

CITY OF BULLARD, TEXAS  
AUDITED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024

MCPA, P.C.  
Certified Public Accountants

**CITY OF BULLARD, TEXAS**  
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**SEPTEMBER 30, 2024**

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# MCPA, PC

Certified Public Accountants

KYLE CAPERTON, CPA | ERIC PASCHALL, CPA | KYLE ALLIS, CPA

## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council  
City of Bullard, Texas  
Bullard, Texas

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### OPINIONS

We have audited the accompanying financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, and each major fund of the City of Bullard, Texas ("City"), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities and each major fund of the City of Bullard, Texas, as of September 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### BASIS FOR OPINIONS

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

#### RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a

guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Bullard, Texas' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Bullard, Texas' ability to continue as a going concern for a reasonable period of time.

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

#### REQUIRED SUPPLEMENTARY INFORMATION

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and the required GASB 68 and GASB 75 Schedules on pages 5–10 and pages 41-46 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**MCPA, PC**

MCPA, P.C.

*Certified Public Accountants*

Forney, Texas

March 5, 2025

**CITY OF BULLARD, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2024**

Within this section of the City of Bullard, Texas annual financial report, the City's management provides narrative discussion and analysis of the financial activities of the City for the fiscal year ended September 30, 2024. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following that section. The discussion focuses on the City's primary government.

## **FINANCIAL HIGHLIGHTS**

- The City's assets exceeded its liabilities by \$31,514,701 (Governmental and Proprietary Funds) for the fiscal year reported. This compares to the previous year when assets exceeded liabilities by \$30,477,835.
- Governmental net assets are comprised of the following:
  - 1) Capital assets net of related debt of \$12,613,651.
  - 2) Restricted assets of \$665,458.
  - 3) Restricted infrastructure \$1,344,998.
  - 4) Special Revenues of \$163,430
  - 5) Unrestricted net assets of \$1,778,141 represent the portion available to maintain the City's continuing obligations to citizens.
- The City's governmental fund reported total ending fund balance of \$4,760,013 this year. This compares to the prior year ending fund balance of \$4,621,772 showing an increase of \$138,241 during the current year.
- The City's liabilities are related to accounts payable, refundable meter deposits, accrued expenses, pensions and long-term debt.
- GASB Statement No. 68 which requires the City to record its Net Pension Liability \$1,115,012.
- GASB Statement No. 75 which requires the City to record its OPEB Liability \$44,800.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

Management's Discussion and Analysis introduces the City's basic financial statements. The basic financial statements include (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The City also includes in this report additional information to supplement the financial statements.

### *Government-Wide Financial Statements*

The City's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the *Statement of Net Assets*. This is the citywide statement of financial position presenting information that includes all the City's assets and liabilities,

**CITY OF BULLARD, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2024**

with the difference reported as *net assets*. Over time, the increases or decreases of net assets may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating. Evaluation of the overall health of the City would extend to other non-financial factors such as diversification of the taxpayer base or the condition of City infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the City's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers.

Both government-wide financial statements distinguish governmental activities of the City that are principally supported by taxes and fees and on occasion grants from state and federal sources. Governmental activities include general government, public safety, public services, and culture and recreation. Business-type activities typically include water utilities, solid waste management, storm water drainage, golf courses, fairgrounds and stadium, ground transportation, and parking. Fiduciary activities such as assets that are held in a trustee or agency capacity are not included in government-wide statements since these assets are not available to fund City programs. The City currently has no fiduciary activities.

The City's financial reporting includes the funds of the City (primary government). The governmental activities include the City's basic services such as general administration. Property tax, Sales tax and Franchise tax finance most of these activities.

The government-wide financial statements are presented on pages 11-12 of this report.

*Fund Financial Statements*

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City uses funds to ensure and demonstrate compliance with finance related laws and regulations. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City taken as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. The City of Bullard, Texas has a governmental fund, the General Fund and a proprietary fund for business type activities, utilities.

*Governmental funds* are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the City's governmental funds. These statements report short-term fiscal accountability focusing on the use of expendable resources during the year and balances of expendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of the expendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide reconciliation to the government-wide statements to assist in understanding the differences between the two perspectives.

**CITY OF BULLARD, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2024**

The basic governmental fund financial statements are presented on pages 13-16 of this report.

*Proprietary funds* are used to report the same functions presented as business-type funds to account for its utility operations. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. See reporting on pages 17-19 of this report.

The City adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the council about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary schedule provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The statement shows multiple columns: 1) the original and final budget as amended by the Council (if any changes); 2) the actual resources, charges to appropriations, and ending balances in the General Fund and 3) the difference or variance between the final budget and the actual resources and charges.

The budgetary comparison statement can be found on pages 41 and 42 of this report.

*Notes to the financial statements*

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements on page 20 of this report.

## **FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

As year-to year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the City as a whole.

Comparative data is accumulated and presented to assist analysis. The City's net assets at fiscal year-end are \$31,514,701. This is a \$1,036,866 increase above last year's net assets of \$30,477,835.

The largest portion of the City's Net Assets reflects its investments in capital assets (e.g. land, building, machinery and equipment) less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

The remaining balance of unrestricted net assets of \$3,729,344 may be used to meet the government's ongoing obligation to citizens and creditors.

The tables on the following page provide a summary of the City's Net Assets and Changes in Net Assets compared to the prior year balances.

**CITY OF BULLARD, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2024**

	Governmental Activities		Business-type Activities		Total Government	
	2024	2023	2024	2023	2024	2023
Current assets	\$ 4,922,107	\$ 4,773,243	\$ 7,617,489	\$ 6,553,284	\$ 12,539,596	\$ 11,326,527
Capital and deferred outflows	14,882,324	15,818,711	14,654,803	13,578,518	29,537,127	29,397,229
Total assets and deferred outflows	<u>19,804,431</u>	<u>20,591,954</u>	<u>22,272,292</u>	<u>20,131,802</u>	<u>42,076,723</u>	<u>40,723,756</u>
Long-term debt outstanding	531,999	1,089,453	5,354,000	4,735,076	5,885,999	5,824,529
Other liabilities and deferred inflows	2,706,754	2,751,642	1,969,269	1,669,751	4,676,023	4,421,393
Total liabilities and deferred inflows	<u>3,238,753</u>	<u>3,841,095</u>	<u>7,323,269</u>	<u>6,404,827</u>	<u>10,562,022</u>	<u>10,245,921</u>
Net assets:						
Invested in capital assets, net of debt	12,613,651	12,665,750	6,915,402	7,310,386	19,529,053	19,976,137
Restricted	665,458	886,201	-	-	665,458	886,201
Restricted infrastructure	1,344,998	1,582,327	5,065,894	3,872,761	6,410,892	5,455,088
Special Revenues	163,430	135,318	-	-	163,430	135,318
Unrestricted (deficit)	1,778,141	1,481,263	2,967,726	2,543,828	4,745,867	4,025,090
Total net assets	<u>\$ 16,565,678</u>	<u>\$ 16,750,859</u>	<u>\$ 14,949,022</u>	<u>\$ 13,726,975</u>	<u>\$ 31,514,701</u>	<u>\$ 30,477,835</u>
Governmental Activities		Business-type Activities		Total Government		
		2024	2023	2024	2023	
Program revenues:						
Charges for services	\$ 640,533	\$ 1,409,193	\$ 2,778,588	\$ 2,731,118	\$ 3,419,121	\$ 4,140,311
Interest income	126,085	58,544	204,397	170,167	330,482	228,711
Grant & construction match	-	-	-	-	-	-
General revenues:						
Property taxes	2,987,093	2,630,825	-	-	2,987,093	2,630,825
Franchise fees	304,313	291,065	-	-	304,313	291,065
Sales and use taxes	666,430	621,032	-	-	666,430	621,032
Total revenues	<u>4,724,454</u>	<u>5,010,659</u>	<u>2,982,985</u>	<u>2,901,285</u>	<u>7,707,439</u>	<u>7,911,944</u>
Program expenses						
General government	2,099,820	1,991,555	-	-	2,099,820	1,991,555
Street / park	292,397	302,638	-	-	292,397	302,638
Public safety	1,768,255	1,529,855	-	-	1,768,255	1,529,855
Debt service	156,163	119,661	-	-	156,163	119,661
Utilities	-	-	2,378,938	2,391,412	2,378,938	2,391,412
Total expenses	<u>4,316,635</u>	<u>3,943,709</u>	<u>2,378,938</u>	<u>2,391,412</u>	<u>6,695,573</u>	<u>6,335,121</u>
Net before transfers	407,819	1,066,950	604,047	509,873	1,011,866	1,576,823
Transfers	438,000	438,000	(438,000)	(438,000)	-	-
Transfers between Debt	(1,031,000)	(682,000)	1,031,000	682,000	-	-
Prior Period Adjustment	-	-	-	-	-	-
Developer Contributed Assets	-	-	25,000	-	25,000	-
Change in net assets	<u>\$ (185,181)</u>	<u>\$ 822,950</u>	<u>\$ 1,222,047</u>	<u>\$ 753,873</u>	<u>\$ 1,036,866</u>	<u>\$ 1,576,823</u>

**CITY OF BULLARD, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2024**

## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of expendable resources. Governmental funds reported ending fund balances of \$4,760,013. Of this year-end total, \$2,586,126 is unassigned indicating a surplus for continuing City service requirements.

### *Major Governmental Funds*

*General Fund* - Taxes are collected by Smith County and remitted to Bullard. Other revenues that are received are from such miscellaneous sources as state sales tax sharing, franchise taxes, etc. The basic expenses of a governmental nature involve the maintaining of a city hall and the associated expenses of the city government, such as police and Court functions.

*Proprietary Fund* - The City has component utility units: the water, sewer, and garbage system. Although a part of the city, these operate primarily as businesses selling the services provided to the public. The business-type activities increased the City's net assets by \$1,222,047 after transfers and developer contributed assets.

## CAPITAL ASSETS

The City's investment in capital assets for the city as a whole, net of depreciation, as of September 30, 2024 amounted to \$28,188,285. These primarily include the City Hall Building, land, machinery, vehicles, and infrastructure assets.

At the end of the current physical year, the City had total long-term debt outstanding of \$7,589,492.

Additional information regarding the City of Bullard's capital assets can be found in Note IV on page 27 and long term debt note V on pages 28-29.

## GENERAL FUND BUDGETARY HIGHLIGHTS

The general fund budget and proprietary fund complied with financial policies approved by the City Council and maintained core services. The city continues to keep expenses at a minimum without effecting city services. This surplus will put the city on a more solid financial footing. A locally responsible budget has also helped create a surplus.

Additional budgetary comparisons are found on pages 41 and 42 of this report.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET CONSIDERATIONS

During the upcoming year multiple developers plan to begin new construction in Bullard which should have a positive impact on utility revenues. Nearly all other income and expense items are expected to remain fairly constant.

**CITY OF BULLARD, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2024**

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Finance Department, at the City of Bullard, PO Box 107, Bullard, TX 75757.

**CITY OF BULLARD, TEXAS**  
**STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2024**

	Governmental Activities	Business-Type Activities	Total	Component Unit
<b>Assets</b>				
Cash & equivalents	\$ 3,349,613	\$ 2,181,299	\$ 5,530,912	\$ 1,042,666
Investments	1,344,998	5,065,894	6,410,892	-
Receivables (net)	225,613	300,361	525,974	83,094
Inventory & Prepays	1,883	69,935	71,818	-
<b>Total current assets</b>	<b>4,922,107</b>	<b>7,617,489</b>	<b>12,539,596</b>	<b>1,125,760</b>
<b>Capital assets</b>				
Land	188,442	88,591	277,033	-
Buildings	433,742	35,523	469,265	-
Machinery and equipment	1,989,714	929,554	2,919,268	-
Infrastructure	40,032,259	19,932,511	59,964,770	-
Construction in progress	14,975	1,054,765	1,069,740	-
Less accumulated depreciation	(28,941,618)	(7,570,173)	(36,511,791)	-
<b>Total fixed assets</b>	<b>13,717,514</b>	<b>14,470,771</b>	<b>28,188,285</b>	<b>-</b>
<b>Right-of-Use asset</b>	<b>532,532</b>	<b>-</b>	<b>532,532</b>	<b>-</b>
<b>Deferred outflows pensions and OPEB</b>	<b>632,278</b>	<b>184,032</b>	<b>816,310</b>	<b>-</b>
<b>Total deferred outflows</b>	<b>632,278</b>	<b>184,032</b>	<b>816,310</b>	<b>-</b>
<b>Total assets and deferred outflows</b>	<b>19,804,431</b>	<b>22,272,292</b>	<b>42,076,723</b>	<b>1,125,760</b>
<b>Liabilities</b>				
Accounts payable	103,685	89,830	193,515	91
Accrued liabilities	58,410	6,850	65,260	-
Refundable meter deposits	-	194,635	194,635	-
Net pension liability	856,817	258,195	1,115,012	-
Total OPEB liability	33,523	11,277	44,800	-
Deferred inflows pensions and OPEB	564,898	151,477	716,375	-
Bond premium, net amortization	-	110,401	110,401	-
Lease liability	532,532	-	532,532	-
Current - notes payable	556,889	1,146,604	1,703,493	52,720
Long-term - notes payable	531,999	5,354,000	5,885,999	35,947
<b>Total liabilities and deferred inflows</b>	<b>3,238,753</b>	<b>7,323,269</b>	<b>10,562,022</b>	<b>88,758</b>
<b>Net assets</b>				
Investment in capital assets, net	12,613,651	6,915,402	19,529,053	-
Restricted for debt service	665,458	-	665,458	-
Restricted for city infrastructure	1,344,998	5,065,894	6,410,892	-
Unrestricted	1,778,141	2,967,726	4,745,867	1,037,002
Unrestricted special revenues	163,430	-	163,430	-
<b>Total net assets</b>	<b>\$ 16,565,678</b>	<b>\$ 14,949,022</b>	<b>\$ 31,514,700</b>	<b>\$ 1,037,002</b>

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

**CITY OF BULLARD, TEXAS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Activities	Expenses	Revenues:		Net (Expense) / Revenue	Component Unit
		Charges for Service	Revenue		
<b>Governmental:</b>					
General administration	\$ 2,099,820	\$ 226,632	\$ (1,873,188)	\$ -	-
Public Safety	1,768,255	176,878	(1,591,377)	-	-
Street / Park	292,397	-	(292,397)	-	-
Debt service	156,163	-	(156,163)	-	-
<b>Total governmental activities</b>	<b>4,316,635</b>	<b>403,510</b>	<b>(3,913,125)</b>		-
<b>Business type:</b>					
Utility	2,378,938	2,778,588	399,650	-	-
<b>Total business-type activities</b>	<b>2,378,938</b>	<b>2,778,588</b>	<b>399,650</b>		-
<b>Component Unit:</b>					
Bullard Economic Development	104,582	-	-	(104,582)	
<b>Total component unit</b>	<b>104,582</b>	<b>-</b>	<b>-</b>		<b>(104,582)</b>
	Governmental Activities	Business-Type Activities	Total	Component Unit	
<b>Change in net assets:</b>					
Net (expense) / revenue	(3,913,125)	399,650	(3,513,475)	(104,582)	
Property tax	2,987,093	-	2,987,093	-	-
Sales & use tax	666,430	-	666,430	331,762	
Franchise tax	304,313	-	304,313	-	-
Investment income	126,085	204,397	330,482	47,481	
Miscellaneous income	237,023	-	237,023	-	-
Transfers	438,000	(438,000)	-	-	-
<b>Change in net assets</b>	<b>845,819</b>	<b>166,047</b>	<b>1,011,866</b>		<b>274,661</b>
Transfers In Debt Fund	(1,031,000)	1,031,000	-	-	-
Prior Period Adjustment	-	-	-	-	-
Developer Contributed Assets	-	25,000	25,000	-	-
<b>Net Assets: Beginning</b>	<b>16,750,859</b>	<b>13,726,975</b>	<b>30,477,834</b>		<b>762,341</b>
<b>Net Assets: Ending</b>	<b>\$ 16,565,678</b>	<b>\$ 14,949,022</b>	<b>\$ 31,514,700</b>		<b>\$ 1,037,002</b>

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

**CITY OF BULLARD, TEXAS**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2024**

	General Fund	Construction Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
<b>Assets</b>					
Cash & equivalents	\$ 2,510,130	\$ -	\$ 163,430	\$ 676,053	\$ 3,349,613
Investments	-	1,344,998	-	-	1,344,998
Receivables (net)	210,263	-	-	15,350	225,613
Inventory & Prepays	1,883	-	-	-	1,883
<b>Total Current Assets</b>	<b>\$ 2,722,276</b>	<b>\$ 1,344,998</b>	<b>\$ 163,430</b>	<b>\$ 691,403</b>	<b>\$ 4,922,107</b>
 <b>Liabilities</b>					
Accounts payable	\$ 103,685	\$ -	\$ -	\$ -	\$ 103,685
Accrued liabilities	32,465	-	-	25,945	58,410
<b>Total Liabilities</b>	<b>136,150</b>	<b>-</b>	<b>-</b>	<b>25,945</b>	<b>162,095</b>
 <b>Fund Balances</b>					
Restricted for debt service	-	-	-	665,458	665,458
Restricted for city infrastructure	-	1,344,998	-	-	1,344,998
Unrestricted	2,586,126	-	-	-	2,586,126
Unrestricted special revenues	-	-	163,430	-	163,430
<b>Total Fund Balances</b>	<b>2,586,126</b>	<b>1,344,998</b>	<b>163,430</b>	<b>665,458</b>	<b>4,760,013</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,722,276</b>	<b>\$ 1,344,998</b>	<b>\$ 163,430</b>	<b>\$ 691,403</b>	<b>\$ 4,922,108</b>

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

CITY OF BULLARD, TEXAS  
 RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF NET ASSETS  
 SEPTEMBER 30, 2024

Total Fund Balance - Total Governmental Funds	\$ 4,760,013
Amounts reported for government assets in the Statement of Net Assets are different because:	
Capital assets, net, used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	14,250,046
Net other post employment benefit obligation in governmental activities does not require current financial resources and therefore is not reported in the governmental funds balance sheet.	67,380
Long-term liabilities including bonds payable, notes payable, total OPEB, and net pension liability, are not due in the current period and therefore, are not reported in the funds.	<u>(2,511,760)</u>
Net Assets of Governmental Activities	<u><u>\$ 16,565,679</u></u>

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

**CITY OF BULLARD, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	General Fund	Construction Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
<b>Revenues</b>					
Property tax	\$ 1,375,011	\$ -	\$ -	\$ 1,612,082	\$ 2,987,093
Sales & use tax	666,430	-	-	-	666,430
Franchise tax	296,650	-	7,663	-	304,313
Charges for services	106,906	-	-	-	106,906
Building permits and fees	119,726	-	-	-	119,726
Fines	156,429	-	20,449	-	176,878
Interest income	43,972	82,113	-	-	126,085
Grant match	114,682	-	-	-	114,682
BEDCO construction match	50,000	-	-	-	50,000
Miscellaneous income	72,341	-	-	-	72,341
<b>Total Revenues</b>	<b>3,002,147</b>	<b>82,113</b>	<b>28,112</b>	<b>1,612,082</b>	<b>4,724,454</b>
<b>Expenditures</b>					
General administration	750,639	-	-	500	751,139
Municipal court	135,901	-	-	-	135,901
Police	1,629,019	-	-	-	1,629,019
Street and park department	291,680	-	-	-	291,680
Capital outlay	258,019	-	-	-	258,019
Debt service: Principal	121,259	-	-	1,690,000	1,811,259
Debt service: Interest	4,871	-	-	142,325	147,196
<b>Total Expenditures</b>	<b>3,191,388</b>	<b>-</b>	<b>-</b>	<b>1,832,825</b>	<b>5,024,213</b>
<b>Other Financing Sources</b>					
Debt issued	-	-	-	-	-
Operating Transfers In / (Out)	757,441	(319,441)	-	-	438,000
<b>Total Other Financing</b>	<b>757,441</b>	<b>(319,441)</b>	<b>-</b>	<b>-</b>	<b>438,000</b>
<b>Net Change in Fund Balances</b>	<b>568,201</b>	<b>(237,328)</b>	<b>28,112</b>	<b>(220,743)</b>	<b>138,241</b>
<b>Fund Balances: Beginning</b>	<b>2,017,926</b>	<b>1,582,327</b>	<b>135,318</b>	<b>886,201</b>	<b>4,621,772</b>
<b>Fund Balances: Ending</b>	<b>\$ 2,586,126</b>	<b>\$ 1,344,998</b>	<b>\$ 163,430</b>	<b>\$ 665,458</b>	<b>\$ 4,760,013</b>

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

CITY OF BULLARD, TEXAS  
 RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES - GOVERMENTAL FUNDS  
 TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED SEPTEMBER 30, 2024

Net Change in Fund Balance - Total Governmental Funds	\$ 138,241
Amounts reported for government activities in the Statement of Activities are different because:	
Governmental funds report capital outlay as expenditures However, in the government-wide statement of activities and changes in net assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period. (net of any new debt proceeds below)	258,019
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.	(1,187,971)
Government funds report all payments to pension benefits as expenditures. However in the government-wide statement of activities the pension expense is actuarially determined. (Paid to TMRS - Actuary Expense)	(160,391)
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 position.	1,797,921
Change Net Assets of Governmental Activities	<u>\$ 845,819</u>

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

**CITY OF BULLARD, TEXAS**  
**STATEMENT OF NET ASSETS - PROPRIETARY FUND**  
**SEPTEMBER 30, 2024**

	<b>Business-Type Activities (Utility Fund)</b>
<b>Assets</b>	
Cash & equivalents	\$ 2,181,299
Investments	5,065,894
Receivables (net)	300,361
Inventory	69,935
Total Current Assets	<u>7,617,489</u>
<b>Capital assets</b>	
Land	88,591
Buildings	35,523
Machinery and equipment	929,554
Infrastructure	19,932,511
Construction in progress	1,054,765
Less accumulated depreciation	<u>(7,570,173)</u>
Total Fixed Assets	<u>14,470,771</u>
<b>Deferred outflows</b>	
related to pensions and OPEB	<u>184,032</u>
Total deferred outflows	<u>184,032</u>
Total assets and deferred outflows	<u><u>\$ 22,272,292</u></u>
<b>Liabilities</b>	
Accounts Payable	\$ 89,830
Accrued Liabilities	6,850
Refundable Meter Deposits	194,635
Net Pension Liability	258,195
Total OPEB Liability	11,277
Deferred inflows pensions and OPEB	151,477
Bond premium, net amortization	110,402
Current - Notes Payable	1,146,604
Long-term - Notes Payable	<u>5,354,000</u>
Total Liabilities and deferred inflows	<u>7,323,270</u>
<b>Net Assets</b>	
Investment in capital assets, net	6,915,402
Unrestricted	2,967,726
Restricted Net Assets	<u>5,065,894</u>
Total Net Assets	<u>14,949,022</u>
Total Liabilities and Net Assets	<u><u>\$ 22,272,292</u></u>

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

**CITY OF BULLARD, TEXAS**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	Business-type Activities (Utility Operations Fund)
Revenues	
Water	\$ 1,379,922
Garbage	608,976
Sewer	658,053
Utility - other	<u>131,638</u>
Total Revenues	<u>2,778,589</u>
Expenses	
Personnel	519,876
Supplies	129,336
Repairs & maintenance	234,516
Contract services	824,111
Debt service	22,747
Capital purchases (excluding CIP)	1,163,038
Capital depreciation and amortization	<u>576,770</u>
Total Expenses	<u>3,470,394</u>
Other	
Transfers In / (Out)	(438,000)
Interest income	204,397
Interest expense and closing costs	<u>(94,330)</u>
Total Other	<u>(327,933)</u>
Change in Net Assets	(1,019,738)
Transfers In Debt Fund	1,031,000
Proprietary Fund exclude balance sheet expenses	1,185,785
Prior Period Adjustment	-
Developer Contributed Assets	25,000
Net Assets: Beginning	13,726,975
Net Assets: Ending	<u>\$ 14,949,022</u>

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

**CITY OF BULLARD, TEXAS**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	<u>Business-type Activities</u> <u>(Utility Operations Fund)</u>
Cash flows from operating activities:	
Receipts from customers and users	\$ 2,809,132
Payments to suppliers	(1,370,103)
Payments to employees	<u>(519,876)</u>
Net cash provided by operating activities	<u>919,153</u>
Cash flows from noncapital financing activities:	
Transfers In (Out) from Other Funds	593,000
Transfers In (Out) from TexPool Investment Funds	<u>1,011,561</u>
Net cash provided (used) by noncapital financing activities	<u>1,604,561</u>
Cash flows from capital and related financing activities:	
Principal payments on longterm debt	(1,053,747)
New loan proceeds	-
New developer contributed capital assets	25,000
Acquisition and construction of capital assets	<u>(1,621,603)</u>
Net cash provided (used) by capital and related financing activities	<u>(2,650,350)</u>
Net increase (decrease) in cash and cash equivalents	(126,636)
Cash and cash equivalents at beginning of year	<u>2,307,935</u>
Cash and cash equivalents at end of year	<u>\$ 2,181,299</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	\$ (786,135)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation and amortization	576,770
Bond premium amortized against interest expense	(17,589)
Proprietary Fund exclude balance sheet expenses	1,185,785
(Increase) decrease in accounts receivable	27,724
(Increase) decrease in other assets	2,819
Increase (decrease) in liabilities	<u>(70,221)</u>
Total adjustments	<u>1,705,288</u>
Net cash provided by operating activities	<u>\$ 919,153</u>

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

CITY OF BULLARD, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

*A. Introduction*

The accounting and reporting framework and the more significant accounting principles and practices of the City of Bullard, Texas (City) are discussed in subsequent sections of this Note. The remaining notes are organized to provide explanations, including required disclosures of the City's financial activities for the fiscal year ended September 30, 2024.

*B. Financial Reporting Entity*

Bullard is a City in northern Cherokee and southern Smith Counties in the state of Texas. It lies at the intersection of U.S. Route 69 and Farm-to-Market Roads 2137, 2493, and 344, about 12 miles south of Tyler. The current estimated population is 4,500.

The City of Bullard, Texas, (the "City") operates under a Council - Manager Form of government and provides the following services: recreation, utilities, general administrative services, public safety (police), streets, public improvements and planning and zoning.

Based on the primary accountability for fiscal matter, authority to make decisions, appoint administrators and managers, and significantly influence operations, the City meets the definition of a "Financial Reporting Entity" as defined by GASB statement 14.

Bullard Economic Development Corporation (the Corporation) has been included in the reporting entity as a discretely presented component unit. The Corporation is a non-profit entity that promotes the creation of new and expanded industry and manufacturing activity with the City. The Corporation's board of directors is appointed by and serves at the discretion of City Council. City Council approval is required for the annual budget and the issuance of any debt. In the event of dissolution, any assets of the Corporation will be transferred to the City. Separate financial statements of the Corporation may be obtained from the Finance Department of the City.

The accompanying financial statements present the City's primary government.

*C. Basis of Presentation*

Government-Wide and Fund Financial Statements

The government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the individual fund of the governmental categories. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

Government-Wide Financial Statements

The government-wide financial statements include the Statement of Net Assets and the Statement of Activities. These statements report financial information of the City as a whole.

CITY OF BULLARD, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024

The government has a Proprietary Fund other than the General Fund and one component unit. Therefore, the statements distinguish between governmental and business type activities, one being generally supported by taxes and City general revenues, while the other is generally financed with fees charged to external customers.

The Statement of Activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities that captures the expenses and program revenues associated with a distinct functional activity. Program revenue includes charges for services, which report fees and other charges to users of the City's services (specifically permit fees). Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements are provided for governmental funds and proprietary funds.

The General Fund is the main operating fund of the City. This fund is used to account for all financial resources not accounted for in the other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

The Debt Service Fund is used to account for the accumulation of financial resources for the payment of principal, interest and related costs on general long-term debt paid primarily from taxes levied by the City. The fund balance of the Debt Service Fund is restricted exclusively for debt service expenditures.

Proprietary funds distinguish operating revenues and expenses from non-operating 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. Operating expenses for the proprietary funds include the cost of personnel and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

*D. Basis of Accounting*

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or noncurrent) and all deferred inflows and outflows of resources are included on the Statement of Net Position and the operating statements present increases (revenues) and decreases (expenses) in net position. Under the accrual basis of accounting,

CITY OF BULLARD, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024

revenues are recognized when earned, including unbilled water and sewer services which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers revenues as available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, except for interest payable accrued at the debt issuance date for which cash is received with the debt proceeds, as well as expenditures related to compensated absences are recorded only when payment has matured and will be payable shortly after year-end.

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income and intergovernmental revenues. Sales taxes collected and held by the state at year-end on behalf of the government are also recognized as revenue. All other governmental fund revenues are recognized when received, as they are deemed immaterial.

Allocation of indirect expenses: The City currently has no indirect expenses.

Estimates - The preparation of financial statements in accordance with generally accepted accounting principles requires management to make certain estimates and assumptions that affect certain reported amounts. Accordingly, actual results could differ from those estimates.

*E. Financial Statement Amounts*

Cash and Equivalents – The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

For purposes of the statement of cash flows, the Proprietary Fund considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

The City's temporary investments were deposited in TexPool, a state depository. The Fair Market balance at September 30, 2024 was \$6,410,892. The large balance is due to Bond funds that have not yet been spent on designated capital projects.

Receivables – Account receivables are shown net with an allowance and customer unapplied credits totaling (\$31,746) General and Utility fund. Property taxes levied on October 1 are recorded as deferred revenue and then recognized as revenue during the year as the taxes are actually received.

CITY OF BULLARD, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024

Inventory – Consists of utility line pipe purchased near year-end and is stated at cost. These parts are not inventory as defined by generally accepted accounting principles (ARB 43, ch 4, par2), therefore audit procedures which are normally applied to inventory, were not performed.

Capital Assets – Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest had not been capitalized during the construction period on property, plant and equipment.

Assets capitalized, not including infrastructure assets, have an original cost of \$1,000 or more and over five years of useful life. Infrastructure assets capitalized have an original cost of \$5,000 or more. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	20-50 years
Water and Sewer System	30-50 years
Infrastructure	20-35 years
Machinery and Equipment	5-10 years

Impairment of Long-lived Assets – the City reviews potential impairments of long-lived assets when there is evidence that events or changes in circumstances have made the recovery of an asset's carrying value unlikely. An impairment loss is recognized if the sum of the expected, undiscounted future cash flows is less than the net book value of the asset. Generally, the amount of the impairment loss is measured as the excess of the net book value of the assets over the estimated fair value. As of September 30, 2024, no impairment of long-lived assets is necessary.

Long-Term Obligations – In the government-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 position. Bond premium or discount are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the related bond premiums or discount.

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of financial position and/or balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has the following items that qualify for reporting in this category.

**CITY OF BULLARD, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

- Deferred charges on refundings – A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Pension/OPEB contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Differences between actuarial assumptions used and actual experience for determination of pension or OPEB liability – These differences are deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Changes in actuarial assumptions used to determine pension or OPEB liability – This difference is deferred and amortized over the estimated average remaining lives of all members determined as of the measurement date.

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. This year, the City has the following items that qualify for reporting in this category.

- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five-year period.
- Difference in expected and actual pension or OPEB experience is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Changes in actuarial assumptions used to determine pension or OPEB liability – This difference is deferred and amortized over the estimated average remaining lives of all members determined as of the measurement date.

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fund Equity – GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- *Nonspendable fund balance* – includes the portion of net resources that cannot be spent because of their forms (i.e., inventory, long-term debt, or prepaid items) or because they must remain intact such as the principal of an endowment.

CITY OF BULLARD, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024

- *Restricted fund balance* – includes the portion of net resources on which limitations are imposed by creditors, grantors, contributors, or by laws or regulations of other governments (i.e., externally imposed limitations). Amounts can be spent only for the specific purposes stipulated by external resource providers or as allowed by law through constitutional provisions or enabling legislation.
- *Committed fund balance* – includes the portion of net resources on which the City Council has imposed limitations on use. Amounts that can be used only for the specific purposes determined by a resolution of the City Council. The resolution must be approved before the end of the fiscal year in which the commitment will be reflected on the financial statements.
- *Assigned fund balance* – includes the portion of net resources for which an intended use has been established by the City Council or the City official authorized to do so by the City Council. Assignment of fund balance is much less formal than commitments and does not require formal action for their imposition or removal.
- *Unassigned fund balance* – includes the amounts in excess of what can properly be classified in one of the other four categories of fund balance. It is the residual classification and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose.

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

## NOTE II. COMPLIANCE AND ACCOUNTABILITY

### Finance-Related Legal and Contractual Provisions

- In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
None Reported	Not applicable

### Deficit Fund Balance or Fund Net Position of Individual Funds

- Following are funds having deficit fund balances or net position at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>
None Reported	Not applicable

**CITY OF BULLARD, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**Budgets and Budgetary Accounting**

- The Texas Uniform Budget Law requires each mayor or city manager to prepare a budget each year to cover all the expenditures of the municipality for the succeeding year. The budget should be filed with the municipal clerk at least 30 days prior to the setting of a tax levy by the city. Not less than 15 days prior to the levying of taxes a public hearing should be held, after being duly advertised. After this the Council should adopt the budget. The City complied with state requirements.

**NOTE III. DEPOSITS AND INVESTMENTS**

The City's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the City's agent bank approved pledged securities in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository banks dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

- Cash Deposits – At September 30, 2024, the carrying amount of the City's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$11,941,804. The City's cash deposits at September 30, 2024 and during the year ended September 30, 2024 were entirely covered by FDIC insurance and pledged securities.
- Investments – TexPool is a local government investment pool created on behalf of Texas entities whose investment objectives are preservation and safety of principal, liquidity and yield consistent with the Public Funds Investment Act. TexPool currently provides investment services to over 1,700 communities throughout the State. The TexPool program offers a convenient and effective choice for the investment of local funds. As a AAA rated local government investment pool, TexPool is committed to maintaining safety and stability.

TexPool's investment authority is derived from the Public Funds Investment Act. Certain specific securities authorized under the provisions of this Act have been authorized and approved by the Comptroller as acceptable investment vehicles. TexPool funds may be invested in the following:

**Government Securities**

TexPool Funds may be invested in obligations of the United States, its agencies or instrumentalities.

**Money Market Mutual Funds**

TexPool funds may be invested in a no-load money mutual fund, which is regulated by the Securities and Exchange Commission. The money market fund must be rated "AAA" or its equivalent by at least one nationally recognized investment rating firm.

CITY OF BULLARD, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024

NOTE IV. CAPITAL ASSETS

The following tables provide a summary of changes in capital assets:

Capital Assets Activity - Governmental

	<u>09/30/23</u>	<u>Increases</u>	<u>Decreases</u>	<u>09/30/24</u>
Capital Assets				
Land	\$ 188,442	\$ -	\$ -	\$ 188,442
Buildings	433,742	-	-	433,742
Machinery and Equipment	1,636,504	389,533	(36,324)	1,989,713
Infrastructure	40,032,259	-	-	40,032,259
Construction in Progress	125,907	153,013	(263,944)	14,977
Total Depreciable:	<u>42,416,854</u>	<u>542,546</u>	<u>(300,268)</u>	<u>42,659,133</u>
Less Accumulated Depreciation	(27,769,388)	(1,187,971)	15,740	(28,941,619)
Total Capital Assets	<u><u>\$ 14,647,466</u></u>	<u><u>\$ (645,425)</u></u>	<u><u>\$ (284,527)</u></u>	<u><u>\$ 13,717,514</u></u>

Capital Assets Activity - Business Type

	<u>09/30/23</u>	<u>Increases</u>	<u>Decreases</u>	<u>09/30/24</u>
Capital Assets				
Land	\$ 63,591	\$ 25,000	\$ -	\$ 88,591
Buildings	35,523	-	-	35,523
Machinery and Equipment	804,482	125,073	-	929,555
Infrastructure	18,894,545	1,037,966	-	19,932,511
Construction in Progress	596,200	1,447,063	(988,499)	1,054,764
Total Depreciable:	<u>20,394,341</u>	<u>2,635,102</u>	<u>(988,499)</u>	<u>22,040,944</u>
Less Accumulated Depreciation	(6,993,403)	(576,770)	-	(7,570,173)
Total Capital Assets	<u><u>\$ 13,400,938</u></u>	<u><u>\$ 2,058,332</u></u>	<u><u>\$ (988,499)</u></u>	<u><u>\$ 14,470,771</u></u>

\*\* Additions to fixed assets in 2024 consisted of Lot 19 Meadows East Lift Station Land, Hwy 2493 Water Line Relocations & Upgrades, Lift Station Upgrade, KN1219 Stepp Asphalt Recycler Machine, SRT Helmets with Ear Communication Devices, Case 250N EP 4WD Backhoe, radio read meters, Kids Park Special Needs Addition, and misc. equipment.

\*\* Open CIP projects as of year end expected to be completed in 2025  
(Water Well #8, Todd Street Lift Station, and the Waste Water Treatment Plant.)

CITY OF BULLARD, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024

NOTE V. LONG-TERM OBLIGATIONS

Government-Type Activities

In October 2021, the City borrowed from American National Leasing Company for the purchase of a 2021 Tahoe Police PPV. The loan amount was \$58,922 and bears interest at the rate of 2.75%. Payments are due in 3 annual payments of \$17,724, \$17,724, \$17,724 and remaining payoff of \$9,000. Maturity September 1, 2024. Paid off during FY 2024.

In October 2021, the City borrowed from American National Leasing Company for the purchase of a 2021 Tahoe Police PPV. The loan amount was \$59,140 and bears interest at the rate of 2.75%. Payments are due in 3 annual payments of \$17,800, \$17,800, \$17,800 and remaining payoff of \$9,000. Paid off during FY 2024.

In October 2021, the City borrowed \$25,064 from US Bank for Motorola Radios. The interest rate is 5.20% with payments of \$9,180 due annually. Paid off during FY 2024.

In July 2022, the City borrowed \$209,603 from Austin Bank for the purchase of 6 Ford F250s (split 4 to General Fund and 2 to Utility Fund). The interest rate is 3.75% with payments of \$18,566.94 due quarterly. Expected pay off in July 2025.

The City of Bullard, Limited Tax Note, Series 2020 was issued September 29, 2020, in the amount of \$1,035,000 and bears interest at the average rate 0.95%. Principal payments began in February 2021. Paid off during FY 2024.

The City of Bullard, Limited Tax Note, Series 2023 was issued September 28, 2023, in the amount of \$1,250,000 and bears interest at the average rate 4.75%. Principal payments began in August 2024. Expected payoff 2026.

*\*\* The City also entered into a 20-year Police Building Rental Agreement in 2021. The city accounts for this using GASB 87 and the ROU Asset / Lease Liability are discussed later in this report.*

Principal and interest payments projected for the following four years:

	<u>Principal</u>	<u>Interest</u>
2025	\$ 556,889	\$ 50,558
2026	<u>532,000</u>	<u>25,270</u>
<b>TOTAL</b>	<b>\$ 1,088,889</b>	<b>\$ 75,828</b>

CITY OF BULLARD, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024

Business-Type Activities

The City of Bullard, Texas Combination Tax and Revenue Certificate of Obligation, Series 2011 were issued April 4, 2011, in the amount of \$1,534,800 and bear interest at the rate of 3.970%. Principal payments began in April 2014. Paid off during FY 2024.

The City of Bullard, Texas General Obligation Refunding Bonds, Series 2016 were issued July 11, 2016, in the principal amount of \$3,755,000 plus a \$210,513 premium and less an underwriter's discount of \$31,597. These bonds bear interest at 2% over the first 3 years and then the rate increases to 3%. Principal payments began in September 2016. Expected payoff 2029.

In July 2022, the City borrowed \$209,603 from Austin Bank for the purchase of 6 Ford F250s (split 4 to General Fund and 2 to Utility Fund). The interest rate is 3.75% with payments of \$18,566.94 due quarterly. Expected pay off in July 2025.

The City of Bullard, Texas Combination Tax and Revenue Certificate of Obligation, Series 2021 were issued August 12, 2021, in the amount of \$1,735,000 and bear interest at the rate of 4% for the first 10 years and then reduced to 2% for the remainder of the term. Principal payments begin in August 2025. Expected payoff August 2048.

The City of Bullard, Texas Combination Tax and Revenue Certificate of Obligation, Series 2022 were issued September 8, 2022, in the amount of \$2,050,000 and bear interest at the rate of 2.76%. Principal payments begin in August 2023. Expected payoff August 2027.

The City of Bullard, Limited Tax Note, Series 2024 was issued September 26, 2024, in the amount of \$2,060,000 and bears interest at the average rate 3.53%. Principal payments begin in February 2025. Expected payoff 2028.

Principal and interest payments projected for the following five years:

	<u>Principal</u>	<u>Interest</u>
2025	\$ 1,146,604	\$ 121,000
2026	1,234,000	93,324
2027	1,500,000	65,191
2028	985,000	44,444
2029 and subsequent years	<u>1,635,000</u>	<u>370,975</u>
<b>TOTAL</b>	<b>\$ 6,500,604</b>	<b>\$ 694,934</b>

CITY OF BULLARD, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024

**NOTE VI. PROPERTY TAXES**

Property taxes are levied by October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1, of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period, including those expected to be collected during a 60-day period after the close to the City's fiscal year.

**NOTE VII. INSURANCE COVERAGE**

General Insurance - In accordance with the state statute, the City is protected against unanticipated catastrophic individual or aggregate loss by stop-loss coverage carried through Texas Municipal League, a commercial insurer licensed or eligible to do business in Texas in accordance with the Texas Insurance Code. Stop-loss coverage was in effect for individual claims exceeding \$125,000 and for aggregate loss. According to the latest actuarial opinion dated October 1, 2023, the unfunded claim benefit obligation included no reported claims that were unpaid and no estimated claims incurred, but not reported.

Health Insurance - During the year-ended September 30, 2024, the employees of the City were covered by a health and dental insurance plan (the Plan). The City paid the insurance premiums for each employee to the Plan and employees, at their option, authorized payroll withholding to pay premiums for dependents. Employees can, at their option, obtain coverage for vision insurance through the Plan. Employees pay 100% of the premiums for any such additional insurance coverage.

**NOTE VIII. RISK MANAGEMENT COVERAGE**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has general liability coverage at a cost that is considered to be economically justifiable by joining together with other governmental entities in the State as a member of the Texas Municipal League Intergovernmental Risk Pool ("TML"). TML is a self-funded pool operating as a common risk management and insurance program. The City pays quarterly premiums to TML for the coverage described above. The agreement for the formation of TML provides that TML will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of acceptable risk levels; however, each category has its own level of reinsurance. There were no significant reductions in commercial insurance coverage in the past fiscal year and settled claims resulting from these risks have not exceeded coverage in any of the past three years.

**CITY OF BULLARD, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**NOTE IX. EMPLOYEE PENSION PLAN**

**A. Plan Description**

The City participates as one of 934 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Comprehensive Annual Financial Report (Annual Report) that can be obtained at [www.tmrs.com](http://www.tmrs.com).

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

**B. Benefits Provided**

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

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

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

Deposit Rate:	7%
City's Rate:	2023/12.95%; 2024/15.07%
Matching Ratio (City to Employee):	2 to 1
Years Required for Vesting:	5 years
Service Retirement Eligibilities:	5 yrs/age 60; 20 yrs/any age

Employees covered by benefit terms.

At the December 31, 2023 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	7
Inactive employees entitled to but not yet receiving benefits	19
Active employees	<u>32</u>

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**CITY OF BULLARD, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**C. Contributions**

Member contribution rates in TMRS are either 5%, 6% or 7% of the Member's total compensation, and the city matching percentages are either 100%, 150% or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The city's contribution rate is based on the liabilities created from the benefit plan options selected by the city and any changes in benefits or actual experience over time.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 12.95% and 15.07% in calendar years 2023 and 2024, respectively. The city's contributions to TMRS for the year ended September 30, 2024 were \$236,204 and were equal to the required contributions.

**D. Net Pension Liability**

The city's Net Pension Liability (NPL) was measured as of December 31, 2023, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

**Actuarial assumptions:**

The Total Pension Liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75% per year, adjusted down for population declines, if any
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with 110% of the Public Safety table used for males and 100% of the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2018 to December 31, 2022. The assumptions were adopted in 2023 and first used in the December 31, 2023, actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan

**CITY OF BULLARD, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income to satisfy the short term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined by best estimate ranges of expected returns for each major asset class. The long-term expected rate of return is determined by weighting the expected return for each major asset class by the respective target asset allocation percentage. The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.0%	7.7%
Core Fixed Income	6.0%	4.9%
Non-Core Fixed Income	20.0%	8.7%
RealReturn	12.0%	8.1%
Real Estate	12.0%	5.8%
Absolute Return	5.0%	6.9%
Private Equity	10.0%	11.8%
Total	100.0%	

#### **Discount Rate**

The discount rate used to measure the Total Pension Liability was 3.77%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

**CITY OF BULLARD, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

<b>Changes in Net Pension Liability</b>	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
<b>Balance at 12/31/2022</b>	\$ 3,685,029	\$ 2,608,288	\$ 1,076,741
Changes for the year:			
Service cost	258,037	-	258,037
Interest	269,030	-	269,030
Change of benefit terms	232,973	-	232,973
Difference between expected and actual experience	(103,171)	-	(103,171)
Changes of assumptions	(4,538)	-	(4,538)
Contributions - employer	-	201,831	(201,831)
Contributions - employee	-	111,773	(111,773)
Net investment income	-	302,389	(302,389)
Benefit payments, including refunds of employee contributions	(122,777)	(122,777)	-
Administrative expense	-	(1,920)	1,920
Other changes	-	(13)	13
Net changes	\$ 529,554	\$ 491,283	\$ 38,271
<b>Balance at 12/31/2023</b>	<b>\$ 4,214,583</b>	<b>\$ 3,099,571</b>	<b>\$ 1,115,012</b>

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	<b>1% Decrease in Discount Rate(5.75%)</b>	<b>Discount Rate (6.75%)</b>	<b>1% Increase in Discount Rate(7.75%)</b>
City's net pension liability	\$ 1,731,543	1,115,012	\$ 609,082

#### **Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's Fiduciary Net Position is available in the Schedule of Changes in Fiduciary Net Position, by Participating City. That report may be obtained at [www.tmrss.com](http://www.tmrss.com).

**CITY OF BULLARD, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**E. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended September 30, 2024, the city recognized pension expense of \$426,776 per the TMRS GASB 68 actuarial report. The general ledger expense was slightly more to include death benefits.

At September 30, 2024, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 107,017
Changes in actuarial assumptions	- -	2,843
Difference between projected and actual investment earnings	58,721	-
NET Total (amortized in table below)	\$ -	\$ 51,139
Contributions subsequent to the measurement date (Additional Deferred Outflow)		
	172,895	-

\$172,895 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended Dec 31:	
2024	\$ (16,089)
2025	\$ (18,053)
2026	\$ 33,959
2027	\$ (38,062)
2028	\$ (12,894)
Thereafter	-
Total	\$ (51,139)

CITY OF BULLARD, TEXAS  
 NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2024

**F. Other Post Employment Benefit (SDBF)**

Texas Municipal Retirement System (“TMRS”) administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (“SDBF”). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. The death benefit for active employees provides a lump-sum payment approximately equal to the employee’s annual salary (calculated based on the employee’s actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an other postemployment benefit (“OPEB”) and is a fixed amount of \$7,500. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated). This is a single employer defined benefit plan.

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

**Employees covered by benefit terms.**

At the December 31, 2023 valuation and measurement date, the following employees were covered by the benefit terms established by City Ordinance:

Inactive employees or beneficiaries currently receiving benefits	4
Inactive employees entitled to but not yet receiving benefits	3
Active employees	<u>32</u>
	39

Changes in OPEB		Total OPEB Liability
<b>Balance at 12/31/2022</b>		\$ 44,442
Changes for the year:		
Service cost		4,152
Interest on Total OPEB		1,858
Change of benefit terms		-
Difference between expected and actual experience		(6,224)
Changes of assumptions or other inputs		1,849
Benefit payments, including refunds of employee contributions		(1,277)
Net changes		\$ 358
<b>Balance at 12/31/2023</b>		\$ 44,800

CITY OF BULLARD, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024

**Summary of Actuarial Assumptions:**

Inflation	2.5%
Salary Increases	3.60% to 11.85% including inflation
Discount Rate *	3.77%
Retirees' share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates – service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale MP-2021.
Mortality rates – disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale MP-2021 to account for future mortality improvements subject to the floor.

*\*The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2023.*

*\*\*Note: The actuarial assumptions used in the December 31, 2023, valuation were based on the results of an actuarial experience study for the period December 31, 2022.*

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

The following presents the Total OPEB liability of the City, calculated using the discount rate of 3.77%, as well as what the City's Total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.77%) or 1-percentage-point higher (4.77%) than the current rate:

	1% Decrease (2.77%)	Discount Rate (3.77%)	1% Increase (4.77%)
Total OPEB liability	\$ 53,785	\$ 44,800	\$ 37,793

**CITY OF BULLARD, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

<b>OPEB Expense</b>	<b>Total OPEB Expense</b>
Service Cost	\$ 4,152
Interest on Total OPEB	1,858
Change of benefit terms	-
Employer administrative costs	-
Recognition of deferred outflows/inflows of resources	
Differences between expected and actual expense	(2,308)
Changes in assumptions or other inputs	(696)
<b>Total OPEB Expense</b>	<b>\$ 3,006</b>

<b>Deferred (Inflows) / Outflows of Resources</b>	<b>Deferred (INFLows) of resources</b>	<b>Deferred OUTFLOWS of resources</b>
Differences between expected and actual experience	\$ (11,405)	\$ -
Changes in assumptions and other inputs	(7,544)	-
Net Total	(18,949)	\$ -
Contributions made subsequent to measurement date	-	958

Deferred Outflows and Deferred Inflows of Resources, by year, to be recognized in future OPEB expense (excluding city-provided contributions made subsequent to the measurement date):

Year ended Dec 31:	NET deferred out/(in)
2024	\$ (3,004)
2025	(3,078)
2026	(3,112)
2027	(2,684)
2028	(3,092)
Thereafter	(3,979)
<b>Total</b>	<b>\$ (18,949)</b>

CITY OF BULLARD, TEXAS  
 NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2024

Schedule of Contributions - (Retiree-only portion of the rate, for OPEB):		Total SBD Contribution Rate	Retiree portion SBD Contribution Rate
Plan / Calendar Year			
2024		0.32%	0.08%
2023		0.31%	0.08%
2022		0.19%	0.06%
2021		0.18%	0.06%
2020		0.19%	0.02%

*Note 1: Due to the SDBF being considered an unfunded OPEB plan, benefit payments are treated as being equal to the employer's yearly contributions for retirees.*

*Note 2: In order to determine the retiree portion of the City's Supplemental Death Benefit Plan contributions (that which is considered OPEB), the City should perform the following calculation: Total covered payroll \* Retiree Portion of SDB Contribution (Rate)*

#### NOTE X. LITIGATION

Currently management is unaware of significant pending litigation against the City.

#### NOTE XI. COMPENSATED ABSENCES

The City employees now accrue paid time off (PTO) that can be used for vacation or sick time. The accrual is based on the number of years employed with a maximum of 240 hours allowed to be carried over each year. No financial accrual for compensated absences is reflected in the accompanying general-purpose financial statements because the amount would be insignificant.

#### NOTE XII. DEBT SERVICE FUND

According to generally accepted accounting principles, when taxes are assessed to service the interest and principal payments of a debt obligation, a debt service fund should be established and used for this purpose. The current year's financial statements reflect the Debt Service Fund and the accounting of appropriate activities through it.

#### NOTE XIII. SIGNIFICANT TRANSACTIONS WITH A COMPONENT UNIT

The City has an agreement with the Bullard Economic Development Corporation whereby one-third of the sales tax revenue of the City is paid to the Corporation. During the year ended September 30, 2024, \$331,762 of sales tax revenue received by the City was allocated to Bullard Economic Development Corporation. Transactions with the City involved their assistance in the funding of authorized projects related to the betterment of the local environment for business and commerce.

**CITY OF BULLARD, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**NOTE XIV. DEVELOPER CONTRIBUTED ASSETS**

The City receives contributed assets on occasion from various developers in return for the City to provide services to the end customers. Typically, the developer completes the project using their own resources and then donates the completed assets to the City after the City engineers have inspected and approved. During the year ended September 30, 2024, there was a parcel of land containing a sewer lift station that was deeded over to the City.

**NOTE XV. RIGHT-OF-USE ASSET AND LEASE LIABILITY**

In October 2021, the City implemented *GASB Statement 87 Leases Accounting*. Earlier in 2021, the City signed a lease agreement for the Police Department to office at a building on main street. The lease is 20 years with gradually increasing rent, but for the year 2024 the rate was \$2,800 per month. The City recorded the present value of a Right-to-Use asset and Lease liability in the amount of \$628,869 using their incremental borrowing rate of 1.86%. During FY2024, \$32,112 was amortized. Noted that the full amount of rent expense paid during FY2024 was \$33,600.

**NOTE XVI. SUBSEQUENT EVENTS**

The City has evaluated all events or transactions that occurred after September 30, 2024 up through March 5, 2025, the date the financial statements were available to be issued. During this period, there were no subsequent events requiring disclosure.

## Required Supplementary Information

**CITY OF BULLARD, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

## NON-GAAP BUDGETARY BASIS

\* An account by account budget to actual analysis can be obtained from the City's Finance Director.

An account by account budget detail analysis can be obtained from the City's Finance Director. No budget accounts are revised final numbers. Positions in revised financial statements between accounts but not the bottom line.

See independent auditors' report.

**CITY OF BULLARD, TEXAS**  
**STATEMENT OF REVENUE, EXPENSES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL - PROPRIETARY FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

<b>NON-GAAP BUDGETARY BASIS</b>						
	Budget	Budget	Budget	Revised	Revised	Actual
	Revised	Revised	Final	Final	Final	Variance
	Final	Final	Total	Garbage & Billing	Total	
	Water	Sewer				
Revenues						
Water	\$ 1,290,000	\$ -	\$ -	\$ 588,500	\$ 1,290,000	\$ 1,379,922
Garbage	-	-	-	-	588,500	89,922
Sewer	-	-	-	-	605,000	20,476
Utility - other	108,100	3,500	2,500	-	114,100	53,053
Total Revenues	<u>1,398,100</u>	<u>608,500</u>	<u>591,000</u>	<u>2,597,600</u>	<u>131,638</u>	<u>17,538</u>
Expenses						
Personnel	200,750	242,750	54,400	497,900	519,876	21,976
Supplies	80,700	47,600	19,700	148,000	129,336	(18,664)
Repairs & maintenance	174,000	74,000	1,500	249,500	234,516	(14,984)
Contract services	261,200	121,600	512,800	895,600	824,111	(71,489)
Debt service	-	22,800	-	22,800	22,747	(53)
Capital outlay & Depreciation	211,000	18,000	2,000	231,000	1,739,808	1,508,808
Total Expenses	<u>927,650</u>	<u>526,750</u>	<u>590,400</u>	<u>2,044,800</u>	<u>3,470,394</u>	<u>1,425,594</u>
Other						
Transfers In / (Out)	(210,000)	(210,000)	(18,000)	(438,000)	(438,000)	-
Interest income	50,000	-	-	50,000	204,397	154,397
Interest expense and closing costs	-	(45,300)	-	(45,300)	(94,330)	(49,030)
Total Other	<u>(160,000)</u>	<u>(255,300)</u>	<u>(18,000)</u>	<u>(433,300)</u>	<u>(327,933)</u>	<u>105,367</u>
Net Change in Fund Balances						
Transfers in Debt Fund						
Proprietary Fund exclude balance sheet expenses						
Developer Contributed Assets						
Fund Balances: Beginning					<u>13,726,975</u>	<u>13,726,975</u>
Fund Balances: Ending					<u>\$ 13,846,475</u>	<u>\$ 14,949,022</u>

\* An account by account budget to actual analysis can be obtained from the City's Finance Director.

\* The City does not include depreciation or replacement reserve in the utility budget.

\* Noted budget amounts are revised final numbers. Revisions impacted transfers between accounts but not the bottom line.

See independent auditor's report.

**CITY OF BULLARD, TEXAS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**TEXAS MUNICIPAL RETIREMENT SYSTEM**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**

	LAST 10 FISCAL YEARS*									
	12/31/2014	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022	12/31/2023
Total Pension Liability										
Service Cost	\$ 87,190	\$ 99,627	\$ 114,377	\$ 123,172	\$ 133,185	\$ 154,988	\$ 173,615	\$ 211,169	\$ 226,075	\$ 258,037
Interest (on the Total Pension Liability)	75,566	89,086	99,894	113,990	127,382	160,196	181,632	221,349	226,296	269,030
Changes of benefit terms	-	12,695	-	-	-	261,339	-	333,838	-	232,973
Difference between expected and actual experience	22,475	(5,561)	27,914	(18,079)	(13,701)	19,891	20,454	(167,739)	65,492	(103,171)
Change of assumptions	-	45,136	-	-	-	6,121	-	-	-	(4,538)
Benefit payments, including refunds of employee contributions	(16,015)	(5,989)	(50,838)	(24,677)	(26,686)	(39,278)	(26,579)	(253,260)	(144,646)	(122,777)
Net Change in Total Pension Liability	169,216	234,994	191,347	194,406	220,180	563,257	349,122	345,357	373,217	529,554
Total Pension Liability - Beginning	1,043,933	1,213,149	1,448,43	1,639,490	1,833,896	2,054,076	2,617,333	2,966,455	3,311,812	3,685,029
Total Pension Liability - Ending (a)	\$ 1,213,149	\$ 1,448,143	\$ 1,639,490	\$ 1,833,896	\$ 2,054,076	\$ 2,617,333	\$ 2,966,455	\$ 3,311,812	\$ 3,685,029	\$ 4,214,583
Plan Fiduciary Net Position										
Contributions - Employer	\$ 53,188	\$ 62,014	\$ 77,477	\$ 87,204	\$ 95,202	\$ 93,453	\$ 131,603	\$ 145,959	\$ 198,708	\$ 201,831
Contributions - Employee	44,144	47,396	52,563	56,449	60,871	60,277	79,118	83,247	102,895	111,773
Net Investment Income	50,832	1,505	76,047	177,282	(47,298)	256,157	153,885	308,575	(193,072)	302,389
Benefit payments, including refunds of employee contributions	(16,015)	(5,989)	(50,838)	(24,677)	(26,686)	(39,278)	(26,579)	(253,260)	(144,646)	(122,777)
Administrative Expenses	(530)	(916)	(858)	(918)	(911)	(1,445)	(994)	(1,424)	(1,670)	(1,920)
Other	(44)	(45)	(46)	(46)	(49)	(44)	(38)	(38)	10	1,993
Net Change in Plan Fiduciary Net Position	131,575	103,965	154,345	295,294	81,219	369,120	337,395	283,108	(35,792)	491,283
Plan Fiduciary Net Position - Beginning	888,059	1,019,634	1,123,599	1,277,944	1,573,238	1,654,457	2,023,577	2,360,972	2,644,080	2,608,288
Plan Fiduciary Net Position - Ending (b)	\$ 1,019,634	\$ 1,123,599	\$ 1,277,944	\$ 1,573,238	\$ 1,654,457	\$ 2,023,577	\$ 2,360,972	\$ 2,644,080	\$ 2,608,288	\$ 3,099,571
Net Pension Liability - Ending (a) - (b)	<u>\$ 193,515</u>	<u>\$ 324,544</u>	<u>\$ 361,546</u>	<u>\$ 260,658</u>	<u>\$ 399,619</u>	<u>\$ 593,756</u>	<u>\$ 605,483</u>	<u>\$ 667,732</u>	<u>\$ 1,076,741</u>	<u>\$ 1,115,012</u>
Plan Fiduciary Net Position as a Percentage										
of Total Pension Liability	84.05%	77.59%	77.95%	85.79%	80.55%	77.31%	79.59%	79.84%	80.78%	73.54%
Covered Employee Payroll	\$ 882,886	\$ 947,923	\$ 1,051,256	\$ 1,128,981	\$ 1,217,417	\$ 1,186,736	\$ 1,325,307	\$ 1,387,443	\$ 1,469,931	\$ 1,596,763
Net Pension Liability as a Percentage										
of Covered Employee Payroll	21.92%	34.24%	34.39%	23.09%	32.83%	50.03%	45.69%	48.13%	73.25%	69.83%

\* Schedule shows 10 years.

**CITY OF BULLARD, TEXAS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**TEXAS MUNICIPAL RETIREMENT SYSTEM**  
**SCHEDULE OF CONTRIBUTIONS**

**REQUIRED SUPPLEMENTARY INFORMATION**

The Schedule of Changes in the City's Net Pension Liability and Related Ratios shows the changes in Total Pension Liability less the changes in Fiduciary Net Position, resulting in the net pension liability calculation for the city. Note that this is a 10-year schedule. This schedule is provided in the GRS Reporting Package (for the current period).

The Schedule of Employer Contributions shows the city's required annual contributions from the actuarial valuation, compared with the actual contributions remitted. This schedule is based on the city's respective fiscal year-end, and should be created by the city, and built over the next 10-year period. The city should also provide the Notes to Schedule of Contributions, including the methods and assumptions used to determine the contribution rates and information about benefit changes during the year, if any. Information to complete the Notes to Schedule of Contributions is provided in the GRS Reporting Package.

**LAST 10 FISCAL YEARS WILL ULTIMATELY BE DISPLAYED**

Fiscal year ending September 30,	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Actuarially Determined Contribution	\$ 57,018	\$ 77,135	\$ 84,961	\$ 95,802	\$ 93,415
Contributions in relation to the actuarially determined contribution	<u>\$ (57,018)</u>	<u>\$ (77,135)</u>	<u>\$ (84,961)</u>	<u>\$ (95,802)</u>	<u>\$ (93,415)</u>
Contribution deficiency (excess)	<u>\$ _____ -</u>				
Covered employee payroll	\$ 894,263	\$ 1,079,301	\$ 1,115,735	\$ 1,200,526	\$ 1,184,018
Contributions as a percentage of covered employee payroll	6.38%	7.15%	7.61%	7.98%	7.88%
Fiscal year ending September 30,	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Actuarially Determined Contribution	\$ 124,813	\$ 141,625	\$ 184,649	\$ 206,634	\$ 236,204
Contributions in relation to the actuarially determined contribution	<u>\$ (124,813)</u>	<u>\$ (141,625)</u>	<u>\$ (184,649)</u>	<u>\$ (206,634)</u>	<u>\$ (236,204)</u>
Contribution deficiency (excess)	<u>\$ _____ -</u>				
Covered employee payroll	\$ 1,276,387	\$ 1,342,251	\$ 1,432,264	\$ 1,570,582	\$ 1,631,065
Contributions as a percentage of covered employee payroll	9.78%	10.55%	12.90%	13.15%	14.48%

**CITY OF BULLARD, TEXAS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**TEXAS MUNICIPAL RETIREMENT SYSTEM**  
**SCHEDULE OF CONTRIBUTIONS**

## NOTES TO SCHEDULE OF CONTRIBUTIONS

**Valuation Date:**

Notes: Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

## Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	21 years (longest amortization ladder)
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.5%
Salary Increases	3.60% to 11.85% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study of the period 2022.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).  Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
Other Information	Adopted 30% non-retroactive repeating COLA.

See independent auditor's report

CITY OF BULLARD, TEXAS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 TEXAS MUNICIPAL RETIREMENT SYSTEM  
 SCHEDULE OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS

LAST 10 FISCAL YEARS\*

	<u>12/31/2016</u>	<u>12/31/2017</u>	<u>12/31/2018</u>	<u>12/31/2019</u>	<u>12/31/2020</u>	<u>12/31/2021</u>	<u>12/31/2022</u>	<u>12/31/2023</u>
Total OPEB Liability								
Service Cost	\$ -	\$ 4,064	\$ 4,991	\$ 4,391	\$ 6,627	\$ 7,770	\$ 8,526	\$ 4,152
Interest on total OPEB	-	974	1,111	1,230	1,181	1,041	1,133	1,858
Changes of benefit terms	-	-	-	-	-	-	-	-
Benefit payments / refunds of employee contributions	-	(226)	(243)	(237)	(265)	(832)	(882)	(1,277)
Recognition of deferred outflows/inflows	-	-	-	-	-	-	-	-
Differences between expected and actual	-	-	(3,711)	(3,336)	(4,808)	(528)	(704)	(6,224)
Changes in assumptions or other inputs	-	2,536	(2,245)	6,630	6,079	1,705	(21,366)	1,849
Net Changes	-	7,348	(97)	8,678	8,814	9,156	(13,293)	358
Total OPEB Liability - Beginning	\$ 23,836	\$ 23,836	\$ 31,184	\$ 31,087	\$ 39,765	\$ 48,579	\$ 57,735	\$ 44,442
Total OPEB Liability - Ending	\$ 1,051,256	\$ 1,128,981	\$ 1,217,417	\$ 1,186,736	\$ 1,325,307	\$ 1,387,443	\$ 1,469,931	\$ 1,596,763
Covered Employee Payroll								
Total OPEB Liability as a Percentage	2.27%	2.76%	2.55%	3.35%	3.67%	4.16%	3.02%	2.81%
of Covered Employee Payroll								

*NOTE: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75 to pay related benefits*

\* Schedule is intended to show information for 10 years. Additional years will be added as they become available.

See independent auditor's report

# MCPA, PC

Certified Public Accountants

KYLE CAPERTON, CPA | ERIC PASCHALL, CPA | KYLE ALLIS, CPA

March 5, 2025

To the Honorable Mayor and Members of the City Council  
City of Bullard, Texas

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, and each major fund of the City of Bullard, Texas, for the year ended September 30, 2024, and have issued our report thereon dated March 5, 2025. Professional standards require that we advise you of the following matters relating to our audit.

## OUR RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENT AUDIT

As communicated in our engagement letter dated September 11, 2024, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the City solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

## PLANNED SCOPE AND TIMING OF THE AUDIT

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

## COMPLIANCE WITH ALL ETHICS REQUIREMENTS REGARDING INDEPENDENCE

The engagement team has complied with all relevant ethical requirements regarding independence.

## SIGNIFICANT AUDIT FINDINGS

### *Qualitative Aspects of the City's Significant Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Bullard, Texas are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2024. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. The most sensitive estimate affecting the City of Bullard, Texas's financial statements was:

Management's estimate of the depreciation of the City's fixed assets is based upon management's estimate of the specific assets useful life and the cost of the assets is depreciated accordingly. We evaluated the key factors and assumptions used to develop the depreciation estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgement and are particularly sensitive because of their significance to financial statement users. There was no long-term debt or any other sensitive disclosures to note.

The disclosure of Long-term Obligations in Note V to the financial statements as these represent significant future debt payments in the form of interest and principal.

The financial statement disclosures are neutral, consistent, and clear.

### *Significant Unusual Transactions*

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. There were no unusual transactions noted.

### *Significant Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

#### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated March 5, 2025.

#### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City of Bullard, Texas's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

#### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City of Bullard, Texas's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### OTHER MATTERS

We applied certain limited procedures to the MD&A, Budget and Actual schedules by fund type, as well as the GASB 68 and GASB 75 Pension/OPEB Liability schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

### RESTRICTION ON USE

This information is intended solely for the information and use of the Honorable Mayor and City Council and management of the City of Bullard, Texas and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

*MCPA, PC*

MCPA, P.C.