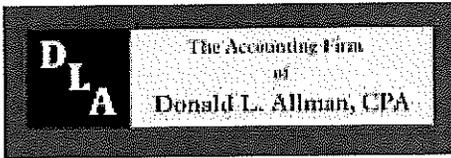


CITY OF BERTRAM, TEXAS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTAL SCHEDULES
AND INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

**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

We have audited the accompanying 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, 2023, and the related notes to the financial statements, which collectively comprise the City of Bertram, Texas's basic financial statements as listed in the table of contents.

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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Bertram, Texas, as of September 30, 2023, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Bertram, Texas and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Bertram, Texas's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Bertram, Texas's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Bertram, Texas's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-9 and 37-38 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 March 7, 2024, 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 solely 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 the effectiveness of the City of Bertram, Texas's 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
March 7, 2024

MEMBER TEXAS SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS & AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
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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, 2023. 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 \$1,098,684 as a result of the year's operations.
- The City's business-type activities net position increased by \$329,967 as a result of this year's operations. The City's general fund activities net position increased by \$768,717 as a result of this year's operations.
- Total revenues from all sources were \$4,595,979, a decrease of \$(302,217) from the prior year. This was primarily due to decreases in water impact fees income and grant income.
- During the year, the City's cost of all programs was \$3,497,295 which represents a decrease of \$(269,164) from the prior year.
- At September 30, 2023, the City's governmental funds reported an ending balance of \$1,353,970, which represents an increase of \$352,440 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 \$8,003,431 of September 30, 2023. When analyzing the net position and net expenses of governmental and business-type activities separately, the business type activities net position is \$5,418,826. 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

	Governmental		Business-type		Total	
	Activities		Activities		Primary	
	2023	2022	2023	2022	2023	2022
Current and other						
assets	\$ 1,507,724	\$ 1,115,679	\$2,221,784	\$1,637,425	\$3,729,508	\$2,753,104
Capital assets, net	940,766	609,312	4,898,654	4,847,196	5,839,420	5,456,508
Restricted assets	<u>558,074</u>	<u>542,974</u>	<u>17,255,868</u>	<u>17,764,525</u>	<u>17,813,942</u>	<u>18,307,499</u>
Total assets	<u>3,006,564</u>	<u>2,267,965</u>	<u>24,376,306</u>	<u>24,249,146</u>	<u>27,382,870</u>	<u>26,517,111</u>
Deferred Outflows of Resources	79,033	26,027	70,566	23,152	149,599	49,179
Current liabilities	122,844	100,579	704,033	667,016	826,877	767,595
Long-term liabilities	<u>244,190</u>	<u>257,000</u>	<u>18,204,188</u>	<u>18,408,613</u>	<u>18,448,378</u>	<u>18,665,613</u>
Total liabilities	<u>367,034</u>	<u>357,579</u>	<u>18,908,221</u>	<u>19,075,629</u>	<u>19,275,255</u>	<u>19,433,208</u>
Deferred Inflows of Resources	133,958	120,525	119,825	107,810	253,783	228,335
Net Position:						
Net Investment in Capital Assets	683,766	334,312	3,469,185	3,678,493	4,152,951	4,012,805
Restricted for:						
Debt service	30,223	30,006	620,384	614,811	650,607	644,817
Street maintenance	120,730	131,906	-	-	120,730	131,906
Other non-major funds	407,121	326,795	-	-	407,121	326,795
Unrestricted	<u>1,342,765</u>	<u>992,869</u>	<u>1,329,257</u>	<u>795,555</u>	<u>2,672,022</u>	<u>1,788,424</u>
Total net position	<u><u>2,584,605</u></u>	<u><u>1,815,888</u></u>	<u><u>5,418,826</u></u>	<u><u>5,088,859</u></u>	<u><u>8,003,431</u></u>	<u><u>6,904,747</u></u>

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

**Table II
CHANGE IN NET POSITION**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Revenues						
Program Revenues:						
Charges for services	\$ 490,026	\$ 199,858	\$ 1,756,372	\$ 2,275,880	\$ 2,246,398	\$ 2,475,738
General Revenues:						
Property tax	791,993	627,895	-	-	791,993	627,895
Sales tax	752,338	460,802	-	-	752,338	460,802
Franchise Tax	70,008	65,643	-	-	70,008	65,643
Hotel Tax & Alcohol	24,307	20,881	-	-	24,307	20,881
Court fines & fees	170,352	196,317	-	-	170,352	196,317
Grant income	67,938	108,650	385,235	896,049	453,173	1,004,699
Other income	45,497	29,549	2,871	6,191	48,368	35,740
Investment earnings	14,907	3,680	24,135	6,801	39,042	10,481
Total revenues	<u>2,427,366</u>	<u>1,713,275</u>	<u>2,168,613</u>	<u>3,184,921</u>	<u>4,595,979</u>	<u>4,898,196</u>
Expenses:						
General government	1,340,572	1,167,316	-	-	1,340,572	1,167,316
Public safety	134,781	220,954	-	-	134,781	220,954
Public works	50,475	133,986	-	-	50,475	133,986
Court expenses	45,735	89,596	-	-	45,735	89,596
Parks and recreation	86,586	42,387	-	-	86,586	42,387
Grant expenses	500	-	-	-	500	-
Water and sewer	-	-	1,838,646	2,112,220	1,838,646	2,112,220
Total expenses	<u>1,658,649</u>	<u>1,654,239</u>	<u>1,838,646</u>	<u>2,112,220</u>	<u>3,497,295</u>	<u>3,766,459</u>
Increase in net position						
Before transfer	768,717	59,036	329,967	1,072,701	1,098,684	1,131,737
Transfers	-	-	-	-	-	-
Increase in net position	768,717	59,036	329,967	1,072,701	1,098,684	1,131,737
Net position - beginning						
	1,815,888	1,756,852	5,088,859	4,016,158	6,904,747	5,773,010
	-	-	-	-	-	-
Net position - ending	<u>2,584,605</u>	<u>1,815,888</u>	<u>5,418,826</u>	<u>5,088,859</u>	<u>8,003,431</u>	<u>6,904,747</u>

Management's Discussion and Analysis City of Bertram, Texas

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

A large portion of the City's net position (50%) 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 (15%) represents resources that are subject to external restrictions on how they may be used. The balance of *unrestricted net position*, \$2,672,022 or 35%, may be used to meet the government's ongoing obligations to citizens and suppliers.

For the fiscal year 2023, revenues from governmental activities totaled \$2,427,366. Property taxes and sales taxes are the largest components of revenue 63%.

For fiscal year 2023, expenses for governmental activities totaled \$1,658,649. The City's two largest funded programs are public safety and general government.

Revenues of the city's business-type activities were \$2,168,613 for the fiscal year ending September 30, 2023. Expenses for the City's business-type activities were \$1,838,646. 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 \$1,353,970 which is more than last year's total of \$1,001,530.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2023, the city has invested \$5,839,420 in capital assets, including equipment and land. This amount represents a net increase of \$382,912 due to current year additions and depreciation.

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 \$18,448,378 in long-term debt outstanding, versus \$18,665,613 last year. This decrease is due to principal payments made in fiscal year 2023.

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 2023 fiscal year, the City adopted a \$2,169,559 budget for the General Fund and a \$20,590,266 budget for the Enterprise Fund. It will be funded through property taxes via a \$0.4650 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, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<u>Assets</u>				
Cash and cash equivalents	\$ 1,380,340	\$ 2,055,385	\$ 3,435,725	\$ 672,091
Accounts receivable, net of allowance for doubtful accounts	127,384	166,399	293,783	-
Capital assets, net	940,766	4,898,654	5,839,420	-
Prepaid expenses	-	-	-	-
Net Pension Asset	-	-	-	-
Restricted assets:				
Cash and investments	<u>558,074</u>	<u>17,255,868</u>	<u>17,813,942</u>	<u>-</u>
Total assets	<u>3,006,564</u>	<u>24,376,306</u>	<u>27,382,870</u>	<u>672,091</u>
Deferred Outflows of Resources	79,033	70,566	149,599	
<u>Liabilities</u>				
Accounts payable	9,741	19,904	29,645	-
Accrued expenses	94,103	12,127	106,230	-
Customer deposits	-	187,665	187,665	-
Noncurrent liabilities				
Due within one year	19,000	484,337	503,337	-
Due in more than one year	238,000	18,201,000	18,439,000	-
Net Pension Liability	<u>6,190</u>	<u>3,188</u>	<u>9,378</u>	<u>-</u>
Total liabilities	<u>367,034</u>	<u>18,908,221</u>	<u>19,275,255</u>	<u>-</u>
Deferred Inflows of Resources	133,958	119,825	253,783	
<u>Net Position</u>				
Net Investment in Capital Assets	683,766	3,469,185	4,152,951	-
Restricted for:				
Debt service	30,223	620,384	650,607	-
Street maintenance	120,730	-	120,730	-
Court technology	12,853	-	12,853	-
Court building fund	15,363	-	15,363	-
Hotel/Motel tax account	62,722	-	62,722	-
LEOSE Training account	1,959	-	1,959	-
Municipal Development district	314,224	-	314,224	-
Economic development	-	-	-	672,091
Unrestricted net position	<u>1,342,765</u>	<u>1,329,257</u>	<u>2,672,022</u>	<u>-</u>
Total Net Position	<u>\$ 2,584,605</u>	<u>\$ 5,418,826</u>	<u>\$ 8,003,431</u>	<u>\$ 672,091</u>

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, 2023

**Net (Expense) Revenue and
Changes in Net Position**

Functions/Programs	Program Revenues			Primary Government			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary Government:							
Governmental activities:							
General government	\$ 1,341,072	\$ 490,026	\$ -	\$ (851,046)	\$ -	\$ (851,046)	\$ -
Public safety	134,781	-	67,938	(66,843)	-	(66,843)	-
Municipal Court	45,735	170,352	-	124,617	-	124,617	-
Public works	50,475	-	-	(50,475)	-	(50,475)	-
Pension Expense	-	-	-	-	-	-	-
Parks and recreation	86,586	-	-	(86,586)	-	(86,586)	-
Total governmental activities	1,658,649	660,378	67,938	(930,333)	-	(930,333)	-
Business-type activities							
Water and Sewer	1,838,646	1,756,372	385,235	-	302,961	302,961	-
Total business-type activities	1,838,646	1,756,372	385,235	(930,333)	302,961	(627,372)	-
Total primary government	3,497,295	2,416,750	453,173	-	-	-	(40,098)
Component unit:	40,098	-	-	-	-	-	(40,098)
Economic development	-	-	-	-	-	-	-
General revenues:							
Property taxes	-	-	-	791,993	-	791,993	-
Sales taxes	-	-	-	752,338	-	752,338	151,735
Franchise taxes	-	-	-	70,008	-	70,008	-
Hotel & alcoholic beverage tax	-	-	-	24,307	-	24,307	-
Other income	-	-	-	45,497	2,871	48,368	3,320
Investment & other earnings	-	-	-	14,907	24,135	39,042	9,736
Total general revenues	-	-	-	1,699,050	27,006	1,726,056	164,791
Changes in net position	-	-	-	768,717	329,967	1,098,684	124,693
Transfers	-	-	-	-	-	-	-
Net position - beginning of year	-	-	-	1,815,888	5,088,859	6,904,747	547,398
Net position - end of year	-	-	-	\$ 2,584,605	\$ 5,418,826	\$ 8,003,431	\$ 672,091

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

**CITY OF BERTRAM, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2023**

	General	Total Governmental Funds
<u>ASSETS</u>		
Cash and investments	\$ 1,380,340	\$ 1,380,340
Accounts receivable (net)	127,384	127,384
Prepaid Expenses	-	-
Total Assets	<u>\$ 1,507,724</u>	<u>\$ 1,507,724</u>
<u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Accounts payable	\$ 9,741	\$ 9,741
Accrued liabilities	94,103	94,103
Unearned revenue	49,910	49,910
Total Liabilities	153,754	153,754
Fund Balances:		
Nonspendable	-	-
Restricted	-	-
Committed	527,851	527,851
Assigned	-	-
Unassigned	826,119	826,119
Total Fund Balances	1,353,970	1,353,970
Total Liabilities and Fund Balances	<u>\$ 1,507,724</u>	<u>\$ 1,507,724</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, 2023

Total fund balance (deficit) - governmental funds	\$ 1,353,970
Net Pension Asset is not included in governmental funds	-
Amounts reported for governmental activities in the statement of net assets are different because:	
Deferred Outflows of Resources are not included in Govt. Funds	79,033
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:	
Construction in Progress	332,538
Land	19,415
Buildings & Improvements	520,206
Machinery & Equipment	735,805
Parks and Recreation	33,332
Software	12,283
Accumulated Depreciation	<u>(712,813)</u>
Total Capital Assets	940,766
Deferred revenue for Governmental Funds	49,910
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the fund cash reserved	558,074
Deferred Inflows of Resources are not included in Governmental funds	(133,958)
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	(6,190)
Long-term debt	<u>(257,000)</u>
Total Long-Term Liabilities	<u>(263,190)</u>
Net Position of governmental activities	<u>\$ 2,584,605</u>

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, 2023

	General
REVENUE	
General property taxes	\$ 795,398
Sales taxes	752,338
Franchise and other taxes	94,315
Fines	170,352
Fees and permits	490,026
Other charges and service income	-
Interest	14,907
Other income	45,497
Grant Income	<u>67,938</u>
Total Revenue	<u>\$ 2,430,771</u>
 EXPENDITURES	
General government	\$ 1,310,007
Public safety	86,451
Public works	30,901
Parks and recreation	86,586
Court expenses	45,735
Pension expense	-
Debt service:	
Principal	18,000
Capital outlay	<u>431,284</u>
Total Expenditures	<u>\$ 2,008,964</u>
 EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	 <u>\$ 421,807</u>
 OTHER FINANCING SOURCES (USES)	
Transfers in	-
Transfers from Restricted Assets	<u>(69,367)</u>
Total Other Financing Sources (Uses)	<u>\$ (69,367)</u>
 EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	 <u>\$ 352,440</u>
 FUND BALANCE, BEGINNING OF YEAR	 <u>1,001,530</u>
 FUND BALANCE, END OF YEAR	 <u>1,353,970</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, 2023**

Change in net position of governmental funds	\$	768,717
Amounts reported for governmental activities in the statement of activities (page 14) are different because:		
Net change in fund balances - total governmental funds		(21,434)
Difference in property tax revenues for govt. funds		3,405
Total Pension Expense not included in Govt. Funds		20,573
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 (99,830) was less than capital outlays (431,284) in the current period.		(331,454)
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.		(18,000)
Increase in accrued absences		-
Increase in Restricted Investment Funds not recognized as a revenue source		(69,367)
Change in net position of governmental activities (page 11)	\$	<u>352,440</u>

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

**CITY OF BERTRAM, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUND
September 30, 2023**

	Business-type Activities
	Enterprise Fund
<u>Assets</u>	
Current assets:	
Cash and cash equivalents	\$ 2,055,385
Prepaid expenses	-
Accounts receivable, net	166,399
Total current assets	2,221,784
Noncurrent assets:	
Net Pension Asset	-
Restricted cash and investments	17,255,868
Capital assets, net	4,898,654
Total noncurrent assets	22,154,522
Total assets	\$ 24,376,306
Deferred Outflows of Resources	70,566
<u>Liabilities</u>	
Current liabilities:	
Accounts payable	\$ 19,904
Accrued expenses	12,127
Customer deposits	187,665
Current portion of long-term debt	484,337
Total current liabilities	704,033
Noncurrent liabilities	
Net Pension Liability	3,188
Revenue Bonds	18,201,000
Notes Payable	-
Total liabilities	\$ 18,908,221
Deferred Inflows of Resources	119,825
<u>Net Position</u>	
Net Investment in Capital Assets	3,469,185
Restricted for debt service	620,384
Unrestricted	1,329,257
Total net position	\$ 5,418,826
Total liabilities and net position	\$ 24,327,047

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, 2023**

	Business-Type Activities
	Enterprise Fund
OPERATING REVENUE	
Charges for services	\$ 1,756,372
Total Operating Revenue	1,756,372
OPERATING EXPENSES	
Cost of water	64,619
Cost of sanitation	184,914
Personnel services	507,449
Utilities	58,576
Maintenance and repairs	296,807
Administration	277,999
Insurance	13,040
Depreciation	313,146
Total Operating Expenses	1,716,550
OPERATING GAIN (LOSS)	39,822
NON-OPERATING REVENUE (EXPENSES)	
Grant income	385,235
Interest income	24,135
Interest expense	(141,087)
Grant expense	-
Total Pension Expense	18,991
Other income	2,871
Total Non-operating Revenue (Expenses)	290,145
Interfund transfers:	
Transfers (out)	\$ -
Total interfund transfers	
NET GAIN (LOSS)	329,967
Net Position - beginning of year	5,088,859
Net Position - end of year	5,418,826

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

CITY OF BERTRAM, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
September 30, 2023

	Business-type Activities Enterprise Fund
<u>Cash Flows from Operating Activities</u>	
Cash received from customers	\$ 2,260,668
Cash payments to suppliers	(993,637)
Cash payments to employees	(507,449)
Net Cash Provided by Operating Activities	356,305
<u>Cash Flows from Non-Capital Financing Activities</u>	
Transfers from (to) other funds	-
other income	2,871
Grant income	385,235
Net cash (used) in non-capital financing activities	388,106
<u>Cash Flows from Capital and Related Financing Activities</u>	
Acquisition of capital assets	(364,604)
Payments on long-term bonds	(473,724)
Interest paid	(141,087)
Grant expense	-
Net Cash Provided by Capital and Related Financing Activities	(979,415)
<u>Cash Flows from Investing Activities</u>	
Interest received	24,135
(Increase) decrease in restricted cash, CDs	784,437
Net Cash Provided by Investing Activities	808,572
Net Increase in Cash and Cash Equivalents	573,568
Cash and cash equivalents - beginning of year	1,481,817
Cash and cash equivalents - end of year	\$ 2,055,385
<u>Reconciliation of operating loss to net cash provided by operating activities:</u>	
Operating income (loss)	\$ 39,822
Adjustments to reconcile operating loss to net cash provided by Operating Activities:	
Depreciation expense	313,146
(Increase) decrease in accounts receivable	(16,929)
(Increase) decrease in prepaid expenses	(6,138)
Increase (decrease) in accounts payable	10,337
Increase (decrease) in accrued expenses	12,127
Increase (decrease) in customer deposits	3,940
Total adjustments	316,483
Net Cash Provided by Operating Activities	\$ 356,305

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

CITY OF BERTRAM, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

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, 2023

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, 2023

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, 2023

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, 2023

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, 2023

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:

Assets	Years
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, 2023

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, 2023

3. DETAILED NOTES ON ALL FUNDS

A. DEPOSITS

As of September 30, 2023, 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 \$21,921,758 and the bank balances were \$21,921,758 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 \$17,255,868, \$3,993,799 is cash for the City of Bertram and \$672,091 is cash for the EDC.

As of September 30, 2023, 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	\$ 120,730
Other Non-Major Funds	<u>407,121</u>
	<u>\$ 527,851</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>\$ 620,384</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, 2022 (fiscal year ended September 30, 2023) was \$791,993.

The tax assessment of October 1, 2022 tax sets a tax levy at \$.04732 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 9/30/23 were \$0 and delinquent property taxes receivable were \$49,910 for a total due of \$49,910.

CITY OF BERTRAM, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

3. DETAILED NOTES ON ALL FUNDS (Continued)

D. CAPITAL ASSETS

Changes in capital assets during the year ended September 30, 2023, were as follows:

	Balance October 1, 2022	Additions	Transfers/ Retirements	Balance September 30, 2023
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 19,415	\$ -	\$ -	\$ 19,415
Capital assets being depreciated:				
Buildings and improvements	487,036	33,170	-	520,206
Pool and park improvements	33,332	-	-	33,332
Machinery and equipment, vehicles	670,229	65,576	-	735,805
Infrastructure	12,283	332,538	-	344,821
Total capital assets being depreciated	1,202,880	431,284	-	1,634,164
Less accumulated depreciation	(612,983)	(99,830)	-	(712,813)
Total capital assets, being depreciated, net	589,897	331,454	-	921,351
Governmental activities capital assets, net	<u>609,312</u>	<u>331,454</u>	-	<u>940,766</u>
Business-type Activities				
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	5,060,094	206,239	-	5,266,333
Sewer system	3,883,728	68,050	-	3,951,778
Machinery, equipment, vehicles	1,050,201	90,315	-	1,140,516
Total capital assets, being depreciated	10,072,622	364,604	-	10,437,226
Less accumulated depreciation	(5,476,199)	(313,146)	-	(5,789,345)
Total capital assets, being depreciated, net	<u>4,596,423</u>	<u>51,458</u>	<u>-</u>	<u>4,647,881</u>
Business-type activities capital assets, net	<u>\$ 4,847,196</u>	<u>\$ 51,458</u>	<u>\$ -</u>	<u>\$ 4,898,654</u>

CITY OF BERTRAM, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

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	31,926
Public safety	48,330
Streets	19,574
Parks and recreation	-
Total depreciation expense - governmental activities	\$ 99,830

Business-type activities:

Water and sewer	\$ 313,146
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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, 2023:

	Balance October 1, 2022	Increases	Decreases	Balance September 30, 2023
2015 Gov. Cap. Corp.	47,337	-	24,000	23,337
1991 Certificate of Obligation	451,000	-	8,000	443,000
2013 Refunding Bonds	1,045,000	-	75,000	970,000
2019 Tax and Revenue Bonds	194,000	-	45,000	149,000
2020A Combination Tax and Junior Lien Revenue Certificates of Oblig:	12,440,000	-	-	12,440,000
2020B Combination Tax and Junior Lien Revenue Certificates of Obliga	4,705,000	-	45,000	4,660,000
	18,882,337	-	197,000	18,685,337

CITY OF BERTRAM, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

3. DETAILED NOTES ON ALL FUNDS (Continued)

E. LONG-TERM DEBT (Continued)

Long-term debt for business-type activities at September 30, 2023 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%.	\$ 23,337
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%.	\$ 443,000
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%.	\$ 970,000
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.	149,000
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.	4,660,000
Total	\$ 18,685,337
Less current portion	484,337
Total Long-Term Debt	\$ 18,201,000

The annual requirements to amortize the long term debt outstanding in the business-type activities as of September 30, 2023, are as follows:

September 30,	Principal	Interest	Total
2024	484,337	136,047	620,384
2025	458,000	131,437	589,437
2026	514,000	103,721	617,721
2027	524,000	100,408	624,408
2028	534,000	90,217	624,217
2029-2030	1,356,000	315,657	1,671,657
2031-2035	2,729,000	502,109	3,231,109
2036-2053	12,086,000	836,491	12,922,491
Total	\$ 18,685,337	\$ 2,496,537	\$ 21,061,874

CITY OF BERTRAM, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

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, 2023:

	<u>Balance</u>		<u>Increase</u>	<u>Decrease</u>		<u>Balance</u>
	<u>October 1, 2022</u>	\$		\$	(18,000)	<u>September 30, 2023</u>
Wells Nelson & Asso \$	275,000	\$		-	\$ (18,000)	\$ 257,000

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.	\$ 257,000
Total	\$ 257,000
Less current portion	<u>19,000</u>
	\$ 238,000

Long term debt for governmental activities as September 30, 2023 consists of the following:

Payee and Terms

<u>Year ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>September 30,</u>			
2024	19,000	11,223	30,223
2025	20,000	10,396	30,396
2026	21,000	9,527	30,527
2027	21,000	8,613	29,613
2028	22,000	7,699	29,699
2028-2030	47,000	12,485	59,485
2031-2034	<u>107,000</u>	<u>12,050</u>	<u>119,050</u>
Total	\$ 257,000	\$ 71,993	\$ 328,993

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, 2023

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, 2023 and 2022, payments by the city under the contract totaled \$184,914 and 165,529, 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, 2023 and 2022, the total amount paid by the City for water purchased under the contract was \$64,619 and \$57,469 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.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.

CITY OF BERTRAM, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

III. DETAILED NOTES ON ALL FUNDS (Continued)

I. PENSION PLAN (Continued)

Employees covered by benefit terms.

At the December 31, 2022 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	18
Active employees	<u>20</u>
Total	44

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 2023 and 2022 respectively. The city's contributions to TMRS for the year ended September 30, 2023 were 41,884, and were equal to the required contributions.

D. Net Pension Liability

The city's Net Pension Liability (NPL) was measured as of December 31, 2022, 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, 2021 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, 2022, 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 2020 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)**

City of Bertram	
Schedule of Changes in Net Pension Liability and Related Ratios Current Period	
September 30, 2023	
A. Total pension liability	
1. Service Cost	\$ 93,880
2. Interest (on the Total Pension Liability)	55,294
3. Changes of benefit terms	-
4. Difference between expected and actual experience	(9,270)
5. Changes of assumptions	-
6. Benefit payments, including refunds of employee contributions	(32,100)
7. Net change in total pension liability	\$ 107,804
8. Total pension liability - beginning	788,282
9. Total pension liability - ending	\$ 896,086
B. Plan fiduciary net position	
1. Contributions - employer	\$ 41,884
2. Contributions - employee	48,592
3. Net investment income	(65,218)
4. Benefit payments, including refunds of employee contributions	(32,100)
5. Administrative Expense	(564)
6. Other	674
7. Net change in plan fiduciary net position	\$ (6,732)
8. Plan fiduciary net position - beginning	893,440
9. Plan fiduciary net position - ending	\$ 886,708
C. Net pension liability [A.9-B.9]	\$ 9,378
D. Plan fiduciary net position as a percentage of the total pension liability [B.9 / A.9]	98.95%
E. Covered-employee payroll	\$ 971,844
F. Net pension liability as a percentage of covered employee payroll [C / E]	0.96%

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	\$128,607	\$9,378	\$(89,162)
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 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, 2023

1.	Total Service Cost	\$ 93,880
2.	Interest on the Total Pension Liability	55,294
3.	Current Period Benefit Changes	-
4.	Employee Contributions (Reduction of Expense)	(48,592)
5.	Projected Earnings on Plan Investments (Reduction of Expense)	(60,307)
6.	Administrative Expense	564
7.	Other Changes in Fiduciary Net Position	(673)
8.	Recognition of Current Year Outflow (Inflow) of Resources - Liabilities	(2,224)
9.	Recognition of Current Year Outflow (Inflow) of Resources - Assets	25,105
10.	Amortization of Prior Year Outflows (Inflows) of Resources - Liabilities	(14,442)
11.	Amortization of Prior Year Outflows (Inflows) of Resources - Assets	(9,041)
12.	Total Pension Expense	<u>\$ 39,564</u>

CITY OF BERTRAM
SCHEDULE OF OUTFLOWS AND INFLOWS - CURRENT AND FUTURE EXPENSE
SEPTEMBER 30, 2023

	Recognition Period (or amortization yrs)	Total (Inflow) or Outflow of Resources	2022 Recognized in current pension expense	Deferred (Inflow) Outflow in future expense
Due to Liabilities:				
Difference in expected and actual experience [actuarial (gains) or losses]	4.1700	\$ (9,270)	\$ (2,224)	\$ (7,046)
Difference in assumption changes [actuarial (gains) or losses]	4.1700	\$ -	\$ -	\$ -
			<u>\$ (2,224)</u>	<u>\$ (7,046)</u>
Due to Assets:				
Difference in projected and actual earnings on pension plan investments [actuarial (gains) or losses]	5.0000	\$ 125,525	\$ 25,105	\$ 100,420
			<u>\$ 25,105</u>	<u>\$ 100,420</u>
Total:				<u>\$ 93,374</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
2023	\$ (6,403)
2024	4,401
2025	6,056
2026	24,731
2027	-
Thereafter	-
Total	<u>\$ 28,785</u>

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, 2023

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>				
General property taxes	783,605	783,605	795,398	11,793
Sales tax	458,934	458,934	752,338	293,404
Franchise tax & other taxes	85,000	85,000	94,315	9,315
Fines, fees and court revenue	259,800	259,800	170,352	(89,448)
Fees and permits	148,200	148,200	490,026	341,826
Interest	3,000	3,000	14,907	11,907
Other income	27,970	27,970	45,497	17,527
Total Revenues	<u>1,766,509</u>	<u>1,766,509</u>	<u>2,362,833</u>	<u>596,324</u>
<u>Expenses</u>				
General government	857,734	857,734	1,310,007	(452,273)
Public safety	981,795	981,795	86,451	895,344
Public works	-	-	30,901	(30,901)
Court expenses	238,530	238,530	45,735	192,795
Parks and recreation	91,500	91,500	86,586	4,914
Debt service:				
Principal	-	-	18,000	(18,000)
Capital outlay	-	-	431,284	(431,284)
Total Operating Expenses	<u>2,169,559</u>	<u>2,169,559</u>	<u>2,008,964</u>	<u>160,595</u>
Operating Income (Loss)	(403,050)	(403,050)	353,869	756,919
<u>Other Financing Sources (Uses)</u>				
Grant receipt	75,000	75,000	67,938	(7,062)
Grant expense	-	-	-	-
Transfers from Restricted Funds	328,050	328,050	(69,367)	(397,417)
Transfers to Proprietary Fund	-	-	-	-
Total	<u>403,050</u>	<u>403,050</u>	<u>(1,429)</u>	<u>(404,479)</u>
Change in Net Assets	<u>-</u>	<u>-</u>	<u>352,440</u>	<u>352,440</u>
Fund Balance-Beginning of Year	772,040	772,040	1,001,530	
Fund Balance-End of Year	<u>772,040</u>	<u>772,040</u>	<u>1,353,970</u>	<u>581,930</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, 2023

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues</u>				
Sewer Income	442,000	442,000	438,147	(3,853)
Sanitation income	215,000	215,000	224,374	9,374
Water income	860,000	860,000	929,618	69,618
Tap & Impact fees	320,750	320,750	95,750	(225,000)
Penalties and service charges	15,500	15,500	68,484	52,984
Interest	5,900	5,900	24,135	18,235
Miscellaneous income	1,294,100	1,294,100	26,871	(1,267,229)
Total Revenues	3,153,250	3,153,250	1,807,379	(1,345,871)
<u>Expenses</u>				
Water purchase	65,000	65,000	64,619	381
Garbage collection	208,000	208,000	184,914	23,086
Salaries & personnel expenses	601,480	601,480	507,449	94,031
Repairs & Maintenance	307,000	307,000	296,807	10,193
Administration expenses	233,130	233,130	349,615	(116,485)
Miscellaneous	246,630	246,630	-	246,630
Loan Principal Payments	250,022	250,022	473,724	(223,702)
Interest expense	163,783	163,783	146,097	17,686
Capital outlay	620,532	620,532	364,604	255,928
Total Operating Expenses	2,695,577	2,695,577	2,387,829	307,748
Operating Income (Loss)	457,673	457,673	(580,450)	(1,038,123)
<u>Other Financing Sources (Uses)</u>				
Loan Disbursements	16,589,704	16,589,704	-	(16,589,704)
Loan Expenditures	(17,765,704)	(17,765,704)	-	17,765,704
Grant receipt	182,866	182,866	385,235	202,369
Grant expenditures	(128,985)	(128,985)	-	128,985
Transfers (in)	664,446	664,446	-	(664,446)
Transfers (out)	-	-	-	-
Total	(457,673)	(457,673)	385,235	842,908
Change in Net Assets	-	-	(508,361)	(195,215)
Depreciation			313,146	313,146
Addback Capital outlay for GAAP			364,604	364,604
Addback Loan Principle/Proceeds for GAAP			473,724	473,724
Fund Balance - Beginning of Year			5,088,859	
GAAP basis change in net assets			838,328	838,328
Fund Balance-End of Year	-	-	5,418,826	5,418,826

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, 2023

1. Budgetary Highlights

The City's original budget was amended during the year ended September 30, 2023.

The City's overall actual revenue was \$2,362,833 or \$596,324 more than budgeted in the General Fund. This was primarily generated from more than expected revenues in virtually every category. The City's overall actual expenses were \$2,008,964 or \$160,595 less than budgeted.

The City's overall enterprise fund actual revenue was \$1,807,379 or \$1,345,871 less than budgeted. This was primarily due to less impact fees revenues. The City's overall enterprise fund expenses were \$2,387,829 or \$307,748 less than budgeted. The decreases in proprietary fund expenses were primarily in miscellaneous and capital outlay.

City of Bertram								
Schedule of Changes in Net Pension Liability and Related Ratios								
Last ten years (will ultimately be displayed)								
	2015	2016	2017	2018	2019	2020	2021	2022
Total pension liability								
1. Service Cost	25,197	25,512	28,893	33,042	53,165	61,426	75,718	93,880
2. Interest (on the Total Pension Liability)	31,526	33,040	35,282	37,900	42,169	44,417	50,717	55,294
3. Changes of benefit terms					16,184	-	-	-
4. Difference between expected and actual experience	(2,591)	(2,053)	(2,885)	2,131	(24,957)	3,641	(40,027)	(9,270)
5. Changes of assumptions	13,425	-	-		(5,481)	-	-	-
6. Benefit payments, including refunds of employee co	(32,348)	(24,881)	(25,058)	(24,090)	(48,082)	(23,340)	(23,262)	(32,100)
7. Net change in total pension liability	35,209	31,618	36,232	48,983	32,998	86,144	63,146	107,804
8. Total pension liability - beginning	453,952	489,161	520,779	557,011	605,994	638,992	725,136	788,282
9. Total pension liability - ending	489,161	520,779	557,011	605,994	638,992	725,136	788,282	896,086
Plan fiduciary net position								
1. Contributions - employer	9,238	5,330	7,595	9,534	11,000	32,716	35,069	41,884
2. Contributions - employee	19,412	18,759	20,727	23,636	27,777	33,384	40,973	48,592
3. Net investment income	710	32,279	70,512	(17,405)	88,516	49,428	96,948	(65,218)
4. Benefit payments, including refunds of employee co	(32,348)	(24,881)	(25,058)	(24,090)	(48,082)	(23,340)	(23,262)	(32,100)
5. Administrative Expense	(433)	(365)	(366)	(337)	(501)	(320)	(449)	(564)
6. Other	(21)	(20)	(18)	(19)	(16)	(13)	4	674
7. Net change in plan fiduciary net position	(3,442)	31,102	73,392	(8,681)	78,694	91,855	149,283	(6,732)
8. Plan fiduciary net position - beginning	481,237	477,795	508,897	582,289	573,608	652,302	744,157	893,440
9. Plan fiduciary net position - ending	477,795	508,897	582,289	573,608	652,302	744,157	893,440	886,708
Net pension liability [A.9-B.9]	11,366	11,882	(25,278)	32,386	(13,310)	(19,021)	(105,158)	9,378
Plan fiduciary net position as a percentage of the total pension liability [B.9 / A.9]	97.68%	97.72%	104.54%	94.66%	102.08%	102.62%	113.34%	98.95%
Covered-employee payroll	\$ 388,236	375,183	414,533	472,710	555,543	667,673	819,455	971,844
Net pension liability as a percentage of covered employee payroll [C / E]	2.93%	3.17%	-6.10%	6.85%	-2.40%	-2.85%	-12.83%	0.96%

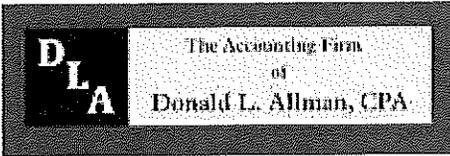
City of Bertram
Schedule of Contributions
Last 10 Fiscal Years (will ultimately be displayed)
September 30, 2023

	2015	2016	2017	2018	2019	2020	2021	2022
Actually Determined Contribution	28,650	24,089	28,322	33,170	38,777	32,716	76,042	90,476
Contributions in relation to the act determined contribution	<u>28,650</u>	<u>24,089</u>	<u>28,322</u>	<u>33,170</u>	<u>38,777</u>	<u>32,716</u>	<u>76,042</u>	<u>90,476</u>
Contribution deficiency (excess)	-	-	-	-	-	-	-	-
Covered employee payroll	388,236	375,183	414,533	472,710	555,543	667,673	819,455	971,844
Contributions as a percentage of cc employee payroll	7.38%	6.42%	6.83%	6.85%	6.98%	4.90%	9.28%	9.31%
Noes to Schedule of Contributions								
Valuation Date determined	12/31/2022							
Notes								

Actuarial Information2017

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, 2023, 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 March 7, 2024.

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.

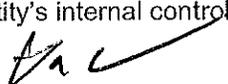
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not 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
March 7, 2024