

CITY OF BARTLETT TENNESSEE

Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2012

Prepared by the City of Bartlett Finance Department

**CITY OF BARTLETT, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
Letter of Transmittal	1
GFOA Certificate of Achievement for Excellence in Financial Reporting	6
Organization Chart	7
City Officials	8
FINANCIAL SECTION	
Independent Auditor's Report	9
Management's Discussion and Analysis	11
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	24
Statement of Activities	25
Fund Financial Statements:	
Balance Sheet – Governmental Funds	27
Reconciliation of the Balance Sheet to the Statement of Net Assets – Governmental Funds	28
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	29
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	30
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual – General Fund	31
Statement of Net Assets – Proprietary Funds	38
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds	39
Statement of Cash Flows – Proprietary Funds	40
Statement of Fiduciary Net Assets	41
Statement of Changes in Fiduciary Net Assets	42
Notes to Financial Statements	43
Required Supplementary Information:	
Schedule of Other Post Employment Benefits Funding Progress	68
Schedule of Employee Retirement System Funding Progress	69
Schedule of Employee Retirement System Employer Contributions	70
Schedule of Bonds of Principal Officials	71
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet – Nonmajor Governmental Funds	72
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	73

TABLE OF CONTENTS

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual – Nonmajor Governmental Funds	75
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Capital Projects Fund	79
Combining Statement of Net Assets – Internal Service Funds	81
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets – Internal Service Funds	82
Combining Statement of Cash Flows – Internal Service Funds	83
Combining Balance Sheet – Agency Funds	84
Combining Schedule of Changes in Assets and Liabilities – Agency Funds	85
Supplementary Schedules:	
Schedule of Bonds and Notes Payable - Future Maturities (Including Interest) – Governmental Activities	86
Schedule of Bonds and Notes Payable – Future Maturities (Including Interest) – Business-Type Activity	88
Schedule of Property Taxes Receivable - General Fund	90
Schedule of Changes in Property Taxes Receivable - General Fund	91
Schedule of Expenditures of Federal Awards and State Financial Assistance	92

STATISTICAL INFORMATION SECTION (UNAUDITED)

Net Assets by Component	97
Changes in Net Assets	98
Fund Balances of Governmental Funds	100
Changes in Fund Balances of Governmental Funds	101
Assessed Value and Estimated Actual Value of Taxable Property	103
Direct and Overlapping Property Tax Rates	104
Principal Property Tax Payers	105
Property Tax Levies and Collections	106
Taxable Sales by Category	107
Direct and Overlapping Sales Tax Rates	108
Local Sales Tax Revenue by Industry	109
Ratios of Outstanding Debt by Type	110
Ratios of General Bonded Debt Outstanding	111
Direct and Overlapping Governmental Activities Debt	112
Pledged-Revenue Coverage	113
Demographics and Economic Statistics	114
Principal Employers	115
Full-time Equivalent City Government Employees by Function	116
Operating Indicators by Function/Program	117
Capital Asset Statistics by Function/Program	118
Schedule of Unaccounted for Water	119
Schedule of Utility Rates	120

TABLE OF CONTENTS

GOVERNMENT AUDITING STANDARDS SECTION

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 <i>Government Auditing Standard</i>	121
Independent Auditor's Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	123
Schedule of Findings and Questioned Costs	125



City of Bartlett

A. Keith McDonald, Mayor

December 6, 2012

To the Mayor, Board of Aldermen
and Citizens of Bartlett:

The Comprehensive Annual Financial Report (CAFR) of the City of Bartlett, Tennessee (The City) for the fiscal year ended June 30, 2012 is hereby submitted in accordance with the Bartlett City Charter requirement for an independent audit by a certified public accounting firm. The financial statements are presented in conformity with generally accepted accounting principles (GAAP) as set forth by the Governmental Accounting Board (GASB) and have been audited in accordance with generally accepted auditing standards.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Watkins Uiberall, PLLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2012 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements: assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2012 are fairly presented in conformity with GAAP.

The independent auditor's report is presented as the first component of the financial section of this report. GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of Bartlett, incorporated in 1866, is located in Shelby County in the southwestern part of the state. The City currently occupies a land area of 27.10 square miles and serves a population of 54,613. The City is empowered to levy a property tax on both real and personal properties located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the Board of Mayor and Aldermen.

The City of Bartlett operates under a private act charter approved by the state legislature in 1993. Policy-making and legislative authority are vested in a Board of Mayor and Aldermen consisting of the Mayor and six Aldermen. The Board, among other things, is responsible for passing ordinances, adopting the budget and appointing committees. The Mayor is responsible for carrying out the policies and ordinances of the Board, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments. The Board of Mayor and (Six) Aldermen are elected to four-year terms by popular vote. One-half of the Board is elected every two years.

The City provides a full range of municipal services including ambulance, police and fire services, streets and drainage construction and maintenance, solid waste collection, cultural and recreational programs, library services, planning and zoning, and administrative services. In addition, the City operates a water and sewer utility system.

The Shelby County School Board of Education provides educational services to students within the jurisdiction of the City of Bartlett. The County school system is part of the Government of Shelby County. The Memphis Light, Gas and Water Division of the City of Memphis provides electrical and natural gas distribution to the Bartlett service area. The City of Memphis provides treatment of sewage collected by most of the City of Bartlett's sewage system. The Memphis Area Transit Authority provides scheduled bus service throughout the City. These entities do not meet the established criteria for inclusion in the reporting entity and are not included in this report.

The City administration annually prepares a plan of services for the upcoming fiscal year and the estimated cost of providing those services. This plan is reviewed by the Board of Mayor and Aldermen and is formally adopted by the passage of a budget ordinance. The ordinance is adopted by fund, function (e.g. public safety) and department (e.g. police). Department heads may make transfers of appropriations within their department. Transfers

of appropriations between departments require the approval of an amendment by the Board. Strict budgetary compliance is maintained by the automated accounting system to assure effective fiscal management and accountability. All requests for purchases are checked by the budgetary control system to assure that funds are available. Purchase orders and contracts are encumbered prior to release to vendors. The system controls are maintained within cost center levels and are basically set up within the Personnel, Operations, and Capital categories. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated budget has been adopted.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

Local economy

During the fiscal year the City of Bartlett experienced overall growth in the local economy but like the state and national economy the pace of growth has not returned to past levels. The City currently has an estimated population of over 54,000 and projections show the City is expected to grow to over 62,000 by 2020.

The Saint Francis Bartlett Hospital and professional medical office building opened in the spring of 2004 and continues to grow with a current expansion underway. The City continues to place special emphasis on the re-development of Bartlett Station, a 258-acre area of commercial, light industrial and residential development in the oldest part of Bartlett. The Bartlett Station Commission has been active in planning and promoting Bartlett's historic area for future growth.

Retail sales in the fiscal year and the current year show modest growth as the economy struggles to regain lost ground. New housing starts and commercial permits continue to remain low compared to previous years; however, the median family income in Bartlett is in excess of \$70,000 and we expect Bartlett to continue to be the retail center of north Shelby County.

The regional economy continues to show weakness in the housing market and retail sales. At the state level budget cuts are easing somewhat and use of reserve funds is not anticipated this fiscal year. State officials cautiously estimate some replenishment of reserve funds used after the recession.

Long term financial planning

The Board of Mayor and Aldermen adopts a Capital Improvements Program (CIP) that is a

five year plan for capital expenditures to replace and expand the City's infrastructure and equipment. The program is reviewed and updated annually to revise project cost estimates and available revenue sources. Most of the funding for the projects in the CIP is from general obligation and revenue bonds. Highlights of the CIP for 2013-2017 are:

- Road, Street, and Drainage improvement projects totaling \$13.7 million to improve access and traffic flow in the City.
- Water and Sewer improvements and upgrades totaling \$5.6 million.
- Public safety vehicles and equipment including police cars, ambulances and fire trucks totaling \$5.3 million.

Relevant financial policies

The City's fund balance policy states that fund balances will be used prudently and conservatively to fund one time expenditures and stabilize the property tax rate. The fiscal year 2012 budget included a budgeted use of fund balance in the general fund and special revenues funds. The City ended the year well within the general fund balance policy of 20% of expenditures plus \$1,100,000 for emergencies and contingencies.

Temporarily idle cash during the year was invested in the State of Tennessee Local Government Investment Pool (LGIP). LGIP is operated by the State of Tennessee for the benefit of local government entities and provides fully collateralized investments at competitive interest rates.

Major initiatives

During the year ended June 30, 2012, major road improvements were made to Yale Rd, St Elmo and Sycamore View. The City Wide Overlay project was developed to pave various streets throughout the City beginning in FY 2011. The City spent 1.4 million in FY 2012 and plans to spend 7 million in additional funds through FY 2017.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Bartlett for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2011. This was the 23rd consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City publishes an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate. In addition, the City also received the GFOA Distinguished Budget Presentation Award for

the 10th straight year for its annual budget document for the fiscal year beginning July 1, 2011. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance department throughout the fiscal year. I would like to express my appreciation to all of the members of the department who assisted and contributed to this report, in addition to the City's independent certified public accountants, Watkins Uiberall, PLLC. Credit also must be given to the Mayor and Board of Aldermen for their support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Dick Phebus". The signature is fluid and cursive, with a prominent initial "D" and a long, sweeping underline.

Dick Phebus
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Bartlett Tennessee

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Davison

President

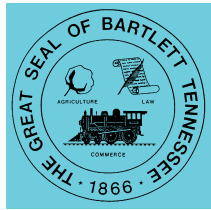
Jeffrey R. Emer

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Bartlett for its comprehensive annual financial report for the fiscal year ended June 30, 2011. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

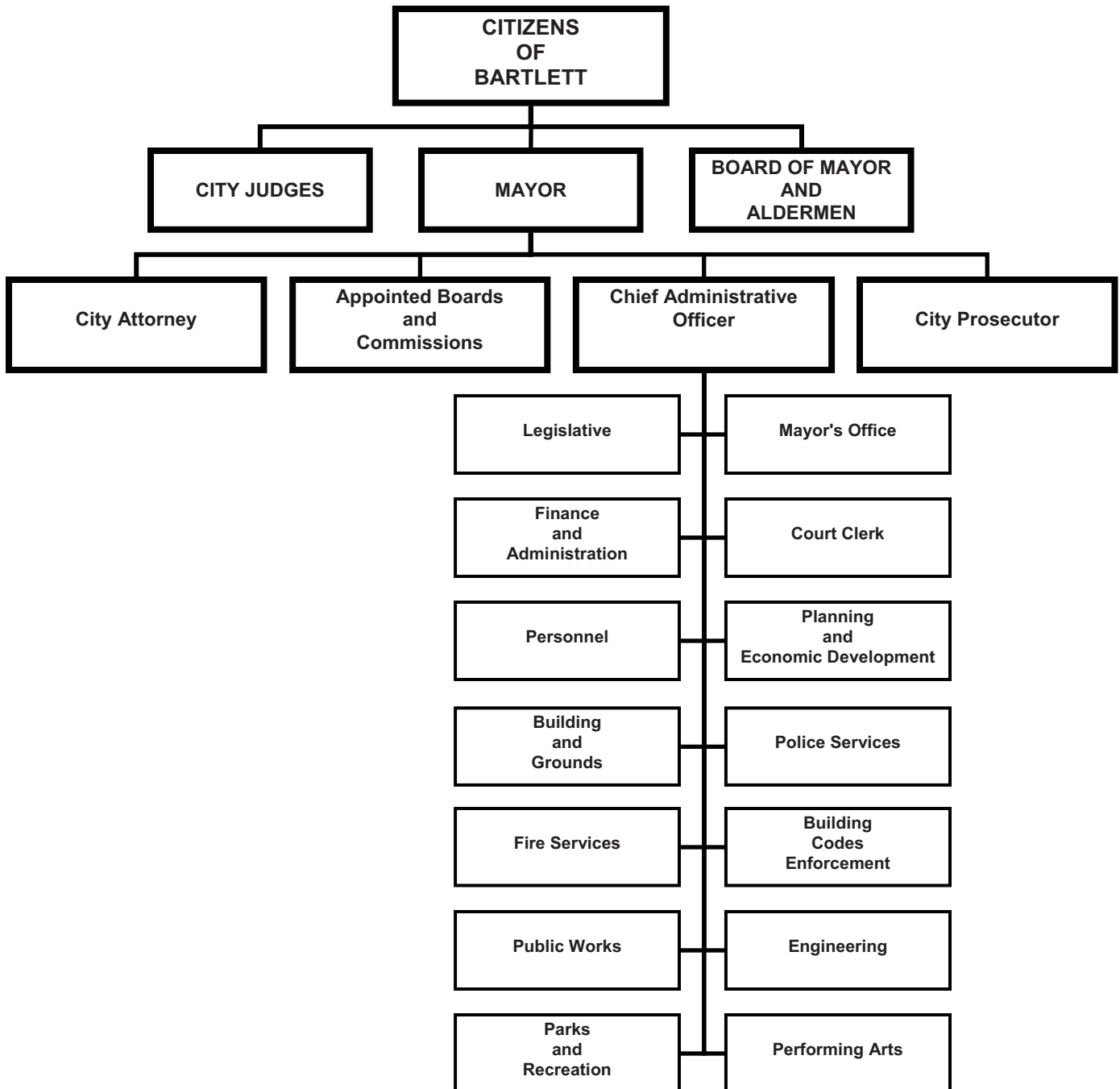
A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.



CITY OF BARTLETT

ORGANIZATION CHART

JUNE 30, 2012



**CITY OF BARTLETT, TENNESSEE
CITY OFFICIALS
JUNE 30, 2012**

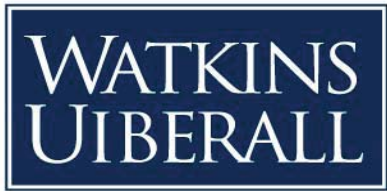
MAYOR

A. Keith McDonald

ALDERMEN

Jack Young, Vice Mayor
W.C. (Bubba) Pleasant, Register
David Parsons
Emily Elliott
Bobby Simmons
Jay Rainey

Chief Administrative Officer	Mark S. Brown
City Attorney	Edward McKinney Jr.
Director of Finance	John McCullough
Director of Personnel	Peter Voss
Director of Planning and Economic Development	Terry Emerick
Director of Police Services	Gary Rikard
Director of Fire Services	Terry Wiggins
Director of Code Enforcement	Jim Brown
Director of Public Works	Bill Yearwood
Director of Engineering / City Engineer	Rick McClanahan
Director of Parks and Recreation	David Thompson
Director of the Performing Arts Center	Ron Jewell



Watkins Uiberall, PLLC
Certified Public Accountants & Financial Advisors
Independent Member of BKR International

1661 Aaron Brenner Drive • Suite 300
Memphis, Tennessee 38120
901.761.2720 • Fax: 901.683.1120

210 East Main Street • Suite 2C
Tupelo, Mississippi 38804
662.269.4014 • Fax: 662.269.4016

www.wucpas.com

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Board of Aldermen of the
City of Bartlett, Tennessee:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the statement of budgetary comparison for the general fund, and the aggregate remaining fund information of the City of Bartlett, Tennessee, (the "City") as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City's management. 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 includes examining, on a test, basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2012, on our consideration of the City's 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 the internal control over financial reporting or on compliance. That report is

an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information as listed in the table of contents 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining and individual fund statements and schedules, supplementary schedules, and statistical information section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual fund financial statements and schedules, supplementary schedules, and the schedule of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respected in relation to the financial statements as a whole. The introductory and statistical information sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

A handwritten signature in black ink that reads "Watkins Mikusall, PLLC". The signature is written in a cursive, flowing style.

Memphis, Tennessee
December 6, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Bartlett, Tennessee (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the letter of transmittal and notes to the financial statements.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$174,336,422 (net assets). Of this amount, \$18,578,052 (unrestricted net assets) may be used to meet the government's ongoing obligation to citizens and creditors.
- The City's total net assets increased by \$8,447, due primarily to a prior period adjustment of annual pension cost in governmental funds and a small decrease in operations due to expenses exceeding revenues.
- At June 30, 2012, the City's governmental funds reported combined ending fund balances of \$33,349,802, an increase of \$3,114,163 in comparison with the prior year. Approximately 81.3% of this amount is available for spending at the government's discretion (committed, assigned or unassigned fund balance).
- At June 30, 2012 unassigned fund balance for the general fund was \$16,655,499, or 43.7% of total general fund expenditures.
- The City's total debt increased by \$1,264,169 (4.54%) during the current fiscal year. Key factors in this increase were the issuance of \$691,500 in capital outlay notes for equipment and vehicles and \$4,545,000 in general obligation refunding and improvement bonds and \$4,305,000 water and sewer revenue and tax refunding bonds in FY 2012.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Bartlett's basic financial statements. The City's basic financial statements consist of three components: 1.) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements: The first two statements are government-wide financial statements. They are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The government-wide financial statements are:

- **Statement of Net Assets** -- presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or

decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

- **Statement of Activities** -- presents information showing how the City's net assets changed during the most recent fiscal year. All current year revenues and expenses are taken into account regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) and other functions that are intended to recover all, or a significant portion, of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, parks and recreation, performing arts center, and recreation center. The business-type activities of the City include the operations of the water and sewer facilities.

The government-wide financial statements can be found on pages 24-26 of this report.

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds -- Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains eleven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the capital projects fund both of which are considered to be major funds. Data for the other nine funds is combined into a single column with individual fund data for each of these non-major governmental funds provided in the form of combining and individual fund statements elsewhere in this report.

The City of Bartlett adopts an annual appropriation budget for its general, special revenue and debt service fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 27-30 of this report.

Proprietary funds -- Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information. The City maintains two different types of proprietary funds: enterprise funds and internal service funds.

- Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements, but provide more detail and additional information, such as cash flow analysis. The City uses enterprise funds to account for its Water and Sewer activities.
- Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its health insurance and worker's compensation services. Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The business-type activity related to the Water and Sewer Fund is presented in a single column of the proprietary fund financial statements.

The governmental activities of the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in the report.

The basic proprietary fund financial statements can be found on page 38-40 of this report.

Fiduciary funds -- Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 41-42 of this report.

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 43-67 of this report.

Combining and Individual Fund Statements and Schedules: Combining schedules provide detail in connection with non-major governmental and internal service funds referred to earlier. Individual fund statements provide greater detail for the general fund. Combining and individual fund statements and schedules can be found on pages 72-85 of this report.

Government-wide Financial Analysis

Net Assets: Net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$174,336,422 at the close of the most recent fiscal year, an increase of \$8,447, or 0.01 percent, from last year.

The largest portion of the City's net assets (87.4%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Condensed Statement of Net Assets

	Governmental activities		Business-type activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 56,522,678	\$ 54,785,997	\$ 9,478,133	\$ 8,174,107	\$ 66,000,811	\$ 62,960,104
Capital assets	117,357,156	119,352,771	69,981,793	70,428,954	187,338,949	189,781,725
Total assets	173,879,834	174,138,768	79,459,926	78,603,061	253,339,760	252,741,829
Long-term liabilities outstanding	44,243,597	42,226,436	13,596,053	14,428,589	57,839,650	56,655,025
Other liabilities	20,529,417	21,220,869	634,271	537,960	21,163,688	21,758,829
Total liabilities	64,773,014	63,447,305	14,230,324	14,966,549	79,003,338	78,413,854
Net assets:						
Invested in capital assets, net of related debt	93,659,549	96,147,333	58,771,208	58,277,810	152,430,757	154,425,143
Restricted	3,327,613	2,542,323	-	-	3,327,613	2,542,323
Unrestricted	12,119,658	12,001,807	6,458,394	5,358,702	18,578,052	17,360,509
Total net assets	\$109,106,820	\$110,691,463	\$65,229,602	\$63,636,512	\$174,336,422	\$174,327,975

An additional portion of the City's net assets (1.9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$18,578,052) may be used to meet the government's ongoing obligations to citizens and creditors.

At June 30, 2012, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

Changes in Net Assets: Governmental activities decreased the City's net assets by \$1,584,643 while Business-type activities increased the City's net assets by \$1,593,090 resulting in a net increase of \$8,447. Key elements of this increase are as follows:

- General 45% increase in operating revenues in business-type activities.
- Total expenses in governmental activities exceeded revenues by \$2,276,986.
- Prior year adjustment in governmental pension cost of \$692,343 due to restatement of costs in FY2011.

Condensed Statement of Changes in Net Assets

	Governmental activities		Business-type activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues						
Program Revenues:						
Charges for Services	\$ 13,671,167	\$ 13,413,622	\$ 8,745,547	\$ 6,294,620	\$ 22,416,714	\$ 19,708,242
Operating grants and contributions	3,349,489	3,070,185	138,595	233,559	3,488,084	3,303,744
Capital grants and contributions	559,499	337,368	482,843	462,965	1,042,342	800,333
General Revenues:						
Local taxes	29,069,899	28,403,176	-	-	29,069,899	28,403,176
Intergovernmental	4,691,816	4,072,733	-	-	4,691,816	4,072,733
Interest on investments	95,808	108,663	25,379	32,995	121,187	141,658
Other	1,964,827	422,661	6,009	-	1,970,836	422,661
Total revenues	53,402,505	49,828,408	9,398,373	7,024,139	62,800,878	56,852,547
Expenses						
General government	7,508,236	7,016,910	-	-	7,508,236	7,016,910
Public safety	25,841,866	24,532,698	-	-	25,841,866	24,532,698
Public works	15,148,440	15,767,322	-	-	15,148,440	15,767,322
Parks and recreation	4,369,653	4,319,311	-	-	4,369,653	4,319,311
Performing arts center	597,215	773,715	-	-	597,215	773,715
Recreation center	1,752,728	1,718,237	-	-	1,752,728	1,718,237
Interest on long-term debt	757,919	927,525	-	-	757,919	927,525
Water and sewer	-	-	7,508,717	7,275,464	7,508,717	7,275,464
Total expenses	55,976,057	55,055,718	7,508,717	7,275,464	63,484,774	62,331,182
Changes in net assets before transfers	(2,573,552)	(5,227,310)	1,889,656	(251,325)	(683,896)	(5,478,635)
Transfers	296,566	303,835	(296,566)	(303,835)	-	-
Increase in net assets	(2,276,986)	(4,923,475)	1,593,090	(555,160)	(683,896)	(5,478,635)
Net assets - July 1, 2011, as previously reported	110,691,463	115,614,938	63,636,512	64,191,672	174,327,975	179,806,610
Prior period adjustments	692,343	-	-	-	692,343	-
Net assets, July 1, 2011 as restated	111,383,806	115,614,938	63,636,512	64,191,672	175,020,318	179,806,610
Net assets - June 30, 2012	\$109,106,820	\$110,691,463	\$65,229,602	\$63,636,512	\$174,336,422	\$174,327,975

Governmental Activities: Current fiscal year revenues and transfers for the City's governmental activities were \$53,699,071 compared to \$50,132,243 last year. Expenses for the same period were \$55,976,057 compared to \$55,055,718 last year, a 1.7% increase.

General revenue experienced a mixture of increases and decreases for the year; most notable of which are discussed below.

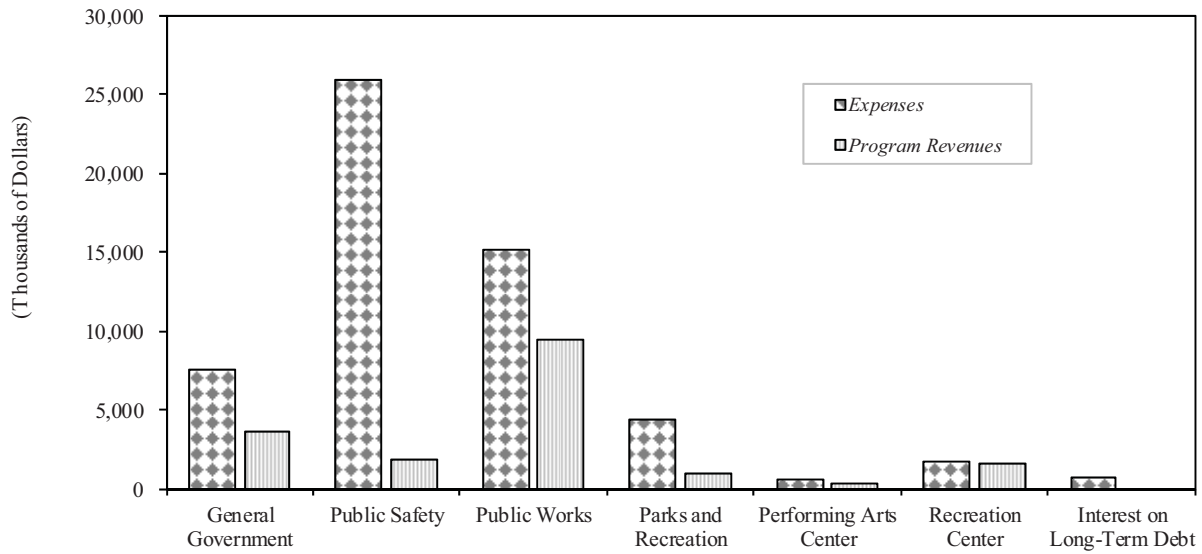
- The single largest source of governmental activity revenue, property taxes, decreased by \$37,879, or 0.2 percent, resulting from slightly lower assessments.
- Local sales taxes, the next largest contributor of revenues, were up \$704,602, or 6.7 percent.
- Program revenues increased \$758,980, or 4.5 percent, from the prior year. Charges for services increased by \$257,545; while operating and capital grants increased by \$501,435.
- The City's portion of state income taxes decreased by \$33,116, or 10.9 percent, reflecting lower than expected dividend and money market returns for taxpayers.
- Other state allocated taxes increased \$652,199, or 17.3 percent, reflecting increases in per capita state shared revenues due to population increases from the latest federal census.
- Investment income decreased by \$11,125, or 10.2 percent. The City is still experiencing historically low interest rates for authorized investments.

Each area of program revenues is discussed below.

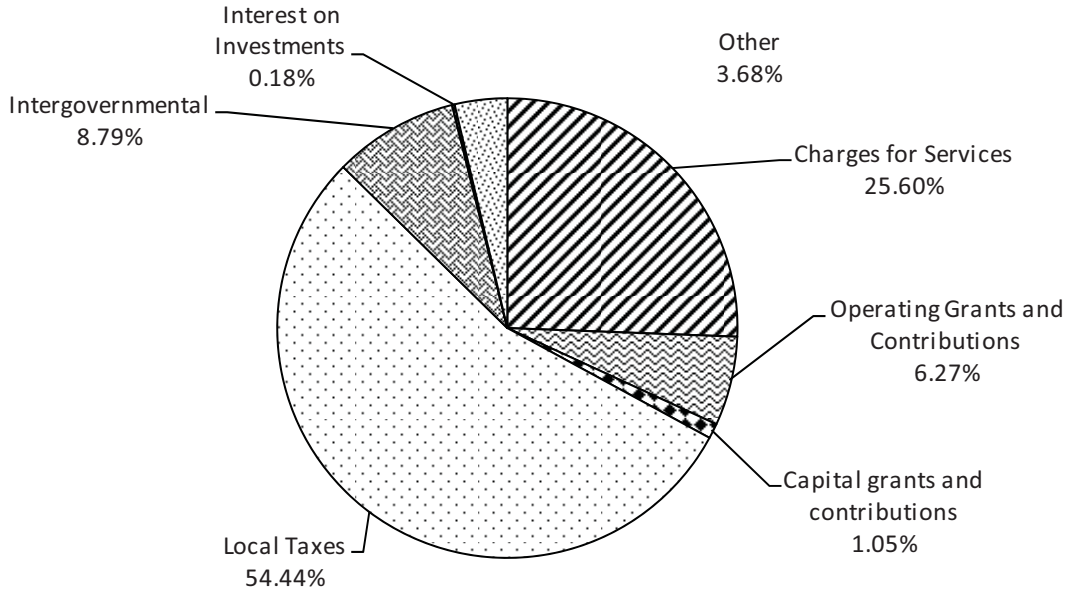
- Charges for services increased \$257,545, or 1.9 percent from the previous year due primarily to increases in license fees and fines and penalties.
- Operating grants and contributions increased \$279,304, or 9.1 percent from the previous year, led by an increase in grants for public works activities.
- Capital grants and contributions increased \$222,131, or 65.8 percent over the previous year, primarily due to an increase in grants for public safety and public works activities.

Revenues were up by \$3,566,828 from the previous year, led by increased intergovernmental revenues from state shared tax collections and developer performance bond defaults. Expenses for governmental activities increased by \$416,858 or 0.8 percent. Categories of public works and performing arts center were down \$880,698 collectively while general government, public safety, parks and recreation and recreation center all experienced increases due to increased operating expense.

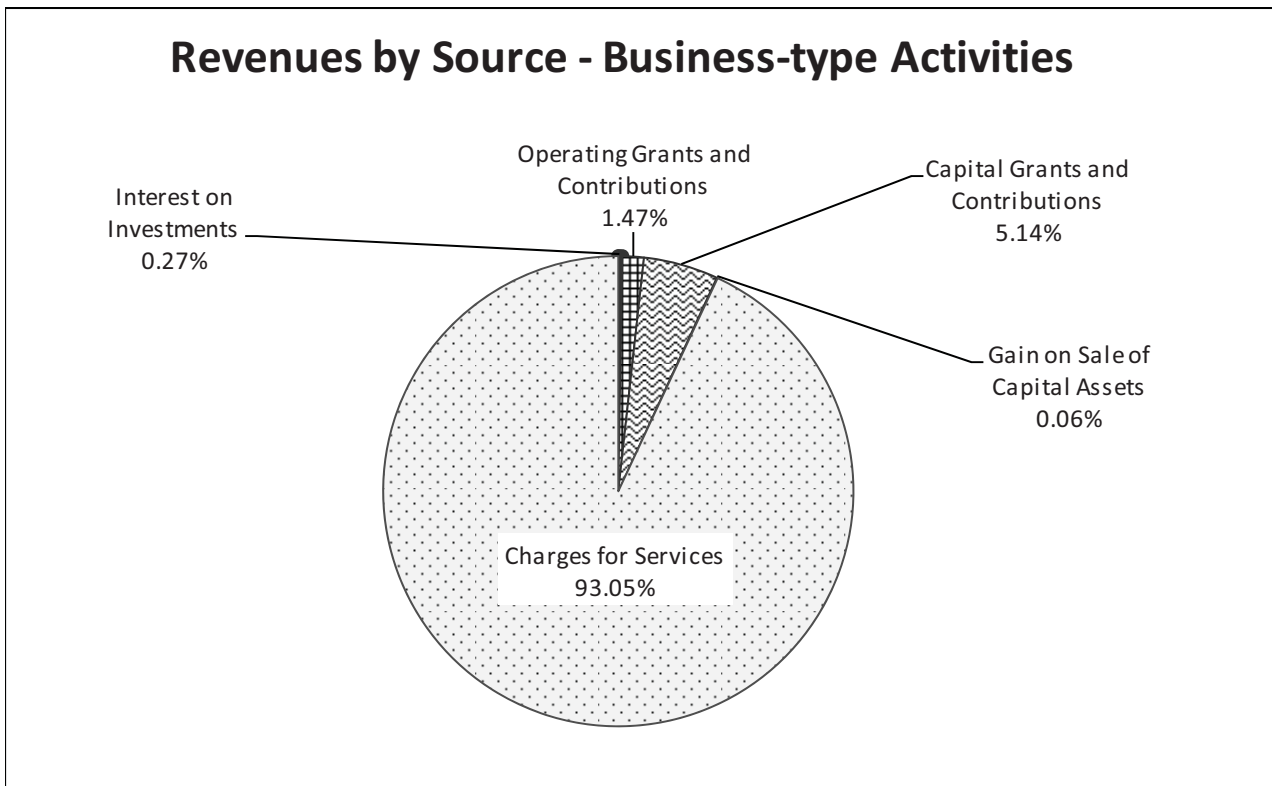
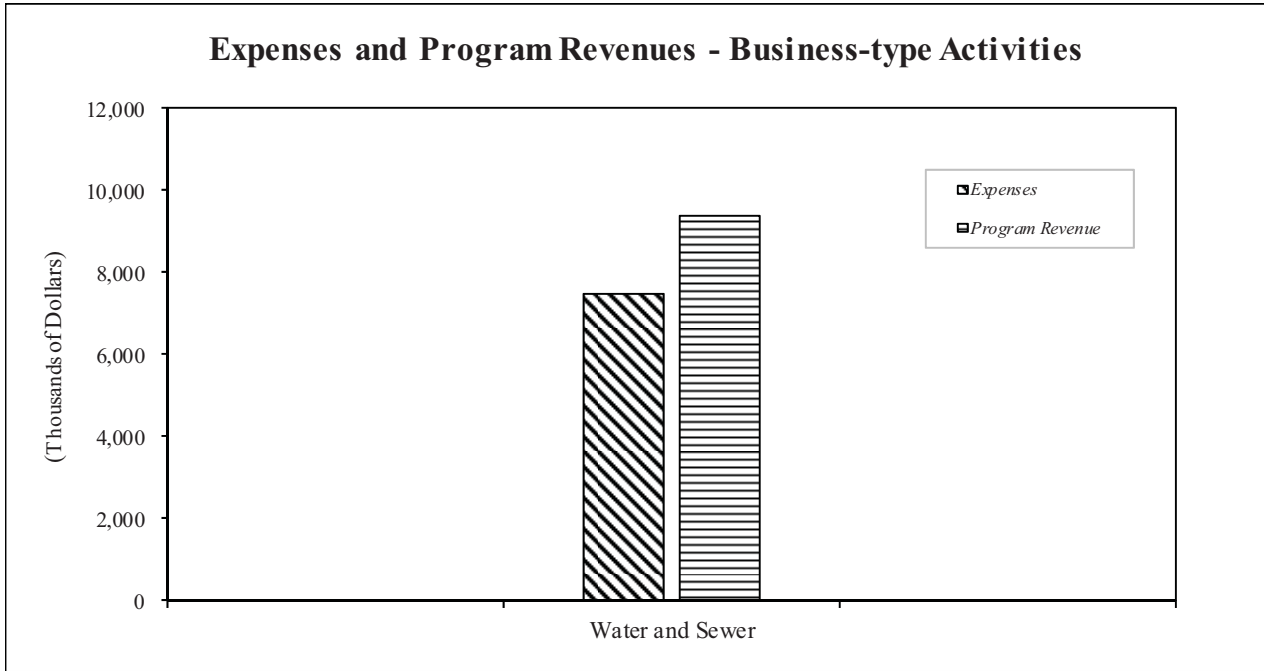
Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities



Business-type activities: Business-type activities increased the City's net assets by \$1,593,090 due primarily to a 45% rate increase in user charges in early FY2012. This was a significant improvement over the previous year's decrease of net assets for business-type activities of \$555,160. The increase in user charges for the Water/Sewer Fund helped overcome a slight decrease in operating and capital grants of \$75,086.



Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to help control and manage money for particular purposes or to ensure and demonstrate compliance with finance-related legal requirements. The following provides a more detailed analysis of the City's funds.

Governmental funds: Governmental funds focus on providing information on near-term inflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$33,349,802, an increase of \$3,114,163, in comparison with the prior year. Approximately 49.9% of this total amount (\$16,638,077) constitutes unassigned fund balance, which is available for spending at the government's discretion. All of the governmental funds except for one reported a positive ending fund balance. The grants fund, used to account for miscellaneous grants and expenditures showed a negative \$17,422 unassigned fund balance at year end.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$16,655,499, while total fund balance reached \$18,740,233. Other categories of fund balance for the general fund were non-spendable (\$187,260), committed (\$1,100,000) and assigned (\$797,474). Non-spendable includes inventories and prepaid items; committed includes amounts designated by the governing body for emergencies and contingencies; and assigned includes the use of general fund reserves to fund the subsequent year's budget. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 43.7% of total general fund expenditures, while total fund balance represents 49.2% of that same amount.

The fund balance of the City's general fund increased by \$1,065,000, or 6.0%, to \$18,740,233 during the current fiscal year. Key factors are as follows:

- Revenues from property and other taxes were up by \$995,555 over the previous year. Local sales tax collections accounted for approximately 60% of that amount with gross receipts tax and interest and penalties on business taxes accounting for most of the remainder. Intergovernmental revenues were up by \$608,841 over the previous year. These are revenues received from the State of Tennessee for sales, income, and other state imposed taxes and distributed back to cities on a prorated basis. Revenues from licenses and permits were up \$19,484 while charges for certain services such as recreation fees, ambulance fees and animal shelter and library fees were down \$87,734. Total revenues, transfers in and other financing sources were \$39,186,651 for the fiscal year.
- Expenditures for current activity in the general fund increased by \$1,132,930 with general government and public safety expenditures accounting for 91.5% of this increase. Other current activities combined for a net increase of \$96,363. Other financing sources and uses played a pivotal role in the increase in the fund balance of the general fund with a net

financing source of \$697,702 compared to a net financing use of \$23,600 in the current year. Total expenditures and uses of funds were \$38,121,651.

Capital Projects Fund: This fund focuses on project-to-date costs for many projects within the City. At the end of the year, the fund reported \$8,975,473 in fund balance, of which \$4,908,647 is restricted and \$4,066,826 is assigned for completion of capital projects. Fund balance for this fund fluctuates from year to year based on debt issued and expenditures for capital projects; new debt increases fund balance while construction expenditures decreases it. For fiscal year 2012 there was a \$870,429 increase in fund balance. Analysis of project income and expenditures follows:

- Project inflows for the year of \$6,526,779 includes \$3,508,466 in general obligation debt proceeds and premiums, and \$3,018,313 in interest, transfers in from other funds and miscellaneous revenues.
- Current year expenditures and transfers of \$5,656,350 include \$5,553,028 in capital expenditures on projects, \$19,576 for bond issuance costs and \$83,746 in transfers to other funds.

Proprietary funds: The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. As the City completed the fiscal year its proprietary funds, which include both an enterprise fund and an internal service fund, had combined net assets of \$65,229,602.

Unrestricted net assets of the Water and Sewer fund at the end of the year amounted to \$6,458,394. The total increase in net assets for the Water and Sewer fund was \$1,593,090. Other factors concerning the finances have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget in the general fund can be briefly summarized as follows:

- The difference between the original and final budget for revenues increased by \$106,600. This was due to state grants for certified police and firemen of \$105,600 and increase in donations of \$1,000.
- The difference between the original and final budget for expenditures increased by \$585,316 primarily for general government expenditures for personnel and operations.
- The General Fund revenues were \$1,180,389 higher than budgeted. The increase was due to increases in local taxes of \$701,546, state taxes (local share) of \$379,291, licenses and permits of \$120,908, federal and state grants of \$73,596, and a moderate decrease between budget and actual revenues in other revenues of \$94,952.
- General Fund expenditures were less than budgeted by \$1,936,734. City department heads strive to control costs within the respective departments. The largest positive variance was in Public Safety in the amount of \$815,395. Cost savings were also achieved in General Government of \$556,546, Public Works of \$275,479, Parks and Recreation of \$98,104, Performing Arts Center of \$140,437, and Recreation Center of \$50,773.

Capital Asset and Debt Administration

Capital assets: The City's investment in capital assets for its governmental and business type activities as of June 30, 2012 amounts to \$187,338,949 (net of accumulated depreciation). This investment in capital assets includes land, building, improvements, equipment, roads, highways, construction in progress, and other infrastructure. The total decrease in City's investment in capital assets for the current fiscal year was 1.29% (a 1.67% decrease for governmental activities and a 0.64% decrease for business-type activities).

Condensed Statement of Capital Assets (Net of Depreciation)

	Governmental activities		Business-type activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 7,788,672	\$ 7,733,595	\$ 1,265,719	\$ 1,097,590	\$ 9,054,391	\$ 8,831,185
Buildings	26,824,450	26,969,585	69,696	73,666	26,894,146	27,043,251
Improvements other than bldgs.	2,220,024	2,236,908	66,920,713	68,074,185	69,140,737	70,311,093
Equipment	1,042,421	1,019,860	839,555	850,402	1,881,976	1,870,262
Vehicles	3,113,608	3,104,182	-	-	3,113,608	3,104,182
Infrastructure	74,006,066	75,643,260	-	-	74,006,066	75,643,260
Construction in progress	2,361,915	2,645,381	886,110	333,111	3,248,025	2,978,492
Total	<u>\$ 117,357,156</u>	<u>\$ 119,352,771</u>	<u>\$ 69,981,793</u>	<u>\$ 70,428,954</u>	<u>\$ 187,338,949</u>	<u>\$ 189,781,725</u>

Additional information on the City's capital assets can be found in note 4(D) on pages 53-54 of this report.

Long-term debt: At the end of the current fiscal year, the City had total debt outstanding of \$41,643,806. Of this amount \$29,098,555 comprises debt backed by the full faith and credit of the government and capital outlay notes and \$12,545,251 represents bond secured primarily by a specified revenue source with a full faith and credit pledge.

Condensed Statement of Outstanding Debt General Obligation and Revenue Bonds

	Governmental activities		Business-type activities		Total	
	2012	2011	2012	2011	2012	2011
General obligation bonds	\$ 26,910,000	\$ 25,750,000	\$ -	\$ -	\$ 26,910,000	\$ 25,750,000
Capital Outlay note	1,327,500	1,176,330	-	-	1,327,500	1,176,330
General Obligation note	861,056	908,056	-	-	861,056	908,056
Revenue bonds	-	-	12,410,000	13,490,000	12,410,000	13,490,000
Revenue note	-	-	135,251	170,251	135,251	170,251
Total	<u>\$ 29,098,556</u>	<u>\$ 27,834,386</u>	<u>\$ 12,545,251</u>	<u>\$ 13,660,251</u>	<u>\$ 41,643,807</u>	<u>\$ 41,494,637</u>

The City's total debt increased \$149,169 or 0.4 percent during the current fiscal year. The City issued \$4,545,000 in general obligation refunding and improvement bonds and \$4,305,000 in water and sewer revenue and tax refunding bonds during the year. The City also retired \$9,392,330 in debt through debt refunding and paying down existing debt.

The City maintains an "AAA" rating from Standard & Poor's and an "Aa1" rating from Moody's for general obligation debt and water and sewer revenue debt.

Additional information on the City's long-term debt can be found at note 4(G) of the notes to the financial statements of this report.

Economic Factors and Next Year's Budgets and Rates

Factors considered in preparing the City's budget for the 2013 fiscal year are discussed fully in the budget document and include:

- The City uses conservative revenue forecasts for budgeting purposes. The primary source of funds remains property taxes. The continued impact of declining property values in the area has been taken into consideration in projecting resources.
- Sales tax and other state shared revenue should increase as economic output improves. While inflationary trends in the region compare favorably to national indices, the City has proposed FY13 appropriations which represent a slight increase from FY12 levels.
- Current service levels have been maintained in the general fund in FY12 by assigning a portion of the general fund balance. This use of fund balance amounts to 0.1 percent of total appropriations.

- Water and sewer rates were increased by approximately 45% in early FY12 in order to comply with state laws. The City of continuing to monitor operations of its Water/Sewer Fund to determine if additional user fees or cost containment measures should be initiated.

At June 30, 2012 the unassigned fund balance in the general fund was \$16,655,499. The City has approved a general fund operating budget of \$39,146,083 for FY12 with a \$497,474 planned use of general fund unassigned fund balance.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, 6400 Stage Road, Bartlett, Tennessee 38134. The Comprehensive Annual Financial Report June 30, 2012, Fiscal Year 2013 Budget Report and other information about the City may be found on the City's website at www.cityofbartlett.org, as part of our continuing usage of advancing technology and e-commerce.

CITY OF BARTLETT, TENNESSEE

STATEMENT OF NET ASSETS

June 30, 2012

	Primary Government		Total
	Governmental Activities	Business-type Activity	
ASSETS			
Cash and cash equivalents	\$ 25,866,349	\$ 4,898,821	\$ 30,765,170
Investments - unrestricted	8,217,679	2,980,928	11,198,607
Investments - restricted	504,611	-	504,611
Receivables (net of allowance for uncollectibles):			
Taxes	18,368,997	-	18,368,997
Accounts receivable	-	1,709,778	1,709,778
Other	3,234,024	27,700	3,261,724
Internal balances	143,759	(143,759)	-
Inventories	176,629	-	176,629
Prepaid items	10,630	4,665	15,295
Capital assets, not being depreciated	10,150,587	2,151,829	12,302,416
Capital assets, being depreciated, net	107,206,569	67,829,964	175,036,533
Total assets	<u>173,879,834</u>	<u>79,459,926</u>	<u>253,339,760</u>
LIABILITIES			
Accounts payable and accrued liabilities	1,170,150	397,957	1,568,107
Accrued interest payable	247,440	100,479	347,919
Unearned revenue	17,141,011	52,438	17,193,449
Other accrued payables	4,253	-	4,253
Accrued payroll and vacation	1,966,563	83,397	2,049,960
Noncurrent liabilities:			
Due within one year	2,850,781	1,181,000	4,031,781
Due in more than one year	41,392,816	12,415,053	53,807,869
Total liabilities	<u>64,773,014</u>	<u>14,230,324</u>	<u>79,003,338</u>
NET ASSETS			
Invested in capital assets, net of related debt	93,659,549	58,771,208	152,430,757
Restricted for:			
Debt service	952,372	-	952,372
Streets	803,065	-	803,065
Park improvements	665,100	-	665,100
Drug enforcement	585,392	-	585,392
Other purposes	321,684	-	321,684
Unrestricted	12,119,658	6,458,394	18,578,052
Total net assets	<u>\$ 109,106,820</u>	<u>\$ 65,229,602</u>	<u>\$ 174,336,422</u>

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

CITY OF BARTLETT, TENNESSEE

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2012

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental Activities:				
General government	\$ 7,508,236	\$ 3,368,184	\$ 225,720	\$ -
Public safety	25,841,866	1,695,470	-	119,682
Public works	15,148,440	5,872,537	3,111,369	439,817
Parks and recreation	4,369,653	927,648	12,400	-
Performing arts center	597,215	274,638	-	-
Recreation center	1,752,728	1,532,690	-	-
Interest on long-term debt	757,919	-	-	-
Total governmental activities	<u>55,976,057</u>	<u>13,671,167</u>	<u>3,349,489</u>	<u>559,499</u>
Business-type activity:				
Water and sewer	<u>7,508,717</u>	<u>8,745,547</u>	<u>138,595</u>	<u>482,843</u>
Total primary government	<u>\$ 63,484,774</u>	<u>\$ 22,416,714</u>	<u>\$ 3,488,084</u>	<u>\$ 1,042,342</u>
General revenues:				
Property taxes				
Local sales taxes				
State sales taxes				
Income and excise taxes				
Beer taxes				
Liquor taxes				
Bank excise taxes				
Receipts in lieu of tax - TVA				
Reimbursements				
Interest on investments				
Bond defaults				
Gain (loss) on sale of capital assets				
Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets - beginning, as previously reported				
Prior period adjustment				
Net assets - beginning as restated				
Net assets - ending				

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

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

Governmental Activities	Business-Type Activities	Total
\$ (3,914,332)	\$ -	\$ (3,914,332)
(24,026,714)	-	(24,026,714)
(5,724,717)	-	(5,724,717)
(3,429,605)	-	(3,429,605)
(322,577)	-	(322,577)
(220,038)	-	(220,038)
(757,919)	-	(757,919)
(38,395,902)	-	(38,395,902)
-	1,858,268	1,858,268
(38,395,902)	1,858,268	(36,537,634)
17,781,386	-	17,781,386
11,288,513	-	11,288,513
3,704,680	-	3,704,680
270,679	-	270,679
26,808	-	26,808
52,834	-	52,834
5,840	-	5,840
630,975	-	630,975
67,175	-	67,175
95,808	25,379	121,187
1,897,652	-	1,897,652
-	6,009	6,009
296,566	(296,566)	-
36,118,916	(265,178)	35,853,738
(2,276,986)	1,593,090	(683,896)
110,691,463	63,636,512	174,327,975
692,343	-	692,343
111,383,806	63,636,512	175,020,318
\$ 109,106,820	\$ 65,229,602	\$ 174,336,422

CITY OF BARTLETT, TENNESSEE

**BALANCE SHEET
GOVERNMENTAL FUNDS**

June 30, 2012

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 7,330,372	\$ 11,647,860	\$ 5,330,982	\$ 24,309,214
Investments - unrestricted	8,217,679	-	-	8,217,679
Investments - restricted	-	504,611	-	504,611
Receivables				
Taxes	18,114,627	-	771,410	18,886,037
Other	3,603,707	28,574	29,288	3,661,569
Less allowance for doubtful accounts	(944,585)	-	-	(944,585)
Due from other funds	3,045,518	-	-	3,045,518
Inventory	176,629	-	-	176,629
Prepaid Items	10,630	-	-	10,630
	<u>\$ 39,554,577</u>	<u>\$ 12,181,045</u>	<u>\$ 6,131,680</u>	<u>\$ 57,867,302</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 633,657	\$ 201,954	\$ 298,347	\$ 1,133,958
Deferred revenue - taxes	17,487,740	-	-	17,487,740
Deferred revenue - rec. center	238,832	-	-	238,832
Deferred revenue - court fines	354,340	-	-	354,340
Deferred revenue - developers	233,495	-	-	233,495
Deferred revenue - business licenses	2,357	-	-	2,357
Deferred revenue - grants	4,510	28,574	13,440	46,524
Deferred revenue - BPAC	3,920	-	-	3,920
Other accrued payables	4,253	-	-	4,253
Due to other funds	-	2,975,044	70,474	3,045,518
Accrued payroll and vacation	1,851,240	-	115,323	1,966,563
Total liabilities	<u>20,814,344</u>	<u>3,205,572</u>	<u>497,584</u>	<u>24,517,500</u>
Fund balances:				
Nonspendable	187,260	-	-	187,260
Restricted	-	4,908,647	1,139,250	6,047,897
Committed	1,100,000	-	1,523,263	2,623,263
Assigned	797,474	4,066,826	2,989,005	7,853,305
Unassigned	16,655,499	-	(17,422)	16,638,077
Total fund balances	<u>18,740,233</u>	<u>8,975,473</u>	<u>5,634,096</u>	<u>33,349,802</u>
	<u>\$ 39,554,577</u>	<u>\$ 12,181,045</u>	<u>\$ 6,131,680</u>	<u>\$ 57,867,302</u>

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

CITY OF BARTLETT, TENNESSEE

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
GOVERNMENTAL FUNDS

June 30, 2012

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

Total governmental fund balances	\$ 33,349,802
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	117,357,156
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	1,226,197
Internal service funds are used by management to charge the costs of health insurance, workers' compensation, and retiree health insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	1,664,702
Long-term liabilities, including bonds payable, capital outlay notes, net pension obligation, and OPEB are not due and payable in the current period and therefore are not reported in the funds.	<u>(44,491,037)</u>
Net assets of governmental activities	<u>\$ 109,106,820</u>

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

CITY OF BARTLETT, TENNESSEE

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2012

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes:				
Property taxes	\$ 17,767,922	\$ -	\$ -	\$ 17,767,922
Local sales taxes	8,395,524	-	2,892,989	11,288,513
Intergovernmental	4,758,991	-	1,537,779	6,296,770
Licenses and permits	1,532,178	-	-	1,532,178
Charges for services	3,902,264	-	5,427,065	9,329,329
Fines, forfeitures, and penalties	1,899,649	-	32,895	1,932,544
Federal and state grants	179,196	-	1,996,704	2,175,900
Donations	12,400	-	-	12,400
Interest on investments	8,907	86,335	530	95,772
Other	31,918	1,359,804	505,930	1,897,652
Total revenues	<u>38,488,949</u>	<u>1,446,139</u>	<u>12,393,892</u>	<u>52,328,980</u>
EXPENDITURES				
Current				
General government	6,109,847	-	251,106	6,360,953
Public safety	21,899,362	-	292,499	22,191,861
Public works	4,684,717	-	5,884,656	10,569,373
Parks and recreation	3,332,413	-	48,891	3,381,304
Performing arts center	558,610	-	-	558,610
Recreation center	1,513,102	-	-	1,513,102
Debt Service				
Principal	-	-	2,112,330	2,112,330
Interest	-	-	864,423	864,423
Bond issuance costs	-	19,576	44,236	63,812
Capital outlays	-	5,553,028	-	5,553,028
Total expenditures	<u>38,098,051</u>	<u>5,572,604</u>	<u>9,498,141</u>	<u>53,168,796</u>
Excess (deficiency) of revenues over (under) expenditures	<u>390,898</u>	<u>(4,126,465)</u>	<u>2,895,751</u>	<u>(839,816)</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	3,376,500	-	3,376,500
Issuance of refunding bonds	-	-	1,860,000	1,860,000
Premium on bonds issued	-	131,966	25,494	157,460
Payment to refunding bond escrow agent	-	-	(1,885,494)	(1,885,494)
Sale of capital assets	148,947	-	-	148,947
Transfers in	548,755	1,572,174	500,000	2,620,929
Transfers out	(23,600)	(83,746)	(2,217,017)	(2,324,363)
Total other financing sources and uses	<u>674,102</u>	<u>4,996,894</u>	<u>(1,717,017)</u>	<u>3,953,979</u>
Net change in fund balances	1,065,000	870,429	1,178,734	3,114,163
Fund balances - beginning	17,675,233	8,105,044	4,455,362	30,235,639
Fund balances - ending	<u>\$ 18,740,233</u>	<u>\$ 8,975,473</u>	<u>\$ 5,634,096</u>	<u>\$ 33,349,802</u>

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

CITY OF BARTLETT, TENNESSEE

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF
ACTIVITIES**

For the Year Ended June 30, 2012

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

Net change in fund balance - total governmental funds	\$	3,114,163
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 capital outlays exceeded depreciation in the current period.		(1,995,615)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(344,030)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This adjustment is for compensated absences, net pension obligation and other post employment benefits.		(1,478,645)
The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		(1,227,448)
Internal service funds are used by management to charge the costs of health insurance, workmen's compensation, and retiree health insurance to individual funds. The net expenditure of certain activities of internal service funds is reported with governmental activities.		<u>(345,411)</u>
Change in net assets of governmental funds	\$	<u><u>(2,276,986)</u></u>

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

CITY OF BARTLETT, TENNESSEE

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND**

For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
TAXES				
Property tax	\$ 16,605,410	\$ 16,605,410	\$ 16,404,597	\$ (200,813)
Property tax - prior year	350,000	350,000	522,141	172,141
Payments in lieu of taxes	685,000	685,000	669,154	(15,846)
Property tax interest and penalties	120,000	120,000	172,030	52,030
Local sales tax	5,450,480	5,450,480	5,785,978	335,498
Wholesale beer tax	716,900	716,900	742,141	25,241
Wholesale liquor tax	170,000	170,000	203,077	33,077
Gross receipts tax	750,000	750,000	883,192	133,192
Business tax	4,000	4,000	3,630	(370)
Interest, penalties, and collection fees on business tax	55,110	55,110	97,605	42,495
Hotel tax	175,000	175,000	173,748	(1,252)
CATV franchise tax	380,000	380,000	506,153	126,153
Total taxes	25,461,900	25,461,900	26,163,446	701,546
INTERGOVERNMENTAL/UNRESTRICTED				
State of Tennessee shared taxes				
Sales	3,575,000	3,575,000	3,704,680	129,680
Income taxes	100,000	100,000	270,679	170,679
Beer tax	28,000	28,000	26,808	(1,192)
Liquor tax	45,000	45,000	52,834	7,834
Bank excise tax	15,000	15,000	5,840	(9,160)
Receipts in lieu of tax - TVA	616,700	616,700	630,975	14,275
Reimbursements	-	-	67,175	67,175
Total state taxes	4,379,700	4,379,700	4,758,991	379,291
LICENSES AND PERMITS				
Automobile stickers	1,100,000	1,100,000	1,117,293	17,293
Beer and liquor licenses	14,220	14,220	16,370	2,150
Building and related permits	297,050	297,050	398,515	101,465
Total licenses and permits	1,411,270	1,411,270	1,532,178	120,908

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

CITY OF BARTLETT, TENNESSEE

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND (CONTINUED)**

For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
CHARGES FOR SERVICES				
Police and fire charges	15,500	15,500	24,421	8,921
Publication fees	1,000	1,000	1,100	100
Trash removal and weed cutting fees	100,000	100,000	125,399	25,399
Parks and recreation charges	2,450,000	2,450,000	2,398,437	(51,563)
Performing arts center	250,000	250,000	258,751	8,751
City service fee	3,000	3,000	3,113	113
Ambulance fees	700,000	700,000	712,297	12,297
Animal Shelter fees	137,750	137,750	126,971	(10,779)
911 fees	18,240	18,240	8,645	(9,595)
Rental fees	145,000	145,000	147,604	2,604
Library fees	103,000	103,000	95,526	(7,474)
Total charge for services	<u>3,923,490</u>	<u>3,923,490</u>	<u>3,902,264</u>	<u>(21,226)</u>
FINES, FORFEITURES, AND PENALTIES	<u>1,940,000</u>	<u>1,940,000</u>	<u>1,899,649</u>	<u>(40,351)</u>
FEDERAL AND STATE GRANTS	<u>-</u>	<u>105,600</u>	<u>179,196</u>	<u>73,596</u>
DONATIONS	<u>12,000</u>	<u>13,000</u>	<u>12,400</u>	<u>(600)</u>
INTEREST ON INVESTMENTS	<u>20,000</u>	<u>20,000</u>	<u>8,907</u>	<u>(11,093)</u>
OTHER	<u>53,600</u>	<u>53,600</u>	<u>31,918</u>	<u>(21,682)</u>
Total revenues	<u>37,201,960</u>	<u>37,308,560</u>	<u>38,488,949</u>	<u>1,180,389</u>

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

CITY OF BARTLETT, TENNESSEE

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND (CONTINUED)**

For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES:				
GENERAL GOVERNMENT				
Legislative				
Personnel	166,385	166,385	163,174	3,211
Operations	388,581	413,766	325,649	88,117
	<u>554,966</u>	<u>580,151</u>	<u>488,823</u>	<u>91,328</u>
Mayor's office				
Personnel	564,544	564,544	561,019	3,525
Operations	117,175	117,175	108,708	8,467
Equipment	1,600	1,600	607	993
	<u>683,319</u>	<u>683,319</u>	<u>670,334</u>	<u>12,985</u>
Community relations				
Personnel	85,714	85,714	85,524	190
Operations	142,451	191,590	144,067	47,523
	<u>228,165</u>	<u>277,304</u>	<u>229,591</u>	<u>47,713</u>
Finance and accounting				
Personnel	1,112,663	1,112,663	1,044,918	67,745
Operations	169,556	169,556	144,297	25,259
	<u>1,282,219</u>	<u>1,282,219</u>	<u>1,189,215</u>	<u>93,004</u>
City Court				
Personnel	731,176	731,176	692,857	38,319
Operations	52,753	52,753	44,344	8,409
	<u>783,929</u>	<u>783,929</u>	<u>737,201</u>	<u>46,728</u>
Building and grounds				
Personnel	128,360	128,360	124,687	3,673
Operations	192,270	191,820	173,483	18,337
Equipment	-	450	450	-
	<u>320,630</u>	<u>320,630</u>	<u>298,620</u>	<u>22,010</u>
Personnel				
Personnel	385,553	385,553	353,737	31,816
Operations	24,912	25,146	18,549	6,597
	<u>410,465</u>	<u>410,699</u>	<u>372,286</u>	<u>38,413</u>
Planning and economic development				
Personnel	281,633	281,633	280,699	934
Operations	11,839	11,619	10,903	716
Equipment	-	220	220	-
	<u>293,472</u>	<u>293,472</u>	<u>291,822</u>	<u>1,650</u>
Library				
Operations	1,147,214	1,147,214	1,101,622	45,592
Equipment	1,500	1,500	-	1,500
	<u>1,148,714</u>	<u>1,148,714</u>	<u>1,101,622</u>	<u>47,092</u>

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

CITY OF BARTLETT, TENNESSEE

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND (CONTINUED)**

For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
General Services				
Personnel	257,394	257,394	250,518	6,876
Operations	8,477	8,477	7,923	554
Equipment	500	500	-	500
	<u>266,371</u>	<u>266,371</u>	<u>258,441</u>	<u>7,930</u>
Bartlett Station Commission				
Operations	-	210,000	83,748	126,252
Bartlett Station Municipal Center				
Personnel	278,542	274,772	274,651	121
Operations	122,543	126,313	110,313	16,000
Equipment	10,000	10,000	3,180	6,820
	<u>411,085</u>	<u>411,085</u>	<u>388,144</u>	<u>22,941</u>
Total general government	<u>6,383,335</u>	<u>6,667,893</u>	<u>6,109,847</u>	<u>558,046</u>
PUBLIC SAFETY				
Police services				
Personnel	11,695,528	11,715,164	11,204,987	510,177
Operations	1,181,999	1,281,037	1,169,244	111,793
Equipment	22,350	22,350	6,627	15,723
	<u>12,899,877</u>	<u>13,018,551</u>	<u>12,380,858</u>	<u>637,693</u>
Fire services				
Personnel	6,253,888	6,253,888	6,194,732	59,156
Operations	427,022	464,192	445,839	18,353
Equipment	89,500	114,541	100,557	13,984
	<u>6,770,410</u>	<u>6,832,621</u>	<u>6,741,128</u>	<u>91,493</u>
Ambulance and medical services				
Personnel	1,898,984	1,898,984	1,831,455	67,529
Operations	190,562	199,562	183,403	16,159
Equipment	35,000	35,000	32,721	2,279
	<u>2,124,546</u>	<u>2,133,546</u>	<u>2,047,579</u>	<u>85,967</u>
Building codes enforcement				
Personnel	666,915	671,715	671,682	33
Operations	56,124	56,724	56,578	146
Equipment	1,000	1,600	1,537	63
	<u>724,039</u>	<u>730,039</u>	<u>729,797</u>	<u>242</u>
Total public safety	<u>22,518,872</u>	<u>22,714,757</u>	<u>21,899,362</u>	<u>815,395</u>

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

CITY OF BARTLETT, TENNESSEE

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND (CONTINUED)**

For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
PUBLIC WORKS				
Administrative				
Personnel	390,823	390,823	390,175	648
Operations	209,761	212,061	212,046	15
Equipment	200	2,000	1,751	249
	<u>600,784</u>	<u>604,884</u>	<u>603,972</u>	<u>912</u>
Engineering				
Personnel	305,322	305,322	304,515	807
Operations	40,052	40,052	31,840	8,212
Equipment	500	500	-	500
	<u>345,874</u>	<u>345,874</u>	<u>336,355</u>	<u>9,519</u>
Inspection				
Personnel	429,594	429,594	419,612	9,982
Operations	32,275	32,275	25,320	6,955
	<u>461,869</u>	<u>461,869</u>	<u>444,932</u>	<u>16,937</u>
City shop				
Personnel	751,209	705,709	687,164	18,545
Operations	53,965	56,465	56,288	177
Equipment	300	43,300	3,190	40,110
Shop allocations	(325,325)	(325,325)	(335,490)	10,165
	<u>480,149</u>	<u>480,149</u>	<u>411,152</u>	<u>68,997</u>
General maintenance of roads and drainage				
Personnel	917,775	923,675	923,602	73
Operations	271,319	261,319	243,046	18,273
Equipment	2,000	2,000	1,120	880
	<u>1,191,094</u>	<u>1,186,994</u>	<u>1,167,768</u>	<u>19,226</u>
Grounds maintenance				
Personnel	925,767	925,767	859,515	66,252
Operations	284,773	284,773	236,506	48,267
Equipment	200	200	-	200
	<u>1,210,740</u>	<u>1,210,740</u>	<u>1,096,021</u>	<u>114,719</u>
Animal control				
Personnel	488,202	488,202	473,898	14,304
Operations	176,384	181,384	150,619	30,765
Equipment	100	100	-	100
	<u>664,686</u>	<u>669,686</u>	<u>624,517</u>	<u>45,169</u>
 Total public works	 <u>4,955,196</u>	 <u>4,960,196</u>	 <u>4,684,717</u>	 <u>275,479</u>

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

CITY OF BARTLETT, TENNESSEE

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND (CONTINUED)**

For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
PARKS AND RECREATION				
Community center				
Personnel	690,214	696,194	696,185	9
Operations	172,869	166,889	166,888	1
Equipment	10,000	13,200	11,244	1,956
	<u>873,083</u>	<u>876,283</u>	<u>874,317</u>	<u>1,966</u>
Parks and recreation				
Personnel	247,101	247,101	245,679	1,422
Operations	23,153	26,653	26,584	69
	<u>270,254</u>	<u>273,754</u>	<u>272,263</u>	<u>1,491</u>
Senior citizens center				
Personnel	250,871	250,871	242,795	8,076
Operations	89,648	89,648	86,546	3,102
Equipment	8,000	8,000	4,827	3,173
	<u>348,519</u>	<u>348,519</u>	<u>334,168</u>	<u>14,351</u>
Athletics				
Personnel	452,807	452,807	448,418	4,389
Operations	219,787	216,287	202,245	14,042
	<u>672,594</u>	<u>669,094</u>	<u>650,663</u>	<u>18,431</u>
Parks maintenance				
Personnel	968,558	968,558	925,126	43,432
Operations	288,306	294,309	275,876	18,433
	<u>1,256,864</u>	<u>1,262,867</u>	<u>1,201,002</u>	<u>61,865</u>
Total parks and recreation	<u>3,421,314</u>	<u>3,430,517</u>	<u>3,332,413</u>	<u>98,104</u>
PERFORMING ARTS CENTER				
Personnel	420,654	496,204	370,373	125,831
Operations	182,410	197,843	186,086	11,757
Equipment	5,000	5,000	2,151	2,849
Total performing arts center	<u>608,064</u>	<u>699,047</u>	<u>558,610</u>	<u>140,437</u>
RECREATION CENTER				
Personnel	1,155,725	1,155,725	1,120,946	34,779
Operations	406,963	406,100	390,111	15,989
Equipment	-	2,050	2,045	5
Total recreation center	<u>1,562,688</u>	<u>1,563,875</u>	<u>1,513,102</u>	<u>50,773</u>
Total expenditures	<u>39,449,469</u>	<u>40,036,285</u>	<u>38,098,051</u>	<u>1,938,234</u>

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

CITY OF BARTLETT, TENNESSEE

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND (CONTINUED)**

For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,247,509)</u>	<u>(2,726,225)</u>	<u>390,898</u>	<u>3,117,123</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	20,000	20,000	148,947	128,947
Transfers in	450,000	685,000	548,755	(136,245)
Transfers out	<u>-</u>	<u>(23,600)</u>	<u>(23,600)</u>	<u>-</u>
Total other financing sources (uses)	<u>470,000</u>	<u>681,400</u>	<u>674,102</u>	<u>(7,298)</u>
Net change in fund balances	(1,777,509)	(2,044,825)	1,065,000	3,109,825
Fund balances - beginning	<u>17,675,233</u>	<u>17,675,233</u>	<u>17,675,233</u>	<u>-</u>
Fund balances - ending	<u>\$ 15,897,724</u>	<u>\$ 15,630,408</u>	<u>\$ 18,740,233</u>	<u>\$ 3,109,825</u>

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

CITY OF BARTLETT, TENNESSEE

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS**

June 30, 2012

	Business-type Activity - Enterprise Fund Water and Sewer Fund	Governmental Activities - Internal Service Funds
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 4,898,821	\$ 1,557,135
Investments (unrestricted)	2,980,928	-
Receivables		
Customers	1,716,986	-
Other	27,700	-
Less allowance for doubtful accounts	(7,208)	-
Prepaid expenses	4,665	-
Total current assets	<u>9,621,892</u>	<u>1,557,135</u>
Noncurrent assets:		
Capital assets, not being depreciated	2,151,829	-
Capital assets, being depreciated, net	67,829,964	-
Total capital assets (net of accumulated depreciation)	<u>69,981,793</u>	<u>-</u>
Total noncurrent assets	<u>69,981,793</u>	<u>-</u>
Total assets	<u>79,603,685</u>	<u>1,557,135</u>
LIABILITIES		
Current liabilities:		
Accounts payable	397,957	36,192
Accrued bond interest	100,479	-
Accrued compensated absences	2,447	-
Deferred revenue	52,438	-
Current portion of bonds and notes payable	1,181,000	-
Total current liabilities	<u>1,734,321</u>	<u>36,192</u>
Noncurrent liabilities:		
Bonds and notes payable, net of current portion and issuance costs	11,016,691	-
Payable to pension fund	141,471	-
Accrued compensated absences	80,950	-
Other post employment benefits payable	1,256,891	-
Total noncurrent liabilities	<u>12,496,003</u>	<u>-</u>
Total liabilities	<u>14,230,324</u>	<u>36,192</u>
NET ASSETS		
Invested in capital assets, net of related debt	57,784,102	-
Unrestricted	7,589,259	1,520,943
Total net assets	<u>65,373,361</u>	<u>\$ 1,520,943</u>
Adjustment to reflect the consolidation of internal service funds related to the enterprise fund	(143,759)	
Net assets of the business-type activity	<u>\$ 65,229,602</u>	

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

CITY OF BARTLETT, TENNESSEE

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND**

For the Year Ended June 30, 2012

	Business-type Activity - Enterprise Fund Water and Sewer Fund	Governmental Activities - Internal Service Funds
Operating revenues:		
Metered water sales	\$ 4,367,155	\$ -
Sewer service fee	3,591,423	-
Service connections fees	81,466	-
Forfeited discounts	285,949	-
Charges for services	60,800	1,481,010
Contributions	-	4,470,720
Tower lease charges	358,754	-
Federal grant	103,195	-
Other	35,400	-
Total operating revenues	<u>8,884,142</u>	<u>5,951,730</u>
Operating expenses:		
Administrative and general	1,422,268	6,387,747
Pumping and filtering	1,406,983	-
Distribution system	1,592,415	-
Sewer lagoon	534,427	-
Depreciation	2,047,749	-
Total operating expenses	<u>7,003,842</u>	<u>6,387,747</u>
Operating income (loss)	<u>1,880,300</u>	<u>(436,017)</u>
Nonoperating revenues (expenses):		
Gain (loss) on sale of capital assets	6,009	-
Interest	25,379	36
Bond interest and fiscal charges	(414,305)	-
Total non-operating revenues (expenses)	<u>(382,917)</u>	<u>36</u>
Income (loss) before contributions and transfers	1,497,383	(435,981)
Capital contributions - water taps	24,550	-
Capital contributions - sewer taps	42,143	-
Capital contributions - development	416,150	-
Transfers out	(296,566)	-
Change in net assets	<u>1,683,660</u>	<u>(435,981)</u>
Total net assets - beginning	<u>63,689,701</u>	<u>1,956,924</u>
Total net assets - ending	<u>\$ 65,373,361</u>	<u>\$ 1,520,943</u>
Change in net assets	\$ 1,683,660	
Adjustment to reflect the consolidation of internal service funds related to the enterprise fund	<u>(90,570)</u>	
Change in net assets of the business-type activity	<u>\$ 1,593,090</u>	

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

CITY OF BARTLETT, TENNESSEE

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

For the Year Ended June 30, 2012

	Business-type Activity - Enterprise Fund Water and Sewer Fund	Governmental Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 8,451,047	\$ -
Receipts from interfund services provided	-	5,951,730
Payments to suppliers	(2,494,177)	(5,976,716)
Payments to employees	(2,157,722)	-
Payments for interfunds services used	131,472	-
Other receipts	24,427	-
Net cash provided by (used for) operating activities	<u>3,955,047</u>	<u>(24,986)</u>
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES		
Transfer to other fund	<u>(296,566)</u>	-
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from issuance of capital debt	4,186,704	-
Capital contributions	482,843	-
Purchases of capital assets	(1,600,589)	-
Principal paid on capital debt	(5,420,000)	-
Interest paid on capital debt	(401,108)	-
Gain (loss) on sale of capital assets	6,009	-
Net cash used by capital and related financing activities	<u>(2,746,141)</u>	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	124,536	-
Interest income	25,379	36
Net cash provided by investing activities	<u>149,915</u>	<u>36</u>
Net decrease in cash and cash equivalents	1,062,255	(24,950)
Cash and cash equivalents - beginning of the year	<u>3,836,566</u>	<u>1,582,085</u>
Cash and cash equivalents - end of the year	<u>\$ 4,898,821</u>	<u>\$ 1,557,135</u>
Reconciliation of operating income to net cash provided (used) by operating activities:		
Operating income	\$ 1,880,300	\$ (436,017)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation	2,047,749	-
Change in assets and liabilities		
Receivables	(321,708)	-
Prepaid expenses	2,328	406,380
Accounts payable	167,677	4,651
Deferred revenue	598	-
Accrued compensated absences	178,103	-
Net cash provided by (used for) operating activities	<u>\$ 3,955,047</u>	<u>\$ (24,986)</u>
Noncash investing, capital, and financing activities:		
Bond issue costs paid from proceeds	<u>\$ 118,296</u>	<u>\$ -</u>

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

CITY OF BARTLETT, TENNESSEE
STATEMENT OF FIDUCIARY NET ASSETS

June 30, 2012

	Employee Retirement Plan	Other Post Employemnt Benefits	Agency Funds
ASSETS			
Cash and cash equivalents	\$ 3,356,885	\$ 1,090,008	\$ 82,391
Interest receivable	237,399	-	-
Investments, at fair value:			
Mutual funds	42,206,489	-	
Mortgage backed securities	1,028,367	-	-
Common stock	145,431	-	-
Total investments	<u>43,380,287</u>	<u>-</u>	<u>-</u>
Total assets	<u>46,974,571</u>	<u>1,090,008</u>	<u>\$ 82,391</u>
LIABILITIES			
Accounts payable	17,824	630	-
Family assistance payable	-	-	38,917
Bail bonds payable	-	-	43,474
Total liabilities	<u>17,824</u>	<u>630</u>	<u>\$ 82,391</u>
NET ASSETS			
Held in trust for pension benefits and other purposes	<u>\$ 46,956,747</u>	<u>\$ 1,089,378</u>	

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

CITY OF BARTLETT, TENNESSEE

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

For the Year Ended June 30, 2012

	Employee Retirement Plan	Other Post Employment Benefits
ADDITIONS		
Contributions:		
Employer	\$ 3,052,605	\$ 1,091,051
Plan members	872,176	-
Total contributions	<u>3,924,781</u>	<u>1,091,051</u>
Investment earnings (losses):		
Interest and dividends	1,733,804	53
Net depreciation in fair value of investments	<u>(1,147,288)</u>	<u>-</u>
Total investment earnings (loss)	586,516	53
Less investment expense	<u>(157,409)</u>	<u>-</u>
Net investment earnings (loss)	<u>429,107</u>	<u>53</u>
Total additions (reductions)	<u>4,353,888</u>	<u>1,091,104</u>
DEDUCTIONS		
Benefits	2,395,115	-
Administrative expense	<u>38,340</u>	<u>1,726</u>
Total deductions	<u>2,433,455</u>	<u>1,726</u>
Change in net assets	1,920,433	1,089,378
Net assets - beginning of the year	<u>45,036,314</u>	<u>-</u>
Net assets - end of the year	<u>\$ 46,956,747</u>	<u>\$ 1,089,378</u>

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

CITY OF BARTLETT, TENNESSEE
NOTES TO FINANCIAL STATEMENTS

June 30, 2012

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Bartlett, Tennessee (the City) operates under a Board of Mayor and Aldermen form of government and is organized into the following departments: Administration, Mayor, Finance and Accounting, Police, Fire, Parks and Recreation, Public Works, Planning and Development, Code Enforcement, and Utilities.

Governmental Accounting Standards Board (GASB) statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis for State and Local Governments was implemented in the year ended June 30, 2003. The City retroactively reported infrastructure (assets acquired since 1980) at July 1, 2006.

As required by accounting principles generally accepted in the United States of America, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. However, currently there are no component units.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statements of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the governmental-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Agency funds do not use the economic resources measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Government 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 compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, 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. Licenses and permits, charges for services, fines and forfeitures, and miscellaneous revenues (except for investment earnings) are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The general fund is the primary operating fund of the City and accounts for all financial resources of the general government not specifically provided for in other funds. Most of the essential governmental services such as police and fire protection, community services, and general administration are reported in the general fund.

The capital projects fund accounts for the financing of major governmental fund capital asset purchases.

The City reports the following major proprietary funds:

The water and sewer fund is the City's only major proprietary fund. It accounts for water and sewer fees in connection with the operation of the City's water and sewer system. The proceeds of several bond issues and loans have been used specifically for the construction or acquisition of water and sewer facilities. Since it is the intention of the City to repay these bonds and loans through water and sewer fund operations, these obligations are reported in this fund.

Additionally, the City reports the following fund types:

The debt service fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Internal service funds account for health insurance and workers' compensation services provided to other departments or agencies of the government on a cost reimbursement basis.

The employee retirement plan, a pension trust fund, is used to account for the accumulation of resources to be used to provide defined retirement benefits to all qualified employees upon retirement.

The other post employment benefits fund is used to account for the accumulation of resources to be used to provide health and dental benefits to all qualified retired employees.

The bail bond fund, an agency fund, is used to account for bail funds by persons awaiting trial in City Court. The family assistance fund, an agency fund, is used to provide families with financial hardship with monies to pay their utility bills. These funds are purely custodial and thus do not involve measurement of results of operations.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed 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. Interfund services provided and used are not eliminated in the process of consolidation.

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, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally 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 utility fund are charges to customers for sales and services. The utility fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service 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 nonoperating 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.

D - Assets, liabilities and fund equity

1. Deposits and investments

The City considers all highly liquid investments with an original maturity of three months or less when purchased to be cash and cash equivalents.

Investments are reported at fair value. The state investment pool operates in accordance with the appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares. Cash equivalents held by the trustee of the pension fund are included in cash and cash equivalents.

2. Interfund receivables and payables

Activity 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" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property taxes receivable are shown net of an allowance for uncollectibles.

Property taxes are levied as of June 1 (lien date) on property values assessed as of January 1. Taxes are due December 1 and are considered delinquent after February 28, at which time penalties and interest are assessed.

3. Inventories and prepaid items

Inventories are valued at cost (first-in, first-out). Inventory in all funds consists of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Restricted assets

Restricted assets in governmental funds represent investments held for state street aid purposes.

5. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., streets, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Contributed capital assets are recorded at estimated fair market value at the date received.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the government chose to include all such items put in place since 1980. The government was able to estimate the historical cost for the initial reporting of these assets through review of historical records, including subdivision bond summaries, contract documents, and capital project summaries. As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported values exclude normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations the government values these capital assets at the estimated fair value of the item at the date of its 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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment of the primary government is depreciated using the straight-line method over the following estimated useful lives:

Buildings	25-50 years
Improvements	10-60 years
Infrastructure	20-50 years
Machinery and equipment	3-15 years

6. Compensated absences

Compensated absences for accumulated unpaid vacation are accrued when incurred in all funds. Vacation days earned, not to exceed 30 days, may be carried forward. In the event of termination, an employee is reimbursed for accumulated vacation days. That amount is provided for in current liabilities of the appropriate funds, as it does not exceed a normal year's accumulation. Compensated absences are paid out of the general fund, solid waste control fund, drainage control fund, and the proprietary fund.

Employees are generally reimbursed for accumulated unused sick leave, not to exceed 60 days, only upon retirement, and only for those employees employed prior to January 1, 1992. Sick leave is not accrued except at the governmental-wide presentation.

7. Long-term obligations

In the governmental-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Fund balance

Governmental funds utilize a fund balance representation for fund equity. Fund balance is categorized as non-spendable, restricted, committed, assigned or unassigned. A description of each category is provided below.

Non-Spendable Fund Balance – amounts that cannot be spent because they are either in a (a) non-spendable form, including items not expected to be converted to cash (i.e. inventories, prepaid amounts, long-term portion of loans and notes receivable), or (b) legally or contractually required to be maintained intact (i.e. the principal of a permanent fund).

Restricted Fund Balance – amounts constrained to be used for a specific purpose as per external parties, constitutional provision, or enabling legislation.

Committed Fund Balance – amounts constrained to be used for specific purposes by formal action by ordinance adopted by the Board of Mayor and Aldermen. Amounts classified as committed are not subject to legal enforceability like restricted resources; however, they cannot be used for any other purpose unless the Board removes or changes the commitment by taking the same action it employed to impose the commitment.

Assigned Fund Balance – amounts intended to be used by the City for a specific purpose, but are neither restricted nor committed. The intent shall be expressed by the Board of Mayor and Aldermen or an official delegated the authority to assign amounts. This is a residual classification for all governmental funds other than the general fund. The Mayor or his designee has been granted the ability to assign amounts to a specific purpose. The nature of the actions

necessary to remove or modify an assignment is not as rigid as required under a committed fund balance classification.

Unassigned Fund Balance – represents the residual balance available for any purpose in the general fund or deficit balances in other funds.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it is the policy of the City to generally consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the policy of the City that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts. In both instances, when a proposed expenditure is made with specific balances identified as the source of the funding, that specific fund balance will be used.

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable and net pension obligation, are not due and payable in the current period and therefore are not reported in the funds."

The details of this \$44,491,037 difference are as follows:

Bonds and capital outlay notes payable	\$ 29,098,555
Add: Deferred amount for issuance premiums	256,229
Less: Deferred amount for issuance cost	(748,530)
Accrued interest payable	247,440
Net pension obligation	2,151,559
Other postemployment benefits liability	12,845,218
Compensated absences	<u>640,566</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental funds	<u><u>\$ 44,491,037</u></u>

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the governmental-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and

changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "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." The details of the (\$1,995,615) difference are as follows:

Capital outlays	\$ 3,034,996
Depreciation expense	<u>(5,030,611)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (1,995,615)</u>

Another element of that reconciliation states that "the issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debts consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities."

The details of this (\$1,227,448) difference are as follows:

Debt issued or incurred:	
Issuance of bonds and capital notes	\$ (5,236,500)
Less: premium	(157,459)
Decrease in accrued interest payable	3,413
Amortization of issuance costs, and premiums	165,274
Principal repayment on general obligation debt	2,112,330
Payment to escrow agent for refunding	<u>1,885,494</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (1,227,448)</u>

NOTE 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary information

The Board of Mayor and Aldermen annually approves the operating budgets of the general, special revenue, capital projects, debt service, and enterprise funds of the City. The capital projects plan is multi-year. Budgets are amended by resolution of the Board of Mayor and Aldermen to authorize expenditures of various grants received and to adjust the individual fund budgets as required. While no supplemental appropriations were required during the year, the accompanying budgetary data has been revised for amendments authorized by resolution during the year. The basis of

accounting applied to budgetary data presented is consistent with the appropriate basis of accounting for each fund type.

Fund appropriations comprise legal spending limits for governmental funds. The Mayor may approve transfers between line items within a department. Other transfers or requests for additional funds must be approved by the Board.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported in the unassigned fund balance category and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

B. Excess of expenditures over appropriations

For the year ended June 30, 2012, no fund’s expenditures exceeded appropriations.

C. Deficit fund equity

As of June 30, 2012, the grants fund had a deficit fund equity of \$17,422.

NOTE 4 - DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

As of June 30, 2012, the City had the following investments in its Pension Trust Fund:

Investment Type	2012		2011	
	Fair Value	Modified Duration (in Years)	Fair Value	Modified Duration (in Years)
Corporate & Mortgage Backed Bonds	\$ 1,028,367	10.87	\$ 999,171	10.87
Portfolio Weighted Average Modified Duration		10.87		10.87

Interest Rate Risk – As a means of limiting its exposure to interest rate risk, the City diversifies its investments in the Pension Trust Fund by security type and institution, and limits holdings in any one type of investment with any one issuer to no more than 5%. The Pension Trust Fund’s Investment Policy has been formally adopted by the City’s Board of Mayor and Aldermen.

Credit Risk – Based on the Pension Trust Fund’s formally adopted Investment Policy, investment managers are limited to purchasing only investment rated Domestic Fixed Income and Commercial Paper.

Credit quality distribution for fixed income investments, with credit exposure as a percentage of total investments (total investments for the Pension Trust Fund include equity securities, mutual funds,

and money market funds, which are not represented in this or the above tables), are approximately as follows at year end:

<u>Investment Type</u>	<u>S&P Rating</u>		<u>Amount</u>	<u>Moody's Rating</u>		<u>Amount</u>
Corporate Bonds	BBB	\$	1,028,367	Baa1	\$	168,000
				Baa2	\$	860,367

In compliance with the Tennessee State statutes, all cash, cash equivalents and unrestricted investments held by the Primary Government funds of the City are entirely covered by federal depository insurance, collateral held by the City's agent in the City's name, or by the State of Tennessee's Local Government Investment Pool (LGIP). State legislation TCA 9.4.7 authorizes investments in the LGIP for local governments and other political subdivisions.

B. Receivables

Receivables as of year-end for the City's individual major funds, nonmajor funds, and internal service funds, in the aggregate including the applicable allowances for the uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental</u>	<u>Water and Sewer</u>	<u>Total</u>
Receivables:					
Taxes	\$ 18,114,627	\$ -	\$ 771,410	\$ -	\$ 18,886,037
Accounts receivable	-	-	-	1,724,194	1,724,194
Other	3,603,707	28,574	29,288	27,700	3,689,269
Gross receivables	21,718,334	28,574	800,698	1,751,894	24,299,500
Less: allowance for doubtful accounts	(944,585)	-	-	(7,208)	(951,793)
Net total receivables	<u>\$ 20,773,749</u>	<u>\$ 28,574</u>	<u>\$ 800,698</u>	<u>\$ 1,744,686</u>	<u>\$ 23,347,707</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, deferred revenue principally represents: (1) amounts relating to property taxes as described above and (2) amounts received for various capital projects upon which revenues will not be recognized until such projects have started.

C. Property Taxes

The City levies property taxes annually based upon assessed valuations provided by the Shelby County Tax Assessor. The various types of property are assessed at a percentage of estimated appraised value on January 1 of each year as follows:

Residential real property	25%
Farm real property	25%
Commercial and industrial real property	40%
Public utilities, real property and personal property	55%
Commercial and industrial personal property	30%

Tax bills are mailed in November and taxes are due and levied on December 1 and delinquent after February 28 and available for tax lien on March 1.

Current tax collections for the year ended June 30, 2012, were 97.99% of the tax levy. The property tax levy is without legal limit. The rate, as permitted by Tennessee State Law and City Charter, is set annually by the Board of Mayor and Aldermen and collected by the Finance Department.

The property tax rate for the year ended June 30, 2012, was \$1.49 per \$100 of assessed value as of January 1, 2011.

D. Capital assets

Capital asset activity for the year ended June 30, 2012, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 7,733,595	\$ 55,077	\$ -	\$ 7,788,672
Construction in progress	2,645,381	1,219,246	(1,502,712)	2,361,915
Total capital assets, not being depreciated	<u>10,378,976</u>	<u>1,274,323</u>	<u>(1,502,712)</u>	<u>10,150,587</u>
Capital assets, being depreciated:				
Buildings	36,053,795	581,956	-	36,635,751
Improvements	5,267,847	297,530	-	5,565,377
Equipment	6,803,729	513,498	(44,800)	7,272,427
Vehicles	13,582,345	978,181	(762,562)	13,797,964
Infrastructure	107,415,263	899,248	-	108,314,511
Total capital assets, being depreciated	<u>169,122,979</u>	<u>3,270,413</u>	<u>(807,362)</u>	<u>171,586,030</u>
Less accumulated depreciation for:				
Buildings	(9,084,210)	(727,091)	-	(9,811,301)
Improvements	(3,030,939)	(314,414)	-	(3,345,353)
Equipment	(5,783,869)	(490,937)	44,800	(6,230,006)
Vehicles	(10,478,163)	(961,727)	755,534	(10,684,356)
Infrastructure	(31,772,003)	(2,536,442)	-	(34,308,445)
Total accumulated depreciation	<u>(60,149,184)</u>	<u>(5,030,611)</u>	<u>800,334</u>	<u>(64,379,461)</u>
Total capital assets, being depreciated, net	<u>108,973,795</u>	<u>(1,760,198)</u>	<u>(7,028)</u>	<u>107,206,569</u>
Governmental activities capital assets, net	<u>\$ 119,352,771</u>	<u>\$ (485,875)</u>	<u>\$ (1,509,740)</u>	<u>\$ 117,357,156</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activity:				
Capital assets, not being depreciated:				
Land	\$ 1,097,590	\$ 168,129	\$ -	\$ 1,265,719
Construction in progress	333,111	789,960	(236,961)	886,110
Total capital assets, not being depreciated	<u>1,430,701</u>	<u>958,089</u>	<u>(236,961)</u>	<u>2,151,829</u>
Capital assets, being depreciated:				
Buildings	98,914	-	-	98,914
Improvements	95,963,357	770,328	-	96,733,685
Equipment	2,172,062	109,132	(46,726)	2,234,468
Total capital assets, being depreciated	<u>98,234,333</u>	<u>879,460</u>	<u>(46,726)</u>	<u>99,067,067</u>
Less accumulated depreciation for:				
Buildings	(25,248)	(3,970)	-	(29,218)
Improvements	(27,889,172)	(1,923,800)	-	(29,812,972)
Equipment	(1,321,660)	(119,979)	46,726	(1,394,913)
Total accumulated depreciation	<u>(29,236,080)</u>	<u>(2,047,749)</u>	<u>46,726</u>	<u>(31,237,103)</u>
Total capital assets, being depreciated, net	<u>68,998,253</u>	<u>(1,168,289)</u>	<u>-</u>	<u>67,829,964</u>
Business-type activity capital assets, net	<u>\$ 70,428,954</u>	<u>\$ (210,200)</u>	<u>\$ (236,961)</u>	<u>\$ 69,981,793</u>

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

Governmental activities:	
General government	\$ 358,908
Public safety	980,785
Public works	3,074,571
Parks and recreation	542,621
Performing arts center	73,726
Total depreciation expense - governmental activities	<u>\$ 5,030,611</u>

Construction commitments

The government has active construction projects as of June 30, 2012. At year-end the government's commitments with contractors are as follows:

<u>Function/Activity</u>	<u>Commitment</u>
Major roads	\$ 1,093,211
General government	163,239
	<u>\$ 1,256,450</u>

E. Interfund receivables, payables, and transfers

At June 30, 2012, amounts to be received or paid with current available resources are reported as receivable and payable to other funds. The amount payable to the general fund and

nongovernmental funds results from the time lag between dates that the interfund service are provided or reimbursable expenditures occur, and when transactions are recorded. The composition of interfund balances as of June 30, 2012, is as follows:

Due to:	Due from:		
	Capital Projects	Nonmajor Governmental	Total
General fund	\$ 2,975,044	\$ 70,474	\$ 3,045,518

Interfund transfers represent subsidies and contributions provided to operating funds and capital project funds with no corresponding debt or promise to repay. Transfers out of the major funds, nonmajor governmental funds and enterprise funds generally represent debt service, cost allocation, capital project funding, and payments in lieu of taxes. Interfund transfers occurring between individual major funds and nonmajor governmental, enterprise, and internal service funds for the City during the year ended June 30, 2012, are as follows:

Transfer out:	Transfer In:			
	General Fund	Capital Projects	Nonmajor Governmental	Total
General fund	\$ -	\$ 23,600	\$ -	\$ 23,600
Nonmajor governmental funds	168,443	1,548,574	500,000	2,217,017
Capital projects fund	83,746	-	-	83,746
Water and sewer	296,566	-	-	296,566
Total transfers out	\$ 548,755	\$ 1,572,174	\$ 500,000	\$ 2,620,929

F. Leases

Operating Leases

The City leases various city-owned property to corporations for cellular towers. The leases range from 5 to 10 years. The minimum lease payments the City will receive for the years ending June 30 is as follows:

2013	\$ 328,336
2014	185,617
2015	198,118
2016	42,084
2017	3,185
Thereafter	3,185
Total	<u>\$ 760,525</u>

G. Long Term Debt

General obligation bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. During the year, general obligation and revenue bonds totaling \$8,850,000 were issued to refund both general obligation and revenue bonds and provide additional funding for major capital asset additions.

General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued as 20-year serial bonds. There are no specific allocations of property tax or other revenue sources for debt service.

General obligation notes payable

On December 23, 2008, the City entered into a loan agreement with the Public Building Authority of the City of Clarksville, Tennessee through the Tennessee Municipal League for \$1,350,000 and \$1,000,000 for governmental and business-type activities, respectively. As of June 30, 2012, \$861,055 for governmental activities and \$135,251 for business-type activities of the total available note was drawn. The principal on this loan is paid annually while the interest is paid monthly based on a variable interest rate determined monthly by the remarketing agent. At June 30, 2012, the interest rate on this loan was .49%.

Revenue bonds

The City also issues bonds where the government pledges income derived from the acquired or constructed assets to pay debt service.

Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2012, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 25,750,000	\$ 4,545,000	\$ (3,385,000)	\$ 26,910,000	\$ 2,235,000
Less deferred amounts:					
For issuance premiums	112,315	157,459	(13,546)	256,228	-
For issuance cost	(569,675)	(255,841)	76,986	(748,530)	-
Total bonds payable	25,292,640	4,446,618	(3,321,560)	26,417,698	2,235,000
Capital outlay notes	1,176,330	691,500	(540,330)	1,327,500	530,000
Note payable	908,056	-	(47,000)	861,056	49,000
Net pension obligation (restated)	1,763,439	388,120	-	2,151,559	-
Other postemployment benefits	11,753,879	1,091,339	-	12,845,218	-
Compensated absences	639,752	10,619	(9,805)	640,566	36,781
Governmental-type activity long-term liabilities	<u>\$ 41,534,096</u>	<u>\$ 6,628,196</u>	<u>\$ (3,918,695)</u>	<u>\$ 44,243,597</u>	<u>\$ 2,850,781</u>
Business-type activities:					
Bonds payable:					
Revenue bonds	\$ 13,490,000	\$ 4,305,000	\$ (5,385,000)	\$ 12,410,000	\$ 1,145,000
Less deferred amounts:					
For issuance costs	(416,308)	-	68,748	(347,560)	-
Total bonds payable	13,073,692	4,305,000	(5,316,252)	12,062,440	1,145,000
Note payable	170,251	-	(35,000)	135,251	36,000
Net pension obligation	97,557	43,914	-	141,471	-
Other postemployment benefits	1,087,089	169,802	-	1,256,891	-
Business-type activity long-term liabilities	<u>\$ 14,428,589</u>	<u>\$ 4,518,716</u>	<u>\$ (5,351,252)</u>	<u>\$ 13,596,053</u>	<u>\$ 1,181,000</u>

For governmental activities, net pension obligation, other postemployment benefits, and compensated absences are generally liquidated by the general fund.

For the governmental activities and business-type activities, \$4,908,647 and \$987,106, respectively, of bond proceeds were not spent as of June 30, 2012. As such, these proceeds were not included in the calculation of invested in capital assets, net of related debt.

Bonds and similar debt payable at June 30, 2012, are comprised of the following individual issues:

	<u>Interest Rates</u>	<u>Original Issue</u>	<u>Balance Outstanding at Year End</u>
Governmental activities:			
Bonds payable:			
2004 Serial Bonds	2.0-4.3	\$ 1,790,000	\$ 1,295,000
2005 Serial Bonds	3.0-4.1	8,195,000	6,965,000
2006 Serial Bonds	4.0	2,655,000	2,130,000
2007 Serial Bonds	4.0-4.05	2,955,000	2,535,000
2009 Serial Bonds	2.0-4.1	2,220,000	2,045,000
2010 Serial Bonds	2.0-3.5	7,925,000	7,395,000
2011 Serial Bonds	2.0	4,545,000	4,545,000
		<u>30,285,000</u>	<u>26,910,000</u>
2008 Note payable	3.24	996,056	861,056
2009 Capital Outlay note	3.14	740,500	313,000
2011 Capital Outlay note	2.4	475,000	323,000
2012 Capital Outlay note	2.03	691,500	691,500
		<u>\$ 33,188,056</u>	<u>29,098,556</u>
	<u>Interest Rates</u>	<u>Original Issue</u>	<u>Balance Outstanding at Year End</u>
Business-type activities:			
Bonds payable:			
2004 Revenue Bonds	2.0-4.3	\$ 1,355,000	\$ 975,000
2005 Revenue Bonds	3.0-4.1	1,530,000	1,135,000
2006 Revenue Bonds	3.5-4.0	1,550,000	1,245,000
2007 Revenue Bonds	4.0-4.05	1,015,000	870,000
2009 Revenue Bonds	2.0-4.1	960,000	885,000
2010 Revenue Bonds	2.0-2.65	3,115,000	2,995,000
2011 Revenue Bonds	2.0	4,305,000	4,305,000
		<u>13,830,000</u>	<u>12,410,000</u>
2008 Note payable	0.49	235,251	135,251
		<u>\$ 14,065,251</u>	<u>12,545,251</u>
			<u>\$ 41,643,807</u>

Annual debt service requirements to maturity are as follows:

Years Ending June 30	Government Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2013	\$ 2,814,000	\$ 819,080	\$ 1,181,000	\$ 334,159
2014	2,919,000	744,951	1,193,000	306,297
2015	2,663,500	672,540	1,225,000	277,846
2016	2,486,000	605,024	1,226,251	248,326
2017	2,324,000	539,636	1,160,000	218,814
2018-2022	10,210,000	1,759,412	4,350,000	716,897
2023-2027	4,742,056	574,274	1,950,000	196,019
2028-2031	940,000	51,570	260,000	13,043
	<u>\$ 29,098,556</u>	<u>\$ 5,766,487</u>	<u>\$ 12,545,251</u>	<u>\$ 2,311,401</u>

The City is not subject to any state or other law that limits the amount of net bonded debt a City may have outstanding; therefore, there is no legal debt margin or computation thereof. The City's full faith, credit and unlimited taxing power are pledged to the repayment of all general obligation bond principal and interest and the City is contingently liable for the repayment of revenue bond principal and interest.

H. Restricted Assets

The balance in the restricted investments account relates to money held by the City that is restricted to State Street Aid purposes.

G. Fund Balances by Purpose

Following is more detailed information on the governmental fund balances:

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Nonspendable for:				
Inventory	\$ 176,630	\$ -	\$ -	\$ 176,630
Prepaid expenses	10,630	-	-	10,630
Restricted for:				
Capital projects	-	4,908,647	-	4,908,647
State street aid	-	-	232,174	232,174
Drug enforcement	-	-	585,392	585,392
DEA task force	-	-	321,684	321,684
Committed for:				
Emergency purposes	1,000,000	-	-	1,000,000
Contingencies	100,000	-	-	100,000
State street aid	-	-	570,891	570,891
Debt service	-	-	952,372	952,372
Assigned to:				
Transfers out	300,000	-	-	300,000
Capital projects	-	4,066,826	-	4,066,826
Solid waste	-	-	1,394,157	1,394,157
General improvement	-	-	742,517	742,517
Drainage control	-	-	187,231	187,231
Parks improvement	-	-	665,100	665,100
FY13 Budget	497,474	-	-	497,474
Unassigned	16,655,499	-	(17,422)	16,638,077
Total fund balances	<u>\$ 18,740,233</u>	<u>\$ 8,975,473</u>	<u>\$ 5,634,096</u>	<u>\$ 33,349,802</u>

NOTE 5 - EMPLOYEE RETIREMENT SYSTEM

A. Plan Description

The City is the administrator of a single-employer public employee retirement system (PERS) established and administered by the City to provide pension benefits for its employees. The plan, as amended on March 29, 2001, is a defined benefit plan and was created on July 1, 1989 with the transfer of assets from a defined contribution money purchase plan discontinued on June 30, 1989. The PERS is considered to be part of the City of Bartlett's financial reporting entity and is included in the City's financial reports as a pension trust fund. The City of Bartlett separately issues a publicly available financial report that includes financial statements and required supplementary information for PERS. That report may be obtained by writing to City of Bartlett, P.O. Box 341148, Bartlett, TN 38134-1148.

The City provides all employee retirement benefits through a single employer, contributory, defined benefit plan. Under the plan, all full-time employees are eligible at date of employment as a condition of such employment. Employees are 100% vested only after five years of service. The retirement benefit is calculated at 2.5% of average compensation during the highest consecutive three years of service multiplied by years of credit service not in excess of 25 plus 1% of average compensation multiplied by years of service greater than 25 but less than 35, with a maximum benefit of 72.5% of average compensation.

At July 1, 2012 (the date of the latest actuarial valuation), PERS membership consisted of:

Retirees and beneficiaries currently receiving benefits	121
Terminated employees entitled to benefits but not yet receiving them	20
Active employees:	
Vested	348
Nonvested	<u>112</u>
Total	<u>601</u>

B. Funding Policy

Covered employees contribute 4% of earnings to the retirement plan. The City is required to contribute amounts necessary to finance the coverage for its employees (16.7% for the current period). Benefits and contributions are established by the City and may be amended only by the Board of Mayor and Aldermen.

C. Basis of Accounting

PERS financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The government's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance in the terms of the plan. Expenses of the plan are recognized when incurred.

D. Plan Expenses

Expenses of the plans, such as investment fees, trustee fees, and audit fees, are paid by the plan. However, certain administrative functions are performed by employees of the City and are not reimbursed by the plan.

E. Method Used to Value Investments

PERS investments, other than contracts, are reported at fair value. Contracts are stated at cost plus interest accrued at contract rates. Investment income is recognized as earned. Plan assets do not include any securities of the City of Bartlett nor has the Plan made any loans to the City.

F. Annual Pension Cost

For the year ended June 30, 2012, the City's annual pension cost of \$3,581,767 was more than the annual required contribution. The annual required contribution totaled \$3,446,116. The required contribution was determined as part of the July 1, 2011, annual actuarial valuation using the Frozen Initial Liability Cost Method. Significant actuarial assumptions used in the computation included (a) a 7.5% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4% per year. Both (a) and (b) included an inflation component of 2.5%. The actuarial value of the assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments.

Total payroll for the year ended June 30, 2012, was \$25,079,944. Payroll for employees covered by this plan was \$21,797,237.

The change in the net pension obligation for the year is as follows:

Annual required contribution	\$ 3,709,615
Interest on net pension obligation	135,651
Adjustment to annual required contribution	<u>(263,499)</u>
Annual pension cost	3,581,767
Contributions made	<u>3,052,176</u>
Increase (decrease) in net pension obligation	<u>529,591</u>
Net pension obligation - beginning of year	2,553,339
Prior period adjustment (See Note 10)	<u>(744,658)</u>
Net pension obligation - beginning of year, as restated	1,808,681
Net pension obligation - end of year	<u><u>\$ 2,338,272</u></u>

G. Funded Status and Funding Progress

As of June 30, 2012, the actuarial accrued liability for benefits was \$65,138,172 of which \$16,732,050 was underfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$21,797,237, and the ratio of unfunded actuarial accrued liability to the covered payroll was 77%. The actuarial value of the assets for benefits as of July 1, 2012 is \$48,406,662.

H. Trend Information

The schedule of funding progress, presented as required supplementary information immediately follows the notes, and presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Following is a summary of the three-year trend for the years ended June 30:

	2012	(As Restated) 2011	(As Restated) 2010
Annual pension cost	\$ 3,581,767	\$ 3,323,279	\$ 3,765,765
Percentage of APC contributed	85%	91%	82%
Net pension obligation	\$ 2,338,272	\$ 1,808,681	\$ 1,513,530

As noted above, information for the years ended June 30, 2011 and 2010 have been restated per information provided by the actuary to correct previous calculations.

NOTE 6 - COMMITMENTS AND CONTINGENCIES

The City has entered into various lease arrangements. The terms of these leases are variable and require only normal token payments, if any. Annual lease payments are not material.

The City has entered into a contract with the City of Memphis for sewer service charges provided within the Bartlett Water Service Area. Based on the agreement, the City will pay a sewer charge that is based on Bartlett's portion of the cost of treatment and the fee will be recalculated every two years.

Several lawsuits against the City are ongoing. The ultimate outcome of the actions is not determinable; however, City officials believe that the outcome of these proceedings, either singularly or in the aggregate, will not have a materially adverse effect on the accompanying financial statements.

NOTE 7 - 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; and natural disasters for which the City carries commercial insurance. The City has not incurred any losses in excess of commercial insurance coverage for the past three fiscal years.

Worker's Compensation

The City maintains an internal service fund for its employee workers' compensation claims. The City contributes a yearly 'premium' as a percent of budgeted payroll to the fund and purchases insurance with a \$5,000 deductible from the Tennessee Municipal League Insurance Pool. Changes in the balances of claims liabilities during the years are as follows:

	2012	2011
Unpaid claims, beginning of fiscal year	\$ -	\$ -
Claims incurred during the year	157,651	96,743
Claims payments	(157,651)	(96,743)
Unpaid claims, end of fiscal year	<u>\$ -</u>	<u>\$ -</u>

Property, Plant and Equipment

The City has replacement cost insurance, including earthquake coverage, on all buildings and on mobile equipment and vehicles costing more than \$25,000 each.

Liability Coverage

The state of Tennessee provides statutory limits to municipal liability. The City is insured up to these maximum limits through the Tennessee Municipal League Insurance Pool.

NOTE 8 - POST EMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB)

In addition to the pension benefits described in Note 5, the City provides post-retirement health care benefits to all employees who retire from the City under the provisions of the PERS. Benefit provisions and contribution obligations have been established by the City in conjunction with the PERS. The City pays 70% of the premium for health care benefits for retirees and their dependents.

At June 30, 2012, the membership consisted of:

Retirees and beneficiaries currently receiving benefits	98
Active employees	<u>460</u>
Total	<u>558</u>

Plan Description

The City established the OPEB Trust Fund during the fiscal year. The City is the administrator of a single-employer Other Post Employment Benefit plan (OPEB). The plan provides for healthcare and dental benefits for retirees through the City's health insurance plans, which covers active and retired participants. Employees may retire after age 55 and the completion of 25 years of service with no reduction. Employees may also retire after age 55 and the completion of 15 years of service with a reduction for early commencement. The plan does not issue a stand-alone financial report.

Funded Status and Funding Policy

The City's annual other post employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The City has engaged an actuary to calculate the ARC and related information per the provision of GASB Statement 45 for employers in plans with more than 100 hundred total plan members. The ARC represents a funding level that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. As of June 30, 2012, the actuarial accrued liability for benefits was \$17,461,310 of which \$16,255,463 was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$21,797,237, and the ratio of the unfunded actuarial accrued liability to the covered payroll was

75%. The actuarial value of the assets for the other post employment benefits as of July 1, 2012 is \$1,205,847.

Annual OPEB Cost and Net OPEB Obligation

For the current fiscal year, the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and the City's net OPEB obligation were as follows:

Annual required contribution	\$ 3,139,836
Interest on net OPEB obligation	642,048
Adjustment to annual required contribution	<u>(1,429,737)</u>
Annual OPEB cost	2,352,147
Contributions or payments made	<u>1,091,006</u>
Increase in net OPEB obligation	1,261,141
Net OPEB obligation, beginning of year	<u>12,840,969</u>
Net OPEB obligation, end of year	<u><u>\$ 14,102,110</u></u>

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Following is a summary of the three-year trend for the years ended June 30:

Fiscal Year Ending	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
6/30/2010	\$ 6,380,062	7.6%	\$ 11,592,054
6/30/2011	\$ 1,708,013	26.9%	\$ 12,840,969
6/30/2012	\$ 2,352,147	46.4%	\$ 14,102,110

The schedule of funding progress, presented as required supplementary information immediately follows the notes, and presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Actual valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of potential occurrences of certain events in the future. Examples include assumptions about future employment, mortality, healthcare costs trends, inflation, etc. Amounts determined regarding the funded status of the plan and the annual required contributions of the City are subject to constant changes and modifications as actual results are compared with past expectations and new estimates and assumptions are formed regarding the future. Projections of retiree benefits for financial reporting purposes are based on current plan activities and it is handled by the City and the benefits are received by the eligible plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the City and plan members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial

accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The annual required contribution for the current year was determined as part of the July 1, 2011, actuarial valuation using the Projected Unit Credit actuarial cost method. The actuarial assumptions include a 5% a year rate of investment return, a 2.5% inflation rate, and a base payroll growth rate of 5%. The actuarial valuation uses the RP2000 Mortality Table and the 1987 Commissioner's Group Disability Table for disability rates. Per the actuarial study the post-retirement rates ranges from 9% in the short-term to 5% in the long-term for health care related costs. Retirement rates range from age 55 to age 65, there is no expense loading, and 80% of active participants are assumed to be married and wives are assumed to be three years younger than husbands.

Amortization of Net OPEB Obligation

The amortization method used is the level dollar, closed approach which amortizes the initial unfunded actuarial liability over thirty years, actual gains/losses over ten years, and plan amendments over twenty years. The equivalent single amortization period is 27 years.

<u>Date Established</u>	<u>Type of Base</u>	<u>Initial Amount</u>	<u>Payment</u>	<u>Remaining Period</u>	<u>Remaining Balance</u>
7/1/2008	Initial	\$ 63,599,222	\$ 3,940,210	26	\$ 59,473,311
7/1/2010	Plan Amendment	\$ (44,335,936)	(2,834,229)	26	(42,779,695)
7/1/2012	(Gain)/Loss	\$ (438,153)	(54,041)	10	(438,153)
Total			<u>\$ 1,051,940</u>		<u>\$ 16,255,463</u>

The amortization for the year ending June 30, 2012 is as follows:

<u>Date Established</u>	<u>Type of Base</u>	<u>Initial Amount</u>	<u>Payment</u>	<u>Remaining Period</u>	<u>Remaining Balance</u>
7/1/2012	Obligation	\$ 14,102,110	\$ 1,739,322	10	\$ 14,102,110

NOTE 9 – SUBSEQUENT EVENT

Subsequent to June 30, 2012, the City issued \$9,865,000 in General Obligation Refunding and Public Improvement Bonds and \$3,440,000 in Water and Sewer Revenue and Tax Refunding and Improvement Bonds. The purpose of the General Obligation Bonds is to provide funds for the construction and improvement of various capital projects within the City and pay the cost related to their issuance and sale. The General Obligation Bonds additionally refinanced \$6,275,000 of existing debt. The purpose of the Water and Sewer Bonds is to provide for construction and improvement of various water and sewer related capital improvement projects and the refinancing of \$2,230,000 of existing debt and to pay the costs related to their issuance and sale.

NOTE 10 – PRIOR PERIOD ADJUSTMENT

A prior period adjustment was made on the governmental wide financial statements in the amount of \$692,343. The actuary discovered an inconsistency when preparing the cost calculation for the actuarial valuation as of July 1, 2012. In researching the inconsistency, it was discovered that a coding error was made when the actuarial valuation system was converted in 2010. As a result, the Annual Pension Cost (APC) was overstated in 2010 and 2011. The total amount of overstatement was \$744,658 in which \$692,343 related to government funds, and \$52,315 related to the business-type fund. See Note 5 for restatement of Annual Pension Cost for 2011 and 2010.

CITY OF BARTLETT, TENNESSEE

SCHEDULE OF OTHER POST EMPLOYMENT BENEFITS FUNDING PROGRESS

For the Five Years Ended June 30

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability - PUC	Funded Ratio	Covered Payroll	UAAAL as a Percentage of Covered Payroll
7/1/2008	\$ 631,851	\$ 64,231,073	\$ 63,599,222	1.0%	\$ 20,682,097	308%
7/1/2009	\$ 624,167	\$ 68,971,215	\$ 68,347,048	0.9%	\$ 20,923,074	327%
7/1/2010	\$ 566,339	\$ 17,867,243	\$ 17,300,904	3.2%	\$ 21,398,047	81%
7/1/2011	\$ 623,056	\$ 19,266,337	\$ 18,643,281	3.2%	\$ 21,536,382	87%
7/1/2012	\$ 1,205,847	\$ 17,461,310	\$ 16,255,463	6.9%	\$ 21,797,237	75%

CITY OF BARTLETT, TENNESSEE

SCHEDULE OF EMPLOYEE RETIREMENT SYSTEM FUNDING PROGRESS

For the Six Years Ended June 30

<u>Actuarial Valuation Date</u>	<u>Actuarial Valuation of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability - FIL</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
7/1/2007	\$ 39,613,864	\$52,411,522	\$ 12,797,658	75.58%	\$ 19,130,652	67%
7/1/2008	\$ 39,090,640	\$56,859,576	\$ 17,768,936	68.75%	\$ 20,682,097	86%
7/1/2009	\$ 35,635,995	\$52,870,665	\$ 17,234,670	67.40%	\$ 20,923,074	82%
7/1/2010	\$ 43,930,721	\$61,801,506	\$ 17,870,785	71.08%	\$ 21,398,047	84%
7/1/2011	\$ 46,749,452	\$63,984,119	\$ 17,234,667	73.06%	\$ 21,569,182	80%
7/1/2012	\$ 48,406,662	\$65,138,712	\$ 16,732,050	74.31%	\$ 21,797,237	77%

CITY OF BARTLETT, TENNESSEE
SCHEDULE OF EMPLOYEE RETIREMENT SYSTEM
EMPLOYER CONTRIBUTIONS

For the Six Years Ended June 30

Year Ended June 30	Annual Required Contribution	Percent Contributed
2007	\$ 2,293,379	107%
2008	\$ 2,421,126	100%
2009	\$ 2,846,355	108%
2010	\$ 3,995,896	76%
2011	\$ 3,579,847	85%
2012	\$ 3,446,116	89%

CITY OF BARTLETT, TENNESSEE
SCHEDULE OF BONDS OF PRINCIPAL OFFICIALS

June 30, 2012

	<u>Amount of Bond*</u>
A. Keith McDonald - Mayor	\$ 150,000
Mark Brown - Chief Administrative Officer	\$ 150,000
Ed McKenney, Jr. - City Attorney	\$ 150,000
Jacquie Gore - Director of Citizen Services	\$ 150,000
Debbie Morrison - Director of Community Relations	\$ 150,000
John McCullough - Director of Finance	\$ 150,000
Dick Phebus, Assistant Finance Director & CMFOA Designee	\$ 150,000
Bill Lloyd - Court Clerk	\$ 150,000
Peter Voss - Director of Personnel	\$ 150,000
Terry Emerick - Director of Planning and Economic Development	\$ 150,000
Gary Rikard - Director of Police Services	\$ 150,000
Terry Wiggins - Director of Fire Services	\$ 150,000
Jim Brown - Director of Code Enforcement	\$ 150,000
Bill Yearwood - Director of Public Works	\$ 150,000
Rick McClanahan - Director of Engineering	\$ 150,000
David Thompson - Director of Parks and Recreation	\$ 150,000
Ron Jewell - Director of Performing Arts Center	\$ 150,000

*Officials are bonded under errors and omissions policy for \$150,000 per occurrence

CITY OF BARTLETT, TENNESSEE

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS

June 30, 2012

	Special Revenue Funds								Total Nonmajor Governmental Funds	
	State Street Aid Fund	Solid Waste Control Fund	Drug Enforcement Fund	General Improvement Fund	Drainage Control Fund	Parks Improvement Fund	DEA Task Force Fund	Grants Fund		Debt Service Fund
ASSETS										
Cash and cash equivalents	\$ 631,805	\$ 1,580,684	\$ 687,789	\$ 753,529	\$ 193,104	\$ 665,100	\$ 322,328	\$ 38,187	\$ 458,456	\$ 5,330,982
Receivables, net	277,494	-	-	-	-	-	-	-	493,916	771,410
Taxes	-	2,354	-	-	-	-	-	-	-	29,288
Other	-	-	-	-	-	-	-	26,934	-	-
Total assets	<u>\$ 909,299</u>	<u>\$ 1,583,038</u>	<u>\$ 687,789</u>	<u>\$ 753,529</u>	<u>\$ 193,104</u>	<u>\$ 665,100</u>	<u>\$ 322,328</u>	<u>\$ 65,121</u>	<u>\$ 952,372</u>	<u>\$ 6,131,680</u>
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$ 105,967	\$ 76,915	\$ 102,397	\$ 11,012	\$ 162	\$ -	\$ 644	\$ 1,250	\$ -	\$ 298,347
Accrued payroll and vacation	-	109,612	-	-	5,711	-	-	-	-	115,323
Deferred revenue	267	2,354	-	-	-	-	-	10,819	-	13,440
Due to other funds	-	-	-	-	-	-	-	70,474	-	70,474
Total liabilities	<u>106,234</u>	<u>188,881</u>	<u>102,397</u>	<u>11,012</u>	<u>5,873</u>	<u>-</u>	<u>644</u>	<u>82,543</u>	<u>-</u>	<u>497,584</u>
Fund balances:										
Restricted	232,174	-	585,392	-	-	-	321,684	-	-	1,139,250
Committed	570,891	-	-	-	-	-	-	-	952,372	1,523,263
Assigned	-	1,394,157	-	742,517	187,231	665,100	-	-	-	2,989,005
Unassigned	-	-	-	-	-	-	-	(17,422)	-	(17,422)
Total fund balance	<u>803,065</u>	<u>1,394,157</u>	<u>585,392</u>	<u>742,517</u>	<u>187,231</u>	<u>665,100</u>	<u>321,684</u>	<u>(17,422)</u>	<u>952,372</u>	<u>5,634,096</u>
Total liabilities and fund balances	<u>\$ 909,299</u>	<u>\$ 1,583,038</u>	<u>\$ 687,789</u>	<u>\$ 753,529</u>	<u>\$ 193,104</u>	<u>\$ 665,100</u>	<u>\$ 322,328</u>	<u>\$ 65,121</u>	<u>\$ 952,372</u>	<u>\$ 6,131,680</u>

CITY OF BARTLETT, TENNESSEE

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2012

	Special Revenue Funds				
	State Street Aid Fund	Solid Waste Control Fund	Drug Enforcement Fund	General Improvement Fund	Drainage Control Fund
REVENUES					
Taxes:					
Local sales taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental - state gas tax	1,537,779	-	-	-	-
Charges for services	6,783	4,807,257	-	603,025	10,000
Fines, forfeitures, and penalties	-	-	32,895	-	-
Federal and state grants	-	293,540	-	-	-
Interest on investments	-	-	-	-	122
Other	-	2,700	320,847	-	-
Total revenues	<u>1,544,562</u>	<u>5,103,497</u>	<u>353,742</u>	<u>603,025</u>	<u>10,122</u>
EXPENDITURES					
Street paving and repair	60,699	-	-	2,171	-
Solid waste control	-	4,246,168	-	-	-
Drug enforcement	-	-	108,360	-	-
Drainage control	-	-	-	-	87,605
Parks improvement	-	-	-	-	-
Miscellaneous	-	-	-	167,249	-
Street lighting	1,251,689	-	-	-	-
Debt Service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Debt issuance costs	-	-	-	-	-
Capital outlays	-	86,128	109,076	81,686	6,274
Total expenditures	<u>1,312,388</u>	<u>4,332,296</u>	<u>217,436</u>	<u>251,106</u>	<u>93,879</u>
Excess (deficiency) of revenues over expenditures	232,174	771,201	136,306	351,919	(83,757)
OTHER FINANCING SOURCES (USES)					
Refunding bonds issued	-	-	-	-	-
Premium on bonds issued	-	-	-	-	-
Payment to refunding bond escrow agent	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	-	(500,000)	-	(150,000)	-
Net change in fund balances	232,174	271,201	136,306	201,919	(83,757)
Fund balances - beginning	570,891	1,122,956	449,086	540,598	270,988
Fund balances - ending	<u>\$ 803,065</u>	<u>\$ 1,394,157</u>	<u>\$ 585,392</u>	<u>\$ 742,517</u>	<u>\$ 187,231</u>

<u>Parks Improvement Fund</u>	<u>DEA Task Force Fund</u>	<u>Grants Fund</u>	<u>Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ -	\$ 2,892,989	\$ 2,892,989
-	-	-	-	1,537,779
-	-	-	-	5,427,065
-	-	-	-	32,895
-	-	1,703,164	-	1,996,704
-	408	-	-	530
7,468	160,888	14,027	-	505,930
<u>7,468</u>	<u>161,296</u>	<u>1,717,191</u>	<u>2,892,989</u>	<u>12,393,892</u>
-	-	-	-	62,870
-	-	-	-	4,246,168
-	-	-	-	108,360
-	-	-	-	87,605
48,891	-	-	-	48,891
-	6,706	6,307	-	180,262
-	-	-	-	1,251,689
-	-	-	2,112,330	2,112,330
-	-	-	864,423	864,423
-	-	-	44,236	44,236
-	68,357	139,786	-	491,307
<u>48,891</u>	<u>75,063</u>	<u>146,093</u>	<u>3,020,989</u>	<u>9,498,141</u>
(41,423)	86,233	1,571,098	(128,000)	2,895,751
-	-	-	1,860,000	1,860,000
-	-	-	25,494	25,494
-	-	-	(1,885,494)	(1,885,494)
-	-	-	500,000	500,000
-	-	(1,567,017)	-	(2,217,017)
(41,423)	86,233	4,081	372,000	1,178,734
706,523	235,451	(21,503)	580,372	4,455,362
<u>\$ 665,100</u>	<u>\$ 321,684</u>	<u>\$ (17,422)</u>	<u>\$ 952,372</u>	<u>\$ 5,634,096</u>

CITY OF BARTLETT, TENNESSEE

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
STATE STREET AID FUND				
Revenues:				
Intergovernmental/unrestricted - state gas tax	\$ 1,567,400	\$ 1,567,400	\$ 1,537,779	\$ (29,621)
Charges for services	-	-	6,783	6,783
Other	5,000	5,000	-	(5,000)
Total revenues	<u>1,572,400</u>	<u>1,572,400</u>	<u>1,544,562</u>	<u>(27,838)</u>
Expenditures:				
Street paving and repair	185,000	197,963	60,699	137,264
Street lighting	1,390,000	1,390,000	1,251,689	138,311
Total expenditures	<u>1,575,000</u>	<u>1,587,963</u>	<u>1,312,388</u>	<u>275,575</u>
Excess (deficiency) of revenues over expenditures	(2,600)	(15,563)	232,174	247,737
Net change in fund balance	(2,600)	(15,563)	232,174	247,737
Fund balance - beginning	<u>570,891</u>	<u>570,891</u>	<u>570,891</u>	<u>-</u>
Fund balance - ending	<u>\$ 568,291</u>	<u>\$ 555,328</u>	<u>\$ 803,065</u>	<u>\$ 247,737</u>
SOLID WASTE CONTROL FUND				
Revenues:				
Charges for services	\$ 4,840,500	\$ 4,840,500	\$ 4,807,257	\$ (33,243)
Federal grants	-	-	275,373	275,373
State grant	-	-	18,167	18,167
Other income	5,500	5,500	2,700	(2,800)
Total revenues	<u>4,846,000</u>	<u>4,846,000</u>	<u>5,103,497</u>	<u>257,497</u>
Expenditures:				
Personnel	2,509,940	2,509,940	2,408,107	101,833
Operations	1,696,125	1,838,125	1,838,061	64
Capital outlays	255,000	255,000	86,128	168,872
Total expenditures	<u>4,461,065</u>	<u>4,603,065</u>	<u>4,332,296</u>	<u>270,769</u>
Excess (deficiency) of revenues over expenditures	384,935	242,935	771,201	528,266
Other financing sources (uses):				
Transfers out	<u>(500,000)</u>	<u>(500,000)</u>	<u>(500,000)</u>	<u>-</u>
Net change in fund balance	(115,065)	(257,065)	271,201	528,266
Fund balance - beginning	<u>1,122,956</u>	<u>1,122,956</u>	<u>1,122,956</u>	<u>-</u>
Fund balance - ending	<u>\$ 1,007,891</u>	<u>\$ 865,891</u>	<u>\$ 1,394,157</u>	<u>\$ 528,266</u>

CITY OF BARTLETT, TENNESSEE

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
DRUG ENFORCEMENT FUND				
Revenues:				
Collection of fines and forfeitures	\$ 31,000	\$ 31,000	\$ 32,895	\$ 1,895
Other	128,500	128,500	320,847	192,347
Total revenues	<u>159,500</u>	<u>159,500</u>	<u>353,742</u>	<u>194,242</u>
Expenditures:				
Personnel	43,000	43,860	43,858	2
Operations	151,800	152,320	64,502	87,818
Capital outlays	95,500	130,720	109,076	21,644
Total expenditures	<u>290,300</u>	<u>326,900</u>	<u>217,436</u>	<u>109,464</u>
Net change in fund balance	(130,800)	(167,400)	136,306	303,706
Fund balance - beginning	<u>449,086</u>	<u>449,086</u>	<u>449,086</u>	<u>-</u>
Fund balance - ending	<u>\$ 318,286</u>	<u>\$ 281,686</u>	<u>\$ 585,392</u>	<u>\$ 303,706</u>
GENERAL IMPROVEMENT FUND				
Revenues:				
City service fees	\$ 595,000	\$ 595,000	\$ 603,025	\$ 8,025
Expenditures:				
Street paving and repairs	10,000	10,000	2,171	7,829
Capital outlays	135,000	192,791	81,686	111,105
Miscellaneous	244,000	246,039	167,249	78,790
Total expenditures	<u>389,000</u>	<u>448,830</u>	<u>251,106</u>	<u>197,724</u>
Excess (deficiency) of revenues over expenditures	206,000	146,170	351,919	205,749
Other financing sources (uses):				
Transfers out	<u>(150,000)</u>	<u>(150,000)</u>	<u>(150,000)</u>	<u>-</u>
Net change in fund balance	56,000	(3,830)	201,919	205,749
Fund balance - beginning	<u>540,598</u>	<u>540,598</u>	<u>540,598</u>	<u>-</u>
Fund balance - ending	<u>\$ 596,598</u>	<u>\$ 536,768</u>	<u>\$ 742,517</u>	<u>\$ 205,749</u>

CITY OF BARTLETT, TENNESSEE

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL – NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
DRAINAGE CONTROL FUND				
Revenues:				
Drainage control fees	\$ 5,000	\$ 5,000	\$ 10,000	\$ 5,000
Interest on investments	2,000	2,000	122	(1,878)
Total revenues	<u>7,000</u>	<u>7,000</u>	<u>10,122</u>	<u>3,122</u>
Expenditures:				
Personnel	96,069	96,069	81,451	14,618
Operations	16,900	15,600	6,154	9,446
Capital outlays	5,000	6,300	6,274	26
Total expenditures	<u>117,969</u>	<u>117,969</u>	<u>93,879</u>	<u>24,090</u>
Net change in fund balance	(110,969)	(110,969)	(83,757)	27,212
Fund balance - beginning	<u>270,988</u>	<u>270,988</u>	<u>270,988</u>	<u>-</u>
Fund balance - ending	<u>\$ 160,019</u>	<u>\$ 160,019</u>	<u>\$ 187,231</u>	<u>\$ 27,212</u>
PARKS IMPROVEMENT FUND				
Revenues:				
Donations	\$ -	\$ -	7,468	\$ 7,468
Expenditures:				
Parks improvement	-	61,160	48,891	12,269
Net change in fund balance	-	(61,160)	(41,423)	19,737
Fund balance - beginning	<u>706,523</u>	<u>706,523</u>	<u>706,523</u>	<u>-</u>
Fund balance - ending	<u>\$ 706,523</u>	<u>\$ 645,363</u>	<u>\$ 665,100</u>	<u>\$ 19,737</u>
DEA TASK FORCE FUND				
Revenues:				
Program income	\$ 65,000	\$ 65,000	\$ 160,888	\$ 95,888
Interest	500	500	408	(92)
Total revenues	<u>65,500</u>	<u>65,500</u>	<u>161,296</u>	<u>95,796</u>
Expenditures:				
Miscellaneous	29,900	29,900	6,706	23,194
Capital outlays	58,000	93,220	68,357	24,863
Total expenditures	<u>87,900</u>	<u>123,120</u>	<u>75,063</u>	<u>48,057</u>
Net change in fund balance	(22,400)	(57,620)	86,233	143,853
Fund balance - beginning	<u>235,451</u>	<u>235,451</u>	<u>235,451</u>	<u>-</u>
Fund balance - ending	<u>\$ 213,051</u>	<u>\$ 177,831</u>	<u>\$ 321,684</u>	<u>\$ 143,853</u>

CITY OF BARTLETT, TENNESSEE

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL – NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
GRANTS FUND				
Revenues:				
Federal and state grants	\$ -	\$ 323,900	\$ 1,703,164	\$ 1,379,264
Local grants	-	53,196	14,027	(39,169)
Total revenues	-	377,096	1,717,191	1,340,095
Expenditures:				
Operating	-	-	6,307	(6,307)
Capital outlays	-	154,275	139,786	14,489
Total expenditures	-	154,275	146,093	8,182
Excess (deficiency) of revenues over expenditures	-	222,821	1,571,098	1,348,277
Other financing sources (uses):				
Transfers out	-	(305,000)	(1,567,017)	(1,262,017)
Net change in fund balance	-	(82,179)	4,081	86,260
Fund balance - beginning	(21,503)	(21,503)	(21,503)	-
Fund balance - ending	\$ (21,503)	\$ (103,682)	\$ (17,422)	\$ 86,260
DEBT SERVICE FUND				
Revenues:				
Local sales taxes	\$ 2,626,745	\$ 2,626,745	\$ 2,892,989	\$ 266,244
Expenditures:				
Principal	2,112,330	2,112,330	2,112,330	-
Interest	950,915	950,915	864,423	86,492
Bond issuance costs	63,500	63,500	44,236	19,264
Total expenditures	3,126,745	3,126,745	3,020,989	105,756
Excess (deficiency) of revenues over expenditures	(500,000)	(500,000)	(128,000)	372,000
Other financing sources (uses):				
Refunding bonds issued	-	-	1,860,000	(1,860,000)
Premium on bonds issued	-	-	25,494	(25,494)
Payment to refunding bond escrow agent	-	-	(1,885,494)	1,885,494
Transfers in	500,000	500,000	500,000	-
Total other financing sources (uses)	500,000	500,000	500,000	-
Net change in fund balances	-	-	372,000	372,000
Fund balance - beginning	580,372	580,372	580,372	-
Fund balances - ending	\$ 580,372	\$ 580,372	\$ 952,372	\$ 372,000

CITY OF BARTLETT, TENNESSEE

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL – CAPITAL PROJECTS FUND**

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Interest on investments	\$ -	\$ -	\$ 86,335	\$ 86,335
Other	-	-	1,359,804	1,359,804
Total revenues	-	-	1,446,139	1,446,139
EXPENDITURES				
Bond issue costs	-	-	19,576	(19,576)
<u>CIP Projects</u>				
Administrative Vehicles 2011	28,000	24,994	24,994	-
Administrative Vehicles 2012	28,000	28,000	-	28,000
Building/Infrastructure Improvements	500,000	500,000	18,773	481,227
City Hall Improvements	150,000	173,600	117,153	56,447
Police Vehicles And Equipment 2012	328,000	328,000	301,287	26,713
ADS Alert Remote System	-	76,157	55,808	20,349
Bartlett Justice Center Roof	150,000	150,000	-	150,000
Control Stations & Sec Man System	88,038	88,038	-	88,038
Fire Pumper 2011	450,000	450,000	441,409	8,591
Fire Vehicles 2012	30,000	30,000	29,996	4
Fire Sirens	60,000	60,000	24,290	35,710
Z-Tron Alerting System	60,000	60,000	-	60,000
Public Works Vehicles & Equipment 2011	70,000	70,000	2,500	67,500
Public Works Vehicles & Equipment 2012	120,000	120,000	105,020	14,980
Yale Road - Street Improvements	800,000	1,172,041	34	1,172,007
Kirby Whitten Street Improvements	200,000	1,881,000	291,431	1,589,569
Engineering Vehicles 2011	21,500	24,994	24,994	-
Engineering Vehicles 2012	21,500	21,500	-	21,500
Old Brownsville West	150,000	590,000	43,004	546,996
Bartlett Road Bridge	30,000	110,250	51,512	58,738
LED Replacement 2008	75,000	75,000	72,394	2,606
Bartlett Pointe Phase II Dev Cntrct	-	52,000	50,500	1,500
Brunswick Road Improvements	30,000	380,000	4,550	375,450
O. Brownsville/Frank Crk Brdg	30,000	200,000	38,010	161,990
Kroger Signal Rehab	20,000	170,000	104,852	65,148
Appling Road Shoulder Improvements	-	1,195,000	249,320	945,680
City Wide Overlay	3,200,000	6,542,235	1,512,243	5,029,992
Yale Road Paving	-	1,288,825	1,086,398	202,427
Sycamore View Road Paving	-	-	264,957	(264,957)
St. Elmo Road Paving	-	-	365,184	(365,184)
Bond Default Hampton Grove Subdivision	-	128,335	128,335	-
Bond Default Montello Subdivision	-	2,000	2,000	-
Bond Default Brookemeade Subdivision	-	250	250	-

CITY OF BARTLETT, TENNESSEE

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL – CAPITAL PROJECTS FUND (CONTINUED)**

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Altruria & Memphis Arlington signal	-	280,000	11,943	268,057
Parks Vehicles & Equipment 2011	65,000	65,000	9,899	55,101
Parks Vehicles & Equipment 2012	65,000	65,000	-	65,000
Recreation Center Equipment 2009	75,000	125,286	82	125,204
Recreation Center Equipment 2011	75,000	75,000	75,000	-
Recreation Center Equipment 2012	99,000	99,000	7,903	91,097
Burloe Walking Bridge	-	150,000	7,822	142,178
Fletcher Creek Greenway	-	100,000	2,549	97,451
Misc Drainage Improvements 2008	50,000	50,000	26,631	23,369
Misc Drainage Improvements 2012	50,000	50,000	-	50,000
Total CIP projects expenditures	<u>7,119,038</u>	<u>17,051,505</u>	<u>5,553,028</u>	<u>11,498,477</u>
 Total expenditures	<u>7,119,038</u>	<u>17,051,505</u>	<u>5,572,604</u>	<u>11,478,901</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	 (7,119,038)	 (17,051,505)	 (4,126,465)	 12,925,040
 OTHER FINANCING SOURCES (USES)				
Issuance of debt	3,281,500	3,281,500	3,376,500	95,000
Premium on bonds issued	130,585	130,585	131,966	1,381
Transfers in	88,038	88,038	1,572,174	1,484,136
Transfers out	(280,000)	(280,000)	(83,746)	196,254
Total other financing sources (uses)	<u>3,220,123</u>	<u>3,220,123</u>	<u>4,996,894</u>	<u>1,776,771</u>
 Net change in fund balance	 (3,898,915)	 (13,831,382)	 870,429	 14,701,811
 Fund balance - beginning	 <u>8,105,044</u>	 <u>8,105,044</u>	 <u>8,105,044</u>	 <u>-</u>
 Fund balance - ending	 <u>\$ 4,206,129</u>	 <u>\$ (5,726,338)</u>	 <u>\$ 8,975,473</u>	 <u>\$ 14,701,811</u>

CITY OF BARTLETT, TENNESSEE

COMBINING STATEMENT OF NET ASSETS – INTERNAL SERVICE FUNDS

June 30, 2012

	<u>Health and Welfare Fund</u>	<u>Workmen's Compensation Fund</u>	<u>Retirees' Health Insurance Fund</u>	<u>Total</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 934,561	\$ 506,735	\$ 115,839	\$ 1,557,135
LIABILITIES				
Current liabilities:				
Accounts payable	<u>19,825</u>	<u>16,350</u>	<u>17</u>	<u>36,192</u>
NET ASSETS				
Unrestricted	<u>\$ 914,736</u>	<u>\$ 490,385</u>	<u>\$ 115,822</u>	<u>\$ 1,520,943</u>

CITY OF BARTLETT, TENNESSEE

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND
NET ASSETS – INTERNAL SERVICE FUNDS**

For the Year Ended June 30, 2012

	<u>Health and Welfare Fund</u>	<u>Workmen's Compensation Fund</u>	<u>Retirees' Health Insurance Fund</u>	<u>Totals</u>
OPERATING REVENUES:				
Charges for services	\$ 858,020	\$ 622,990	\$ -	\$ 1,481,010
City contributions	4,470,720	-	-	4,470,720
Total operating revenues	5,328,740	622,990	-	5,951,730
OPERATING EXPENSES:				
Workers' compensation claims	-	157,651	-	157,651
Insurance premiums	5,338,024	384,894	498,461	6,221,379
Accounting and actuary services	-	-	8,717	8,717
Total operating expenses	5,338,024	542,545	507,178	6,387,747
Operating income (loss)	(9,284)	80,445	(507,178)	(436,017)
NONOPERATING REVENUES (EXPENSES):				
Interest income	-	-	36	36
Total nonoperating revenues (expenses)	-	-	36	36
Change in net assets	(9,284)	80,445	(507,142)	(435,981)
Net assets - beginning	924,020	409,940	622,964	1,956,924
Net assets - ending	\$ 914,736	\$ 490,385	\$ 115,822	\$ 1,520,943

CITY OF BARTLETT, TENNESSEE

COMBINING STATEMENT OF CASH FLOWS – INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2012

	<u>Health and Welfare Fund</u>	<u>Workmen's Compensation Fund</u>	<u>Retirees' Health Insurance Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from interfund services provided	\$ 5,328,740	\$ 622,990	\$ -	\$ 5,951,730
Payments to suppliers	<u>(4,929,527)</u>	<u>(539,935)</u>	<u>(507,254)</u>	<u>(5,976,716)</u>
Net cash provided by (used for) operating activities	399,213	83,055	(507,254)	(24,986)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	<u>-</u>	<u>-</u>	<u>36</u>	<u>36</u>
Net increase (decrease) in cash and cash equivalents	399,213	83,055	(507,218)	(24,950)
Cash and cash equivalents - beginning	<u>535,348</u>	<u>423,680</u>	<u>623,057</u>	<u>1,582,085</u>
Cash and cash equivalents - ending	<u><u>\$ 934,561</u></u>	<u><u>\$ 506,735</u></u>	<u><u>\$ 115,839</u></u>	<u><u>\$ 1,557,135</u></u>
Reconciliation of operating income to net cash provided (used by) operating activities:				
Operating income (loss)	\$ (9,284)	\$ 80,445	\$ (507,178)	\$ (436,017)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Decrease in prepaid insurance	406,380	-	-	406,380
Increase (decrease) in accounts payable	<u>2,117</u>	<u>2,610</u>	<u>(76)</u>	<u>4,651</u>
Net cash provided by (used for) operating activities	<u><u>\$ 399,213</u></u>	<u><u>\$ 83,055</u></u>	<u><u>\$ (507,254)</u></u>	<u><u>\$ (24,986)</u></u>

CITY OF BARTLETT, TENNESSEE
COMBINING BALANCE SHEET – AGENCY FUNDS

June 30, 2012

	Family Assistance Fund	Bail Bond Fund	Total Agency Funds
ASSETS			
Cash and cash equivalents	\$ 38,917	\$ 43,474	\$ 82,391
Total assets	\$ 38,917	\$ 43,474	\$ 82,391
LIABILITIES			
Family assistance payable	\$ 38,917	\$ -	\$ 38,917
Bail bonds payable	-	43,474	43,474
Total liabilities	\$ 38,917	\$ 43,474	\$ 82,391

CITY OF BARTLETT, TENNESSEE

COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES – AGENCY FUNDS

For the Year Ended June 30, 2012

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Assets				
Family Assistance Fund				
Cash and cash equivalents	\$ 40,628	\$ 15,823	\$ (17,534)	\$ 38,917
Bail Bond Fund				
Cash and cash equivalents	<u>34,392</u>	<u>528,371</u>	<u>(519,289)</u>	<u>43,474</u>
	<u>\$ 75,020</u>	<u>\$ 544,194</u>	<u>\$ (536,823)</u>	<u>\$ 82,391</u>
Liabilities				
Family Assistance Fund				
Family assistance payable	\$ 40,628	\$ 15,823	\$ (17,534)	\$ 38,917
Bail Bond Fund				
Bail bonds payable	<u>34,392</u>	<u>528,371</u>	<u>(519,289)</u>	<u>43,474</u>
	<u>\$ 75,020</u>	<u>\$ 544,194</u>	<u>\$ (536,823)</u>	<u>\$ 82,391</u>

CITY OF BARTLETT, TENNESSEE

SCHEDULE OF BONDS AND NOTES PAYABLE – FUTURE MATURITIES
(INCLUDING INTEREST) – GOVERNMENTAL ACTIVITIES

June 30, 2012

Fiscal Year	Series 2011 Bonds		Series 2010 Bonds		Series 2009 Bonds		Series 2007 Bonds		Series 2006 Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 570,000	\$ 89,244	\$ 635,000	\$ 155,163	\$ 90,000	\$ 64,328	\$ 115,000	\$ 101,825	\$ 110,000	\$ 85,200
2014	590,000	77,644	650,000	142,313	90,000	62,528	120,000	97,125	125,000	80,800
2015	600,000	65,744	660,000	129,213	95,000	60,678	125,000	92,225	125,000	75,800
2016	610,000	53,644	670,000	115,913	95,000	58,754	130,000	87,125	130,000	70,800
2017	395,000	43,594	685,000	102,363	95,000	56,687	135,000	81,825	135,000	65,600
2018	325,000	36,394	705,000	88,463	100,000	54,345	140,000	76,325	140,000	60,200
2019	325,000	29,894	720,000	74,213	100,000	51,745	145,000	70,625	150,000	54,600
2020	335,000	23,294	735,000	59,203	105,000	48,820	155,000	64,586	155,000	48,600
2021	335,000	15,756	745,000	42,547	110,000	45,512	160,000	58,168	160,000	42,400
2022	350,000	7,194	390,000	28,825	110,000	41,965	165,000	51,505	165,000	36,000
2023	55,000	2,131	245,000	20,734	115,000	38,166	170,000	44,595	175,000	29,400
2024	55,000	722	60,000	16,694	120,000	34,052	180,000	37,332	180,000	22,400
2025	-	-	65,000	14,894	125,000	29,641	185,000	29,712	185,000	15,200
2026	-	-	65,000	12,944	130,000	24,922	195,000	21,733	195,000	7,800
2027	-	-	70,000	10,875	130,000	19,982	205,000	13,281	-	-
2028	-	-	70,000	8,688	140,000	14,715	210,000	4,463	-	-
2029	-	-	75,000	6,375	145,000	9,050	-	-	-	-
2030	-	-	75,000	3,891	150,000	3,075	-	-	-	-
2031	-	-	75,000	1,313	-	-	-	-	-	-
	\$ 4,545,000	\$ 445,255	\$ 7,395,000	\$ 1,034,624	\$ 2,045,000	\$ 718,965	\$ 2,535,000	\$ 932,450	\$ 2,130,000	\$ 694,800

*-As of June 30, 2012, \$861,055 of the \$1,350,000 loan was drawn. The full amount is expected to be drawn by December 31, 2012.

** - This is a variable rate loan. Interest rate assumed is .49% which was the rate for June 2012.

CITY OF BARTLETT, TENNESSEE

SCHEDULE OF BONDS AND NOTES PAYABLE – FUTURE MATURITIES
(INCLUDING INTEREST) – GOVERNMENTAL ACTIVITIES (CONTINUED)

June 30, 2012

Fiscal Year	Series 2005 Bonds		Series 2004 Bonds		2008 Note Payable		Capital Outlay Notes		Total	
	Principal	Interest	Principal	Interest	Principal*	Interest**	Principal	Interest	Principal	Interest
2013	\$ 635,000	\$ 246,965	\$ 80,000	\$ 48,340	\$ 49,000	\$ 2,928	\$ 530,000	\$ 25,087	\$ 2,814,000	\$ 819,080
2014	655,000	224,390	80,000	45,680	51,000	2,761	558,000	11,710	2,919,000	744,951
2015	680,000	201,028	85,000	42,833	54,000	2,588	239,500	2,431	2,663,500	672,540
2016	705,000	176,614	90,000	39,770	56,000	2,404	-	-	2,486,000	605,024
2017	730,000	150,778	90,000	36,575	59,000	2,214	-	-	2,324,000	539,636
2018	760,000	123,395	95,000	33,197	61,000	2,013	-	-	2,326,000	474,332
2019	785,000	94,616	100,000	29,540	64,000	1,806	-	-	2,389,000	407,039
2020	255,000	75,053	100,000	25,715	67,000	1,588	-	-	1,907,000	346,859
2021	265,000	65,106	105,000	21,690	70,000	1,360	-	-	1,950,000	292,539
2022	275,000	54,642	110,000	17,390	73,000	1,122	-	-	1,638,000	238,643
2023	285,000	43,580	115,000	12,832	76,000	874	-	-	1,236,000	192,312
2024	300,000	31,880	120,000	7,925	80,000	616	-	-	1,095,000	151,621
2025	310,000	19,602	125,000	2,688	83,000	344	-	-	1,078,000	112,081
2026	325,000	6,662	-	-	18,056	61	-	-	928,056	74,122
2027	-	-	-	-	-	-	-	-	405,000	44,138
2028	-	-	-	-	-	-	-	-	420,000	27,866
2029	-	-	-	-	-	-	-	-	220,000	15,425
2030	-	-	-	-	-	-	-	-	225,000	6,966
2031	-	-	-	-	-	-	-	-	75,000	1,313
	<u>\$ 6,965,000</u>	<u>\$ 1,514,311</u>	<u>\$ 1,295,000</u>	<u>\$ 364,175</u>	<u>\$ 861,056</u>	<u>\$ 22,679</u>	<u>\$ 1,327,500</u>	<u>\$ 39,228</u>	<u>\$ 29,098,556</u>	<u>\$ 5,766,487</u>

CITY OF BARTLETT, TENNESSEE

SCHEDULE OF BONDS AND NOTES PAYABLE – FUTURE MATURITIES
(INCLUDING INTEREST) – BUSINESS TYPE ACTIVITY

June 30, 2012

Fiscal Year	Series 2011 Bonds		Series 2010 Bonds		Series 2009 Bonds		Series 2007 Bonds		Series 2006 Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 540,000	\$ 84,913	\$ 265,000	\$ 61,019	\$ 40,000	\$ 27,813	\$ 40,000	\$ 35,133	\$ 70,000	\$ 49,345
2014	545,000	74,063	265,000	55,719	40,000	27,013	40,000	33,532	70,000	46,790
2015	545,000	63,163	280,000	50,269	40,000	26,213	45,000	31,833	75,000	44,200
2016	565,000	52,063	275,000	44,719	40,000	25,402	45,000	30,032	75,000	41,200
2017	490,000	41,513	285,000	39,119	40,000	24,532	45,000	28,233	80,000	38,200
2018	215,000	34,463	295,000	33,319	45,000	23,510	50,000	26,333	85,000	35,000
2019	225,000	30,063	295,000	27,419	45,000	22,340	50,000	24,320	85,000	31,600
2020	230,000	25,513	305,000	21,228	45,000	21,057	50,000	22,270	90,000	28,200
2021	230,000	20,913	310,000	14,306	45,000	19,674	55,000	20,091	95,000	24,600
2022	235,000	15,675	320,000	6,625	50,000	18,140	55,000	17,809	95,000	20,800
2023	240,000	9,738	100,000	1,315	50,000	16,452	60,000	15,422	100,000	17,000
2024	245,000	3,369	-	-	50,000	14,702	60,000	12,932	105,000	13,000
2025	-	-	-	-	55,000	12,811	65,000	10,306	110,000	8,800
2026	-	-	-	-	55,000	10,776	65,000	7,544	110,000	4,400
2027	-	-	-	-	60,000	8,590	70,000	4,675	-	-
2028	-	-	-	-	60,000	6,250	75,000	1,594	-	-
2029	-	-	-	-	60,000	3,865	-	-	-	-
2030	-	-	-	-	65,000	1,334	-	-	-	-
	\$ 4,305,000	\$ 455,449	\$ 2,995,000	\$ 355,057	\$ 885,000	\$ 310,474	\$ 870,000	\$ 322,059	\$ 1,245,000	\$ 403,135

*-As of June 30, 2012, \$135,251 of the \$1,000,000 loan had been drawn. The full \$1M is expected to be drawn by December 31, 2012.

** - This is a variable rate loan. Interest rate assumed is .49% which was the rate for June 2012.

CITY OF BARTLETT, TENNESSEE

SCHEDULE OF BONDS AND NOTES PAYABLE – FUTURE MATURITIES
(INCLUDING INTEREST) – BUSINESS TYPE ACTIVITY (CONTINUED)

June 30, 2012

Fiscal Year	Series 2005 Bonds		Series 2004 Bonds		2008 Note Payable		Total	
	Principal	Interest	Principal	Interest	Principal*	Interest**	Principal	Interest
2013	\$ 130,000	\$ 39,068	\$ 60,000	\$ 36,408	\$ 36,000	\$ 460	\$ 1,181,000	\$ 334,159
2014	135,000	34,430	60,000	34,413	38,000	337	1,193,000	306,297
2015	135,000	29,705	65,000	32,255	40,000	208	1,225,000	277,846
2016	140,000	24,858	65,000	29,980	21,251	72	1,226,251	248,326
2017	150,000	19,635	70,000	27,582	-	-	1,160,000	218,814
2018	155,000	14,030	70,000	25,027	-	-	915,000	191,682
2019	155,000	8,256	75,000	22,307	-	-	930,000	166,305
2020	15,000	5,065	75,000	19,439	-	-	810,000	142,772
2021	20,000	4,395	80,000	16,395	-	-	835,000	120,374
2022	20,000	3,620	85,000	13,095	-	-	860,000	95,764
2023	20,000	2,830	85,000	9,652	-	-	655,000	72,409
2024	20,000	2,030	90,000	5,997	-	-	570,000	52,030
2025	20,000	1,225	95,000	2,043	-	-	345,000	35,185
2026	20,000	410	-	-	-	-	250,000	23,130
2027	-	-	-	-	-	-	130,000	13,265
2028	-	-	-	-	-	-	135,000	7,844
2029	-	-	-	-	-	-	60,000	3,865
2030	-	-	-	-	-	-	65,000	1,334
	<u>\$ 1,135,000</u>	<u>\$ 189,557</u>	<u>\$ 975,000</u>	<u>\$ 274,593</u>	<u>\$ 135,251</u>	<u>\$ 1,077</u>	<u>\$ 12,545,251</u>	<u>\$ 2,311,401</u>

CITY OF BARTLETT, TENNESSEE

SCHEDULE OF PROPERTY TAXES RECEIVABLE – GENERAL FUND

June 30, 2012

<u>Year of Levy</u>	
2012	\$ 17,002,029
2011	640,824
2010	212,847
2009	84,406
2008	42,531
2007	31,395
2006	19,561
2005	25,002
2004	16,445
2003	15,491
2002	24,096
Total property tax receivable	<u>\$ 18,114,627</u>

The City collects their own property taxes. All delinquent customers are given notice of overdue accounts and the balance is added to their next bill plus interest and penalties. As per the City Charter, before March of the second year following the due date, the City takes action against delinquent property taxes. The City turns all delinquent accounts over to Shelby County for collection.

CITY OF BARTLETT, TENNESSEE

SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE – GENERAL FUND

For the Year Ended June 30, 2012

	Total	Current Year	Prior Years									
		2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Property taxes receivable - beginning of year	\$ 18,069,671	\$ -	\$17,016,533	\$543,053	\$241,211	\$109,140	\$48,396	\$25,721	\$26,398	\$17,071	\$16,517	\$25,631
ADD:												
Tax levied:	17,002,029	17,002,029	-	-	-	-	-	-	-	-	-	-
Adjustments	462,923	-	455,579	32,675	(25,285)	(46)	-	-	-	-	-	-
Total Additions	17,464,952	17,002,029	455,579	32,675	(25,285)	(46)	-	-	-	-	-	-
DEDUCT:												
Collections - Net of Refunds	(17,398,978)	-	(16,827,903)	(359,972)	(127,319)	(62,988)	(14,149)	(4,459)	(31)	(625)	(117)	(1,415)
Releases	(21,018)	-	(3,385)	(2,909)	(4,201)	(3,575)	(2,852)	(1,701)	(1,365)	(1)	(909)	(120)
Total Deductions	(17,419,996)	-	(16,831,288)	(362,881)	(131,520)	(66,563)	(17,001)	(6,160)	(1,396)	(626)	(1,026)	(1,535)
Property taxes receivable - end of year	18,114,627	17,002,029	640,824	212,847	84,406	42,531	31,395	19,561	25,002	16,445	15,491	24,096
Less: Allowance for uncollectibles	(517,040)	(340,040)	(44,537)	(40,754)	(13,299)	(10,829)	(10,921)	(10,742)	(16,596)	(6,475)	(6,159)	(16,688)
Property taxes receivable, net	<u>\$ 17,597,587</u>	<u>\$ 16,661,989</u>	<u>\$ 596,287</u>	<u>\$ 172,093</u>	<u>\$ 71,107</u>	<u>\$ 31,702</u>	<u>\$ 20,474</u>	<u>\$ 8,819</u>	<u>\$ 8,406</u>	<u>\$ 9,970</u>	<u>\$ 9,332</u>	<u>\$ 7,408</u>

CITY OF BARTLETT, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE

For the Year Ended June 30, 2012

Federal Grantor/Pass-Through Grantor	CFDA Number	Contract Number	Beginning Accrued (Deferred)	Cash Receipts	Expenditures	Ending Accrued (Deferred)
<u>Federal Awards</u>						
<u>U.S. Department of Agriculture/Tennessee Dept. of Agriculture</u>						
Cooperative Forestry Assistance	10.664		\$ -	\$ 7,567	\$ 7,567	\$ -
Cooperative Forestry Assistance	10.664		3,481	3,481	-	-
Total Program 10.664			3,481	11,048	7,567	-
<u>U.S. Department of HUD/Shelby County, Tennessee</u>						
Community Development Block Grant/Entitlement Grant	14.218	97607	87,558	190,753	103,195	-
<u>U.S. Department of Justice</u>						
Bulletproof Vest Partnership Program	16.607	2009BUBX08043862	855	855	6,307	6,307
Bulletproof Vest Partnership Program	16.607	2009BUBX09047514	3,360	3,360	-	-
Total Program 16.607			4,215	4,215	6,307	6,307
<u>U.S. Department of Justice/Shelby County, Tennessee</u>						
Edward Byrne Memorial Justice Assistance Grant	16.738	2009-DJ-BX-0421	-	9,990	9,990	-
Edward Byrne Memorial Justice Assistance Grant	16.738	2010-DJ-BX-0242	13,230	13,230	-	-
Total Program 16.738			13,230	23,220	9,990	-
<u>U.S. Department of Justice/Shelby County, Tennessee</u>						
Edward Byrne Memorial Justice Assistance Grant	ARRA 16.804	2009-SB-B9-2466	(2,387)	-	-	(2,387)
Total U.S. Department of Justice			(2,387)	-	-	(2,387)

CITY OF BARTLETT, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE (CONTINUED)

For the Year Ended June 30, 2012

Federal Grantor/Pass-Through Grantor	CFDA Number	Contract Number	Beginning Accrued (Deferred)	Cash Receipts	Expenditures	Ending Accrued (Deferred)
<u>U.S. Department of Transportation/TN Dept of Transportation</u>						
Highway Planning and Construction	ARRA 20.205	79PLMF0083	-	-	-	-
Highway Planning and Construction	ARRA 20.205	79PLMF0102	-	-	-	-
Highway Planning and Construction	ARRA 20.205	79PLMF0084	-	-	-	-
Highway Planning and Construction	ARRA 20.205	79PLMF0108	1,966	1,732	-	234
Highway Planning and Construction	ARRA 20.205	79PLM-F3-101	12,365	12,365	-	-
Total Program ARRA 20.205			14,331	14,097	-	234
<u>Highway Planning and Construction</u>						
Highway Planning and Construction	20.205	090163	23,715	66,616	41,210	(1,691)
Highway Planning and Construction	20.205	79LPLM-F0-061	42,750	911,869	869,119	-
Highway Planning and Construction	20.205	090171	36,557	34,080	2,039	4,516
Highway Planning and Construction	20.205	090172	21,392	26,850	6,258	800
Highway Planning and Construction	20.205	79PLMF0106	460	212,411	211,951	-
Highway Planning and Construction	20.205	79LPLM-F0-061	496	292,593	292,097	-
Highway Planning and Construction	20.205	79PLM-F3-103&107	6,744	-	-	6,744
Highway Planning and Construction	20.205	79PLM-F1-222	-	6,228	30,408	24,180
Highway Planning and Construction	20.205	79LPLM-F3-224	-	8,271	11,943	3,672
Total Program 20.205			132,114	1,558,918	1,465,025	38,221
<u>U.S. Department of Transportation/TN Dept of Transportation</u>						
State and Community Highway Safety	20.600	Z11GHS289	1,109	12,131	11,022	-
State and Community Highway Safety	20.600	Z12GHS017	-	4,597	7,421	2,824
Total Program 20.600			1,109	16,728	18,443	2,824

CITY OF BARTLETT, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE (CONTINUED)

For the Year Ended June 30, 2012

Federal Grantor/Pass-Through Grantor	CFDA Number	Contract Number	Beginning Accrued (Deferred)	Cash Receipts	Expenditures	Ending Accrued (Deferred)
<u>U.S. Department of Energy</u>						
Energy Efficiency and Conservation Block Grant	ARRA 81.128	DE-EE0002140	5,663	12,874	7,211	-
<u>U.S. Department of Homeland Security</u>						
Disaster Grants - Public Assistance	97.036	FEMA-1851-DR-TN	175,287	208,390	33,103	-
Disaster Grants - Public Assistance	97.036	FEMA-1909-DR-TN	44,201	44,201	-	-
Disaster Grants - Public Assistance	97.036	FEMA-1979-DR-TN	-	-	41,937	41,937
Total Program 97.036			219,488	252,591	75,040	41,937
<u>U.S. Department of Homeland Security</u>						
Disaster Grants - Public Assistance/Shelby County, Tennessee	97.008	10UASI+BART	-	-	1,433	1,433
Disaster Grants - Public Assistance/Shelby County, Tennessee	97.008	09UASI+BART	-	99,586	99,586	-
Total U.S. Department of Homeland Security			-	99,586	101,019	1,433
Total Federal Awards			478,802	2,184,030	1,793,797	88,569
<u>State Financial Assistance</u>						
Tennessee Arts Commission	N/A	3-G/08	(153)	-	-	(153)
Tennessee Emergency Management Agency	N/A	Z-364101-2125	117,084	122,601	5,517	-
Tennessee Emergency Management Agency	N/A		-	-	6,989	6,989
Tennessee Emergency Management Agency	N/A		5,981	-	-	5,981
Total State Financial Assistance			122,912	122,601	12,506	12,817
Total Federal Awards and State Financial Assistance			\$ 601,714	\$ 2,306,631	\$ 1,806,303	\$ 101,386

CITY OF BARTLETT, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE (CONTINUED)

For the Year Ended June 30, 2012

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards (the Schedule) includes the federal and state grant activity of the City of Bartlett under programs of the federal government for the year ended June 30, 2012. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the City of Bartlett, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City of Bartlett.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Pass-through entity identifying numbers are presented where available.

NOTE 3 - RECONCILIATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE TO THE FINANCIAL STATEMENTS

The following is a reconciliation of expenditures per the schedule of expenditures of federal and state awards to the revenue balances in the City's financial statements:

Total grant revenue per governmental funds financial statements	\$ 2,175,900
Add: Grant revenue per proprietary fund	103,195
Less: Deferred revenue at the fund level	(376,590)
Less: Non-federal and non-state grants	<u>(96,202)</u>
Total federal award and state financial assistance	<u><u>\$ 1,806,303</u></u>

CITY OF BARTLETT, TENNESSEE
STATISTICAL INFORMATION SECTION

This part of the City of Bartlett's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	97
These schedules contain trend information to help the reader understand how the City's financial performance and wellbeing have changed over time.	
Revenue Capacity	103
These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.	
Debt Capacity	110
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information	114
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place, to help make comparisons over time and with other governments.	
Operating Information	116
These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

CITY OF BARTLETT, TENNESSEE
NET ASSET BY COMPONENT

LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Government activities										
Invested in capital assets,										
net of related debt	\$ 8,823,263	\$ 8,150,594	\$ 18,091,187	\$ 95,636,824	\$ 98,573,298	\$ 100,172,375	\$ 99,381,535	\$ 97,005,354	\$ 87,234,488	\$ 93,659,549
Restricted for:										
Debt Service	1,225,150	1,340,507	1,165,229	843,967	787,628	1,287,085	490,192	411,309	580,372	952,372
Streets	1,168,845	1,548,633	1,257,925	2,700,432	2,740,016	3,054,670	2,197,575	2,045,558	570,891	803,065
Park improvements	-	-	-	-	-	-	-	-	706,523	665,100
Drug enforcement	-	-	-	-	-	-	-	-	449,086	585,392
Other purposes	-	-	-	-	-	-	-	-	235,451	321,684
Unrestricted	14,399,403	17,163,598	14,188,254	19,212,342	21,676,916	22,062,263	22,834,414	16,152,717	20,914,652	12,119,658
Total government activities										
net assets	<u>\$ 25,616,661</u>	<u>\$ 28,203,332</u>	<u>\$ 34,702,595</u>	<u>\$ 118,393,565</u>	<u>\$ 123,777,858</u>	<u>\$ 126,576,393</u>	<u>\$ 124,903,716</u>	<u>\$ 115,614,938</u>	<u>\$ 110,691,463</u>	<u>\$ 109,106,820</u>
Business-type activities										
Invested in capital assets,										
net of related debt	\$ 15,525,049	\$ 14,745,986	\$ 18,045,906	\$ 54,249,248	\$ 55,858,400	\$ 57,258,511	\$ 57,703,738	\$ 57,110,451	\$ 56,092,212	\$ 58,771,208
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	3,273,390	6,781,584	5,592,576	7,533,721	9,799,498	9,534,033	8,380,713	7,081,221	7,544,300	6,458,394
Total business-type										
activities net assets	<u>\$ 18,798,439</u>	<u>\$ 21,527,570</u>	<u>\$ 23,638,482</u>	<u>\$ 61,782,969</u>	<u>\$ 65,657,898</u>	<u>\$ 66,792,544</u>	<u>\$ 66,084,451</u>	<u>\$ 64,191,672</u>	<u>\$ 63,636,512</u>	<u>\$ 65,229,602</u>
Primary government										
Invested in capital assets,										
net of related debt	\$ 24,348,312	\$ 22,896,580	\$ 36,137,093	\$ 149,886,072	\$ 154,431,698	\$ 157,430,886	\$ 157,085,273	\$ 154,115,805	\$ 143,326,700	\$ 152,430,757
Restricted for:										
Debt Service	1,225,150	1,340,507	1,165,229	843,967	787,628	1,287,085	490,192	411,309	580,372	952,372
Streets/Public works	1,168,845	1,548,633	1,257,925	2,700,432	2,740,016	3,054,670	2,197,575	2,045,558	570,891	803,065
Park improvements	-	-	-	-	-	-	-	-	706,523	665,100
Drug enforcement	-	-	-	-	-	-	-	-	449,086	585,392
Other purposes	-	-	-	-	-	-	-	-	235,451	321,684
Unrestricted	17,672,793	23,945,182	19,780,830	26,746,063	31,476,414	31,596,296	31,215,127	23,233,938	28,458,952	18,578,052
Total primary government										
net assets	<u>\$ 44,415,100</u>	<u>\$ 49,730,902</u>	<u>\$ 58,341,077</u>	<u>\$ 180,176,534</u>	<u>\$ 189,435,756</u>	<u>\$ 193,368,937</u>	<u>\$ 190,988,167</u>	<u>\$ 179,806,610</u>	<u>\$ 174,327,975</u>	<u>\$ 174,336,422</u>

CITY OF BARTLETT, TENNESSEE
CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental activities:										
General government	\$ 3,688,033	\$ 3,817,612	\$ 4,905,983	\$ 5,632,745	\$ 6,072,578	\$ 6,146,033	\$ 6,881,987	\$ 7,711,577	\$ 7,016,910	\$ 7,508,236
Public safety	14,211,312	15,229,635	16,227,428	17,516,545	18,764,451	19,489,332	22,891,377	26,256,730	24,532,698	25,841,866
Public works	8,760,116	9,643,881	10,283,522	10,771,605	10,898,616	14,018,688	14,742,339	14,432,134	15,767,322	15,148,440
Parks and recreation	2,750,070	3,212,272	3,117,719	3,406,312	3,628,496	3,813,114	4,091,798	4,246,207	4,319,311	4,369,653
Performing arts center	636,030	528,693	576,954	548,560	531,287	554,099	543,258	630,035	773,715	597,215
Recreation center	1,213,373	1,404,541	1,460,706	1,386,275	1,449,420	1,395,700	1,740,618	1,820,873	1,718,237	1,752,728
Interest on long-term debt	1,006,953	874,918	856,067	956,263	1,011,629	1,073,576	1,012,600	976,084	927,525	757,919
Total government activities expenses	<u>32,265,887</u>	<u>34,711,552</u>	<u>37,428,379</u>	<u>40,218,305</u>	<u>42,356,477</u>	<u>46,490,543</u>	<u>51,903,977</u>	<u>56,073,640</u>	<u>55,055,718</u>	<u>55,976,057</u>
Business-type activities:										
Water and sewer	4,913,261	5,020,670	5,505,561	5,542,130	6,681,378	6,861,747	7,217,654	7,875,448	7,275,464	7,508,717
Total primary government expenses	<u>\$ 37,179,148</u>	<u>\$ 39,732,222</u>	<u>\$ 42,933,940</u>	<u>\$ 45,760,435</u>	<u>\$ 49,037,855</u>	<u>\$ 53,352,290</u>	<u>\$ 59,121,631</u>	<u>\$ 63,949,088</u>	<u>\$ 62,331,182</u>	<u>\$ 63,484,774</u>
Program Revenues										
Governmental activities:										
General government	\$ 2,751,185	\$ 2,659,176	\$ 2,619,322	\$ 2,754,193	\$ 2,888,013	\$ 2,897,835	\$ 3,695,591	\$ 3,719,823	\$ 2,987,511	\$ 3,368,184
Public safety	1,089,423	1,720,564	1,567,093	2,248,281	1,978,286	1,763,428	1,568,950	1,689,385	1,660,752	1,695,470
Public works	4,454,625	4,585,727	4,725,358	5,926,718	5,509,626	5,912,018	6,130,611	5,942,462	5,942,888	5,872,537
Parks and recreation	680,720	789,016	1,066,426	951,827	905,401	999,875	993,003	935,433	966,105	927,648
Performing arts center	218,317	227,429	247,643	267,082	265,246	270,559	250,636	278,161	287,997	274,638
Recreation center	1,668,669	1,714,171	1,714,793	1,920,813	1,920,327	1,920,572	1,827,796	1,669,614	1,588,369	1,532,690
Operating grants and contributions	134,576	618,159	694,803	919,185	674,122	561,296	1,941,514	1,193,165	3,070,185	3,349,489
Capital grants and contributions	-	-	-	-	-	-	870,185	168,069	337,368	559,499
Total government activities revenues	<u>10,997,515</u>	<u>12,314,242</u>	<u>12,635,438</u>	<u>14,988,099</u>	<u>14,141,021</u>	<u>14,325,583</u>	<u>17,278,286</u>	<u>15,596,112</u>	<u>16,821,175</u>	<u>17,580,155</u>
Business-type activities:										
Water and sewer	5,174,831	5,753,889	6,147,670	6,406,480	9,223,712	7,612,974	6,141,851	6,039,052	6,294,620	8,745,547
Operating grants and contributions	1,519,467	1,956,709	1,388,163	3,139,940	1,260,413	429,088	590,610	195,843	233,559	138,595
Capital grants and contributions	-	-	-	-	-	-	-	-	462,965	482,843
Total business-type activities revenues	<u>6,694,298</u>	<u>7,710,598</u>	<u>7,535,833</u>	<u>9,546,420</u>	<u>10,484,125</u>	<u>8,042,062</u>	<u>6,732,461</u>	<u>6,234,895</u>	<u>6,991,144</u>	<u>9,366,985</u>
Total primary government program revenue	<u>\$ 17,691,813</u>	<u>\$ 20,024,840</u>	<u>\$ 20,171,271</u>	<u>\$ 24,534,519</u>	<u>\$ 24,625,146</u>	<u>\$ 22,367,645</u>	<u>\$ 24,010,747</u>	<u>\$ 21,831,007</u>	<u>\$ 23,812,319</u>	<u>\$ 26,947,140</u>

CITY OF BARTLETT, TENNESSEE
CHANGES IN NET ASSETS

LAST TEN FISCAL YEARS (CONTINUED)
(accrual basis of accounting)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Net (expense)/revenue										
Governmental activities	\$ (21,288,372)	\$ (22,397,310)	\$ (24,792,941)	\$ (25,230,206)	\$ (28,215,456)	\$ (32,164,960)	\$ (34,625,691)	\$ (40,477,528)	\$ (38,234,543)	\$ (38,395,902)
Business-type activities	1,781,037	2,689,928	2,030,272	4,004,290	3,802,747	1,180,315	(485,193)	(1,640,553)	(284,320)	1,858,268
Total primary government net expense	\$ (19,487,335)	\$ (19,707,382)	\$ (22,762,669)	\$ (21,225,916)	\$ (24,412,709)	\$ (30,984,645)	\$ (35,110,884)	\$ (42,118,081)	\$ (38,518,863)	\$ (36,537,634)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes	\$ 9,495,854	\$ 11,127,476	\$ 11,454,910	\$ 13,137,495	\$ 15,189,418	\$ 14,823,724	\$ 17,570,811	\$ 18,083,999	\$ 17,819,265	\$ 17,781,386
Local sales taxes	9,298,548	9,148,392	9,880,716	10,446,702	11,346,090	11,447,876	10,362,031	10,240,841	10,583,911	11,288,513
Intergovernmental/unrestricted	4,153,052	4,139,479	4,180,051	4,807,677	5,472,144	5,910,366	4,050,633	5,246,434	4,072,733	4,691,816
Interest on investments	145,109	148,739	309,598	676,342	1,000,014	801,765	229,974	83,058	108,663	95,808
Gain (Loss) on sale of assets	-	-	-	-	8,083	52,947	22,051	18,301	-	-
Other	234,234	419,895	5,466,929	892,827	334,463	276,917	396,481	462,593	422,661	1,964,827
Transfers	-	-	-	242,022	249,537	311,553	321,033	300,184	303,835	296,566
Total government activities	23,326,797	24,983,981	31,292,204	30,203,065	33,599,749	33,625,148	32,953,014	34,435,410	33,311,068	36,118,916
Business-type activities:										
Interest on investments	58,955	39,203	80,640	141,883	321,719	265,884	97,117	45,045	32,995	25,379
Other	-	-	-	(242,022)	(249,537)	(311,553)	1,016	2,913	-	6,009
Transfers	-	-	-	(242,022)	(249,537)	(311,553)	(321,033)	(300,184)	(303,835)	(296,566)
Total primary government	\$ 23,385,752	\$ 25,023,184	\$ 31,372,844	\$ 30,102,926	\$ 33,671,931	\$ 33,579,479	\$ 32,730,114	\$ 34,183,184	\$ 33,040,228	\$ 35,853,738
Change in Net Assets										
Governmental activities	2,058,425	2,586,671	6,499,263	4,972,859	5,384,293	1,460,188	(1,672,677)	(6,042,118)	(4,923,475)	(2,276,986)
Business-type activities	1,839,992	2,729,131	2,110,912	3,904,151	3,874,929	1,134,646	(708,093)	(1,892,779)	(555,160)	1,593,090
Total primary government	\$ 3,898,417	\$ 5,315,802	\$ 8,610,175	\$ 8,877,010	\$ 9,259,222	\$ 2,594,834	\$ (2,380,770)	\$ (7,934,897)	\$ (5,478,635)	\$ (683,896)

CITY OF BARTLETT, TENNESSEE
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General fund										
Reserved	\$ 275,383	\$ 651,888	\$ 399,177	\$ 385,617	\$ 509,527	\$ 412,714	\$ 463,388	\$ 403,937	\$ -	\$ -
Unreserved	7,395,176	7,941,065	8,418,234	9,922,141	11,987,145	14,752,382	14,993,801	16,082,051	-	-
Nonspendable	-	-	-	-	-	-	-	-	213,718	187,260
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	1,100,000
Assigned	-	-	-	-	-	-	-	-	1,777,509	797,474
Unassigned	-	-	-	-	-	-	-	-	15,684,006	16,655,499
Total General Fund	\$ 7,670,559	\$ 8,592,953	\$ 8,817,411	\$ 10,307,758	\$ 12,496,672	\$ 15,165,096	\$ 15,457,189	\$ 16,485,988	\$ 17,675,233	\$ 18,740,233
All other governmental funds										
Reserved	\$ 1,863,515	\$ 2,384,978	\$ 3,410,580	\$ 5,261,180	\$ 5,197,034	\$ 3,538,529	\$ 4,462,446	\$ 3,208,614	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	1,777,529	1,756,786	1,916,840	1,989,091	2,196,379	2,624,208	2,432,421	1,981,071	-	-
Solid waste fund	-	-	-	-	-	-	549,162	999,772	-	-
Capital projects fund	4,271,461	4,278,177	2,217,444	3,854,413	2,717,766	4,581,609	2,553,729	5,078,724	-	-
Nonspendable	-	-	-	-	-	-	-	-	3,500	-
Restricted	-	-	-	-	-	-	-	-	8,142,957	6,047,897
Committed	-	-	-	-	-	-	-	-	1,072,950	1,523,263
Assigned	-	-	-	-	-	-	-	-	3,362,502	7,055,831
Unassigned	-	-	-	-	-	-	-	-	(21,503)	(17,422)
Total all other governmental funds	\$ 7,912,505	\$ 8,419,941	\$ 7,544,864	\$ 11,104,684	\$ 10,111,179	\$ 10,744,346	\$ 9,997,758	\$ 11,268,181	\$ 12,560,406	\$ 14,609,569
Total governmental funds	15,583,064	17,012,894	16,362,275	21,412,442	22,607,851	25,909,442	25,454,947	27,754,169	30,235,639	33,349,802

Note: The City implemented GASB Statement 54 in fiscal year 2011.

CITY OF BARTLETT, TENNESSEE

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Taxes										
Property taxes	\$ 9,495,854	\$ 11,045,723	\$ 11,423,316	\$ 12,438,854	\$ 13,982,802	\$ 17,076,772	\$ 17,214,579	\$ 17,963,040	\$ 17,976,858	\$ 17,767,922
Local sales taxes	9,229,507	9,205,960	9,880,716	10,446,702	11,346,090	11,447,876	10,362,031	10,240,841	10,491,343	11,288,513
Intergovernmental	4,153,052	4,139,479	4,180,051	4,807,677	5,472,144	5,910,366	5,389,404	5,246,434	5,550,454	6,296,770
Licenses and permits	1,733,853	1,862,786	1,720,629	2,284,121	2,022,104	1,649,327	1,425,783	1,479,812	1,512,694	1,532,178
Charges for services	6,894,915	7,594,545	8,015,731	9,497,796	9,001,671	9,719,205	9,912,159	9,636,103	9,499,172	9,329,329
Fines, forfeitures and penalties	1,786,840	1,685,042	1,601,748	1,622,260	1,688,409	1,623,563	2,057,354	1,987,336	1,827,808	1,932,544
Federal and state grants	123,505	601,628	674,746	494,011	485,233	381,503	224,465	777,551	2,051,424	2,175,900
Donations	11,071	16,531	20,057	20,302	90,889	30,656	21,528	15,715	13,226	12,400
Interest on investments	137,188	143,259	288,620	625,466	931,673	750,659	220,482	82,278	106,933	95,772
Other	234,234	455,087	569,729	378,760	334,463	276,917	396,481	462,593	339,138	1,897,652
Total revenues	33,800,019	36,750,040	38,375,343	42,615,949	45,355,478	48,866,844	47,224,266	47,891,703	49,369,050	52,328,980
Expenditures										
General government	3,295,134	3,555,531	4,482,552	5,243,741	5,749,891	5,967,027	5,992,322	6,314,723	5,921,099	6,360,953
Public safety	13,659,989	14,353,954	15,115,945	16,245,518	17,827,289	19,150,132	20,399,914	21,050,533	21,504,877	22,191,861
Public works	8,691,690	9,199,577	9,414,698	10,049,074	10,953,524	11,894,956	11,501,238	10,481,199	12,242,078	10,569,373
Parks and recreation	2,653,990	2,919,742	2,766,305	2,965,994	3,174,928	3,356,605	3,834,751	3,298,906	3,554,826	3,381,304
Performing arts center	426,932	434,248	503,680	534,299	525,744	549,875	539,899	579,361	562,989	558,610
Recreation center	1,112,031	1,177,520	1,236,549	1,291,924	1,353,908	1,431,086	1,437,412	1,425,701	1,448,045	1,513,102
Debt Service										
Principal	2,230,000	2,480,000	2,275,000	2,327,790	2,294,860	2,367,190	2,520,800	2,562,180	2,394,850	2,112,330
Interest	983,558	847,013	853,142	874,978	927,552	982,739	972,113	931,908	910,148	864,423
Bond issuance cost	75,661	47,997	42,664	82,796	40,631	53,141	13,851	59,866	103,204	63,812
Capital Outlay	3,420,529	1,358,402	5,758,501	3,416,761	4,998,447	4,469,523	1,576,513	2,403,481	3,746,887	5,553,028
Total expenditures	36,549,514	36,373,984	42,449,036	43,032,875	47,846,774	50,222,274	48,788,813	49,107,858	52,389,003	53,168,796
Excess (deficiency) of revenues over (under) expenditures	(2,749,495)	376,056	(4,073,693)	(416,926)	(2,491,296)	(1,355,430)	(1,564,547)	(1,216,155)	(3,019,953)	(839,816)

CITY OF BARTLETT, TENNESSEE

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS (CONTINUED)
(modified accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Other financing sources (uses)										
Transfers in	2,615,000	2,504,904	2,790,907	2,370,505	1,949,007	3,453,333	2,104,194	2,241,196	1,762,329	2,620,929
Transfers out	(2,615,000)	(2,504,904)	(2,660,907)	(2,128,483)	(1,699,470)	(3,141,780)	(1,783,161)	(1,941,012)	(1,458,494)	(2,324,363)
Debt Proceeds-General Obligation	2,939,482	1,053,774	3,297,500	4,693,464	3,408,000	2,955,001	766,968	3,189,588	5,085,000	3,376,500
Refunding bond issued	4,035,312	2,221,226	-	3,501,536	-	-	-	-	3,315,000	1,860,000
Premium (Discount) on bond issued	-	17,756	(4,426)	(10,914)	12,726	(827)	-	7,304	115,971	157,460
Payment to refunded bond escrow agent	(3,865,195)	(2,238,982)	-	(3,501,536)	-	-	-	-	(3,329,241)	(1,885,494)
Capital leases	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	542,521	16,442	52,947	22,051	18,301	10,858	148,947
Total other financing sources (uses)	<u>3,109,599</u>	<u>1,053,774</u>	<u>3,423,074</u>	<u>5,467,093</u>	<u>3,686,705</u>	<u>3,318,674</u>	<u>1,110,052</u>	<u>3,515,377</u>	<u>5,501,423</u>	<u>3,953,979</u>
Net change in fund balances	<u>\$ 360,104</u>	<u>\$ 1,429,830</u>	<u>\$ (650,619)</u>	<u>\$ 5,050,167</u>	<u>\$ 1,195,409</u>	<u>\$ 1,963,244</u>	<u>\$ (454,495)</u>	<u>\$ 2,299,222</u>	<u>\$ 2,481,470</u>	<u>\$ 3,114,163</u>
Debt Service as a percentage of noncapital expenditures	9.7%	9.5%	8.5%	8.1%	7.5%	7.3%	7.6%	7.6%	6.7%	5.9%

CITY OF BARTLETT, TENNESSEE

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

	Real Property			Public Utilities Property	Commercial Property	Total Taxable Assessed Value	Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Farm Property	Commercial Property						
2003	\$ 503,398,450	\$ 1,381,325	\$ 209,396,141	\$ 8,401,212	\$ 39,482,970	\$ 762,060,098	1.23	\$ 2,691,447,031	28.31%
2004	517,285,550	1,280,225	210,884,485	8,596,491	35,394,680	773,441,431	1.38	2,737,164,384	28.26%
2005	537,048,350	1,263,100	215,355,155	8,748,698	33,957,950	796,373,253	1.38	2,822,607,920	28.21%
2006	618,439,825	3,018,275	250,902,900	9,080,210	42,506,320	923,947,530	1.31	3,273,422,973	28.23%
2007	729,515,750	2,949,150	240,391,810	15,104,373	42,698,020	1,030,659,103	1.31	3,703,507,696	27.83%
2008	757,507,150	2,658,500	244,269,130	13,186,328	38,901,240	1,056,522,348	1.54	3,808,483,242	27.74%
2009	777,311,375	2,467,500	248,946,505	13,089,168	42,776,070	1,084,590,618	1.54	3,912,651,861	27.72%
2010	817,642,200	2,419,225	284,892,370	14,312,922	41,036,030	1,160,302,747	1.49	4,158,669,295	27.90%
2011	816,594,875	2,553,900	270,612,325	13,515,174	39,753,910	1,143,030,184	1.49	4,113,660,743	27.79%
2012	818,851,275	2,217,700	264,203,305	12,747,832	43,261,760	1,141,281,872	1.49	4,115,082,776	27.73%

Source: Shelby County Assessor's office before adjustment from County Board of Equalization.

Note: Property in Shelby County is reassessed every four year. Tax rates are applied at \$100 of assessed value. Residential and farm property are assessed at 25%, commercial real property at 40%, commercial personal property at 30% and public utilities at 55%.

CITY OF BARTLETT, TENNESSEE
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS

Fiscal Year	(Per \$100 of Assessed Valuation)						Total Direct & Overlapping Rates
	City	County					
	Direct Rate	General Fund	Education	Debt Service	Rural School Bonds		
2003	\$ 1.23	\$ 1.25	\$ 2.03	\$ 0.51	-	\$ 5.02	
2004	1.38	1.31	2.03	0.70	0.05	5.47	
2005	1.38	1.22	2.02	0.80	0.05	5.47	
2006	1.31	1.22	2.02	0.80	0.05	5.40	
2007	1.31	1.22	2.02	0.80	0.05	5.40	
2008	1.54	1.22	2.02	0.80	0.05	5.63	
2009	1.54	1.33	1.90	0.79	0.04	5.60	
2010	1.49	1.33	1.90	0.79	0.04	5.55	
2011	1.49	1.36	1.91	0.75	0.04	5.55	
2012	1.49	1.36	1.91	0.75	0.04	5.55	

Notes:

All property in Shelby County was reappraised for the 1997, 2001, 2005 and 2009 tax years.
There is no allocation for City property tax rate.

CITY OF BARTLETT, TENNESSEE
PRINCIPAL PROPERTY TAX PAYERS
CURRENT AND TEN YEARS AGO

<u>Taxpayer</u>	<u>2012</u>			<u>2003</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
Brother International	\$ 30,804,980	1	2.70%	\$ 22,032,750	1	2.92%
Tenet Healthcare Corp.	21,308,360	2	1.87%			
LSI Wolf Lake Drive LLC	11,268,000	3	0.99%			
PASSCO Legends LLC	9,413,560	4	0.82%	3,588,960	9	0.48%
BellSouth Telecommunications	7,753,154	5	0.68%	5,795,290	3	0.77%
WNI/Tennessee LP	7,094,480	6	0.62%	6,109,440	2	0.81%
UHS of Lakeside INC	6,285,680	7	0.55%	4,101,520	7	0.54%
Walmart Real Estate Trust	5,203,120	8	0.46%	4,673,200	5	0.62%
Belvedere Apartments INC	4,830,000	9	0.42%			
Lowes Home Centers INC	3,956,960	10	0.35%	4,496,480	6	0.60%
Quail Appartments LP				5,258,600	4	0.70%
Stage Centre Co				3,930,000	8	0.52%
International Technology				3,389,440	10	0.45%
Totals	\$ 107,918,294		9.46%	\$ 63,375,680		8.41%

Source: City of Bartlett Tax Department

CITY OF BARTLETT, TENNESSEE
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Subsequent Tax Collections	Total Tax Collections	Percent of Tax Collections to Tax Levy	Outstanding Delinquent Tax
2003	\$ 9,376,124	\$ 9,230,212	98.44%	\$ 129,395	\$ 9,359,607	99.82%	\$ 16,517
2004	10,699,648	10,218,983	95.51%	463,594	10,682,577	99.84%	17,071
2005	11,100,118	10,795,149	97.25%	278,571	11,073,720	99.76%	26,398
2006	12,103,713	11,455,642	94.65%	622,350	12,077,992	99.79%	25,721
2007	13,303,791	12,963,800	97.44%	291,595	13,255,395	99.64%	48,396
2008	16,828,729	16,297,479	96.84%	422,110	16,719,589	99.35%	109,140
2009	17,259,716	15,935,257	92.33%	1,083,248	17,018,505	98.60%	241,211
2010	17,620,288	16,953,450	96.22%	123,785	17,077,235	96.92%	543,053
2011	17,560,438	16,992,598	96.77%	414,318	17,406,916	99.13%	153,522
2012	17,028,028	16,685,935	97.99%	-	16,685,935	97.99%	342,093

Note: The Shelby County Assessor's office assess the value of property within the county. The City levies a tax and is responsible for collections.

CITY OF BARTLETT, TENNESSEE
TAXABLE SALES BY CATEGORY
LAST TEN CALENDAR YEARS

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Apparel & Accessories	\$ 5,651,168	\$ 6,309,246	\$ 6,470,629	\$ 6,872,110	\$ 6,185,927	\$ 7,795,639	\$ 7,927,804	\$ 7,236,266	\$ 6,964,217	\$ 6,551,317
General Merchandise	162,691,252	169,528,404	174,520,905	177,921,853	180,394,277	188,367,395	187,097,170	186,397,564	182,996,084	180,444,412
Food Stores	83,179,666	87,337,290	87,245,173	85,387,228	84,232,024	91,890,586	93,880,924	92,507,193	90,910,829	95,501,388
Eating & Drinking Places	47,644,071	44,102,474	51,790,882	56,580,753	58,237,164	61,878,927	61,383,105	63,744,573	62,557,625	65,579,626
Furniture Stores	24,801,603	25,943,384	26,482,073	20,588,298	19,890,999	19,079,129	17,663,833	11,738,317	12,757,864	14,248,753
Building Materials	53,070,540	63,150,488	75,945,538	91,178,839	83,988,276	120,249,335	58,115,255	44,961,710	46,657,984	45,407,128
MV Dealers & Serv. Stations	28,726,219	29,677,835	31,742,956	32,826,569	34,627,712	39,862,821	41,202,131	36,835,531	39,205,874	40,104,021
Other Retail	44,578,917	51,064,490	57,662,704	61,479,007	64,440,718	66,467,209	64,731,620	61,241,302	55,749,159	57,297,045
All Other Outlets	140,164,097	84,469,252	91,620,732	114,563,730	106,569,459	119,630,073	120,560,748	119,563,486	120,328,066	130,445,617
Total	\$ 590,507,533	\$ 561,582,863	\$ 603,481,592	\$ 647,398,387	\$ 638,566,556	\$ 715,221,114	\$ 652,562,590	\$ 624,225,942	\$ 618,127,702	\$ 635,579,307

Source: Tennessee Department of Revenue, Research Division

CITY OF BARTLETT, TENNESSEE
DIRECT AND OVERLAPPING SALES TAX RATES
LAST TEN FISCAL YEARS

Year	City Direct Rate	Shelby County	State of Tennessee
2003	1.125%	1.125%	7.00%
2004	1.125%	1.125%	7.00%
2005	1.125%	1.125%	7.00%
2006	1.125%	1.125%	7.00%
2007	1.125%	1.125%	7.00%
2008	1.125%	1.125%	7.00%
2009	1.125%	1.125%	7.00%
2010	1.125%	1.125%	7.00%
2011	1.125%	1.125%	7.00%
2012	1.125%	1.125%	7.00%

Source: City of Bartlett Finance Department

Note: Local option tax can be changed by referendum up to the maximum allowed by state law.

CITY OF BARTLETT, TENNESSEE
LOCAL SALES TAX REVENUE BY INDUSTRY
FISCAL YEARS 2003 AND 2012

Sector	Fiscal Year 2003			Fiscal Year 2012			
	Number of Filers	Percentage of Total	Tax Liability	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
Retail Trade	480	56.34%	\$ 10,348,632	503	51.64%	\$ 11,636,224	79.39%
Services	205	24.06%	892,716	256	26.28%	1,376,753	9.39%
Manufacturing	45	5.28%	548,128	62	6.37%	183,504	1.25%
Wholesale Trade	59	6.92%	349,928	63	6.47%	1,148,920	7.84%
Construction	18	2.11%	34,142	26	2.67%	38,477	0.26%
Finance Insurance Real Estate	4	0.47%	392	3	0.31%	891	0.01%
Transportation and Utilities	29	3.40%	254,836	6	0.62%	95,127	0.65%
Agriculture	4	0.47%	11,646	8	0.82%	25,671	0.18%
Other, Non Classified	8	0.94%	43,563	47	4.83%	151,279	1.03%
Total	852	100.00%	\$ 12,483,983	974	100.00%	\$ 14,656,846	100.00%

Source: Tennessee Department of Revenue, Research Division.

Notes:

1. Figures subject to revision due to amended taxpayer returns.
2. Figures represent local sales tax collected by merchants during the period, not disbursements from the Department of Revenue.
3. Changes in local telecommunications sourcing rules in 2003 reduced the number of taxpayers reporting in the Transportation and Utilities sector.
4. Does not include Bartlett's share of county clerk or out-of-state taxpayer amounts.

CITY OF BARTLETT, TENNESSEE
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities				Business-Type Activities				Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	General Obligation Note	Capital Note	Capital Lease	Revenue Bonds	Revenue Note	Revenue Note	Revenue Note			
2003	\$ 22,205,000	\$ -	\$ -	\$ -	\$ 12,160,000	\$ -	\$ -	\$ -	\$ 34,365,000	3.98%	\$ 806
2004	20,990,000	-	-	-	15,350,000	-	-	-	36,340,000	3.84%	833
2005	20,505,000	-	1,507,500	-	15,545,000	-	-	-	37,557,500	3.74%	866
2006	23,155,000	-	1,314,170	-	14,625,000	-	-	-	39,094,170	3.42%	899
2007	23,715,000	-	1,867,850	-	15,165,000	-	-	-	40,747,850	3.28%	868
2008	24,750,000	-	1,420,660	-	15,285,000	-	-	-	41,455,660	3.03%	846
2009	22,695,000	26,468	1,695,360	-	14,405,000	117,452	-	117,452	38,939,280	2.78%	795
2010	23,015,000	953,055	1,076,180	-	14,355,000	203,251	-	203,251	39,602,486	2.73%	808
2011	25,750,000	908,055	1,176,330	-	13,490,000	170,251	-	170,251	41,494,636	2.52%	760
2012	26,910,000	861,055	1,327,500	-	12,410,000	135,251	-	135,251	41,643,806	2.47%	763

Notes:
Governmental G.O.Note of \$861,055 with variable interest rate is for general improvements. Interest rate at 6/30/12 was 1.49%.
Governmental Capital Outlay Notes totaled \$1,327,500 at June 30, 2012. Three (3) separate notes made up this amount with fixed rates ranging from 2.03% to 3.14%. These notes were for equipment purchases in the City's CIP program.

CITY OF BARTLETT, TENNESSEE
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year	General Obligation Bonds	Capital Note	Capital Lease	General Obligation Note	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2003	\$ 22,205,000	\$ -	\$ -	\$ -	\$ 22,205,000	0.83%	\$ 521
2004	20,990,000	-	-	-	20,990,000	0.77%	481
2005	20,505,000	1,507,500	-	-	22,012,500	0.78%	508
2006	23,155,000	1,314,170	-	-	24,469,170	0.75%	563
2007	23,715,000	1,867,850	-	-	25,582,850	0.69%	545
2008	24,750,000	1,420,660	-	-	26,170,660	0.69%	534
2009	22,695,000	1,695,360	-	26,468	24,416,828	0.62%	498
2010	23,015,000	1,076,180	-	953,055	25,044,235	0.60%	511
2011	25,750,000	1,176,330	-	908,055	27,834,385	0.68%	510
2012	26,910,000	1,327,500	-	861,055	29,098,555	0.71%	533

CITY OF BARTLETT, TENNESSEE

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

As of June 30, 2012

<u>Name of Government Unit</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable to Bartlett (1)</u>	<u>Overlapping Debt (2)</u>
City Net General Obligation Debt	\$ 29,098,556	100.00%	\$ 29,098,556
Shelby County	<u>1,493,946,286</u>	6.01%	<u>89,740,006</u>
Totals Direct and Overlapping Debt	<u>\$ 1,523,044,842</u>		<u>\$ 118,838,562</u>

(1) Determined by the ratio of Assessed Valuation of property subject to taxation in the City of Bartlett to the value of property subject to taxation in Shelby County.

(2) Amount of debt outstanding multiplied by percentage applicable to Bartlett.

(3) Does not include Water and Sewer self supporting debt, includes Capital Note.

The City of Bartlett has no legal debt limit

CITY OF BARTLETT, TENNESSEE
PLEDGED – REVENUE COVERAGE
LAST TEN FISCAL YEARS

Fiscal Year	Utility Service Charges	Less: Operating Expenses (1)	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2003	\$ 6,753,253	\$ 3,500,754	\$ 3,252,499	\$ 1,420,000	\$ 562,568	1.64
2004	7,749,801	3,751,076	3,998,725	1,125,000	544,863	2.39
2005	7,616,473	3,949,404	3,667,069	1,160,000	621,735	2.06
2006	9,688,303	4,071,905	5,616,398	1,255,000	569,220	3.08
2007	8,205,579	4,237,489	3,968,090	1,010,000	573,585	2.51
2008	8,307,946	4,352,229	3,955,717	895,000	593,012	2.66
2009	6,830,594	4,662,988	2,167,606	880,000	581,992	1.48
2010	6,282,853	5,243,944	1,038,909	1,010,000	563,000	0.66
2011	7,024,139	4,781,719	2,242,420	1,013,000	500,254	1.48
2012	9,398,373	4,897,935	4,500,438	1,100,000	401,108	3.00

(1) Excludes depreciation expense.

(2) Includes revenue from water and sewer development and tap fees as required by GASB Statement No. 33.

CITY OF BARTLETT, TENNESSEE
DEMOGRAPHICS AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Population (2)	Personal Income (Thousands of \$)	Per Capita Personal Income (4)	Unemployment Rate (3)	
2003	42,626	\$ 862,729	\$ 42,804	2.2%	
2004	43,608	945,428	45,103	2.3%	
2005	43,354	1,002,909	46,005	4.6%	
2006	43,500	1,142,755	49,685	4.5%	
2007	46,954 (3)	1,243,614	52,165	3.7%	(5)
2008	49,000	1,366,711	54,778	5.5%	(5)
2009	49,000	1,401,567	57,512	7.4%	(5)
2010	49,000	1,450,510	60,388	8.1%	(5)
2011	54,613	1,646,770	60,991	8.0%	(5)
2012	54,613	1,686,030	61,601	6.8%	(5)

Sources:

- (1) Estimated Unless otherwise noted
- (2) Federal 2010 Census for FY2011; other years certified by Tennessee Department of Economic and Community Development
- (3) Special Local Census
- (4) U.S. Census Bureau
- (5) Tennessee Department of Labor

CITY OF BARTLETT, TENNESSEE

PRINCIPAL EMPLOYERS

CURRENT YEAR AND TEN YEARS AGO

<u>Taxpayer</u>	<u>2012</u>			<u>2003</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Youth Villages	964	1	3.52%	-	-	0.00%
Brother International\Brother USA	800	2	2.92%	1,000	1	4.96%
Saint Francis Hospital-Bartlett	664	3	2.43%	-	-	0.00%
The City of Bartlett	565	4	2.06%	564	3	2.80%
Lakeside Behavioral Health	500	5	1.83%	-	-	0.00%
USDA Cotton Classing Division	500	6	1.83%	550	4	2.73%
Wal-Mart Supercenter	423	7	1.55%	725	2	3.60%
The Kroger Company	300	8	1.10%	325	5	1.61%
United Parcel Service	275	9	1.00%	275	6	1.36%
Olympus	264	10	0.96%	-	-	0.00%
Gyrus, ENT	-	-	0.00%	228	7	0.00%
Ellendale Electric Company	-	-	0.00%	170	8	0.84%
Kele Inc.	-	-	0.00%	150	9	0.74%
Med-A.R.M.	-	-	0.00%	150	9	0.74%
Total	<u>5,255</u>		<u>19.20%</u>	<u>4,137</u>		<u>19.39%</u>

Source: Bartlett Chamber of Commerce

CITY OF BARTLETT, TENNESSEE

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

Department	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Legislative Board	3	4	4	4	4	3	3	3	3	3
Mayor's Office	10	11	11	12	12	14	15	15	16	16
Finance	11	13	13	14	14	14	14	13	13	14
City Court	9	9	10	10	11	11	13	11	11	12
Personnel	4	4	4	4	5	4	4	4	4	4
Planning	4	4	5	5	5	4	4	3	3	3
Police										
Officers	84	86	90	92	98	105	110	110	110	108
Civilians	37	37	36	33	33	36	38	38	39	39
Fire Services and Ambulance										
Firefighters & Officers	72	73	77	77	93	94	94	94	93	94
Civilians	1	1	1	1	1	1	1	1	2	2
Codes Enforcement	8	9	10	12	12	12	11	11	9	9
Public Works	46	48	49	52	52	53	54	52	53	53
Engineering	9	11	12	11	11	11	12	10	10	8
Parks & Recreation	82	85	85	88	81	80	78	74	74	76
Performing Arts	4	4	4	3	3	4	3	3	3	3
Special Revenue Funds										
Solid Waste Fund	32	32	34	35	37	38	38	38	38	36
Drainage Control Fund	0	0	1	1	1	1	1	1	1	1
Utility Fund										
Administration	6	5	6	9	11	12	11	11	11	6
Water & Wastewater Services	19	19	19	15	15	15	15	15	15	20
Plant Operations	5	5	5	5	5	5	5	5	5	4
Sewer Lagoon	2	3	4	4	4	4	4	4	3	3
Total	448	463	480	487	508	521	528	516	516	514

Source: City of Bartlett Finance Department and Personnel Department.

CITY OF BARTLETT, TENNESSEE
OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General government										
Residential permits issued	373	358	322	291	344	159	75	99	72	107
Commercial permits issued	107	106	93	129	111	94	71	59	88	93
Fire										
Emergency responses	2,773	3,114	3,152	3,581	3,663	3,776	3,832	4,178	3,749	4,022
Structure fires	85	105	107	197	45	57	42	49	69	56
Inspections	2,957	1,812	2,589	3,506	3,369	3,449	2,213	2,203	2,277	2,297
Refuse collection										
Total refuse collected (tons)	51,948	35,326	41,357	44,432	44,105	44,824	45,246	56,166	44,606	46,668
Refuse taken to landfill	23,475	24,386	25,330	26,911	26,391	27,015	25,743	25,714	25,161	26,511
Library										
Volumes in collections	89,102	82,257	82,691	83,107	84,666	99,256	102,013	101,158	101,672	102,783
Total volumes borrowed	390,046	359,331	349,977	324,968	302,272	297,581	363,367	359,367	340,156	330,717
Water										
New connections	491	590	430	412	475	153	81	66	185	190
Water customers	17,834	18,424	18,854	19,266	19,741	19,894	19,975	20,041	20,160	20,350
Sewer										
Sewer customers	16,330	16,827	17,271	17,814	18,132	18,444	18,624	18,757	19,098	19,314

Source: Indicators provided from internal departmental records.

CITY OF BARTLETT, TENNESSEE

CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM

LAST TEN YEARS

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police Stations	1	1	1	1	1	2	2	2	2	2
Fire Stations	4	4	4	4	5	5	5	5	5	5
Public Works										
Streets (miles)	188	188	238	268	268	277	277	277	277	277
Parks & Recreation										
Acreage	416	416	607	671	671	688	706	706	736	736
Parks #										
Developed	23	23	22	22	24	24	24	24	25	25
Undeveloped	2	2	2	2	2	2	3	3	3	3
Tennis courts	14	14	12	12	14	14	14	14	14	14
Baseball fields	9	9	17	17	17	17	17	17	18	18
Walking trails(miles)	9	9	11	11	11	12	12	12	12	12
Water										
Water lines (miles)	317	317	331	331	331	370	371	371	371	371
Water connections	17,834	18,424	18,854	19,266	19,741	19,894	19,975	20,041	20,160	20,350
Water plants	3	3	4	4	4	4	4	4	4	4
Storage tanks	8	8	9	9	9	9	9	9	9	10
Wastewater										
Sanitary sewers (miles)	252	312	313	313	313	313	316	349	349	349
Sewer connections	16,330	16,827	17,271	17,814	18,132	18,444	18,624	18,757	19,098	19,314

Source: City of Bartlett Functional Departments

CITY OF BARTLETT, TENNESSEE
SCHEDULE OF UNACCOUNTED FOR WATER

For the Year Ended June 30, 2012

(All amounts in gallons)

A. Water Treated and Purchased:		
B.	Water Pumped (potable)	2,226,130,000
C.	Water Purchased	2,618,000
D.	Total Water Treated and Purchased	2,228,748,000
	(Sum Lines B and C)	
E. Accounted for Water:		
F.	Water Sold	2,114,120,000
G.	Metered for Consumption (in house usage)	48,768,100
H.	Fire Department(s) Usage	60,000
I.	Flushing	7,275,350
J.	Tank Cleaning/Filling	500,000
K.	Street Cleaning	0
L.	Bulk Sales	0
M.	Water Bill Adjustments	2,665,900
N.	Total Accounted for Water	2,173,389,350
	(Sum Lines F thru M)	
O.	Unaccounted for Water	55,358,650
	(Line D minus Line N)	
P.	Percent Unaccounted for Water	2.48%
Q.	Other (explain)	0

Explain Other:

All amounts included in this schedule are supported by documentation on file at the water system. If no support is on file for a line item or if the line item is not applicable, a "0" is shown.

CITY OF BARTLETT, TENNESSEE

SCHEDULE OF UTILITY RATES

June 30, 2012

Water

Sewer

Residential, city customers (volume charge is 1,000 gal):

<u>Gallons</u>	<u>Base Charge</u>	<u>Volume Charge</u>	<u>Gallons</u>	<u>Base Charge</u>	<u>Volume Charge</u>
First 2,000 gallons	\$ 5.80	\$ -	First 2,000 gallons	\$ 6.19	\$ -
Next 8,000 gallons/1,000 gal.	-	1.800	Over 2,000 gallons/1,000 gal.	-	1.640
Over 10,000 gallons/1,000 gal.	-	1.650	Maximum monthly	32.00	-

Residential, rural customers (volume charge is 1,000 gal):

<u>Gallons</u>	<u>Base Charge</u>	<u>Volume Charge</u>	<u>Gallons</u>	<u>Base Charge</u>	<u>Volume Charge</u>
First 2,000 gallons	\$ 8.70	\$ -	First 2,000 gallons	\$ 9.09	\$ -
Next 8,000 gallons/1,000 gal.	-	2.700	Over 2,000 gallons/1,000 gal.	-	1.790
Over 10,000 gallons/1,000 gal.	-	2.480	Maximum monthly	40.00	-

Commercial, city customers (volume charge is 1,000 gal):

<u>Gallons</u>	<u>Base Charge</u>	<u>Volume Charge</u>	<u>Gallons</u>	<u>Base Charge</u>	<u>Volume Charge</u>
First 2,000 gallons	\$ 10.88	\$ -	First 2,000 gallons	\$ 14.89	\$ -
Next 8,000 gallons/1,000 gal.	-	2.100	Over 2,000 gallons/1,000 gal.	-	1.790
Over 10,000 gallons/1,000 gal.	-	1.910			

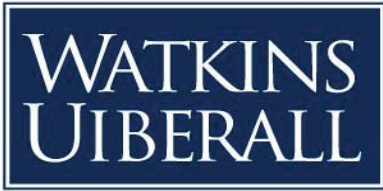
Commercial, rural customers (volume charge is 1,000 gal):

<u>Gallons</u>	<u>Base Charge</u>	<u>Volume Charge</u>	<u>Gallons</u>	<u>Base Charge</u>	<u>Volume Charge</u>
First 2,000 gallons	\$ 15.59	\$ -	First 2,000 gallons	\$ 22.14	\$ -
Next 8,000 gallons/1,000 gal.	-	3.150	Over 2,000 gallons/1,000 gal.	-	1.930
Over 10,000 gallons/1,000 gal.	-	2.890			

Unaccounted for Water (gallons lost as a percentage of total gallons): 2.48%

Number of Customers at Year-end:

Water	20,262
Sewer	19,190



Watkins Uiberall, PLLC
Certified Public Accountants & Financial Advisors
Independent Member of BKR International

1661 Aaron Brenner Drive • Suite 300
Memphis, Tennessee 38120
901.761.2720 • Fax: 901.683.1120

210 East Main Street • Suite 2C
Tupelo, Mississippi 38804
662.269.4014 • Fax: 662.269.4016

www.wucpas.com

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 Mayor and Board of Aldermen of the
City of Bartlett, Tennessee:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, the statement of budgetary comparison for the general fund, and the aggregate remaining fund information of the City of Bartlett, Tennessee (the "City") as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 6, 2012. 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.

Internal Control Over Financial Reporting

Management of the City, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses.

We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

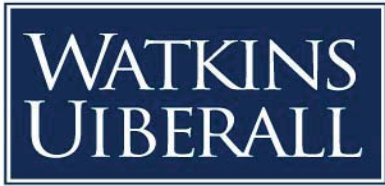
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of 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*.

This report is intended solely for the information and use of management, the Board of Mayor and Aldermen, the State of Tennessee, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Watkins Mikusall, PLLC". The signature is written in a cursive, flowing style.

Memphis, Tennessee
December 6, 2012



Watkins Uiberall, PLLC
Certified Public Accountants & Financial Advisors
Independent Member of BKR International

1661 Aaron Brenner Drive • Suite 300
Memphis, Tennessee 38120
901.761.2720 • Fax: 901.683.1120

210 East Main Street • Suite 2C
Tupelo, Mississippi 38804
662.269.4014 • Fax: 662.269.4016

www.wucpas.com

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Mayor and Board of Aldermen of the
City of Bartlett, Tennessee:

Compliance

We have audited the City of Bartlett, Tennessee (the "City") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended June 30, 2012. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2012.

Internal Control over Compliance

Management of the City, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Mayor and Aldermen, the State of Tennessee, and federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Watkins Mikusall, PLLC". The signature is written in a cursive, flowing style.

Memphis, Tennessee
December 6, 2012

CITY OF BARTLETT, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2012

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the City of Bartlett, Tennessee (the "City").
2. No significant deficiencies related to the financial statements of the City were disclosed during the audit.
3. No instances of noncompliance material to the financial statements of the City were disclosed during the audit.
4. No significant deficiencies in internal control over major federal awards programs are reported.
5. The auditor's report on compliance for the major federal award program for the City expresses an unqualified opinion on the major program.
6. There were no audit findings required to be reported in accordance with Section 510(a) of OMB Circular A-133.
7. The program tested as major program was U.S. Department of Transportation (CFDA No. 20.205) Highway Planning and Construction.
8. The threshold for distinguishing between Type A and B programs was \$300,000.
9. The City was not determined to be a low risk auditee.

B. FINDINGS – FINANCIAL STATEMENTS

NONE

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

NONE