liability	\$	32,998
8. Total pension liability - beginning		605,994
9. Total pension liability - ending	\$	638,992
<b>B. Plan fiduciary net position</b>		
1. Contributions - employer	\$	11,000
2. Contributions - employee		27,777
3. Net investment income		88,516
4. Benefit payments, including refunds of employee contributions		(48,082)
5. Administrative Expense		(501)
6. Other		(16)
7. Net change in plan fiduciary net position	\$	78,694
8. Plan fiduciary net position - beginning		573,608
9. Plan fiduciary net position - ending	\$	652,302
<b>C. Net pension liability [A.9-B.9]</b>	\$	(13,310)
<b>D. Plan fiduciary net position as a percentage of the total pension liability [B.9 / A.9]</b>		102.08%
<b>E. Covered-employee payroll</b>	\$	555,543
<b>F. Net pension liability as a percentage of covered employee payroll [C / E]</b>		-2.40%

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	\$67,576	\$(13,310)	\$(80,852)
Pension Plan Fiduciary Net Position			

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

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

III. DETAILED NOTES ON ALL FUNDS (Continued)

I. PENSION PLAN (Continued)

CITY OF BERTRAM			
SCHEDULE OF PENSION EXPENSE			
SEPTEMBER 30, 2020			
1.	Total Service Cost		\$ 53,165
2.	Interest on the Total Pension Liability		42,169
3.	Current Period Benefit Changes		16,184
4.	Employee Contributions (Reduction of Expense)		(27,777)
5.	Projected Earnings on Plan Investments (Reduction of Expense)		(38,719)
6.	Administrative Expense		501
7.	Other Changes in Fiduciary Net Position		15
8.	Recognition of Current Year Outflow (Inflow) of Resources - Liabilities		(7,196)
9.	Recognition of Current Year Outflow (Inflow) of Resources - Assets		(9,959)
10.	Amortization of Prior Year Outflows (Inflows) of Resources - Liabilities		(35)
11.	Amortization of Prior Year Outflows (Inflows) of Resources - Assets		10,701
12.	Total Pension Expense		\$ 39,049



**CITY OF BERTRAM**

**SCHEDULE OF OUTFLOWS AND INFLOWS - CURRENT AND FUTURE EXPENSE**

**SEPTEMBER 30, 2020**

	Recognition		2019	
	Period (or	Total (Inflow)	Recognized	Deferred
	amortization	or Outflow of	in current	(Inflow) Outflow
	ysrs)	Resources	pension expense	in future expense
<b>Due to Liabilities:</b>				
Difference in expected and actual experience [actuarial (gains) or losses]	4.2300	\$ (24,957)	\$ (5,900)	\$ (19,057)
Difference in assumption changes [actuarial (gains) or losses]	4.2300	\$ (5,481)	\$ (1,296)	\$ (4,185)
			\$ (7,196)	\$ (23,242)
<b>Due to Assets:</b>				
Difference in projected and actual earnings on pension plan investments [actuarial (gains) or losses]	5.0000	\$ (49,797)	\$ (9,959)	\$ (39,838)
			\$ (9,959)	\$ (39,838)
<b>Total:</b>				\$ (63,080)

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

	Net deferred outflows (inflows) of resources
2020	\$ (12,783)
2021	(12,890)
2022	(5,814)
2023	(11,615)
2024	-
Thereafter	-
<b>Total</b>	<b>\$ (43,102)</b>

Subsequent Events/Pending Litigation - No items of audit significance or audit materiality noted.

**REQUIRED SUPPLEMENTARY INFORMATION**

CITY OF BERTRAM, TEXAS  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
 NET ASSETS – BUDGET TO ACTUAL – GENERAL FUND  
 For the year ended September 30, 2020

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>				
General property taxes	525,915	525,915	501,693	(24,222)
Sales tax	310,000	310,000	404,368	94,368
Franchise tax	58,000	58,000	66,409	8,409
Fines, fees and court revenue	159,000	159,000	229,026	70,026
Fees and permits	80,330	120,330	162,548	42,218
Interest	3,150	3,150	4,321	1,171
Other income	<u>48,620</u>	<u>48,620</u>	<u>33,993</u>	<u>(14,627)</u>
Total Revenues	1,185,015	1,225,015	1,402,358	177,343
<u>Expenses</u>				
General government	474,178	497,928	835,673	(337,745)
Public safety	528,652	560,902	83,531	477,371
Public works	38,750	99,451	154,743	(55,292)
Court expenses	118,841	118,841	147,563	(28,722)
Parks and recreation	108,285	108,285	43,967	64,318
Debt service:				
Principal	-	-	16,000	(16,000)
Capital outlay	<u>-</u>	<u>-</u>	<u>80,917</u>	<u>(80,917)</u>
Total Operating Expenses	1,268,706	1,385,407	1,362,394	23,013
Operating Income (Loss)	(83,691)	(160,392)	39,964	200,356
<u>Other Financing Sources (Uses)</u>				
Grant receipt	60,000	83,100	58,100	(25,000)
Pension expense	-	-	-	-
Transfers from Restricted Funds	45,550	106,251	-	(106,251)
Transfers to reserves	<u>(21,859)</u>	<u>(28,959)</u>	<u>-</u>	<u>28,959</u>
Total	<u>83,691</u>	<u>160,392</u>	<u>58,100</u>	<u>(102,292)</u>
Change in Net Assets	<u>-</u>	<u>-</u>	<u>98,064</u>	<u>98,064</u>
Fund Balance-Beginning of Year	673,976	673,976	673,976	
Fund Balance-End of Year	<u>673,976</u>	<u>673,976</u>	<u>772,040</u>	<u>98,064</u>

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

CITY OF BERTRAM, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
NET ASSETS – BUDGET TO ACTUAL  
For the year ended September 30, 2020

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>				
Sewer Income	342,000	342,000	276,226	(65,774)
Sanitation income	185,000	185,000	178,364	(6,636)
Water income	602,500	702,500	764,592	62,092
Tap & Impact fees	183,925	183,925	309,985	126,060
Penalties and service charges	40,600	24,300	23,004	(1,296)
Interest	5,000	3,903	5,105	1,202
Miscellaneous income	4,500	18,932	74,987	56,055
<b>Total Revenues</b>	<b>1,363,525</b>	<b>1,460,560</b>	<b>1,632,263</b>	<b>171,703</b>
<b>Expenses</b>				
Water purchase	55,000	55,000	68,916	(13,916)
Garbage collection	140,000	140,000	154,705	(14,705)
Salaries & personnel expenses	407,486	412,486	380,805	31,681
Repairs & Maintenance	203,000	394,135	429,800	(35,665)
Administration expenses	152,930	159,930	127,120	32,810
Miscellaneous	56,134	56,134	14,785	41,349
Loan Principal Payments	143,615	143,615	143,613	2
Interest expense	-	19,357	88,236	(68,879)
Capital outlay	293,175	293,175	350,633	(57,458)
<b>Total Operating Expenses</b>	<b>1,451,340</b>	<b>1,673,832</b>	<b>1,758,613</b>	<b>(84,781)</b>
<b>Operating Income (Loss)</b>	<b>(87,815)</b>	<b>(213,272)</b>	<b>(126,350)</b>	<b>86,922</b>
<b>Other Financing Sources (Uses)</b>				
Grant receipt	-	195,937	-	-
Grant expenditures	-	(154,000)	-	-
Transfers (in)	260,865	387,004	-	(260,865)
Transfers (out)	(173,050)	(215,669)	-	173,050
<b>Total</b>	<b>87,815</b>	<b>213,272</b>	<b>-</b>	<b>(87,815)</b>
<b>Change in Net Assets</b>	<b>-</b>	<b>-</b>	<b>(126,350)</b>	<b>(893)</b>
<b>Depreciation</b>			272,626	272,626
<b>Addback Capital outlay for GAAP</b>			350,633	350,633
<b>Addback Loan Principle/Proceeds for GAAP</b>			143,613	143,613
<b>Fund Balance - Beginning of Year</b>			3,262,124	
<b>GAAP basis change in net assets</b>			95,270	95,270
<b>Fund Balance-End of Year</b>	<b>-</b>	<b>-</b>	<b>3,357,394</b>	<b>3,357,394</b>

**City of Bertram, Texas**  
**Note to Statement of Revenues, Expenditures and**  
**Changes in Fund Balance-Budget and Actual-**  
**General Fund**

**For the Year Ended September 30, 2020**

**1. Budgetary Highlights**

The City's original budget was amended during the year ended September 30, 2020.

The City's overall actual revenue was \$1,402,358 or \$177,343 more than budgeted. This was primarily generated from more than expected revenues in sales tax. The City's overall actual expenses were \$1,362,394 or \$23,013 less than budgeted. This primarily relates to decreases in general government expenses.

The City's Enterprise Fund budget was amended during the year ended September 30, 2020.

The City's overall enterprise fund actual revenue was \$1,632,263 or \$171,703 more than budgeted. This was primarily due to more impact fees revenues. The City's overall enterprise fund expenses were \$1,758,613 or \$84,781 more than budgeted. The increases in proprietary fund expenses were primarily in repairs and maintenance.

City of Bertram						
Schedule of Changes in Net Pension Liability and Related Ratios						
Last ten years (will ultimately be displayed)						
Total pension liability	2014	2015	2016	2017	2018	2019
1. Service Cost	\$ 22,007	25,197	25,512	28,893	33,042	53,165
2. Interest (on the Total Pension Liability)	33,563	31,526	33,040	35,282	37,900	42,169
3. Changes of benefit terms	-	-	-	-	-	16,184
4. Difference between expected and actual experience	(56,609)	(2,591)	(2,053)	(2,885)	2,131	(24,957)
5. Changes of assumptions	-	13,425	-	-	-	(5,481)
6. Benefit payments, including refunds of employee contributions	(26,963)	(32,348)	(24,881)	(25,058)	(24,090)	(48,082)
7. Net change in total pension liability	\$ (28,002)	35,209	31,618	36,232	48,983	32,998
8. Total pension liability - beginning	481,954	453,952	489,161	520,779	557,011	605,994
9. Total pension liability - ending	\$ 453,952	489,161	520,779	557,011	605,994	638,992
Plan fiduciary net position						
1. Contributions - employer	\$ 6,752	9,238	5,330	7,595	9,534	11,000
2. Contributions - employee	19,390	19,412	18,759	20,727	23,636	27,777
3. Net investment income	26,089	710	32,279	70,512	(17,405)	88,516
4. Benefit payments, including refunds of employee contributions	(26,963)	(32,348)	(24,881)	(25,058)	(24,090)	(48,082)
5. Administrative Expense	(273)	(433)	(365)	(366)	(337)	(501)
6. Other	(22)	(21)	(20)	(18)	(19)	(16)
7. Net change in plan fiduciary net position	\$ 24,973	(3,442)	31,102	73,392	(8,681)	78,694
8. Plan fiduciary net position - beginning	456,264	481,237	477,795	508,897	582,289	573,608
9. Plan fiduciary net position - ending	\$ 481,237	477,795	508,897	582,289	573,608	652,302
Net pension liability [A.9-B.9]	\$ (27,285)	11,366	11,882	(25,278)	32,386	(13,310)
Plan fiduciary net position as a percentage						
of the total pension liability [B.9 / A.9]	106.01%	97.68%	97.72%	104.54%	94.66%	102.08%
Covered-employee payroll	\$ 387,806	\$ 388,236	375,183	414,533	472,710	555,543
Net pension liability as a percentage						
of covered employee payroll [C / E]	-7.04%	2.93%	3.17%	-6.10%	6.85%	-2.40%

	City of Bertram					
	Schedule of Contributions					
	Last 10 Fiscal Years (will ultimately be displayed)					
	September 30, 2020					
	2014	2015	2016	2017	2018	2019
Actually Determined Contribution	\$ 26,142	\$ 28,650	\$ 24,089	\$ 28,322	33,170	\$ 38,777
Contributions in relation to the actuarially determined contribution	<u>26,142</u>	<u>28,650</u>	<u>24,089</u>	<u>28,322</u>	33,170	<u>38,777</u>
	-	-	-	-		
Contribution deficiency (excess)	-	-	-	-		-
Covered employee payroll	\$ 387,806	\$ 388,236	\$ 375,183	\$ 414,533	\$472,710	555,543
Contributions as a percentage of covered employee payroll	6.74%	7.38%	6.42%	6.83%	6.85%	6.98%
Noes to Schedule of Contributions						
Valuation Date determined	12/31/2019					
Notes						

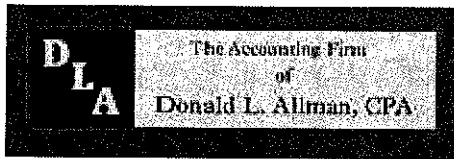
## Actuarial Information

2017

Actuarial cost method	Entry Age Normal
Amortization method	Level percent of payroll
Amortization period	25 years-closed period
Amortization period for new Gains/Losses	15 years
Asset valuation method	10 year smoothed market 15% soft corridor
Actuarial assumptions	
Investment return	6.75%
Projected salary increases	Varies by age and service
Inflation	3%
Cost-of-living Adjustments	0%



## **COMPLIANCE AND INTERNAL CONTROL SECTION**



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## CERTIFIED PUBLIC ACCOUNTANT

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

To the City Council  
City of Bertram, 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 Bertram, Texas, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Bertram, Texas' basic financial statements, and have issued our report thereon dated January 14, 2020.

#### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Bertram, 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 Bertram, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Bertram, Texas' internal control.

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

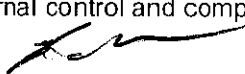
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

#### Compliance and Other Matters

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

#### Purpose of this Report

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

  
Donald L. Allman, CPA, PC  
Georgetown, TX  
January 5, 2021

