

CITY OF BARTLETT, TENNESSEE

PENSION TRUST FUND

For the Years Ended June 30, 2014 and 2013



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

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
FINANCIAL STATEMENTS	
Statements of Fiduciary Net Position	6
Statements of Changes in Fiduciary Net Position	7
Notes to Financial Statements	8
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Employer Contributions	13
Schedule of Changes in Net Pension Liability and Related Ratios	14
Schedule of Investment Returns	15
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	16



Watkins Uiberall, PLLC
Certified Public Accountants

Independent Member of BKR International

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

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

www.wucpas.com

INDEPENDENT AUDITOR'S REPORT

The Chairman and Members of the City of Bartlett
Retirement System Board of Administration

Report on the Financial Statements

We have audited the accompanying statements of fiduciary net position of the City of Bartlett, Tennessee Pension Trust Fund as of June 30, 2014 and 2013, and the related statements of changes in fiduciary net position for the years then ended, and the related notes to the financial statements, which collectively comprise the City of Bartlett, Tennessee Pension Trust Fund's basic financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express

no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the City of Bartlett, Tennessee Pension Trust Fund as of June 30, 2014 and 2013, and the changes in fiduciary net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 1, the financial statements present only the Pension Trust Fund and do not purport to, and do not, present fairly the financial position of the City of Bartlett, Tennessee, as of June 30, 2014 and 2013, and the changes in its financial position, or, where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules of employer contributions, changes in pension liability and related ratios, and investment returns be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2014, on our consideration of the City of Bartlett, Tennessee Pension Trust Fund's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering in the City of Bartlett Pension Trust Fund's internal control over financial reporting and compliance.

Watkins Wilkerson, PLLC

Memphis, Tennessee
December 17, 2014

Management Discussion and Analysis

Management Discussion and Analysis (MD&A) provides an overview and analysis of the City of Bartlett Pension Trust Funds' financial condition for the fiscal year ending June 30, 2014 with results compared to the fiscal year ended June 30, 2013.

The City of Bartlett Retirement System's funding objective is to meet long-term benefit obligations through plan sponsor and member contributions and earnings on invested assets.

Financial Highlights

- On June 30, 2014 the City of Bartlett Pension Trust held \$62,441,703 in assets compared to \$53,144,442 at June 30, 2013. This represents a \$9,297,261 increase from the year ended June 30, 2013. The net position restricted for pensions was \$62,385,183 at June 30, 2014 compared to \$53,092,326 for the year ended June 30, 2013.
- The additions to net position restricted for pensions as reported in the Statements of Changes in Fiduciary Net Position were \$12,160,675 for the fiscal year ended June 30, 2014 compared to additions of \$8,896,760 for the year ended June 30, 2013. Net investment earnings of \$7,853,156 and employer and plan member contributions of \$4,307,519 during fiscal year 2014 combined for these additions. Figures for the fiscal year ended June 30, 2013 were \$4,929,795 and \$3,966,965 respectively.
- For the fiscal year ended June 30, 2014, deductions from the net position restricted for pensions totaled \$2,867,818 compared to deductions of \$2,761,181 the year ended June 30, 2013. Of the total deductions, 97.3% was paid to plan participants in FY2014 compared to 98.0% in FY2013. The balance of deductions was for administrative expenses; \$76,310 in FY2014 compared to \$55,186 in FY2013.
- The Schedule of Employer Contributions included in the supplementary Information shows a decrease of \$391,605 in the Actuarial Determined Contribution (ADC) in the year ended June 30, 2014 compared to the year ended June 30, 2013. The City contributed 100% of the ADC in the year ended June 30, 2014 compared to 81% in the year ended June 30, 2013. This schedule shows contributions for the past six years.
- Actuarial valuations are performed for the plan annually as of June 30th. Dividing the plan fiduciary net position by the total pension liability results in a funded ratio that is one measure of the pension plan funded status. As of June 30, 2014 the plan fiduciary net position as a percentage of the total pension liability was 75.23% compared to 68.72% as of June 30, 2013.

Using This Annual Report

This report is prepared to provide information as a means of making management decisions, complying with statutory provisions and demonstrating stewardship of the assets of the plan. The City of Bartlett Retirement System adopted the Governmental Accounting Standards Board Statement No. 67, "Financial Reporting for Pension Plans; an amendment of GASB Statement No. 25" for the fiscal year ended June 30, 2014.

The financial statements include the Statements of Fiduciary Net Position and Statements of Changes in Fiduciary Net Position. The Notes to Financial Statements are considered an integral part of the financial statements. The financial statements are prepared on the accrual basis of accounting. Under the accrual basis of accounting, revenue is recorded as earned and expenses are recorded as incurred.

Statements of Fiduciary Net Position- Includes all accounting assets and liabilities of the plan and provides a picture of the fiduciary net position of the plan as of the end of the current fiscal year compared to the previous fiscal year. Assets less accounts payable results in net position restricted for pensions held in trust at year-end.

Statements of Changes in Fiduciary Net Position - Reports all additions and deductions of the plan for the current fiscal year compared to the previous fiscal year. Additions consist of employer contributions, plan member contributions, and investment earnings. Deductions include benefits paid to plan participants and administrative expenses. Total additions minus total deductions provide the net increase in net position for the current fiscal year compared to the previous fiscal year. The increase in net position plus the beginning net position restricted for pensions results in the ending net position restricted for pensions for the current year compared to the previous year.

The Notes to Financial Statements include plan descriptions, a summary of significant accounting policies, a description of investments, and a parties-in-interest note regarding the custodial relationship for certain mutual fund investments.

The Required Supplementary Information following the Notes to Financial Statements includes a Schedule of Employer Contributions and Schedule of Changes in Net Pension Liability and Related Ratios, and Schedule of Investment Returns for available periods over the last ten fiscal years.

Requests for Information

This report is prepared to provide the Retirement Board members, the Board of Mayor and Aldermen, retirees and citizens an overview of the plan, to assess the plan's fiduciary net positions and to show accountability for funds received. Questions about this report or requests for additional information may be addressed to:

City of Bartlett Retirement Systems
6400 Stage Road
Bartlett, TN 38134
(901) 385-6400

CITY OF BARTLETT, TENNESSEE PENSION TRUST FUND

STATEMENTS OF FIDUCIARY NET POSITION

June 30, 2014 and 2013

	<u>Assets</u>	
	<u>2014</u>	<u>2013</u>
Cash and cash equivalents	\$ 3,651,633	\$ 5,531,760
Accrued interest receivable	289,161	236,283
Investments at Fair Value		
Common stock	29	213,783
Mutual funds	58,500,880	47,162,616
	<u>58,500,909</u>	<u>47,376,399</u>
 Total assets	 62,441,703	 53,144,442
	<u>Liabilities</u>	
Accounts payable	<u>56,520</u>	<u>52,116</u>
Net position restricted for pensions	<u>\$ 62,385,183</u>	<u>\$ 53,092,326</u>

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

CITY OF BARTLETT, TENNESSEE PENSION TRUST FUND

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION

For the Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Additions		
Contributions		
Employer	\$ 3,395,565	\$ 3,085,413
Plan members	911,954	881,552
Total contributions	<u>4,307,519</u>	<u>3,966,965</u>
Investment Earnings		
Interest and dividends	1,683,679	1,371,429
Net appreciation in fair value of investments	6,343,780	3,696,020
Total investment earnings	<u>8,027,459</u>	<u>5,067,449</u>
Less investment expense	<u>(174,303)</u>	<u>(137,654)</u>
Net investment earnings	<u>7,853,156</u>	<u>4,929,795</u>
Total additions	12,160,675	8,896,760
Deductions		
Benefits paid to participants	2,791,508	2,705,995
Administrative expenses	76,310	55,186
Total deductions	<u>2,867,818</u>	<u>2,761,181</u>
Net increase in net position	9,292,857	6,135,579
Net position restricted for pensions		
Beginning of year	<u>53,092,326</u>	<u>46,956,747</u>
End of year	<u>\$ 62,385,183</u>	<u>\$ 53,092,326</u>

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

CITY OF BARTLETT, TENNESSEE PENSION TRUST FUND

NOTES TO FINANCIAL STATEMENTS

June 30, 2014 and 2013

NOTE 1 – DESCRIPTION OF PLAN

Organization

The Pension Trust Fund accounts for the activity of the City of Bartlett, Tennessee Retirement and Pension System (the "Retirement System"). The Retirement System, a single employer public employee retirement system (PERS), established by the City of Bartlett, Tennessee (the "City"), is administered by a board, the majority of whose members are nominated by the City Mayor, subject to approval by the Board of Mayor and Aldermen. The Retirement System is included in the City's financial statements as a pension trust fund.

Plan Description

The Plan as amended on March 29, 2001, is a defined benefit plan and was created on July 1, 1989, with the transfer of assets from a defined contribution money purchase plan discontinued on June 30, 1989. Pension benefit obligation has not been retroactively calculated for prior years due to cost-benefit considerations. All benefits and obligations of the plan are outlined in the City of Bartlett Pension Plan Document. At June 30, membership consisted of:

	<u>2014</u>	<u>2013</u>
Retirees and beneficiaries currently receiving benefits	135	131
Terminated employees entitled to benefits but not yet receiving them	25	20
Active employees:		
Vested	382	373
Nonvested	<u>99</u>	<u>96</u>
Total	<u>641</u>	<u>620</u>

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

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

Contribution Required and Made

The Plan's policy provides for actuarially determined periodic contributions. Contributions to the Plan for the years ended June 30, 2014 and 2013, of \$3,395,565 and \$3,085,413, respectively, were made in accordance with actuarially determined requirements computed through the actuarial valuations performed as of July 1, 2014 and 2013. Total payroll for the years ended June 30, 2014 and 2013 were \$26,729,236 and \$25,607,072, respectively. Payrolls for employees covered by the Plan were \$23,205,853 and \$22,101,474 respectively.

Funded Status and Funding Progress

As of June 30, 2014, the actuarial accrued liability for benefits was \$82,987,053 of which \$20,555,421 was underfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$23,205,853, and the ratio of unfunded actuarial accrued liability to the covered payroll was 88%.

Net Pension Liability

The components of the net pension liability of the City at June 30, 2014, were as follows:

	Increase/(Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at June 30, 2013	\$ 77,329,284	\$ 53,144,441	\$ 24,184,843
Changes for the year:			
Service cost	2,231,818		2,231,818
Interest	5,799,696		5,799,696
Experience	77,265		77,265
Contributions - Employer		3,395,565	(3,395,565)
Contributions - Employees		911,954	(911,954)
Net investment income		8,017,388	(8,017,388)
Benefit payments	(2,816,982)	(2,816,982)	-
Administrative expense		(220,734)	220,734
Other changes	* 365,972	-	365,972
Net changes	5,657,769	9,287,191	(3,629,422)
Balances at June 30, 2014	\$ 82,987,053	\$ 62,431,632	\$ 20,555,421
Plan fiduciary net position as a percentage of the total pension liability		75.23%	

* Preretirement Death Benefit Amended

Actuarial Methods and Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2014, using the entry age normal level percent of pay cost method to determine costs for retirement benefits. Costs for withdrawal and early retirement benefits were provided for by the withdrawal rates. A loading factor was applied to liabilities to provide for the cost of death, disability, and for the incidence of

involuntary termination. Significant actuarial assumptions used in the computation include (a) a 7.5% investment rate of return (net of administrative expenses) and (b) projected salary increases of 3.5% per year. Both (a) and (b) include an inflation component of 2.5% (d) RP 2000 Mortality Table. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments (c) it is assumed that participants will retire upon age 62, or if already over age 62, at the end of the current plan year (e) 80% of active participants are assumed to be married and wives are assumed to be three years younger than husbands.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Discount Rate

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from the City will be made at actuarially determined rates. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods projected benefit payments to determine the total pension liability.

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 7.5 percent, 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 (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Pension Trust Fund's net pension liability	\$ 32,156,628	\$ 20,555,421	\$ 10,910,721

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Pension Trust Fund are prepared on the accrual basis of accounting. Under the accrual basis of accounting, revenue is recorded as earned and expenses are recorded as incurred.

Cash and Cash Equivalents

All highly liquid investments (including restricted assets) with maturities of three months or less when purchased are considered to be cash equivalents.

Investments

Investments are stated at fair value. Investment income is recognized as earned. Plan assets do not include any securities of the City of Bartlett nor has the Plan made any loans to the City.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Rate of Return

For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 14.5 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTE 3 – INVESTMENTS

The guidelines for the composition of the investment portfolio, as established by the board, require that the following parameters be met:

	<u>Equity</u>	<u>Bonds</u>	<u>Cash Equivalents</u>
Maximum	60%	60%	20%
Minimum	30%	20%	5%

Furthermore, no more than 5% of equity investments can be in one company. There are also certain restrictions as to the type of investments including naked put and call options, selling short, commodities, lettered stock, and foreign securities (other than those listed on the New York Stock Exchange).

The Retirement System's investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the Retirement System or its agent in the Retirement System's name. The investment in the mutual funds is not categorized because it is not evidenced by securities that exist in physical or book entry form.

Fair value as determined by quoted market prices:

	Category 1	Fair Value	
		2014	2013
Common stocks	\$ 29	\$ 29	\$ 213,783
Mutual funds		58,500,880	47,162,616
		<u>\$ 58,500,880</u>	<u>\$ 47,162,616</u>

During the years ended June 30, 2014 and 2013, the Plan's investments (including realized and unrealized gains and losses) appreciated in value by \$6,343,780 and \$3,696,020, respectively, as follows:

	2014	2013
Common and preferred stocks	\$ (3,620)	\$ 68,350
Mutual funds	6,347,400	3,627,670
	<u>\$ 6,343,780</u>	<u>\$ 3,696,020</u>

Interest Rate Risk

As a means of limiting its exposure to interest rate risk, the City diversifies its investments in the Pension Trust Fund by security type and institution, and limits holding in any one type of investment with any one issuer to no more than 5%.

Credit Risk

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

NOTE 4 – PARTIES-IN-INTEREST

Certain Plan investments are shares of mutual funds managed by First Tennessee Bank National Association. First Tennessee Bank National Association is the custodian as defined by the Plan and, therefore, these transactions represent party-in-interest transactions.

CITY OF BARTLETT, TENNESSEE PENSION TRUST FUND

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Last Ten Fiscal Years

	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ 3,395,590	\$ 3,787,195	\$ 3,581,767	\$ 3,323,279	\$ 3,675,765	\$ 2,889,590
Contributions	3,395,565	3,085,413	3,052,176	3,063,599	3,024,676	3,083,215
Contribution deficiency	25	701,782	529,591	259,680	651,089	(193,625)
Covered employee payroll	22,101,474	21,797,237	21,569,182	21,398,047	20,923,074	20,682,097
Contributions as a percentage of covered employee payroll	15.36%	14.16%	14.15%	14.32%	14.46%	14.91%

Notes to the Schedule

Valuation date:

Effective January 1, 2014, actuarially determined contributions are calculated as of January 1st, eighteen months year prior to the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Frozen initial liability
Amortization method	Level dollar, closed
Remaining amortization period	25 years
Asset valuation method	Market value
Inflation	2.50%
Salary increases	3.5%, including inflation
Investment rate of return	7.5%, net of plan investment expense, including inflation
Retirement age	62
Mortality	RP-2000
Withdrawal rates	T-3 Actuaries Pension Handbook

* Only six years available from actuarial valuation.

See independent auditor's report.

CITY OF BARTLETT, TENNESSEE PENSION TRUST FUND
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last Ten Fiscal Years

	2014	2013	2012	2011	2010	2009	2008
Total pension liability							
Service cost	\$ 2,231,818	\$ 2,364,680	\$ 2,359,896	\$ 2,362,761	\$ 2,326,555	\$ 1,934,653	\$ 1,837,053
Interest	5,799,696	5,556,860	5,232,466	4,917,355	4,530,703	4,264,320	3,930,864
Changes of benefit items	365,972	-	-	-	-	-	-
Differences between expected and actual experience	77,265	(229,653)	(871,985)	(779,458)	439,808	(735,149)	457,518
Changes in assumptions	-	(1,789,990)	-	-	-	-	-
Benefit payments	(2,816,982)	(2,664,082)	(2,395,115)	(2,299,188)	(2,141,702)	(1,914,027)	(1,777,381)
Net change in total pension liability	5,657,769	3,237,815	4,325,262	4,201,470	5,155,364	3,549,797	4,448,054
Total pension liability - beginning	77,329,284	74,091,469	69,766,207	65,564,737	60,409,373	56,859,576	52,411,522
Total pension liability - ending (a)	82,987,053	77,329,284	74,091,469	69,766,207	65,564,737	60,409,373	56,859,576
Plan fiduciary net position							
Contributions - employer	3,395,565	3,085,413	3,052,605	3,063,599	3,024,676	3,083,215	2,900,730
Contributions - employee	911,954	881,552	872,176	829,711	838,310	841,645	781,502
Net investment income	8,017,388	5,067,448	586,516	7,024,828	4,539,174	(8,050,523)	(5,062,514)
Benefit payments	(2,816,982)	(2,664,082)	(2,395,115)	(2,299,188)	(2,141,702)	(1,914,027)	(1,777,381)
Administrative expense	(220,734)	(200,461)	(195,550)	(173,945)	(182,840)	(209,980)	(290,817)
Net change in plan fiduciary net position	9,287,191	6,169,870	1,920,632	8,445,005	6,077,618	(6,249,670)	(3,448,480)
Plan fiduciary net position - beginning	53,144,441	46,974,571	45,053,939	36,608,934	30,531,316	36,780,986	40,229,466
Plan fiduciary net position - ending (b)	62,431,632	53,144,441	46,974,571	45,053,939	36,608,934	30,531,316	36,780,986
City's net pension liability - ending (a) - (b)	\$ 20,555,421	\$ 24,184,843	\$ 27,116,898	\$ 24,712,268	\$ 28,955,803	\$ 29,878,057	\$ 20,078,590
Plan fiduciary net position as a percentage of the total pension liability	75.23%	68.72%	63.40%	64.58%	55.84%	50.54%	64.69%
Covered employee payroll	\$ 22,101,474	\$ 21,797,237	\$ 21,569,182	\$ 21,398,047	\$ 20,923,074	\$ 20,682,097	\$ 19,130,652
City's net position liability as a percentage of covered employee payroll	93.00%	110.95%	125.72%	115.49%	138.39%	144.46%	104.96%

* Only seven years available from actuarial valuation

See independent auditor's report.

CITY OF BARTLETT, TENNESSEE PENSION TRUST FUND
SCHEDULE OF INVESTMENT RETURNS

Last Ten Fiscal Years

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Annual money-weighted rate of return, net of investment expense	14.5%	10.2%	0.8%	18.3%	13.8%	(13.6%)	(4.7%)	8.2%	3.1%	5.2%

See independent auditor's report.



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

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

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

www.wucpas.com

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

To the Chairman and Members of the
City of Bartlett Retirement System
Board of Administration

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Pension Trust Fund of the City of Bartlett, Tennessee (the "Retirement System") as of and for the years ended June 30, 2014 and 2013, and the related notes to the financial statements which collectively comprise the City of Bartlett, Tennessee Pension Trust Fund's basic financial statements and have issued our report thereon dated December 17, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Retirement System's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Retirement System's internal control. Accordingly, we do not express an opinion on the effectiveness of the Retirement System's internal control.

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

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

identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

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

Memphis, Tennessee

December 17, 2014