



City of

# BURNET • TEXAS



**Comprehensive Annual Financial Report  
For the Fiscal Year Ended  
September 30, 2019**



*Comprehensive Annual Financial Report*

of the



*City of Burnet, Texas*

Prepared by the  
Finance Department  
Year Ended September 30, 2019

**City of Burnet, Texas**

September 30, 2019

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March 25, 2019

To the Honorable Mayor, Members of the City Council,  
and Citizens of the City of Burnet, Texas:

The City Charter and state statutes require that the City of Burnet (the “City”) publish, at the close of each fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles (“GAAP”) and audited in accordance with generally accepted auditing standards by a firm of licensed Certified Public Accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Burnet, Texas, for the fiscal year ended September 30, 2019.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Jaynes, Reitmeier, Boyd & Therrell, P.C., Certified Public Accountants, has issued an unmodified (“clean”) opinion on the City of Burnet’s financial statements for the year ended September 30, 2019. The independent auditor’s report is located at the front of the financial section of this report.

Management’s discussion and analysis (“MD&A”) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

### ***Profile of the City***

The City of Burnet, Texas, the county seat for Burnet County, is nestled in the heart of the Texas Hill Country surrounded by rolling hills, lakes, beautiful geological formations and historical sites. The City was incorporated in 1883 and encompasses approximately 10 square miles and serves an estimated population of 6,397. The City was named for David Gouverneur Burnet, the first (provisional) president of the Republic of Texas. Among the many attractions in the Burnet area are the Highland Lakes, Longhorn Caverns, Inks Lake State Park, the Highland Lakes Air Museum, the Texas Wine Trail, and Delaware Springs Golf Course.

The City of Burnet is a home rule city and operates under the council-manager form of government. The City Council is comprised of the Mayor and six council members, and is responsible for enacting ordinances, resolutions, and regulations governing the City, as well as for appointing the City Manager, Municipal Judge, and members of various statutory and advisory boards. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and appointing heads of various



departments. The Mayor and City Council members each serve two-year terms, and are elected at large. The City of Burnet is empowered to levy a property tax on both real and personal properties located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

The City provides a full range of services, including electric, water and wastewater, police and fire protection, emergency medical services, construction and maintenance of streets, roads and other infrastructure, solid waste collection, planning and zoning, parks and recreation programming including a municipal golf course, airport facility management, and administrative services necessary to serve the citizens of our community. The City's Electric and Water and Wastewater services are operated under an enterprise fund concept, with user charges set to ensure adequate coverage of operating expenses and payments on outstanding debt. In addition, the City of Burnet is also financially accountable for a legally separate economic development corporation, which is reported separately within the City of Burnet's financial statements. Additional information on this legally separate entity can be found in the notes to the financial statements.

The annual budget serves as the foundation for the City of Burnet's financial planning and control. It defines the type, quality, and quantity of City goods and services that will be provided to citizens. The budget is also a control device that serves as a system of "checks and balances" between levels of City government.

The City Charter establishes the fiscal year as the twelve-month period that begins October 1st and ends September 30<sup>th</sup>. Department heads submit to the City Manager a budget of estimated expenditures for the ensuing fiscal year. The City Manager then submits a budget of estimated expenditures and revenues to the City Council on or before the 15th day of August. The City Council shall comply with state law in the adoption of the budget and, unless otherwise in conflict with state law, shall adopt the budget on or before the last day of the last month of the current fiscal year. If the City Council fails to adopt the budget by this date, the budget proposed by the City Manager shall go into effect.

After adoption of the budget, the City Manager may transfer any unencumbered appropriation or portion thereof between general classifications of expenditures within a department or organizational unit or fund. The City Council may amend the budget at any time by ordinance.

### ***Factors Affecting Financial Condition***

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

**Local economy.** The City of Burnet is a proactive, business friendly community centrally located fifty-five miles northwest of Austin and ninety-nine miles north of San Antonio near the Highland Lakes which is the largest chain of lakes in Texas. Steady population growth has been experienced for the last five years with a present population estimated in excess of 6,397. Burnet County's population is estimated at 47,542 which represents a 38% increase in population since 2000. Burnet's major employers include the government, healthcare, and manufacturing industries. Burnet Consolidated Independent School District ("BCISD") is the largest employer in the City, with approximately 506 employees. BCISD serves over 3,200 students on 6 campuses, 5 of which are in the city limits of Burnet. Burnet is home to manufacturing companies such as Entegris,

Stealth Products, and Sure Cast. Overall, Burnet's steady growth, proximity to major markets, and business friendly atmosphere serve as a conduit for local businesses to continue to invest and grow in our community.

New and future commercial developments in Burnet include Taco Bell (completed in 2018), Burger King and Captain D's restaurants completed in 2019, and Starbucks to be completed in 2020. The Burnet Economic Development Corporation (BEDC) purchased and is currently developing the Eastside Commercial Park on Highway 29 that encompasses 21 acres. Baylor Scott and White purchased approximately 2 acres of the park to build a medical clinic (estimated completion date is mid 2020) and R&L Partnership purchased approximately seven acres located at the back of the park for a future manufacturing site with an estimated completion date of 2021. The expansion and renovation of Entegris, which is a provider of products and systems in the semiconductor sector, was completed in 2019 along with the renovations at the Seton Highland Lakes Hospital. In addition, Gibraltar, a border fence contractor for the Department of Homeland Security, completed their 60,000 square foot building just outside of the City's limits.

In February 2019, City Council authorized the BEDC purchase of 13.51 acres on US 281 South and Houston Clinton Drive to create a new commercial park. This property has been evaluated in a hotel feasibility study and all initial indicators of the study support adding a nationally branded extended stay hotel in Burnet. In addition, the BEDC completed the renovation of the Badger Building Complex which includes two historic buildings located on the town square of Burnet that houses the Wedding Oak Winery

Several new residential developments are underway in Burnet along with new home construction. Subdivisions recently completed included The Honey Rock Ranch with 16 single family lots, Delaware Springs Section 19 Phase I with 19 single family lots, the Crawford subdivision with 6 single family lots, the Cottages at Westfall with 38 single family and duplex lots, and an expansion of Highland Oaks that added 21 single family lots. In addition, a new duplex complex was completed in 2019 at Boundary and Pecan. Currently under construction are Delaware Springs Section 19 Phase II which will include 35 single family lots, Honey Rock Phase II will include 12 single family lots, The Hills of Shady Grove Section 7 will include 13 single family lots and, Peppermill will include 80 single family lots. Future subdivisions and expansions will include Eagle's Nest Phase III with 13 lots, The Ranches at Delaware Phase III with 21 lots, and further expansion of Highland Oaks with 25 lots.

**Long-term financial planning and major initiatives.** Looking to the future, the City has taken on two major projects. The first project is the sewer line improvements required by the Texas Commission on Environmental Quality (TCEQ) to be substantially completed by the year 2022.

The total cost of the project is estimated at \$2,150,000. The second project is the construction of the new 10,000 square foot police department facility. Construction costs for the new facility are estimated at \$4,378,000 and it is on track to be completed during the summer of 2020.

In addition, the following major projects have been budgeted for 2019-2020:

- Street Improvement Projects - \$400,000
- Golf Course Improvements - \$100,000
- Electric Subdivision Costs - \$150,000
- Park Improvements - \$100,000

- Fire Training/Burn Building - \$300,000
- Airport Improvements - \$200,000
- Capital Maintenance for YMCA facility - \$50,000
- Water Projects - \$175,000
- Street Department Backhoe - \$125,000
- Replacement of A/C Units - \$115,000
- Server/Computer Upgrades - \$75,000
- Comp Plan - \$50,000

Funding for these projects will include cash reserves from prior years and the current fiscal year, and outside sources such as contractors.

### ***Relevant Financial Policies***

The City Council in their strategic planning process set the following financial goals for the City:

- Maintain 90 day cash reserve balance
- Maintain a 1.25 debt coverage ratio
- Maintain a net operating profit of no less than 3-5% of the operating budget for the General Fund
- Budget no more than 60% of projected net operating profit as fund balance for capital projects
- Limit operating subsidy to Delaware Springs Golf Course to less than \$185,000 per year
- Maintain the Self-funded Equipment Fund balance to properly fund equipment needs based on a five year projection.
- Establish council authorized capital reserve accounts for the General, Electric, and Water/Wastewater funds.

### ***Acknowledgements***

We would like to thank all the government departments for their assistance in providing the data necessary to prepare this report. In addition, we wish to thank the Mayor and the City Council for their continued interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

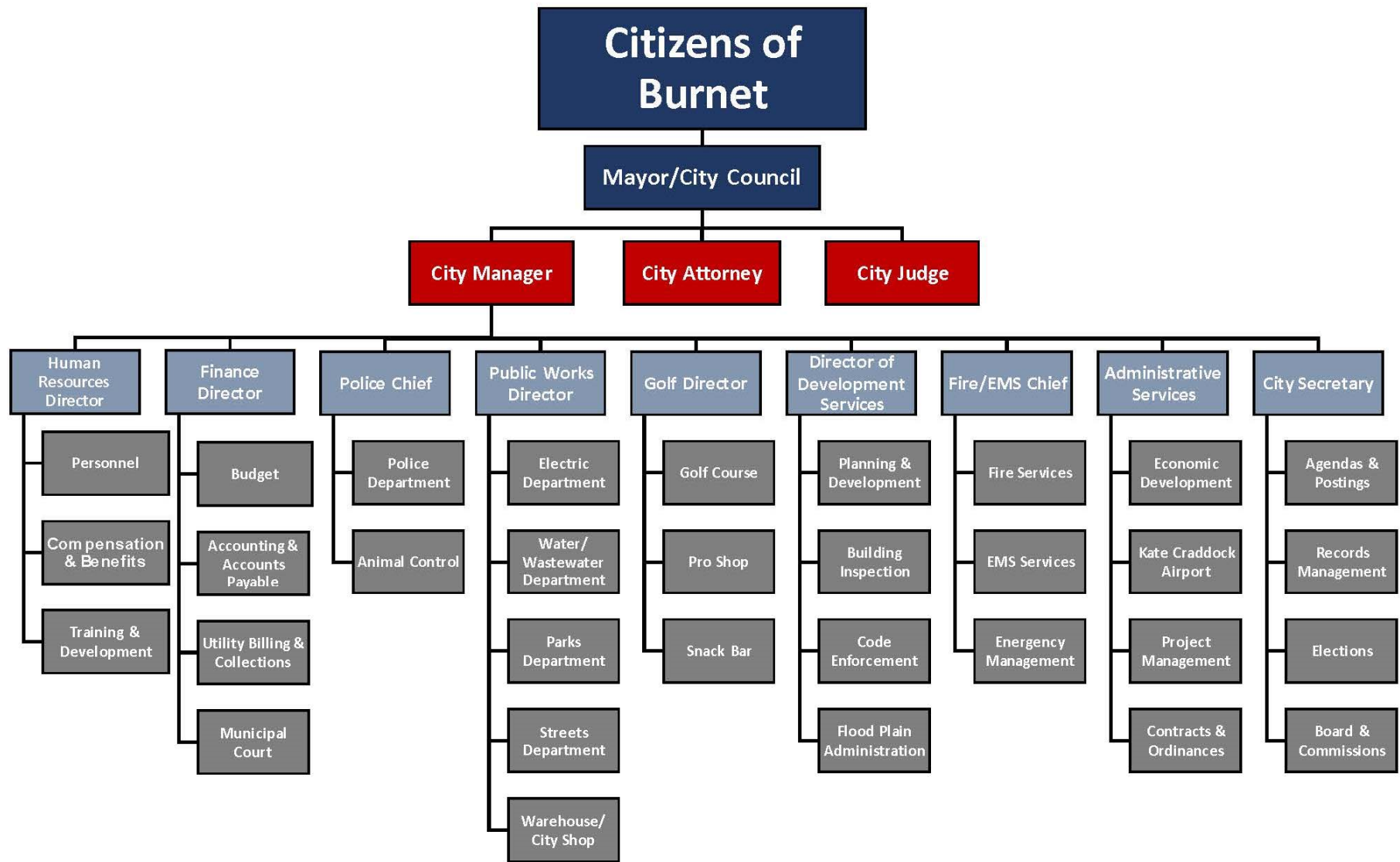
Respectfully submitted,



David Vaughn  
City Manager

Patricia Langford, C.P.A.  
Finance Director





**City of Burnet, Texas**  
Elected Officials and City Staff  
September 30, 2019

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**Elected Officials**

**City Council**  
Two-Year Terms

<b><u>Name</u></b>	<b><u>Position</u></b>	<b><u>Term</u></b>
Crista Goble Bromley	Mayor	2019 – 2021
Paul Farmer	Mayor Pro Tem	2019 – 2021
Cindia Talamantez	Council Member	2019 – 2021
Mary Jane Shanes	Council Member	2018 – 2020
Tres Clinton	Council Member	2019 – 2021
Joyce Laudenschlager	Council Member	2018 – 2020
Danny Lester	Council Member	2018 – 2020

**City Staff**

<b><u>Name</u></b>	<b><u>Position</u></b>
David Vaughn	City Manager
Kelly Dix	City Secretary
Paul Nelson	Police Chief / Assistant City Manager
Mark Ingram	Fire Chief / Emergency Management
Doug Fipps	Director of Golf
Kelli Sames	Human Resources Director
Patricia Langford	Finance Director
Sandra Graves	Senior Accountant
Stefani Wright	Senior Accountant
Jason Lutz	Director of Community Development
Gene Courtney	Public Works Director
Alan Burdell	Water / Wastewater Superintendent
Johnny Simons	Assistant Public Works Director
Jason Davis	Police Captain
JJ Miller	Deputy Chief of Fire Administration
Curtis Murphy	EMS Coordinator
Adrienne Feild	Administrative Service / Airport Manager
Nadine Blair	Code Enforcement
Leslie Kimbler	Permit Clerk
Tracy Shirley	Customer Service Representative
Sonia Tucker	Customer Service Representative
Peggy Simon	Municipal Court Judge
Tina Morgan	Municipal Court Clerk
Elias Carrasco	Building Official



Government Finance Officers Association

Certificate of  
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Reporting

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**City of Burnet  
Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2018**

*Christopher P. Morrill*

Executive Director/CEO







JAYNES REITMEIER BOYD & THERRELL, P.C.  
Certified Public Accountants  
5400 Bosque Blvd., Ste. 600 | Waco, TX 76710  
P.O. Box 7616 | Waco, TX 76714  
Main 254.776.4190 | Fax 254.776.8489 | jrbt.com

## INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Council  
City of Burnet, Texas:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of City of Burnet, Texas (the "City"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the City of Burnet, Texas, as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and Airport Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 14, and the schedules of changes in the City's net pension liability / total OPEB liabilities and related ratios, and schedules of pension/OPEB contributions on pages 72 through 77 (collectively, "the required supplementary information") 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 Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining schedules of nonmajor governmental funds and other supplementary information (collectively, the "other supplementary information") on pages 82 through 86 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Burnet, Texas' basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

March 25, 2020



## Management's Discussion and Analysis

As management of the City of Burnet, Texas (the “City of Burnet” or the “City”), we offer readers of the City’s financial statements this narrative overview and analysis of the financial activities of the City of Burnet for the fiscal year ended September 30, 2019.

### Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$52,095,041 (*net position*). Unrestricted net position of the City is a deficit of \$2,120,814, which results primarily from the City’s recognition of net pension and other postemployment benefits (“OPEB”) liabilities of \$12,310,758.
- The City’s total net position increased \$1,560,535 primarily due to continued profitability of utility services provided by the City.
- At the close of the current fiscal year, the City’s governmental funds reported combined fund balances of \$6,313,735, a decrease of \$295,423 in comparison with the prior year.
- At the end of the current fiscal year, unrestricted fund balance (the total of *committed*, *assigned* and *unassigned* components of fund balance) for the general fund was \$3,763,630, or approximately 39% of total general fund expenditures.
- The City’s general fund total fund balance decreased \$329,504 mainly due to transfers out of approximately \$0.6 million to the general capital projects fund primarily for street and park improvements and engineering/architectural costs for the new police department facility.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City’s basic financial statements. The City’s basic financial statements include three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains supplementary information intended to furnish additional detail to support the basic financial statements themselves.

***Government-Wide Financial Statements.*** The *government-wide financial statements* are designed to provide readers with a broad overview of the City’s finances, in a manner similar to a private-sector business.

The *statement of net position* presents financial information on all of the City’s assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is either improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation and sick leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and other governmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, highways and streets, aviation services, culture and recreation, sanitation, and economic development. The business-type activities of the City include electricity, water and sewer services, and the Delaware Springs Golf Course.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also the Burnet Economic Development Corporation (“BEDC”), a legally separate corporation for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 17 through 19 of this report.

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

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

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

The City maintains twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund, the airport fund, the debt service fund, and the general capital projects fund, which are considered to be major funds. Data from the other eight governmental funds are combined into a single aggregated presentation.

Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining fund statements section of this report.

The City adopts an annual appropriated budget for its general, airport, hotel/motel tax, and debt service funds. Budgetary comparison statements have been provided for the general and airport funds to demonstrate compliance with these budgets. Additionally, budgetary comparison schedules have been provided for the hotel/motel tax and debt service funds as supplementary information.

The basic governmental fund financial statements can be found on pages 20 through 24 of this report.

**Proprietary Funds.** The City maintains one type of proprietary fund – enterprise funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its electricity, water and sewer services, and the Delaware Springs Golf Course.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for its electricity, water and sewer services, and the Delaware Springs Golf Course operations, all of which are considered to be major funds of the City.

The basic proprietary fund financial statements can be found on pages 25 through 28 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29 through 68 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information related to the City's pension /OPEB benefits to its employees. Required supplementary information can be found on pages 70 through 75. The combining schedules referred to earlier in connection with nonmajor governmental funds and the budgetary comparison schedules for the hotel/motel tax and debt service funds are presented immediately following the required supplementary information. The other supplementary information can be found on pages 78 through 82 of this report.

### **Government-wide Overall Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$52,095,041 at the close of the most recent fiscal year.

**City of Burnet's Net Position**  
**September 30,**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 7,544,179	7,199,970	5,150,647	5,153,000	12,694,826	12,352,970
Capital assets, net	<u>33,704,739</u>	<u>33,228,212</u>	<u>39,053,513</u>	<u>38,495,182</u>	<u>72,758,252</u>	<u>71,723,394</u>
Total assets	<u>41,248,918</u>	<u>40,428,182</u>	<u>44,204,160</u>	<u>43,648,182</u>	<u>85,453,078</u>	<u>84,076,364</u>
Total deferred outflows of resources	<u>1,710,604</u>	<u>970,289</u>	<u>699,055</u>	<u>437,892</u>	<u>2,409,659</u>	<u>1,408,181</u>
Current liabilities	1,098,609	473,718	1,071,599	779,344	2,170,208	1,253,062
Noncurrent liabilities	<u>10,841,644</u>	<u>10,442,941</u>	<u>22,208,735</u>	<u>22,637,506</u>	<u>33,050,379</u>	<u>33,080,447</u>
Total liabilities	<u>11,940,253</u>	<u>10,916,659</u>	<u>23,280,334</u>	<u>23,416,850</u>	<u>35,220,587</u>	<u>34,333,509</u>
Total deferred inflows of resources	<u>402,313</u>	<u>439,735</u>	<u>144,796</u>	<u>176,795</u>	<u>547,109</u>	<u>616,530</u>
Net position:						
Net investment in capital assets	32,264,739	30,869,534	20,825,955	19,529,455	53,090,694	50,398,989
Restricted	1,125,161	1,314,155	-	-	1,125,161	1,314,155
Unrestricted	<u>(2,772,944)</u>	<u>(2,141,612)</u>	<u>652,130</u>	<u>962,974</u>	<u>(2,120,814)</u>	<u>(1,178,638)</u>
Total net position	<u>\$ 30,616,956</u>	<u>30,042,077</u>	<u>21,478,085</u>	<u>20,492,429</u>	<u>52,095,041</u>	<u>50,534,506</u>

By far, the largest portion of the City's net position (\$53.1 million) reflects its investment in capital assets, less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (\$1.1 million or 2.2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position is a \$2.1 million deficit.

The City's overall net position increased \$1,560,535. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.



**City of Burnet's Changes in Net Position  
Years Ended September 30,**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Program revenues:						
Charges for services	\$ 4,102,764	4,102,769	15,000,116	14,898,651	19,102,880	19,001,420
Operating grants and contributions	853,397	690,265	-	-	853,397	690,265
Capital grants and contributions	926,587	85,709	189,568	-	1,116,155	85,709
General revenues:						
Property taxes	2,803,398	2,709,971	-	-	2,803,398	2,709,971
Sales taxes	1,815,467	1,675,298	-	-	1,815,467	1,675,298
Franchise taxes	178,949	133,242	-	-	178,949	133,242
Hotel/motel taxes	188,403	172,794	-	-	188,403	172,794
Unrestricted interest	72,170	32,468	52,149	21,862	124,319	54,330
Gain on disposition of capital assets	79,741	100,781	675	-	80,416	100,781
<b>Total revenues</b>	<b>11,020,876</b>	<b>9,703,297</b>	<b>15,242,508</b>	<b>14,920,513</b>	<b>26,263,384</b>	<b>24,623,810</b>
Expenses:						
General government	\$ 2,288,577	2,332,969	-	-	2,288,577	2,332,969
Public safety	6,621,584	5,588,410	-	-	6,621,584	5,588,410
Highways and streets	998,227	868,877	-	-	998,227	868,877
Aviation services	1,093,963	729,812	-	-	1,093,963	729,812
Culture and recreation	998,187	942,121	-	-	998,187	942,121
Sanitation	844,095	801,329	-	-	844,095	801,329
Economic development	170,345	360,908	-	-	170,345	360,908
Interest on long-term debt	56,662	69,592	-	-	56,662	69,592
Electric	-	-	6,547,489	6,457,978	6,547,489	6,457,978
Water and sewer	-	-	3,294,198	3,074,170	3,294,198	3,074,170
Delaware Springs Golf Course	-	-	1,789,522	1,609,209	1,789,522	1,609,209
<b>Total expenses</b>	<b>13,071,640</b>	<b>11,694,018</b>	<b>11,631,209</b>	<b>11,141,357</b>	<b>24,702,849</b>	<b>22,835,375</b>
Increase (decrease) in net position before transfers	(2,050,764)	(1,990,721)	3,611,299	3,779,156	1,560,535	1,788,435
Transfers	2,625,643	2,558,930	(2,625,643)	(2,558,930)	-	-
Increase in net position	574,879	568,209	985,656	1,220,226	1,560,535	1,788,435
Net position, beginning of year	30,042,077	29,473,868	20,492,429	19,272,203	50,534,506	48,746,071
Net position, end of year	\$ 30,616,956	30,042,077	21,478,085	20,492,429	52,095,041	50,534,506

**Governmental Activities.** During the current fiscal year, net position for governmental activities increased \$574,879 as compared to an increase of \$568,209 in the prior year. Key elements of the changes from the prior year are as follows:

- Operating grants and contributions increased \$163,132. During the current year, the City received grants for additional public safety programs.
- Capital grants and contributions increased \$840,878. During the current year, the City received \$633,615 contributed capital assets for the airport improvement and expansion project. There was no similar contribution in the previous year.
- Sales taxes increased \$140,169 during the year, which is primarily due to an improving economy and the addition of new businesses within the City.
- Public safety costs increased \$1,033,174 primarily due to increased salaries and benefits related to the addition of four full-time equivalents and additional overtime incurred due to an increase in the volume of EMS calls during the year.
- Aviation costs increased \$364,151 due to additional maintenance costs and the first full year of depreciation expense on prior year airport improvements.

**Business-Type Activities.** During the current fiscal year, net position for business-type activities increased \$985,656 as compared to an increase of \$1,220,226 in the prior year. Key elements of the variances from the prior year are as follows:

- Charges for services related to business-type activities increased by \$101,465 or 0.7% from the prior year. This increase is mainly due to the increase in electric revenue offset by a decline in golf revenues. Electric consumption was up from prior year by 0.6% as discussed below. Additionally, charges for services are impacted by the cost of power, which was slightly more than the prior year as discussed below.
- Capital grants and contributions increased \$189,568 due to current year contributions from developers for new construction within the City.
- Electric expenses increased \$89,511 primarily from the increase in the cost of power of \$75,062 from the Lower Colorado River Authority. Kilowatts purchased were up 0.6% due to comparable temperatures in the summer as compared to the prior year. Golf expenses increased \$180,313 primarily from the increase in personnel costs as a result of adding a new maintenance position and the first full year of depreciation expense on prior year golf course improvements.

### **Financial Analysis of the City's Funds**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the City's *government funds* is to provide information on near-term inflows, outflows, and balances of available resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may be a

useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party or the City itself.

At September 30, 2019, the City's governmental funds reported combined fund balances of \$6,313,735, a decrease of \$295,423 in comparison with the prior year. Of this amount, \$3,763,630 is available for spending at the government's discretion (*unassigned fund balances*). The remainder of the fund balance is either nonspendable, restricted, committed, or assigned to indicate that it is (1) not in spendable form (\$107,248), (2) restricted for particular purposes (\$1,020,231), or (3) assigned for particular purposes (\$1,422,626).

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$3,763,630. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total general fund expenditures. Unassigned fund balance represents approximately 39% of total general fund expenditures.

During the current fiscal year, fund balance for the general fund decreased \$329,504 as compared to a decrease of \$160,147 in the prior year. Key factors in this change are as follows:

- Property taxes increased \$151,289 (6.5%) which is primarily due to increased property values and new property being added to the tax roll.
- Sales taxes increased \$140,169 during the year, which is primarily due to an improving economy and the addition of new businesses within the City.
- Expenses increased \$604,707, approximately 6.8% over the prior year due to annual raises and related increases in cost for employee benefits. Annually, the City transfers payments (1) for return on investment from the electric fund and (2) in lieu of taxes from the water and sewer fund to the general fund and makes other transfers in and transfers out at the discretion of management. Transfers in for the current year amounted to \$2,688,669, which was comparable to the prior year amount of \$2,747,675.
- Transfers out of \$2,151,263 were comparable to the prior year amount of \$2,005,551 resulting from transfers to (1) the general capital projects fund primarily for street and park improvements and engineering/architectural costs for the new police department facility and (2) to nonmajor capital projects funds for the acquisition of vehicles and the purchase of land at the airport and other airport improvements.

During the current fiscal year, fund balance for the airport fund decreased \$174,612 as compared to an increase of \$137,166 in the prior year. Fuel sales decreased \$66,007 (with a corresponding decrease in cost of fuel purchased of \$41,579) due to a decrease in Avgas gallons sold.

During the current fiscal year, fund balance for the debt service fund decreased \$11,931 as compared to an increase of \$11,050 in the prior year. Property taxes decreased by \$29,615 (8.3%) due to a decline in the I&S property tax rate of \$0.1564 per \$100 valuation.

The general capital projects fund is used to track various capital improvements and equipment purchases for the City, and is primarily funded by transfers from the general and enterprise funds. Capital expenditures for the current year of \$1,144,974 are discussed in additional detail below.

**Proprietary Funds.** The City’s proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the electric, water and sewer, and Delaware Springs Golf Course funds at the end of the year were \$1,475,883; \$510,398, and (\$1,334,151), respectively. Net position for the electric and water and sewer funds increased by \$978,769 and \$354,544, respectively. The net position for the Delaware Springs Golf Course fund decreased by \$347,657. Key factors affecting the changes have been addressed under the government-wide financial analysis above.

**General Fund Budgetary Highlights**

**Original budget compared to final budget.** During the year, the only significant amendments to the budget were to increase public safety – police expenditures by \$40,380 for additional equipment; public safety - fire expenditures by \$113,000 for 3 additional firefighter/paramedic positions; sanitation expenses by \$32,500 for added collection services; and transfers to capital funds by \$34,000 for software security upgrade at the Police Department.

**Final budget compared to actual results.** During the year, actual revenues, insurance recoveries, and transfers in were over budget by \$392,097. This was mostly attributable to property taxes and sales taxes being more than expected by \$54,138 and \$105,667, respectively. Actual expenditures were 98.5% of appropriations, and transfers out were \$270,064 under appropriations primarily due to a reduced amount of actual transfers out.

**Capital Assets and Debt Administration**

**Capital Assets.** The City’s investment in capital assets for its governmental and business-type activities as of September 30, 2019, amounts to \$72,758,252 (net of accumulated depreciation). This investment in capital assets includes land, buildings, infrastructure, machinery and equipment, and construction in progress. The total net increase in the City’s investment in capital assets for the current fiscal year was \$1,034,858 or 1.4%.

**City of Burnet’s Capital Assets  
(Net of Depreciation)  
September 30,**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 3,755,038	2,997,511	577,543	577,543	4,332,581	3,575,054
Buildings	5,274,541	5,586,165	102,610	105,771	5,377,151	5,691,936
Infrastructure	21,264,379	21,449,674	37,171,358	36,677,715	58,435,737	58,127,389
Machinery and equipment	2,879,034	2,983,540	1,202,002	1,134,153	4,081,036	4,117,693
Construction in progress	531,747	211,322	-	-	531,747	211,322
	<u>\$ 33,704,739</u>	<u>33,228,212</u>	<u>39,053,513</u>	<u>38,495,182</u>	<u>72,758,252</u>	<u>71,723,394</u>

Major capital asset activity during the current fiscal year included:

Work was completed on:	
Airport improvements	\$ 61,338
Live Oak / Longoria park improvements	62,543
Street improvements	348,616
Structures and lines - electric	394,093
Water mains and water and sewer lines	1,564,008
Acquisition of land	\$ 757,527
Acquisition of vehicles and other equipment	\$ 1,001,178
Work continued on:	
New police department building	\$ 444,213
Hamilton Creek extension	9,510

Additional information on the City's capital assets can be found in Note III.C. on pages 42 to 45 of this report.

**Long-Term Debt.** At the end of the current fiscal year, the City had total long-term liabilities of \$33,050,379.

***City of Burnet's Outstanding Long-Term Liabilities***  
***September 30,***

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Certificates of obligation	\$ 1,440,000	1,585,000	18,427,000	19,231,000	19,867,000	20,816,000
Refunding bonds	-	773,678	231,475	272,797	231,475	1,046,475
Total bonded debt	1,440,000	2,358,678	18,658,475	19,503,797	20,098,475	21,862,475
Compensated absences	440,104	477,791	201,042	192,757	641,146	670,548
Net pension liability	3,504,886	2,027,001	1,352,180	814,949	4,857,066	2,841,950
Total OPEB liability - life insurance	280,286	291,522	-	-	280,286	291,522
Total OPEB liability - health insurance	5,176,368	5,287,949	1,997,038	2,126,003	7,173,406	7,413,952
	<u>\$ 10,841,644</u>	<u>10,442,941</u>	<u>22,208,735</u>	<u>22,637,506</u>	<u>33,050,379</u>	<u>33,080,447</u>

The City's total outstanding debt decreased by \$30,068 during the current fiscal year. The reasons for the decrease were (1) the regularly scheduled principal payments due on existing bonded debt and tax notes; (2) the early pay-off of the governmental activities refunding bonds with existing resources; (3) an increase in the net pension liability due to market performance of assets during the measurement period; and (4) offset by a decrease in the total OPEB liabilities for health insurance resulting from an amendment to the personnel policy. No new bonded debt was issued during the year.

The City received an “AA” rating from Standard & Poor’s for general obligation debt.

There is no specific maximum debt limit established by law for the City; therefore, the limit is governed by the City’s ability to levy and collect taxes to service the debt for its outstanding general obligation debt.

Additional information on the City’s long-term liabilities can be found in Note III.D. on pages 45 to 49 of this report.

### **Economic Factors and Next Year’s Budget and Rates**

The following economic factors currently affect the City and were considered in developing the 2020 fiscal year budget:

- Projected increase in property taxes due to a significant increase in assessed property values;
- Increasing personnel costs (including the addition of two director level positions and how to manage rising health care costs while keeping the highest level of service for employees);
- Appropriately managing equipment replacements at the optimal time;
- Review of current debt service requirements and consideration of benefits of early defeasance;
- Completion of the construction of the new police department and with minimal effect on property tax rate and debt ratio; and
- Funding the ongoing sewer plant maintenance projects required by the Texas Water Development Board.

### **Requests for Information**

This financial report is designed to provide a general overview of the City’s finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the City Manager, City of Burnet, Texas, P. O. Box 1369, Burnet, Texas 78611.

## **Basic Financial Statements**





**City of Burnet, Texas**  
**Statement of Net Position**

September 30, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Burnet Economic Development Corporation, Inc.
<b>Assets</b>				
Cash and cash equivalents	\$ 6,260,982	2,263,320	8,524,302	1,486,776
Receivables (net of allowance for uncollectibles)	1,077,658	1,698,512	2,776,170	97,539
Inventories	73,546	824,150	897,696	-
Internal balances	98,291	(98,291)	-	-
Due from component unit	-	13,511	13,511	-
Prepaid and other items	33,702	64,835	98,537	24,865
Restricted cash and cash equivalents	-	384,610	384,610	-
Properties held for resale	-	-	-	839,586
Capital assets not being depreciated:				
Land	3,755,038	577,543	4,332,581	41,360
Construction in progress	531,747	-	531,747	3,290,142
Capital assets, net of accumulated depreciation:				
Buildings	5,274,541	102,610	5,377,151	-
Infrastructure	21,264,379	37,171,358	58,435,737	-
Machinery and equipment	2,879,034	1,202,002	4,081,036	-
Total assets	41,248,918	44,204,160	85,453,078	5,780,268
<b>Deferred Outflows of Resources</b>				
Deferred outflows of resources	1,710,604	699,055	2,409,659	-
<b>Liabilities</b>				
Accounts payable	831,494	322,289	1,153,783	38,739
Accrued interest payable	5,256	9,729	14,985	14,625
Accrued liabilities	244,479	199,154	443,633	445,652
Due to primary government	-	-	-	13,511
Deposits payable	11,880	513,030	524,910	-
Unearned revenue	5,500	27,397	32,897	3,150
Noncurrent liabilities:				
Due within one year	365,052	946,520	1,311,572	105,000
Due in more than one year	10,476,592	21,262,215	31,738,807	1,845,000
Total liabilities	11,940,253	23,280,334	35,220,587	2,465,677
<b>Deferred Inflows of Resources</b>				
Deferred inflows of resources	402,313	144,796	547,109	-
<b>Net Position</b>				
Net investment in capital assets	32,264,739	20,825,955	53,090,694	1,269,426
Restricted for:				
Debt service	176,332	-	176,332	-
Economic development	125,546	-	125,546	-
Aviation services	763,191	-	763,191	-
Public safety	60,092	-	60,092	-
Unrestricted	(2,772,944)	652,130	(2,120,814)	2,045,165
Total net position	\$ 30,616,956	21,478,085	52,095,041	3,314,591

See accompanying notes to financial statements.

**City of Burnet, Texas**

**Statement of Activities**

Year Ended September 30, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 2,288,577	263,089	-	-
Public safety	6,621,584	2,061,493	853,397	292,972
Highways and streets	998,227	-	-	-
Aviation services	1,093,963	775,946	-	633,615
Culture and recreation	998,187	21,013	-	-
Sanitation	844,095	981,223	-	-
Economic development	170,345	-	-	-
Interest	56,662	-	-	-
Total governmental activities	<u>13,071,640</u>	<u>4,102,764</u>	<u>853,397</u>	<u>926,587</u>
Business-type activities:				
Electric	6,547,489	9,286,346	-	171,968
Water and sewer	3,294,198	4,350,687	-	17,600
Delaware Springs Golf Course	1,789,522	1,363,083	-	-
Total business-type activities	<u>11,631,209</u>	<u>15,000,116</u>	<u>-</u>	<u>189,568</u>
Total primary government	<u>\$ 24,702,849</u>	<u>19,102,880</u>	<u>853,397</u>	<u>1,116,155</u>
<b>Component unit:</b>				
Burnet Economic				
Development Corporation	<u>\$ 554,073</u>	<u>58,109</u>	<u>-</u>	<u>75,000</u>
General revenues:				
Property taxes				
Sales taxes				
Franchise taxes				
Hotel/motel taxes				
Unrestricted interest				
Gain on disposition of capital assets				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position, beginning of year				
Net position, end of year				

See accompanying notes to financial statements.

Net Revenues (Expenses) and  
Changes in Net Position

Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Burnet Economic Development Corporation, Inc.
(2,025,488)	-	(2,025,488)	
(3,413,722)	-	(3,413,722)	
(998,227)	-	(998,227)	
315,598	-	315,598	
(977,174)	-	(977,174)	
137,128	-	137,128	
(170,345)	-	(170,345)	
(56,662)	-	(56,662)	
(7,188,892)	-	(7,188,892)	
-	2,910,825	2,910,825	
-	1,074,089	1,074,089	
-	(426,439)	(426,439)	
-	3,558,475	3,558,475	
(7,188,892)	3,558,475	(3,630,417)	
			(420,964)
2,803,398	-	2,803,398	-
1,815,467	-	1,815,467	604,583
178,949	-	178,949	-
188,403	-	188,403	-
72,170	52,149	124,319	42,236
79,741	675	80,416	413,702
2,625,643	(2,625,643)	-	-
7,763,771	(2,572,819)	5,190,952	1,060,521
574,879	985,656	1,560,535	639,557
30,042,077	20,492,429	50,534,506	2,675,034
30,616,956	21,478,085	52,095,041	3,314,591

**City of Burnet, Texas**

**Balance Sheet  
Governmental Funds**

September 30, 2019

	<u>General</u>	<u>Airport</u>	<u>Debt Service</u>	<u>General Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>						
Cash and cash equivalents	\$ 3,560,248	647,955	466,179	275,517	1,311,083	6,260,982
Receivables (net of allowance for uncollectibles)	889,038	37,975	16,304	28,244	106,097	1,077,658
Intergovernmental receivable	-	-	-	-	-	-
Due from other funds	259,688	5,000	3,950	-	549,291	817,929
Inventories	30,476	43,070	-	-	-	73,546
Prepaid and other items	33,702	-	-	-	-	33,702
<b>Total assets</b>	<b>\$ 4,773,152</b>	<b>734,000</b>	<b>486,433</b>	<b>303,761</b>	<b>1,966,471</b>	<b>8,263,817</b>
<b>Liabilities</b>						
Liabilities:						
Accounts and retainages payable	\$ 398,869	4,916	-	298,180	129,529	831,494
Accrued liabilities	239,666	4,072	-	-	741	244,479
Deposits payable	4,500	7,380	-	-	-	11,880
Unearned revenue	5,500	-	-	-	-	5,500
Due to other funds	175,764	255	310,101	5,581	227,937	719,638
<b>Total liabilities</b>	<b>824,299</b>	<b>16,623</b>	<b>310,101</b>	<b>303,761</b>	<b>358,207</b>	<b>1,812,991</b>
<b>Deferred Inflows of Resources</b>						
Unavailable revenue - property taxes	121,045	-	16,046	-	-	137,091
<b>Fund Balances</b>						
Nonspendable	64,178	43,070	-	-	-	107,248
Restricted	-	674,307	160,286	-	185,638	1,020,231
Assigned	-	-	-	-	1,422,626	1,422,626
Unassigned	3,763,630	-	-	-	-	3,763,630
<b>Total fund balances</b>	<b>3,827,808</b>	<b>717,377</b>	<b>160,286</b>	<b>-</b>	<b>1,608,264</b>	<b>6,313,735</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 4,773,152</b>	<b>734,000</b>	<b>486,433</b>	<b>303,761</b>	<b>1,966,471</b>	
Amounts reported for governmental activities in the statement of net assets are different because:						
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.						33,704,739
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.						137,091
Long-term liabilities, including general obligation debt payable, the net pension and total OPEB liabilities are not due and payable in the current period and, therefore, are not reported in the funds.						(9,538,609)
<b>Net position of governmental activities</b>						<b>\$ 30,616,956</b>

See accompanying notes to financial statements.

**City of Burnet, Texas**

**Statement of Revenues, Expenditures and Changes in  
Fund Balances - Governmental Funds**

Year Ended September 30, 2019

	<u>General</u>	<u>Airport</u>	<u>Debt Service</u>	<u>General Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:						
Property taxes	\$ 2,466,138	-	327,587	-	-	2,793,725
Sales taxes	1,815,467	-	-	-	-	1,815,467
Franchise taxes	178,949	-	-	-	-	178,949
Hotel/motel taxes	-	-	-	-	188,403	188,403
Licenses and permits	96,049	-	-	-	-	96,049
Intergovernmental	566,718	-	-	50,000	75,113	691,831
Charges for services - sanitation	981,223	-	-	-	-	981,223
Charges for services - EMS	1,916,490	-	-	-	-	1,916,490
Charges for services - other	21,013	-	-	-	-	21,013
Fines	124,267	-	-	-	16,772	141,039
Interest	53,698	14,052	890	-	3,530	72,170
Contributions and donations	10,789	1,080	-	223,082	73,323	308,274
Fuel sales	-	579,980	-	-	-	579,980
Miscellaneous	443,558	195,966	-	10,250	3,875	653,649
Total revenues	<u>8,674,359</u>	<u>791,078</u>	<u>328,477</u>	<u>283,332</u>	<u>361,016</u>	<u>10,438,262</u>
Expenditures:						
Current:						
General government	1,994,505	-	-	-	-	1,994,505
Public safety	5,522,840	-	-	-	7,697	5,530,537
Highways and streets	500,252	-	-	-	-	500,252
Aviation services	-	591,041	-	-	731	591,772
Culture and recreation	672,571	-	-	-	-	672,571
Sanitation	844,095	-	-	-	-	844,095
Economic development	-	-	-	-	170,345	170,345
Debt service:						
Principal	-	-	918,678	-	-	918,678
Interest and fiscal charges	-	-	61,730	-	-	61,730
Capital outlay	23,265	45,814	-	1,144,974	993,418	2,207,471
Total expenditures	<u>9,557,528</u>	<u>636,855</u>	<u>980,408</u>	<u>1,144,974</u>	<u>1,172,191</u>	<u>13,491,956</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(883,169)</u>	<u>154,223</u>	<u>(651,931)</u>	<u>(861,642)</u>	<u>(811,175)</u>	<u>(3,053,694)</u>
Other financing sources (uses):						
Insurance recoveries	16,259	-	-	-	109,109	125,368
Proceeds from sale of assets	-	-	-	-	7,260	7,260
Transfers in	2,688,669	-	640,000	623,494	1,220,134	5,172,297
Transfers out	<u>(2,151,263)</u>	<u>(328,835)</u>	<u>-</u>	<u>-</u>	<u>(66,556)</u>	<u>(2,546,654)</u>
Total other financing sources (uses)	<u>553,665</u>	<u>(328,835)</u>	<u>640,000</u>	<u>623,494</u>	<u>1,269,947</u>	<u>2,758,271</u>
Net change in fund balances	(329,504)	(174,612)	(11,931)	(238,148)	458,772	(295,423)
Fund balances, beginning of year	<u>4,157,312</u>	<u>891,989</u>	<u>172,217</u>	<u>238,148</u>	<u>1,149,492</u>	<u>6,609,158</u>
Fund balances, end of year	\$ <u>3,827,808</u>	<u>717,377</u>	<u>160,286</u>	<u>-</u>	<u>1,608,264</u>	<u>6,313,735</u>

See accompanying notes to financial statements.

**City of Burnet, Texas**  
**Reconciliation of the Statement of Revenues,  
Expenditures, and Changes in Fund Balances of  
Governmental Funds to the Statement of Activities**

Year Ended September 30, 2019

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

Net change in fund balances - total governmental funds	\$ (295,423)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay (\$1,879,131) exceeded depreciation expense (\$1,842,917) in the current period.	36,214
Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	493,200
In the statement of activities, only the gain or loss on the disposition of capital assets is reported. However, in the governmental funds, the proceeds from the disposition increase financial resources. Thus, the change in net position differs from the change in fund balances by the net book value of capital assets disposed.	(52,887)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	9,673
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This is the amount is the net effect of these differences in the treatment of long-term debt and related items.	918,678
Accrued interest expense and compensated absences reporting in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds.	42,755
Governmental funds report contributions to pension/OPEB plans as expenditures, whereas pension/OPEB expense is recognized in the statement of activities. This is the amount by which pension/OPEB expense exceeded contributions to the plans in the current year.	<u>(577,331)</u>
Change in net position of governmental activities	<u>\$ 574,879</u>

See accompanying notes to financial statements.

**City of Burnet, Texas**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances – Budget and Actual – Budgetary Basis**

Year Ended September 30, 2019

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
Revenues:				
Property taxes	\$ 2,412,000	2,412,000	2,466,138	54,138
Sales taxes	1,709,800	1,709,800	1,815,467	105,667
Franchise taxes	130,000	130,000	178,949	48,949
Licenses and permits	68,370	68,370	96,049	27,679
Intergovernmental	542,000	546,500	566,718	20,218
Charges for services - sanitation	952,000	984,500	981,223	(3,277)
Charges for services - EMS	1,775,000	1,883,500	1,916,490	32,990
Charges for services - other	17,500	17,500	21,013	3,513
Fines	118,000	118,000	124,267	6,267
Interest	25,000	25,000	53,698	28,698
Contributions and donations	4,200	4,200	10,789	6,589
Miscellaneous	464,505	464,505	496,899	32,394
Total revenues	8,218,375	8,363,875	8,727,700	363,825
Expenditures:				
General government:				
Mayor and Council	19,550	19,550	11,785	7,765
Administrative	1,495,925	1,488,425	1,436,111	52,314
Planning and zoning	409,315	425,565	438,085	(12,520)
City shop	110,126	110,126	107,128	2,998
Public safety:				
Police	2,323,011	2,363,391	2,368,513	(5,122)
Municipal court	68,992	68,992	72,445	(3,453)
Fire	3,418,421	3,531,421	3,565,636	(34,215)
Highways and streets	666,488	666,488	576,713	89,775
Culture and recreation:				
Parks	674,172	674,172	614,504	59,668
Recreation center	112,000	112,000	103,204	8,796
Sanitation	801,000	833,500	844,095	(10,595)
Total expenditures	10,099,000	10,293,630	10,138,219	155,411
Excess (deficiency) of revenues over (under) expenditures	(1,880,625)	(1,929,755)	(1,410,519)	519,236
Other financing sources (uses):				
Insurance recoveries	-	-	16,259	16,259
Transfers in	2,676,656	2,676,656	2,688,669	12,013
Transfers out	(1,859,977)	(1,893,977)	(1,623,913)	270,064
Total other financing sources (uses)	816,679	782,679	1,081,015	298,336
Net change in fund balances	(1,063,946)	(1,147,076)	(329,504)	817,572
Fund balances, beginning of year	4,157,312	4,157,312	4,157,312	-
Fund balances, end of year	\$ 3,093,366	3,010,236	3,827,808	817,572

See accompanying notes to financial statements.

**City of Burnet, Texas**

**Airport Fund  
Statement of Revenues, Expenditures, and Changes in  
Fund Balances – Budget and Actual – Budgetary Basis**

Year Ended September 30, 2019

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
Revenues:				
Fuel sales	\$ 580,000	580,000	578,855	(1,145)
Interest	7,000	7,000	14,052	7,052
Contributions and donations	-	-	1,080	1,080
Miscellaneous	212,500	212,500	197,091	(15,409)
<b>Total revenues</b>	<b>799,500</b>	<b>799,500</b>	<b>791,078</b>	<b>(8,422)</b>
Expenditures:				
Aviation services	685,228	689,538	636,855	52,683
<b>Total expenditures</b>	<b>685,228</b>	<b>689,538</b>	<b>636,855</b>	<b>52,683</b>
Excess of revenues over expenditures	114,272	109,962	154,223	44,261
Other financing sources (uses):				
Insurance recoveries	-	50,000	-	(50,000)
Transfers out	(450,000)	(580,323)	(328,835)	251,488
<b>Total other financing sources (uses)</b>	<b>(450,000)</b>	<b>(530,323)</b>	<b>(328,835)</b>	<b>201,488</b>
Net change in fund balances	(335,728)	(420,361)	(174,612)	245,749
Fund balances, beginning of year	891,989	891,989	891,989	-
Fund balances, end of year	\$ 556,261	471,628	717,377	245,749

See accompanying notes to financial statements.



**City of Burnet, Texas**  
**Statement of Net Position –**  
**Proprietary Funds**  
**September 30, 2019**

	Business-type Activities - Enterprise Funds			Total
	Electric	Water and Sewer	Delaware Springs Golf Course	
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 1,477,829	785,491	-	2,263,320
Receivables (net of allowance for uncollectibles)	1,171,903	522,785	3,824	1,698,512
Inventories	436,169	247,354	140,627	824,150
Prepaid and other items	-	26,493	38,342	64,835
Due from other funds	66,652	468,613	1,375	536,640
Due from component unit	12,311	1,200	-	13,511
Total current assets	<u>3,164,864</u>	<u>2,051,936</u>	<u>184,168</u>	<u>5,400,968</u>
Noncurrent assets:				
Restricted cash and cash equivalents	-	384,610	-	384,610
Capital assets:				
Land	11,171	357,759	208,613	577,543
Buildings	126,438	-	-	126,438
Infrastructure	7,027,001	45,519,094	3,410,590	55,956,685
Machinery and equipment	2,315,921	1,498,024	1,788,825	5,602,770
Less accumulated depreciation	(4,627,680)	(15,395,465)	(3,186,778)	(23,209,923)
Total capital assets, net	<u>4,852,851</u>	<u>31,979,412</u>	<u>2,221,250</u>	<u>39,053,513</u>
Total noncurrent assets	<u>4,852,851</u>	<u>32,364,022</u>	<u>2,221,250</u>	<u>39,438,123</u>
Total assets	<u>8,017,715</u>	<u>34,415,958</u>	<u>2,405,418</u>	<u>44,839,091</u>
<b>Deferred Outflows of Resources</b>				
Deferred outflows of resources	<u>270,649</u>	<u>258,537</u>	<u>169,869</u>	<u>699,055</u>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	41,323	224,627	56,339	322,289
Accrued interest payable	1,358	8,371	-	9,729
Accrued liabilities	68,280	89,485	41,389	199,154
Deposits payable	513,030	-	-	513,030
Due to other funds	10,169	6,474	618,288	634,931
Unearned revenue	15,134	12,263	-	27,397
Compensated absences - current	31,592	37,481	31,447	100,520
General obligation debt payable - current	40,000	806,000	-	846,000
Total current liabilities	<u>720,886</u>	<u>1,184,701</u>	<u>747,463</u>	<u>2,653,050</u>
Noncurrent liabilities:				
Compensated absences	31,592	37,482	31,448	100,522
General obligation debt payable	191,475	17,621,000	-	17,812,475
Net pension liability	464,726	535,565	351,889	1,352,180
Total OPEB liability - health insurance	686,355	790,977	519,706	1,997,038
Total noncurrent liabilities	<u>1,374,148</u>	<u>18,985,024</u>	<u>903,043</u>	<u>21,262,215</u>
Total liabilities	<u>2,095,034</u>	<u>20,169,725</u>	<u>1,650,506</u>	<u>23,915,265</u>
<b>Deferred Inflows of Resources</b>				
Deferred inflows of resources	<u>49,764</u>	<u>57,350</u>	<u>37,682</u>	<u>144,796</u>
<b>Net Position</b>				
Net investment in capital assets	4,667,683	13,937,022	2,221,250	20,825,955
Unrestricted	1,475,883	510,398	(1,334,151)	652,130
Total net position	<u>\$ 6,143,566</u>	<u>14,447,420</u>	<u>887,099</u>	<u>21,478,085</u>

See accompanying notes to financial statements.

**City of Burnet, Texas**

**Statement of Revenues, Expenses, and Changes in Net Position –  
Proprietary Funds**

Year Ended September 30, 2019

	Business-type Activities - Enterprise Funds			Total
	Electric	Water and Sewer	Delaware Springs Golf Course	
Operating revenues:				
Charges for sales and services:				
Electric service	\$ 9,069,036	-	-	9,069,036
Water and sewer services	-	4,348,445	-	4,348,445
Golf services	-	-	915,597	915,597
Sales of merchandise	-	-	438,589	438,589
Other operating revenue	217,310	2,242	8,897	228,449
Total operating revenues	<u>9,286,346</u>	<u>4,350,687</u>	<u>1,363,083</u>	<u>15,000,116</u>
Operating expenses:				
Personnel	874,028	1,037,246	842,647	2,753,921
Materials and supplies	118,762	239,960	84,395	443,117
Repairs and maintenance	55,942	274,435	147,566	477,943
Purchased services	52,166	402,169	65,113	519,448
Purchases for resale	5,054,913	57,659	326,790	5,439,362
Depreciation	300,215	1,180,147	323,011	1,803,373
Other operating expenses	71,783	-	-	71,783
Total operating expenses	<u>6,527,809</u>	<u>3,191,616</u>	<u>1,789,522</u>	<u>11,508,947</u>
Operating income (loss)	<u>2,758,537</u>	<u>1,159,071</u>	<u>(426,439)</u>	<u>3,491,169</u>
Nonoperating revenues (expenses):				
Insurance recoveries	675	-	-	675
Interest earnings	23,751	28,398	-	52,149
Interest expense	(19,680)	(102,582)	-	(122,262)
Capital contributions	171,968	17,600	-	189,568
Total nonoperating revenues (expenses)	<u>176,714</u>	<u>(56,584)</u>	<u>-</u>	<u>120,130</u>
Income (loss) before contributions and transfers	2,935,251	1,102,487	(426,439)	3,611,299
Transfers in	10,000	-	239,984	249,984
Transfers out	<u>(1,966,482)</u>	<u>(747,943)</u>	<u>(161,202)</u>	<u>(2,875,627)</u>
Change in net position	978,769	354,544	(347,657)	985,656
Net position, beginning of year	<u>5,164,797</u>	<u>14,092,876</u>	<u>1,234,756</u>	<u>20,492,429</u>
Net position, end of year	<u>\$ 6,143,566</u>	<u>14,447,420</u>	<u>887,099</u>	<u>21,478,085</u>

See accompanying notes to financial statements.

**City of Burnet, Texas**  
**Statement of Cash Flows –**  
**Proprietary Funds**  
Year Ended September 30, 2019

	Business-type Activities - Enterprise Funds			
	Electric	Water and Sewer	Delaware Springs Golf Course	Total
Cash flows from operating activities:				
Receipts from customers and users	\$ 8,930,261	4,252,565	1,359,259	14,542,085
Payments to employees for salaries and wages	(619,168)	(715,493)	(576,190)	(1,910,851)
Payments to suppliers and others	<u>(5,526,006)</u>	<u>(1,067,446)</u>	<u>(650,797)</u>	<u>(7,244,249)</u>
Net cash provided by operating activities	<u>2,785,087</u>	<u>2,469,626</u>	<u>132,272</u>	<u>5,386,985</u>
Cash flows from noncapital financing activities:				
Transfers from other funds	10,000	-	239,984	249,984
Transfers to other funds	<u>(1,966,482)</u>	<u>(747,943)</u>	<u>(161,202)</u>	<u>(2,875,627)</u>
Net cash provided by (used in) noncapital financing activities	<u>(1,956,482)</u>	<u>(747,943)</u>	<u>78,782</u>	<u>(2,625,643)</u>
Cash flows from capital and related financing activities:				
Proceeds from disposition of capital assets	675	-	-	675
Acquisition and construction of capital assets	(271,445)	(1,689,637)	(211,054)	(2,172,136)
Principal paid on capital debt	(41,322)	(804,000)	-	(845,322)
Interest paid on capital debt	<u>(9,602)</u>	<u>(102,790)</u>	<u>-</u>	<u>(112,392)</u>
Net cash used in capital and related financing activities	<u>(321,694)</u>	<u>(2,596,427)</u>	<u>(211,054)</u>	<u>(3,129,175)</u>
Cash flows from investing activities:				
Interest on investments	<u>23,751</u>	<u>28,398</u>	<u>-</u>	<u>52,149</u>
Net cash provided by investing activities	<u>23,751</u>	<u>28,398</u>	<u>-</u>	<u>52,149</u>
Net increase (decrease) in cash and cash equivalents	530,662	(846,346)	-	(315,684)
Cash and cash equivalents, beginning of year	<u>947,167</u>	<u>2,016,447</u>	<u>-</u>	<u>2,963,614</u>
Cash and cash equivalents, end of year	<u>\$ 1,477,829</u>	<u>1,170,101</u>	<u>-</u>	<u>2,647,930</u>

(continued)

**City of Burnet, Texas**  
**Statement of Cash Flows –**  
**Proprietary Funds**  
(Continued)

	Business-type Activities - Enterprise Funds			
	Electric	Water and Sewer	Delaware Springs Golf Course	Total
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 2,758,537	1,159,071	(426,439)	3,491,169
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	300,215	1,180,147	323,011	1,803,373
Decrease (increase) in assets and liabilities:				
Accounts receivables	(333,849)	(110,385)	(3,824)	(448,058)
Inventories	11,113	4,302	(17,610)	(2,195)
Prepaid and other items	7,862	(27,693)	(31,566)	(51,397)
Due from / due to other funds	(8,616)	(6,745)	203,680	188,319
Accounts payable	27,723	182,563	23,837	234,123
Accrued liabilities	13,431	49,689	5,435	68,555
Deposits payable	27,759	-	-	27,759
Unearned revenues	(49,995)	12,263	-	(37,732)
Compensated absences	(864)	5,854	3,295	8,285
Net pension liability and pension-related deferred outflows and inflows of resources	25,265	24,439	27,407	77,111
Total OPEB liability and OPEB-related deferred outflows and inflows of resources	6,506	(3,879)	25,046	27,673
Total adjustments	<u>26,550</u>	<u>1,310,555</u>	<u>558,711</u>	<u>1,895,816</u>
Net cash provided by operating activities	\$ <u>2,785,087</u>	<u>2,469,626</u>	<u>132,272</u>	<u>5,386,985</u>
Noncash investing, capital and financing activities:				
Contributions of capital assets	\$ <u>171,968</u>	<u>17,600</u>	<u>-</u>	<u>189,568</u>

See accompanying notes to financial statements.

## City of Burnet, Texas

### Notes to Financial Statements

September 30, 2019

#### I. Summary of Significant Accounting Policies

##### A. Reporting Entity

The City of Burnet, Texas, the county seat for Burnet County, is situated in the midwestern part of Burnet County in Central Texas and encompasses approximately ten square miles. The City of Burnet, Texas (the “City”) is a “Home Rule Charter” city. The City operates under a Council / Manager form of government meaning that the City Council makes and adopts regulations, laws and policy and the City Manager is responsible for the day to day operations of the City. The City provides basic services to its citizens, such as police, fire, electricity, water and sewer, and sanitation, as well as health and welfare, economic development, aviation services, and parks and recreation services.

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units although legally separate entities are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. The City did not have any blended component units. A discretely presented component unit, on the other hand, is reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the government.

*Discretely presented component unit* - The Burnet Economic Development Corporation, Inc. (the “Development Corporation”) is a governmental nonprofit corporation organized for the purpose of promoting, assisting, and enhancing economic development activities of the City of Burnet, Texas. The City Council appoints a governing body that is not substantively the same as the governing body of the primary government. Budgets of the Corporation and debt to be incurred must be approved by the Council. The Development Corporation does not issue separate financial statements.

##### B. Basis of Presentation - Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

## City of Burnet, Texas

### Notes to Financial Statements (Continued)

#### I. Summary of Significant Accounting Policies (continued)

##### B. Basis of Presentation - Government-Wide Financial Statements (continued)

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City's electric, water and sewer functions, and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

##### C. Program Revenues

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

##### D. Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the government's funds. Separate statements for each fund category - governmental and proprietary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The general fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

## City of Burnet, Texas

### Notes to Financial Statements (Continued)

#### I. Summary of Significant Accounting Policies (continued)

##### D. Basis of Presentation - Fund Financial Statements (continued)

The airport fund, a special revenue fund, accounts for the operations of Burnet Municipal Airport. The primary sources of revenue for the airport fund are fuel sales and hanger rentals.

The debt service fund is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

The general capital projects fund is used to account for the acquisition / renovation of buildings, equipment, and other capital items for City purposes.

The City reports the following major enterprise funds:

The electric fund accounts for the City's electric services to its residents. All activities necessary to provide such services are accounted for in this fund including, but not limited to, administration, operations, maintenance, and financing and related debt service.

The water and sewer fund accounts for the City's water and sewer services to its residents. All activities necessary to provide such services are accounted for in this fund including, but not limited to, administration, operations, maintenance, and financing and related debt service.

The Delaware Springs Golf Course fund accounts for the operation of the Delaware Springs Municipal Golf Course. All activities necessary for the operation of the golf course are accounted for in this fund including, but not limited to, administration, operations, maintenance, and financing and related debt service.

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

## City of Burnet, Texas

### Notes to Financial Statements (Continued)

#### I. Summary of Significant Accounting Policies (continued)

##### D. Basis of Presentation - Fund Financial Statements (continued)

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

##### E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.



## City of Burnet, Texas

### Notes to Financial Statements (Continued)

#### I. Summary of Significant Accounting Policies (continued)

##### E. Measurement Focus and Basis of Accounting (continued)

Property taxes, sales taxes, franchise taxes and charges for services associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the City.

The proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting.

##### F. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the electric fund, water and sewer fund, and Delaware Springs Golf Course fund are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

##### G. Budgetary Information

Annual budgets are legally adopted for the following funds (under the City's budgetary fund structure): the general fund, the airport fund, the hotel/motel tax fund, and the debt service fund. Capital projects funds are generally planned on both a project-length basis and an annual basis. Also, operating plans are developed for the electric fund, water and sewer fund and the Delaware Springs Golf Course fund.

The appropriated budget is prepared by fund, department and object. The City Manager is authorized to transfer budgeted amounts within departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

**City of Burnet, Texas**

Notes to Financial Statements  
(Continued)

**I. Summary of Significant Accounting Policies** (continued)

G. Budgetary Information (continued)

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders and contracts). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget.

The City prepares its appropriated budgets on a budgetary basis structure which differs from that used for financial reporting in accordance with generally accepted accounting principles ("GAAP"). The budget and all transactions of the general and airport funds are presented in accordance with the City's budgetary basis structure in the Statements of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Budgetary Basis to provide a meaningful comparison of actual results with the budget. The major difference between the budgetary basis and the GAAP basis is that the budgetary basis uses a fund structure which is used in the City's legally adopted budget (rather than the fund structure used in their financial statements) which results in certain activities reported on a GAAP basis which are not included on a budgetary basis. Adjustments necessary for the general fund to convert the net change in fund balance on the budgetary basis to a GAAP basis are provided below:

Net change in fund balance - budgetary basis	\$ (329,504)
Activities not included in general fund budget	<u>-</u>
Net change in fund balance - GAAP basis	<u>\$ (329,504)</u>

There were no adjustments necessary for the airport fund to convert the net change in fund balance on the budgetary basis to a GAAP basis.

H. Investments, and Cash and Cash Equivalents

State statutes and the City's investment policy authorize the City to invest in obligations of the United States and its agencies, certificates of deposit, and public funds investment pools.

Investments for the government are reported at fair value (generally based on quoted market prices) except for the position in the State Treasurer's Texas Local

## City of Burnet, Texas

### Notes to Financial Statements (Continued)

#### I. Summary of Significant Accounting Policies (continued)

##### H. Investments, and Cash and Cash Equivalents (continued)

Government Investment Pool (“TexPool”). In accordance with state law, the Comptroller of Public Accounts (the Comptroller) is the sole officer, director and shareholder of TexPool. Additionally, the Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. There are no maximum transaction amounts and withdrawals from TexPool may be made daily. TexPool uses amortized cost rather than fair value to report net assets share price.

The City's cash and cash equivalents for purposes of reporting cash flows of the enterprise funds are considered to be cash on hand, demand deposits, external investment pools and deposits in the City's internal cash pool.

##### I. Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out method and consist of expendable material and supplies and vehicle repair parts. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

##### J. Capital Assets

Capital assets, which include land, buildings, machinery and equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the City chose to include all such items regardless of their acquisition date or amount. The City was able to estimate the historical cost for the initial reporting of these assets. As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost.

**City of Burnet, Texas**

Notes to Financial Statements  
(Continued)

**I. Summary of Significant Accounting Policies** (continued)

J. Capital Assets (continued)

The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their acquisition value.

Land and construction in progress are not depreciated. The other capital assets of the City are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	10 – 40
Machinery and equipment	5 – 10
Infrastructure	10 – 50

K. Long-Term Liabilities

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 premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

L. Pensions

For purposes of measuring the net pension asset or 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

## City of Burnet, Texas

### Notes to Financial Statements (Continued)

#### I. Summary of Significant Accounting Policies (continued)

##### L. Pensions (continued)

(“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.

##### M. Other Postemployment Benefits (“OPEB”)

The fiduciary net position of the City’s defined benefit life and health insurance plans (collectively, “the OPEB plans”) have been determined using the flow of economic resources measurement focus and the full accrual basis of accounting. This includes for purposes of measuring the total OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, and information about assets, liabilities, and additions to/deductions from the OPEB plans’ net position. Benefit payments are recognized when due and payable in accordance with benefit terms. There are no investments as these are pay-as-you-go plans.

##### N. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position and 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.

##### O. Net Position Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in

## City of Burnet, Texas

### Notes to Financial Statements (Continued)

#### I. Summary of Significant Accounting Policies (continued)

##### O. Net Position Flow Assumptions (continued)

the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

##### P. Fund Balance Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

##### Q. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. City management is authorized to assign fund balance. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not

**City of Burnet, Texas**

Notes to Financial Statements  
(Continued)

**I. Summary of Significant Accounting Policies** (continued)

**Q. Fund Balance Policies** (continued)

normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

The components and specific purpose details of nonspendable, restricted, and assigned fund balances of governmental funds at September 30, 2019 are as follows:

	<u>General</u>	<u>Airport</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Nonspendable:					
Inventories	\$ 30,476	43,070	-	-	73,546
Prepaid items	33,702	-	-	-	33,702
Restricted:					
Aviation services	-	674,307	-	-	674,307
General obligation debt service	-	-	160,286	-	160,286
Economic development	-	-	-	125,546	125,546
Public safety	-	-	-	60,092	60,092
Assigned:					
Capital projects	-	-	-	1,422,626	1,422,626
Unassigned	<u>3,763,630</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,763,630</u>
	<u>\$ 3,827,808</u>	<u>717,377</u>	<u>160,286</u>	<u>1,608,264</u>	<u>6,313,735</u>

**R. Property Taxes**

Property taxes attach as an enforceable lien on real property and are levied as of October 1 on the assessed value as of the previous January 1 for all real and personal property in the City.

**S. Compensated Absences**

The City’s policy permits employees to accumulate earned but unused vacation and sick leave benefits, which are eligible for payment upon separation from government service subject to certain limitations. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements.

**City of Burnet, Texas**

Notes to Financial Statements  
(Continued)

**II. Reconciliation of Government-Wide and Fund Financial Statements**

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including general obligation debt payable and the net pension and total OPEB liabilities, are not due and payable in the current period and, therefore, are not reported in the funds.” The details of this \$9,538,609 difference are as follows.

General obligation debt payable	\$ (1,440,000)
Compensated absences	(440,104)
Accrued interest payable	(5,256)
Net pension liability, net of related deferred outflows / inflows of \$1,238,024 (to be amortized as pension expense)	(2,266,862)
Total OPEB liability - life insurance, net of related deferred outflows / inflows of \$8,330 (to be amortized as OPEB expense)	(288,616)
Total OPEB liability - health insurance, net of related deferred outflows / inflows of \$78,597 (to be amortized as OPEB expense)	<u>(5,097,771)</u>
	<u>\$ (9,538,609)</u>

**III. Detailed Notes On All Activities and Funds**

A. Cash Deposits and Investments

Investments of the City at September 30, 2019, consist of investments in Texas Local Government Investment Pool (“TexPool”) of \$6,857,419. See Note I.H. for a discussion of how the shares in TexPool are valued.

*Credit Risk:* For an investment, credit risk is the risk that an investment issuer or other counterparty to an investment will not fulfill obligations. The Public Funds Investment Act (Government Code Chapter 2256) restricts the types of investments in which the City may invest. The City’s investment policy addresses credit quality by further restricting authorized investments to obligations of the United States and its agencies, and public funds investment pools rated AAA or AA from a nationally recognized rating service. The City’s investment in TexPool is rated AAAM by Standard & Poors.

*Interest Rate Risk:* Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. In accordance with its investment



**City of Burnet, Texas**

Notes to Financial Statements  
(Continued)

**III. Detailed Notes On All Activities and Funds** (continued)

A. Cash Deposits and Investments (continued)

policy, the City will only invest on a basis which allows liquidity to meet cash flow needs as necessary – the weighted average maturity should be 180 days or less for the general fund and 365 days or less for the debt service fund. The weighted average maturity of TexPool is 36 days as of September 30, 2019.

*Custodial Credit Risk:* The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. City policy requires all deposits to be federally insured or collateralized by eligible securities held by an independent third-party custodian.

For an investment, custodial credit risk is the risk that in the event of the failure of the counter-party, the City will not be able to recover the value of its investment or collateralized securities that are in the possession of an outside third party. The City has no specific policies that limit the custodial credit risk for its investments.

A reconciliation of deposits and investments as shown on the statement of net position:

Cash on hand	\$ 3,694
Carrying amount of deposits	3,534,575
Carrying amount of investments	<u>6,857,419</u>
	<u>\$ 10,395,688</u>
Per the statement of net position for the City:	
Cash and cash equivalents	\$ 8,524,302
Restricted cash and cash equivalents	<u>384,610</u>
	8,908,912
Per the statement of net position for the Burnet Economic Development Corporation, Inc.:	
Cash and cash equivalents	<u>1,486,776</u>
	<u>\$ 10,395,688</u>

**City of Burnet, Texas**

Notes to Financial Statements  
(Continued)

**III. Detailed Notes On All Activities and Funds** (continued)

**B. Receivables**

Amounts are aggregated into a single account receivable (net of allowance for uncollectibles) line for certain funds and aggregated columns. Below is the detail of receivables for the general, airport, and debt service funds, and for the nonmajor governmental funds in the aggregate, including the applicable allowances for uncollectible accounts:

	<u>General</u>	<u>Airport</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor Govern- mental</u>	<u>Total</u>
Receivables:						
Property taxes	\$ 121,045	-	16,046	-	-	137,091
Sales taxes	284,272	-	-	-	-	284,272
Franchise taxes	22,064	-	-	-	-	22,064
Hotel/motel taxes	-	-	-	-	29,756	29,756
EMS	3,831,858	-	-	-	-	3,831,858
Other	111,057	37,975	258	28,244	76,341	253,875
	<u>4,370,296</u>	<u>37,975</u>	<u>16,304</u>	<u>28,244</u>	<u>106,097</u>	<u>4,558,916</u>
Less: allowance for uncollectibles	<u>(3,481,258)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,481,258)</u>
	<u>\$ 889,038</u>	<u>37,975</u>	<u>16,304</u>	<u>28,244</u>	<u>106,097</u>	<u>1,077,658</u>

**C. Capital Assets**

Capital asset activity for the year ended September 30, 2019, was as follows:

*Primary Government*

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 2,997,511	757,527	-	3,755,038
Construction in progress	211,322	453,723	(133,298)	531,747
Total capital assets not being depreciated	<u>3,208,833</u>	<u>1,211,250</u>	<u>(133,298)</u>	<u>4,286,785</u>

**City of Burnet, Texas**

Notes to Financial Statements  
(Continued)

**III. Detailed Notes On All Activities and Funds** (continued)

C. Capital Assets (continued)

*Primary Government (continued)*

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b> (continued)				
Capital assets, being depreciated:				
Buildings	9,615,486	-	-	9,615,486
Infrastructure	29,439,669	647,484	-	30,087,153
Machinery and equipment	<u>10,766,272</u>	<u>646,895</u>	<u>(59,872)</u>	<u>11,353,295</u>
Total capital assets, being depreciated	<u>49,821,427</u>	<u>1,294,379</u>	<u>(59,872)</u>	<u>51,055,934</u>
Less accumulated depreciation for:				
Buildings	(4,029,321)	(311,624)	-	(4,340,945)
Infrastructure	(7,989,995)	(832,779)	-	(8,822,774)
Machinery and equipment	<u>(7,782,732)</u>	<u>(698,514)</u>	<u>6,985</u>	<u>(8,474,261)</u>
Total accumulated depreciation	<u>(19,802,048)</u>	<u>(1,842,917)</u>	<u>6,985</u>	<u>(21,637,980)</u>
Total capital assets, being depreciated, net	<u>30,019,379</u>	<u>(548,538)</u>	<u>(52,887)</u>	<u>29,417,954</u>
	<u>\$ 33,228,212</u>	<u>662,712</u>	<u>(186,185)</u>	<u>33,704,739</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	<u>\$ 577,543</u>	<u>-</u>	<u>-</u>	<u>577,543</u>
Total capital assets not being depreciated	<u>577,543</u>	<u>-</u>	<u>-</u>	<u>577,543</u>
Capital assets, being depreciated:				
Buildings	126,438	-	-	126,438
Infrastructure	53,998,585	1,958,100	-	55,956,685
Machinery and equipment	<u>5,199,166</u>	<u>403,604</u>	<u>-</u>	<u>5,602,770</u>
Total capital assets being depreciated	<u>59,324,189</u>	<u>2,361,704</u>	<u>-</u>	<u>61,685,893</u>
Less accumulated depreciation for:				
Buildings	(20,667)	(3,161)	-	(23,828)
Infrastructure	(17,320,870)	(1,464,457)	-	(18,785,327)
Machinery and equipment	<u>(4,065,013)</u>	<u>(335,755)</u>	<u>-</u>	<u>(4,400,768)</u>
Total accumulated depreciation	<u>(21,406,550)</u>	<u>(1,803,373)</u>	<u>-</u>	<u>(23,209,923)</u>
Total capital assets, being depreciated, net	<u>37,917,639</u>	<u>558,331</u>	<u>-</u>	<u>38,475,970</u>
	<u>\$ 38,495,182</u>	<u>558,331</u>	<u>-</u>	<u>39,053,513</u>

**City of Burnet, Texas**

Notes to Financial Statements  
(Continued)

**III. Detailed Notes On All Activities and Funds** (continued)

C. Capital Assets (continued)

*Primary Government (continued)*

Depreciation expense was charged to functions/programs of the governmental activities of the City as follows:

General government	\$	172,394
Public safety		665,702
Highways and streets		463,520
Aviation services		269,963
Culture and recreation		<u>271,338</u>
Total depreciation expense	\$	<u><u>1,842,917</u></u>

At September 30, 2019, the City's construction contract commitments with contractors for governmental activities are as follows:

Project Title	Spent to Date	Remaining Commitment
New public safety building	\$ 482,511	\$ 4,755,787
Hamilton Creek extension	<u>49,236</u>	<u>13,490</u>
	<u><u>\$ 531,747</u></u>	<u><u>\$ 4,769,277</u></u>

The construction contract commitments will be financed with the proceeds from the subsequent issuance of \$4 million of combination tax and revenue certificates of obligation, as more fully described in Note III. M, and available resources.

**City of Burnet, Texas**

Notes to Financial Statements  
(Continued)

**III. Detailed Notes On All Activities and Funds** (continued)

C. Capital Assets (continued)

*Component Unit*

	Beginning Balance	Increases	Decreases	Ending Balance
<b><i>Burnet Economic Development Corporation:</i></b>				
Capital assets, not being depreciated:				
Land	\$ 41,360	-	-	41,360
Construction in progress	741,180	2,548,962	-	3,290,142
Total capital assets not being depreciated	782,540	2,548,962	-	3,331,502
Capital assets, being depreciated:				
Machinery and equipment	13,780	-	-	13,780
Total capital assets being depreciated	13,780	-	-	13,780
Less accumulated depreciation for:				
Machinery and equipment	(11,024)	(2,756)	-	(13,780)
Total accumulated depreciation	(11,024)	(2,756)	-	(13,780)
Total capital assets, being depreciated, net	2,756	(2,756)	-	-
	\$ 785,296	2,546,206	-	3,331,502

At September 30, 2019, the component unit's construction contract commitments with contractors are as follows:

Project Title	Spent to Date	Remaining Commitment
Badger building renovations	\$ 3,290,142	\$ 133,380

The construction contract commitments will be financed with available resources.

D. Long-Term Liabilities

*Primary Government*

The City issues general obligation bonds, tax notes and combination tax and revenue certificates of obligation (collectively, "general obligation debt") to provide funds for the acquisition and construction of major capital facilities for both governmental and business-type activities. These general obligation debts are direct obligations and pledge

**City of Burnet, Texas**  
Notes to Financial Statements  
(Continued)

**III. Detailed Notes On All Activities and Funds** (continued)

D. Long-Term Liabilities (continued)

*Primary Government (continued)*

the full faith and credit of the City. The general obligation bonds, tax notes and certificates of obligation generally are issued with equal amounts of principal maturing each year with maturities that range from 6 to 40 years. General obligation debt outstanding at September 30, 2019 is as follows.

	<u>Date</u>	<u>Original Amount</u>	<u>Interest Rates</u>	<u>Final Maturity</u>	<u>Amount Outstanding</u>
<i>Governmental Activities</i>					
Combination tax and revenue certificates of obligation	2013	2,240,000	2.19%	2028	<u>1,440,000</u>
					\$ <u>1,440,000</u>
	<u>Date</u>	<u>Original Amount</u>	<u>Interest Rates</u>	<u>Final Maturity</u>	<u>Amount Outstanding</u>
<i>Business-Type Activities</i>					
Combination tax and revenue certificates of obligation	2003	\$ 1,289,000	4.50%	2042	\$ 1,009,000
Combination tax and revenue certificates of obligation	2004	527,000	4.50%	2043	425,000
Combination tax and revenue certificates of obligation	2006	1,050,000	4.12%	2045	858,000
Combination tax and revenue certificates of obligation	2010	11,425,000	0.00%	2040	8,265,000
Combination tax and revenue certificates of obligation	2012	9,900,000	0.00%	2042	7,830,000
Combination tax and revenue certificates of obligation	2012A	110,000	0.00-1.26%	2022	40,000
General obligation refunding bonds	2008	909,439	3.52%	2024	<u>231,475</u>
					\$ <u>18,658,475</u>

Changes in the City's long-term liabilities for the year ended September 30, 2019 are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
General obligation debt	\$ 2,358,678	-	(918,678)	1,440,000	145,000
Compensated absences	477,791	413,225	(450,912)	440,104	220,052
Net pension liability	2,027,001	1,477,885	-	3,504,886	-
Total OPEB liability - life insurance	291,522	-	(11,236)	280,286	-
Total OPEB liability - health insurance	<u>5,287,949</u>	<u>-</u>	<u>(111,581)</u>	<u>5,176,368</u>	<u>-</u>
	<u>\$ 10,442,941</u>	<u>1,891,110</u>	<u>(1,492,407)</u>	<u>10,841,644</u>	<u>365,052</u>

**City of Burnet, Texas**  
Notes to Financial Statements  
(Continued)

**III. Detailed Notes On All Activities and Funds** (continued)

D. Long-Term Liabilities (continued)

*Primary Government (continued)*

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type activities:					
General obligation debt	\$ 19,503,797	-	(845,322)	18,658,475	846,000
Compensated absences	192,757	198,096	(189,811)	201,042	100,520
Net pension liability	814,949	537,231	-	1,352,180	-
Total OPEB liability - health insurance	<u>2,126,003</u>	<u>-</u>	<u>(128,965)</u>	<u>1,997,038</u>	<u>-</u>
	<u>\$ 22,637,506</u>	<u>735,327</u>	<u>(1,164,098)</u>	<u>22,208,735</u>	<u>946,520</u>

For governmental activities, the liability for compensated absences, total OPEB liabilities – life insurance and health insurance, and the net pension liability are substantially liquidated by the General Fund.

The debt service requirements for the City’s bonds and certificates of obligation follow:

<u>Year Ended September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<b><i>Governmental Activities</i></b>			
2020	\$ 145,000	29,948	174,948
2021	150,000	26,718	176,718
2022	155,000	23,378	178,378
2023	155,000	19,984	174,984
2024	160,000	16,535	176,535
2025 - 2028	<u>675,000</u>	<u>29,948</u>	<u>704,948</u>
	<u>\$ 1,440,000</u>	<u>146,511</u>	<u>1,586,511</u>

**City of Burnet, Texas**

Notes to Financial Statements  
(Continued)

**III. Detailed Notes On All Activities and Funds** (continued)

D. Long-Term Liabilities (continued)

*Primary Government (continued)*

Year Ended September 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<i><b>Business-Type Activities</b></i>			
2020	\$ 846,000	108,429	954,429
2021	859,000	104,406	963,406
2022	856,000	100,540	956,540
2023	849,000	95,811	944,811
2024	853,475	91,253	944,728
2025 - 2029	4,044,000	401,490	4,445,490
2030 - 2034	4,126,000	314,033	4,440,033
2035 - 2039	4,216,000	163,166	4,379,166
2040 - 2044	1,955,000	72,131	2,027,131
2045	<u>54,000</u>	<u>2,228</u>	<u>56,228</u>
	<u>\$ 18,658,475</u>	<u>1,453,487</u>	<u>20,111,962</u>

The City's bond indentures contain restrictions concerning the maintenance of accounting records as well as reporting the results of the City's operations to specified major bond holders. The City is in compliance with all significant requirements and restrictions.

There is no specific maximum debt limit established by law for the City; therefore, the limit is governed by the City's ability to levy and collect taxes to service the debt.

The City has pledged net revenues of the water and sewer system to repay \$18,427,000 in combination tax and revenue certificates of obligation issued from 2003 to 2012. Annual principal and interest payments on the debt is expected to require approximately 50% of the pledged net revenues. The total principal and interest remaining to be paid on the debt is \$19,855,059. Principal and interest paid for the current year and total pledged net revenues for the current year were \$906,727 and \$1,774,337, respectively.



**City of Burnet, Texas**

Notes to Financial Statements  
(Continued)

**III. Detailed Notes On All Activities and Funds** (continued)

*Component Unit*

Changes in the component unit's long-term liabilities for the year ended September 30, 2019 are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Burnet Economic Development Corporation:					
General obligation debt	\$ 2,045,000	-	(95,000)	1,950,000	105,000
	<u>\$ 2,045,000</u>	<u>-</u>	<u>(95,000)</u>	<u>1,950,000</u>	<u>105,000</u>

The debt service requirements for the component unit's certificates of obligation follow:

<u>Year Ended September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<i>Component Unit</i>			
2020	\$ 105,000	87,750	192,750
2021	110,000	83,025	193,025
2022	110,000	78,075	188,075
2023	115,000	73,125	188,125
2024	125,000	67,950	192,950
2025 - 2029	705,000	250,875	955,875
2030 - 2033	<u>680,000</u>	<u>78,075</u>	<u>758,075</u>
	<u>\$ 1,950,000</u>	<u>718,875</u>	<u>2,668,875</u>

E. Interfund Receivables and Payables

The composition of interfund balances as of September 30, 2019 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Delaware Springs Golf Course	\$ 88,364
General	Debt service	34,757
General	Electric	3,695
General	Nonmajor governmental	132,872
Airport	Nonmajor governmental	5,000
Debt service	General	3,695

**City of Burnet, Texas**

Notes to Financial Statements  
(Continued)

**III. Detailed Notes On All Activities and Funds** (continued)

E. Interfund Receivables and Payables

Receivable Fund	Payable Fund	Amount
Debt service	Airport	255
Nonmajor governmental	Delaware Springs Golf Course	529,924
Nonmajor governmental	Debt service	838
Nonmajor governmental	General capital projects	5,581
Nonmajor governmental	Electric	6,474
Nonmajor governmental	Water and sewer	6,474
Electric	Debt service	20,718
Electric	Nonmajor governmental	45,934
Water and sewer	Debt service	252,414
Water and sewer	General	172,068
Water and sewer	Nonmajor governmental	44,131
Delaware Springs Golf Course	Debt service	1,375
		\$ 1,354,569

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

F. Interfund Transfers

The composition of interfund transfers for the year ended September 30, 2019 is as follows:

	Transfer out:						Total
	General	Airport	Nonmajor Governmental	Electric	Water and Sewer	Delaware Springs Golf Course	
Transfer in:							
General	\$ 120,435	35,232	46,556	1,921,565	564,881	-	2,688,669
Debt service	640,000	-	-	-	-	-	640,000
General capital projects	623,494	-	-	-	-	-	623,494
Nonmajor governmental	527,350	293,603	10,000	44,917	183,062	161,202	1,220,134
Electric	-	-	10,000	-	-	-	10,000
Delaware Springs Golf Course	239,984	-	-	-	-	-	239,984
	\$ 2,151,263	328,835	66,556	1,966,482	747,943	161,202	5,422,281

## City of Burnet, Texas

### Notes to Financial Statements (Continued)

#### **III. Detailed Notes On All Activities and Funds** (continued)

##### F. Interfund Transfers (continued)

During the year, transfers are used to (1) move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due, and (2) move proprietary fund resources to the general fund for payments in lieu of taxes, administrative allocations, and a return on the general fund's investment in the electric fund.

##### G. Employee Benefits

###### **Pension Plan**

*Plan Description* - The City participates as one of 887 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System ("TMRS"). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the "TMRS Act") as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report ("CAFR") that can be obtained at [www.tMrs.com](http://www.tMrs.com).

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

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

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

**City of Burnet, Texas**

Notes to Financial Statements  
(Continued)

**III. Detailed Notes On All Activities and Funds** (continued)

G. Employee Benefits (continued)

**Pension Plan** (continued)

*Employees Covered by Benefit Terms* – At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	64
Inactive employees entitled to but not yet receiving benefits	64
Active employees	<u>116</u>
	<u>244</u>

*Contributions* – The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rate for the City was 12.96% and 13.06% in calendar years 2018 and 2019, respectively. The City’s contributions to TMRS for the year ended September 30, 2019 were \$837,493 and were equal to the required contributions.

*Net Pension Liability* – The City’s net pension liability was measured as of December 31, 2018, and the total pension liability 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, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% per year
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

## City of Burnet, Texas

### Notes to Financial Statements (Continued)

#### **III. Detailed Notes On All Activities and Funds** (continued)

##### G. Employee Benefits (continued)

##### **Pension Plan** (continued)

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for the 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, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, TMRS adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan 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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative

**City of Burnet, Texas**

Notes to Financial Statements  
(Continued)

**III. Detailed Notes On All Activities and Funds** (continued)

G. Employee Benefits (continued)

**Pension Plan** (continued)

asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.30%
International Equity	17.5%	6.10%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.39%
Real Return	10.0%	3.78%
Real Estate	10.0%	4.44%
Absolute Return	10.0%	3.56%
Private Equity	5.0%	7.75%
Total	100.0%	

*Discount Rate* – The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that the 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 Burnet, Texas**

Notes to Financial Statements  
(Continued)

**III. Detailed Notes On All Activities and Funds** (continued)

G. Employee Benefits (continued)

**Pension Plan** (continued)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at December 31, 2017	\$ 24,356,558	21,514,608	2,841,950
Changes for the year:			
Service cost	995,287	-	995,287
Interest	1,642,995	-	1,642,995
Difference between expected and actual experience	(61,582)	-	(61,582)
Contributions - employer	-	791,829	(791,829)
Contributions - employee	-	427,686	(427,686)
Net investment income	-	(644,826)	644,826
Benefit payments, including refunds of employee contributions	(1,027,072)	(1,027,072)	-
Administrative expense	-	(12,455)	12,455
Other changes	-	(650)	650
Net changes	1,549,628	(465,488)	2,015,116
Balance at December 31, 2018	\$ 25,906,186	21,049,120	4,857,066

*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 one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate.

	Current		
	1% Decrease (5.75%)	Rate Assumption (6.75%)	1% Increase (7.75%)
City's net pension liability	\$ 8,861,226	4,857,066	1,636,231

*Pension Plan Fiduciary Net Position* – Detailed information about the pension plan’s Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the internet at [www.tmrs.com](http://www.tmrs.com).

**City of Burnet, Texas**

Notes to Financial Statements  
(Continued)

**III. Detailed Notes On All Activities and Funds** (continued)

G. Employee Benefits (continued)

**Pension Plan** (continued)

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

For the year ended September 30, 2019, the City recognized pension expense of \$1,198,549.

At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contributions subsequent to the measurement date	\$ 619,732	-
Differences between expected and actual experience	60,448	76,848
Change in assumptions	4,971	-
Difference between projected and actual investment earnings, net	<u>1,107,348</u>	<u>-</u>
	<u>\$ 1,792,499</u>	<u>76,848</u>

The \$619,732 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, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	
2019	\$ 388,067
2020	146,154
2021	149,126
2022	<u>412,572</u>
Total	<u>\$ 1,095,919</u>



**City of Burnet, Texas**

Notes to Financial Statements  
(Continued)

**III. Detailed Notes On All Activities and Funds** (continued)

G. Employee Benefits (continued)

**OPEB – Life Insurance**

*Plan Description* – The City also participates in a defined benefit group term life insurance plan administered by TMRS known as the Supplemental Death Benefits Fund (“SDBF”). The City elected, by ordinance, to provide group term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1. As the TMRS SDBF covers both active and retired members, with no segregation of assets, the SDBF does not meet the definition of a trust under paragraph 4 of Governmental Accounting Standards Board (“GASB”) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* (i.e. no assets are accumulated for OPEB). As such, the SDBF is considered to be a single-employer unfunded OPEB plan with benefit payments treated as being equal to the City’s yearly contributions for retirees.

*Benefits Provided* – 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 a fixed amount of \$7,500.

*Employees Covered by Benefit Terms* – At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	49
Inactive employees entitled to but not yet receiving benefits	9
Active employees	<u>116</u>
	<u>174</u>

*Contributions* – The 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.

The City’s contributions to the SDBF for the year ended September 30, 2019 were \$2,396, which equaled the required contribution for the year.

**City of Burnet, Texas**

Notes to Financial Statements  
(Continued)

**III. Detailed Notes On All Activities and Funds** (continued)

G. Employee Benefits (continued)

**OPEB – Life Insurance** (continued)

*Total OPEB Liability – Life Insurance:* The City’s total OPEB liability – life insurance was measured as of December 31, 2018, and was determined by an actuarial valuation as of that date.

*Actuarial Assumptions:* The total OPEB liability – life insurance in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Salary increases	3.5% to 10.5% per year, including inflation
Discount rate	3.71% (based on the Fidelity Index's "20-year Municipal GO AA index" rate as of December 31, 2018)
Overall payroll growth	3.0% per year
Administrative expenses	All administrative expenses are paid through the TMRS Pension Trust

Mortality rates for service retirees were based on the RP2000 Combined Mortality Table with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with a scale BB. For disabled retirees, the RP2000 Combined Mortality Table with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. The rates are projected on a fully generational basis with a scale BB to account for the future mortality improvements subject to the 3% floor.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period December 31, 2010 to December 31, 2014.

**City of Burnet, Texas**

Notes to Financial Statements  
(Continued)

**III. Detailed Notes On All Activities and Funds** (continued)

G. Employee Benefits (continued)

**OPEB – Life Insurance** (continued)

The changes in the total OPEB liability – life insurance for the measurement period ending December 31, 2018 were as follows:

	Total OPEB Liability - Life Insurance
Balance at December 31, 2017	\$ <u>291,522</u>
Changes for the year:	
Service cost	12,831
Interest	9,831
Differences between expected and actual experience	(10,286)
Changes in assumptions or other inputs	(21,779)
Benefit payments **	<u>(1,833)</u>
Net changes	<u>(11,236)</u>
Balance at December 31, 2018	\$ <u><u>280,286</u></u>

\*\* Due to the SDBF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contribution for retirees.

*Sensitivity of the Total OPEB Liability – Life Insurance to Changes in the Discount Rate*  
– The following presents the total OPEB liability – life insurance of the City, calculated using the discount rate of 3.71%, as well as what the City’s total OPEB liability – life insurance would be if it were calculated using a discount rate that is one percentage point lower (2.71%) or one percentage point higher (4.71%) than the current rate.

	1% Decrease (2.71%)	Current Rate Assumption (3.71%)	1% Increase (4.71%)
Total OPEB liability - life insurance	\$ <u>339,256</u>	<u>280,286</u>	<u>235,080</u>

**City of Burnet, Texas**

Notes to Financial Statements  
(Continued)

**III. Detailed Notes On All Activities and Funds** (continued)

G. Employee Benefits (continued)

**OPEB – Life Insurance** (continued)

*OPEB Expense – Life Insurance and Deferred Outflows of Resources  
and Deferred Inflows of Resources Related to OPEB – Life Insurance*

For the year ended September 30, 2019, the City recognized OPEB expense – life insurance of \$21,475.

At September 30, 2019, the City reported deferred outflows of resources related to OPEB – life insurance from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contributions subsequent to the measurement date	\$ 1,874	-
Differences between expected and actual experience	-	8,661
Change in assumptions	-	<u>1,543</u>
	<u>\$ 1,874</u>	<u>10,204</u>

The \$1,874 reported as deferred outflows of resources related to OPEB – life insurance resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability – life insurance for the year ending September 30, 2020. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense – life insurance as follows:

<u>Year Ended December 31,</u>	
2019	\$ (1,187)
2020	(1,187)
2021	(1,187)
2022	(1,187)
2023	(3,787)
Thereafter	<u>(1,669)</u>
Total	<u>\$ (10,204)</u>

## City of Burnet, Texas

### Notes to Financial Statements (Continued)

#### **III. Detailed Notes On All Activities and Funds** (continued)

##### G. Employee Benefits (continued)

###### **OPEB – Health Insurance**

*Plan Description and Plan Participants* – The City elected, by ordinance, to offer continuation of health and dental insurance to those regular employees who were hired prior to January 1, 2010 that retire from the City under TMRS with at least 20 years of service, with the last 10 years of service being with the City (“Eligible Retiree”). As this plan covers both active and retired members, with no accumulation of assets, the plan does not meet the definition of a trust under paragraph 4 of GASB Statement No. 75 (i.e. no assets are accumulated for OPEB – health insurance). As such, this plan is considered to be a single-employer unfunded OPEB plan with benefit payments adjusted for the implicit subsidy, as more fully described below.

An actuarial valuation to determine the total OPEB liability is required to be performed at least every two years. If the actuarial valuation used to determine the total OPEB liability is not calculated as of the measurement date, the total OPEB liability is required to be rolled forward from the actuarial valuation date to the measurement date. The total OPEB liability is based on an actuarial valuation performed as of December 31, 2017, and update procedures were used to roll forward the total OPEB liability to the measurement date of December 31, 2018.

###### *Normal Retirement Benefits*

*Health Care Benefit Eligibility Conditions* - City employees hired prior to January 1, 2010 must have been continuously employed with the City prior to retirement, with no break in service after January 1, 2010, to be eligible for continuation of health and dental insurance benefits. City employees hired on or after January 1, 2010 are not eligible for any continued health insurance after retirement.

*Health Care Benefits Provided by Plan* - For Eligible Retirees, such continued health and dental insurance is comparable to that which is provided for regular employees.

###### *Deferred Retirement Benefits*

Eligibility for participation in the City’s group insurance plan will pause if the Eligible Retiree becomes eligible for their current employer’s group health and/or dental insurance plan. The Eligible Retiree is required to notify the City of medical and/or dental insurance benefits provided by their current employer’s group insurance to the City’s human resources department in writing within 30 days of eligibility for such plan.

**City of Burnet, Texas**

Notes to Financial Statements  
(Continued)

**III. Detailed Notes On All Activities and Funds** (continued)

G. Employee Benefits (continued)

**OPEB – Health Insurance** (continued)

Once eligible, the Eligible Retiree must enroll in their current employer's group health and/or dental insurance plan and may not decline coverage. In the event the Eligible Retiree ceases to be eligible for another employer's group health and/or dental insurance plan, the Eligible Retiree may return to the City's plan as a qualifying event. An Eligible Retiree who is enrolled in their current employer's group health and/or dental insurance plan which requires the Eligible Retiree to pay a portion of the premium shall be eligible to receive reimbursement for such costs up to twenty-five percent (25%) of the amount of premium paid by the City for an active regular employee.

If the Eligible Retiree fails to disclose eligibility for medical and/or dental insurance benefits provided by their current employer's group plan, the Eligible Retiree's eligibility and enrollment shall be terminated immediately and the retiree will no longer be an Eligible Retiree for the purposes of this plan.

*Medicare Eligible Provisions*

For Eligible Retirees eligible for Medicare, the City will substitute coverage with a Medicare insurance policy. The City will reimburse Eligible Retirees on Medicare for Parts A and B, plus any additional costs for Medicare Supplement or Medigap plans, up to the amount of premium paid for an active employee. Eligible Retirees may have the option of declining City provided health and/or dental insurance and being reimbursed for health and/or dental coverage other than what the City provides up to the amount of premium paid for an active regular employee. It is strictly the Eligible Retirees responsibility to contact the City with any changes in coverage. If an Eligible Retiree chooses reimbursement, proof of coverage must be certified annually.

If an Eligible Retiree fails to disclose eligibility for medical and/or dental insurance benefits provided by their current employer's group plan, the Eligible Retiree's eligibility and enrollment shall be terminated immediately and the retiree will no longer be an Eligible Retiree for the purposes of this plan

*Dental Coverage*

For Eligible Retirees, such continued dental insurance is comparable to that which is provided for regular employees. Dental coverage extends past the age of 65.

**City of Burnet, Texas**

Notes to Financial Statements  
(Continued)

**III. Detailed Notes On All Activities and Funds** (continued)

G. Employee Benefits (continued)

**OPEB – Health Insurance** (continued)

*Membership* – At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Retirees and beneficiaries	21
Active members	<u>36</u>
	<u>57</u>

*Contributions* – The City’s health plan utilizes a “blended premium” structure, which provides that overall health care premiums for active employees and non-Medicare retirees are stated in terms of a single “blended premium”. The difference between the underlying retiree claims and the blended overall health care premium is referred to as an “implicit subsidiary” as defined in GASB 75. Under GASB 75, a portion of the payments made on behalf of the active employees should be reclassified as benefit payments for retiree health care to reflect the retirees’ underlying claims costs.

*Total OPEB Liability – Health Insurance:* The City’s total OPEB liability – health insurance was determined by an actuarial valuation as of December 31, 2017, and was rolled forward to the measurement date of December 31, 2018.

*Actuarial Assumptions:* The total OPEB liability – health insurance in the December 31, 2017 actuarial valuation and rolled forward to December 31, 2018, was determined using the following actuarial assumptions:

Actuarial Cost Method	Individual Entry-Age
Discount rate	3.71% as of December 31, 2018
Inflation	2.5% per year
Salary increases	3.5% to 10.5% per year, including inflation
Demographic assumptions	Based on the experience study covering the four-year period ending December 31, 2014 as conducted for the Texas Municipal Retirement System ("TMRS")
Health care trend rates	Pre-65: Initial rate of 7.50% declining to an ultimate rate of 4.65% after 14 years. Pre-65: Ultimate trend rate includes a 0.40% adjustment for the excise tax. Post-65: Initial rate of 6.50% declining to an ultimate rate of 4.25% after 15 years.

**City of Burnet, Texas**

Notes to Financial Statements  
(Continued)

**III. Detailed Notes On All Activities and Funds** (continued)

G. Employee Benefits (continued)

**OPEB – Health Insurance** (continued)

Participation rates	95% of eligible retirees were assumed to choose to receive retiree health care benefits through the City. 50% of future retirees that retire prior to age 55 were assumed to have health care coverage available to them through a separate employer after retirement . All pre-65 retirees that have health care coverage available to them through a separate employer were assumed to rejoin the City's retiree health care plan at age 65.
Other information	The discount rate changed from 3.31% as of December 31, 2017 to 3.71% as of December 31, 2018.

Mortality rates for healthy retirees were based on the RP2000 Combined Mortality Table with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with a scale BB to account for future mortality improvements.

The changes in the total OPEB liability – health insurance for the measurement period ending December 31, 2018 were as follows:

	<u>Total OPEB Liability - Health Insurance</u>
Balance at December 31, 2017	\$ <u>7,413,952</u>
Changes for the year:	
Service cost	175,111
Interest	245,548
Differences between expected and actual experience	37,721
Changes in assumptions or other inputs	(532,622)
Benefit payments **	<u>(166,304)</u>
Net changes	<u>(240,546)</u>
Balance at December 31, 2017	\$ <u><u>7,173,406</u></u>

\*\* Due to the plan being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the City's explicit benefit payments, with an adjustment for the implicit benefit payments for retirees.



**City of Burnet, Texas**

Notes to Financial Statements  
(Continued)

**III. Detailed Notes On All Activities and Funds** (continued)

G. Employee Benefits (continued)

**OPEB – Health Insurance** (continued)

*Sensitivity of the Total OPEB Liability – Health Insurance to Changes in the Discount Rate* – The following presents the total OPEB liability – health insurance of the City, calculated using the discount rate of 3.71%, as well as what the City’s total OPEB liability – health insurance would be if it were calculated using a discount rate that is one percentage point lower (2.71%) or one percentage point higher (4.71%) than the current rate.

	<u>1% Decrease</u> <u>(2.71%)</u>	<u>Current</u> <u>Rate Assumption</u> <u>(3.71%)</u>	<u>1% Increase</u> <u>(4.71%)</u>
Total OPEB liability - health insurance	\$ <u>8,613,321</u>	<u>7,173,406</u>	<u>6,049,858</u>

*Sensitivity of the Total OPEB Liability – Health Insurance to Changes in the Healthcare Cost Trend Rate Assumption* – Regarding the sensitivity of the total OPEB liability – health insurance to changes in the healthcare cost trend rates, the following presents the plan’s total OPEB liability, calculated using the assumed trend rates as well as what the plan’s total OPEB liability would be if it were calculated using a trend rate that is one percentage point lower or one percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Healthcare</u> <u>Cost Trend Rate</u> <u>Assumption</u>	<u>1% Increase</u>
Total OPEB liability - health insurance	\$ <u>5,907,643</u>	<u>7,173,406</u>	<u>8,834,463</u>

*OPEB Expense – Health Insurance and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – Health Insurance*

For the year ended September 30, 2019, the City recognized OPEB expense – health insurance of \$445,828. Total OPEB expense recognized for health and life insurance amounted to \$467,303 for the year ended September 30, 2019.

**City of Burnet, Texas**

Notes to Financial Statements  
(Continued)

**III. Detailed Notes On All Activities and Funds** (continued)

G. Employee Benefits (continued)

**OPEB – Health Insurance** (continued)

At September 30, 2019, the City reported deferred outflows of resources related to OPEB – health insurance from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contributions subsequent to the measurement date	\$ 92,274	-
Differences between expected and actual experience	31,392	-
Change in assumptions	<u>428,518</u>	<u>443,262</u>
	<u>\$ 552,184</u>	<u>443,262</u>

The \$92,274 reported as deferred outflows of resources related to OPEB – health insurance resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability – health insurance for the year ending September 30, 2020. Other amounts reported as deferred outflows of resources related to pensions will be recognized in OPEB expense – health insurance as follows:

<u>Year Ended December 31,</u>	
2019	\$ 25,169
2020	25,169
2021	25,169
2022	20,887
2023	<u>(79,746)</u>
Total	<u>\$ 16,648</u>

H. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined together with other governments in Texas to form the Texas Municipal League Intergovernmental Risk Pool, a public entity risk pool currently operating as a common risk management and insurance program for liability, property

**City of Burnet, Texas**

Notes to Financial Statements  
(Continued)

**III. Detailed Notes On All Activities and Funds** (continued)

H. Risk Management (continued)

and workmen’s compensation coverage. The City pays a quarterly contribution to the pool for its insurance coverage. The agreement for formation of the Texas Municipal League Intergovernmental Risk Pool provides that the Pool will be self-sustaining through member contributions and will reinsure through commercial companies for claims in excess of specific limits.

The Texas Municipal League Intergovernmental Risk Pool has published its own financial report, which can be obtained by writing the Texas Municipal League Intergovernmental Risk Pool, 1821 Rutherford Lane, Austin, Texas 78754.

I. Deferred Outflows and Inflows of Resources

The statements of financial position, and the balance sheet includes the following deferred outflows/inflows of resources at September 30, 2019:

	Statements of Net Position		Balance Sheet	
	Governmental Activities	Business-Type Activities -	General Fund	Debt Service Fund
Deferred outflows of resources:				
Deferred charge on refunding	\$ -	46,307	-	-
Pension related	1,293,477	499,022	-	-
OPEB - life insurance	18,669	-	-	-
OPEB - health insurance	398,458	153,726	-	-
	\$ 1,710,604	699,055	-	-
Deferred inflows of resources:				
Unavailable property tax revenue	\$ -	-	121,045	16,046
Pension related	55,453	21,395	-	-
OPEB - life insurance	26,999	-	-	-
OPEB - health insurance	319,861	123,401	-	-
	\$ 402,313	144,796	121,045	16,046

*Deferred Outflows of Resources.* The deferred charge on refunding, resulting from the difference in the carrying value of refunded debt and its reacquisition price, is amortized over the shorter of the life of the refunded or refunding debt. Post-measurement date contributions will be recognized as a reduction of the net pension liability/total OPEB

## City of Burnet, Texas

### Notes to Financial Statements (Continued)

#### **III. Detailed Notes On All Activities and Funds** (continued)

##### I. Deferred Outflows and Inflows of Resources

liabilities in the following fiscal year. The net differences between projected and actual earnings, change in assumptions, and difference between expected and actual actuarial experience will be amortized into pension/OPEB expense.

*Deferred Inflows of Resources.* The governmental funds, under the modified accrual basis of accounting, report unavailable revenues from property taxes, which is deferred and recognized as an inflow of resources in the period that the amounts become available. The net differences between projected and actual earnings, change in assumptions, and difference between expected and actual actuarial experience will be amortized into pension expense.

##### J. Operating Lease

The City leases a building for all City administrative services. Total cost for the lease was \$48,279 for the year ended September 30, 2019. The future minimum lease payments for the lease are as follows: 2020, \$49,245; 2021, \$50,230; and 2022, \$38,235.

##### K. Commitments and Contingencies

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantors cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

The City has contracted with a private company for the collection and disposal of solid waste. The contract's initial five-year term expired October 2009. Thereafter, the contract is renewed for additional terms of five years if mutually agreed by the parties. The fees charged under the contract are adjusted annually to reflect changes in the cost of operations. The City's cost under the agreement for the year ended September 30, 2019, was \$806,784.

The City has entered into a long-term agreement to purchase wholesale electric power from the Lower Colorado River Authority effective June 2011. The cost of electric power is based on the reasonable and necessary cost of providing power generation in accordance with Article 8503.011 of the Texas Special District Local Laws Code. The City's cost under the agreement for the year ended September 30, 2019, was \$5,054,913.

## City of Burnet, Texas

### Notes to Financial Statements (Continued)

#### **III. Detailed Notes On All Activities and Funds** (continued)

##### K. Commitments and Contingencies (continued)

Also, the City has entered into a long-term agreement to purchase water from the Lower Colorado River Authority (the "Authority") effective January 1985. The agreement allows the City the right to withdraw up to 4,100 acre-feet of raw water from the Colorado River. The cost of the water is adjusted each year as determined by the Board of Directors of the Authority. The City's cost under the agreement for the year ended September 30, 2019, was \$57,659.

The City is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate outcome of these claims will not have a material adverse effect on the City's financial position.

##### L. Tax Abatements

The City of Burnet negotiates property tax abatements on an individual basis. All abatements are governed by Section 312 of the Texas Tax Code and the City of Burnet Economic Incentives Statement which are revised and adopted every two years in accordance with state law. These guidelines permit the City to abate property taxes for a variety of economic development purposes such as business relocation, retention, and expansion and include abatements for real and personal property improvements.

The City of Burnet had not granted any tax abatements as of September 30, 2019.

##### M. Subsequent Events

Subsequent to year end, the City issued combination tax and revenue certificates of obligation in the amount of \$4 million for the construction of a new public safety facility.

Management is unable to determine how much the COVID-19 Global Pandemic will impact the City's future results, customers, and vendors.

##### N. Authoritative Pronouncement Not Yet Effective

A summary of pronouncements issued by the Governmental Accounting Standards Board, which may impact the City but are not yet effective follows. The City has not yet determined the effects of the adoption of these pronouncements on the financial statements.

## City of Burnet, Texas

### Notes to Financial Statements (Continued)

#### **III. Detailed Notes On All Activities and Funds** (continued)

##### N. Authoritative Pronouncement Not Yet Effective (continued)

GASB Statement No. 84, *Fiduciary Activities* (issued January 2017) – The objective of this statement is to enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2018.

GASB Statement No. 87, *Leases* (issued June 2017) – The objective of this statement is to increase the usefulness of governments' financial statements by requiring reporting of certain lease liabilities that currently are not reported. It will enhance comparability of financial statements among governments by requiring lessees and lessors to report leases under a single model. The statement will also require notes to financial statements related to the timing, significance, and purpose of a government's leasing arrangements. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2019.

GASB Statement No. 90, *Majority Equity Interests – an Amendment of GASB Statements No. 14 and No. 61* (issued August 2018) – The objective of this statement is to clarify accounting and financial reporting requirements for a state and local government's majority equity interests in an organization that remains legally separate after acquisition. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2018.

## **Required Supplementary Information**

**City of Burnet, Texas**

**Schedule of Changes in Net Pension Liability and Related Ratios**

Last Five Measurement Dates

	December 31,				
	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>					
Service cost	\$ 995,287	925,253	924,216	848,679	753,691
Interest (on the Total Pension Liability)	1,642,995	1,538,815	1,449,752	1,395,492	1,317,058
Difference between expected and actual experience	(61,582)	93,706	(80,956)	50,376	(61,528)
Change in assumptions	-	-	-	35,571	-
Benefit payments, including refunds of employee contributions	<u>(1,027,072)</u>	<u>(1,071,693)</u>	<u>(876,457)</u>	<u>(774,915)</u>	<u>(1,097,550)</u>
<b>Net change in Total Pension Liability</b>	1,549,628	1,486,081	1,416,555	1,555,203	911,671
<b>Total Pension Liability - beginning</b>	<u>24,356,558</u>	<u>22,870,477</u>	<u>21,453,922</u>	<u>19,898,719</u>	<u>18,987,048</u>
<b>Total Pension Liability - ending (a)</b>	<u>\$ 25,906,186</u>	<u>24,356,558</u>	<u>22,870,477</u>	<u>21,453,922</u>	<u>19,898,719</u>
<b>Plan Fiduciary Net Position</b>					
Contributions - employer	\$ 791,829	724,953	710,491	652,621	602,184
Contributions - employee	427,686	398,326	404,345	379,117	377,039
Net investment income	(644,826)	2,613,821	1,180,461	25,372	937,360
Benefit payments, including refunds of employee contributions	(1,027,072)	(1,071,693)	(876,457)	(774,915)	(1,097,550)
Administrative expense	(12,455)	(13,549)	(13,325)	(15,452)	(9,786)
Other	<u>(650)</u>	<u>(688)</u>	<u>(718)</u>	<u>(764)</u>	<u>(805)</u>
<b>Net change in Plan Fiduciary Net Position</b>	(465,488)	2,651,170	1,404,797	265,979	808,442
<b>Plan Fiduciary Net Position - beginning</b>	<u>21,514,608</u>	<u>18,863,438</u>	<u>17,458,641</u>	<u>17,192,662</u>	<u>16,384,220</u>
<b>Plan Fiduciary Net Position - ending (b)</b>	<u>\$ 21,049,120</u>	<u>21,514,608</u>	<u>18,863,438</u>	<u>17,458,641</u>	<u>17,192,662</u>
<b>Net Pension Liability - ending (a) - (b)</b>	\$ 4,857,066	2,841,950	4,007,039	3,995,281	2,706,057
<b>Plan Fiduciary Net Position as a percentage of Total Pension Liability</b>	81.25%	88.33%	82.48%	81.38%	86.40%
<b>Covered payroll</b>	\$ 6,109,805	5,690,364	5,776,351	5,415,950	5,386,274
<b>Net Pension Liability as a percentage of covered payroll</b>	79.50%	49.94%	69.37%	73.77%	50.24%

Note: The City of Burnet adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, effective October 1, 2014. Information for years prior to 2014 is not available.

See accompanying independent auditor's report.



**City of Burnet, Texas**  
**Schedule of Pension Contributions**

Fiscal Years Ended

	Spetember 30,				
	2019	2018	2017	2016	2015
Actuarially determined contributions	\$ 837,493	771,831	724,651	682,912	648,053
Contributions in relation to the actuarially determined contributions	<u>837,493</u>	<u>771,831</u>	<u>724,651</u>	<u>682,912</u>	<u>648,053</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered payroll	\$ 6,425,991	5,982,896	5,659,002	5,506,318	5,385,452
Contributions as a percentage of covered payroll	13.03%	12.90%	12.81%	12.40%	12.03%

**Notes to Schedule of Contributions**

**Valuation Date:** December 31, 2018

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	27 years
Asset Valuation Method	10 year smoothed market, 15% soft corridor
Inflation	2.5%
Salary Increases	3.50% to 10.50%, including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 - 2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB

**Other Information:**

Notes There were no benefit changes during the year.

Note: The City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, effective October 1, 2014. Information for years prior to 2015 is not available.

See accompanying independent auditor's report.

**City of Burnet, Texas**  
**Schedule of Changes in Total OPEB Liability –**  
**Life Insurance and Related Ratios**

Last Two Measurement Dates

	December 31,	
	2019	2018
<b>Total OPEB Liability - Life Insurance</b>		
Service cost	\$ 12,831	10,243
Interest (on the Total OPEB Liability - Life Insurance)	9,831	9,579
Difference between expected and actual experience	(10,286)	-
Change in assumptions	(21,779)	24,553
Benefit payments **	(1,833)	(2,276)
<b>Net change in Total OPEB Liability - Life Insurance</b>	(11,236)	42,099
<b>Total OPEB Liability - life insurance - beginning</b>	291,522	249,423
<b>Total OPEB Liability - life insurance - ending</b>	\$ 280,286	291,522
 <b>Covered payroll</b>	 \$ 6,109,805	 5,690,364
 <b>Total OPEB Liability - Life Insurance as a percentage of covered payroll</b>	 4.59%	 5.12%

\*\* Due to the TMRS Supplemental Death Benefit Fund ("SDBF") being considered an unfunded OPEB Plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contribution for retirees.

Note: The City of Burnet adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, effective October 1, 2017. Information for years prior to 2018 is not available.

See accompanying independent auditor's report.

**City of Burnet, Texas**  
**Schedule of OPEB – Life Insurance Contributions**  
Fiscal Years Ending

	September 30,	
	2019	2018
Actuarially determined contributions	\$ 2,396	1,956
Contributions in relation to the actuarially determined contributions	2,396	1,956
Contribution deficiency (excess)	\$ -	-
Covered payroll	\$ 6,425,991	5,982,896
Contributions as a percentage of covered payroll	0.04%	0.03%

**Notes to Schedule of OPEB - Life Insurance Contributions**

**Valuation Date:** December 31, 2018

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:**

Inflation	2.5%
Salary Increases	3.50% to 10.50%, including inflation
Discount rate*	3.71%
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	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB
Mortality rates - disabled retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality Improvements subject to the 3% floor.

**Other Information:**

\*The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2018

Notes The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period December 31, 2010 to December 31, 2014.

Note: The City adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* effective October 1, 2017. Information for years prior to 2017 is not available.

See accompanying independent auditor's report.

**City of Burnet, Texas**

**Schedule of Changes in Total OPEB Liability –  
Health Insurance and Related Ratios**

Last Two Measurement Dates

	December 31,	
	2018	2017
<b>Total OPEB Liability - Health Insurance</b>		
Service cost	\$ 175,111	150,174
Interest (on the Total OPEB Liability - Health Insurance)	245,548	248,688
Difference between expected and actual experience of the total OPEB liability	37,721	-
Change in assumptions *	(532,622)	644,918
Benefit payments **	(166,304)	(163,990)
<b>Net change in Total OPEB Liability - Health Insurance</b>	(240,546)	879,790
<b>Total OPEB Liability - health insurance - beginning</b>	7,413,952	6,534,162
<b>Total OPEB Liability - health insurance - ending</b>	\$ 7,173,406	7,413,952
 <b>Covered payroll</b>	 \$ 2,087,178	 2,001,111
 <b>Total OPEB Liability - Health Insurance as a percentage of covered payroll</b>	 343.69%	 370.49%

\* Changes in assumptions reflect a change in the discount rate from 3.31% as of December 31, 2017 to 3.71% as of December 31, 2018.

\*\* Due to the plan being considered an unfunded OPEB Plan under GASB 75, benefit payments are determined as follows:

a. Explicit benefit payments	\$ 132,725	130,878
b. Implicit benefit payments	33,579	33,112
c. Total benefit payments	\$ 166,304	163,990

(continued)

**City of Burnet, Texas**

**Schedule of Changes in Total OPEB Liability –  
Health Insurance and Related Ratios**

(continued)

**Valuation Date:** December 31, 2018

**Methods and Assumptions:**

Actuarial Cost Method	Individual Entry- Age
Discount Rate	3.71% as of December 31, 2018
Inflation	2.5%
Salary Increases	3.50% to 10.50%, including inflation
Demographic Assumptions	Based on the experience study covering the four-year period ending December 31, 2014 as conducted for the Texas Municipal Retirement System ("TMRS")
Mortality	For healthy retirees, the gender-distinct RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements.
Health Care Trend Rates	Initial rate of 7.50% declining to an ultimate rate of 4.65% after 14 years. For Medicare Supplement, initial rate of 6.50% declining to an ultimate rate of 4.25% after 15 years.
Participation Rates	95% of eligible retirees were assumed to choose to receive retiree health care benefits through the City. 50% of future retirees that retire prior to age 55 were assumed to have health care coverage available to them through a separate employer after retirement. All pre-65 retirees that have health care coverage available to them through a separate employer were assumed to rejoin the City's retiree health plan at age 65.

**Other Information:**

Notes The discount rate changed from 3.31% as of of December 31, 2017 to 3.71% as of December 31, 2018.

Note: The City adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* effective October 1, 2017. Information for years prior to 2017 is not available.

See accompanying independent auditor's report.



## **Supplementary Information**

**City of Burnet, Texas**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
September 30, 2019

	Special Revenue						Capital Projects			Total Nonmajor Governmental Funds	
	Hotel/ Motel Tax	Police Seizure	Court Security and Technology	FD Community	PD Explorer Program	FD Explorer Program	Total	General Capital Equipment	Airport Capital Project		Total
<b>Assets</b>											
Cash and cash equivalents	\$ 101,316	3,114	41,475	12,192	6,409	3,316	167,822	1,074,245	69,016	1,143,261	1,311,083
Receivables	29,756	-	1,228	-	-	-	30,984	-	75,113	75,113	106,097
Due from other funds	-	-	-	-	-	-	-	549,291	-	549,291	549,291
Total assets	<u>\$ 131,072</u>	<u>3,114</u>	<u>42,703</u>	<u>12,192</u>	<u>6,409</u>	<u>3,316</u>	<u>198,806</u>	<u>1,623,536</u>	<u>144,129</u>	<u>1,767,665</u>	<u>1,966,471</u>
<b>Liabilities and Fund Balances</b>											
Liabilities:											
Accounts and retainages payable	\$ 526	-	2,487	4,414	-	-	7,427	12,650	109,452	122,102	129,529
Accrued liabilities	-	-	741	-	-	-	741	-	-	-	741
Due to other funds	5,000	-	-	-	-	-	5,000	222,937	-	222,937	227,937
Total liabilities	<u>5,526</u>	<u>-</u>	<u>3,228</u>	<u>4,414</u>	<u>-</u>	<u>-</u>	<u>13,168</u>	<u>235,587</u>	<u>109,452</u>	<u>345,039</u>	<u>358,207</u>
Fund balances:											
Restricted	125,546	3,114	39,475	7,778	6,409	3,316	185,638	-	-	-	185,638
Assigned	-	-	-	-	-	-	-	1,387,949	34,677	1,422,626	1,422,626
Total fund balances	<u>125,546</u>	<u>3,114</u>	<u>39,475</u>	<u>7,778</u>	<u>6,409</u>	<u>3,316</u>	<u>185,638</u>	<u>1,387,949</u>	<u>34,677</u>	<u>1,422,626</u>	<u>1,608,264</u>
Total liabilities and fund balances	<u>\$ 131,072</u>	<u>3,114</u>	<u>42,703</u>	<u>12,192</u>	<u>6,409</u>	<u>3,316</u>	<u>198,806</u>	<u>1,623,536</u>	<u>144,129</u>	<u>1,767,665</u>	<u>1,966,471</u>

See accompanying independent auditor's report.



**City of Burnet, Texas**  
**Combining Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
Year Ended September 30, 2019

	Special Revenue						Capital Projects			Total Nonmajor Governmental Funds	
	Hotel/ Motel Tax	Police Seizure	Court Security and Technology	FD Community	PD Explorer Program	FD Explorer Program	Total	General Capital Equipment	Airport Capital Project		Total
<b>Revenues:</b>											
Hotel/motel taxes	\$ 188,403	-	-	-	-	-	188,403	-	-	-	188,403
Intergovernmental	-	-	-	-	-	-	-	-	75,113	75,113	75,113
Fines	-	-	16,772	-	-	-	16,772	-	-	-	16,772
Interest	2,128	6	90	-	12	5	2,241	1,289	-	1,289	3,530
Contributions and donations	-	-	-	9,101	-	-	9,101	-	64,222	64,222	73,323
Miscellaneous	-	150	-	-	1,125	2,600	3,875	-	-	-	3,875
Total revenues	<u>190,531</u>	<u>156</u>	<u>16,862</u>	<u>9,101</u>	<u>1,137</u>	<u>2,605</u>	<u>220,392</u>	<u>1,289</u>	<u>139,335</u>	<u>140,624</u>	<u>361,016</u>
<b>Expenditures:</b>											
<b>Current:</b>											
Public safety	-	-	-	5,407	595	1,695	7,697	-	-	-	7,697
Aviation services	-	-	-	-	-	-	-	-	731	731	731
Economic development	170,345	-	-	-	-	-	170,345	-	-	-	170,345
Capital outlay	-	-	23,067	-	-	-	23,067	469,098	501,253	970,351	993,418
Total expenditures	<u>170,345</u>	<u>-</u>	<u>23,067</u>	<u>5,407</u>	<u>595</u>	<u>1,695</u>	<u>201,109</u>	<u>469,098</u>	<u>501,984</u>	<u>971,082</u>	<u>1,172,191</u>
Excess (deficiency) of revenues over (under) expenditures	<u>20,186</u>	<u>156</u>	<u>(6,205)</u>	<u>3,694</u>	<u>542</u>	<u>910</u>	<u>19,283</u>	<u>(467,809)</u>	<u>(362,649)</u>	<u>(830,458)</u>	<u>(811,175)</u>
<b>Other financing sources (uses):</b>											
Insurance recoveries	-	-	-	-	-	-	-	46,946	62,163	109,109	109,109
Proceeds from sale of assets	-	-	-	-	-	-	-	7,260	-	7,260	7,260
Transfers in	-	-	-	-	-	-	-	916,531	303,603	1,220,134	1,220,134
Transfers out	(66,556)	-	-	-	-	-	(66,556)	-	-	-	(66,556)
Total other financing sources (uses)	<u>(66,556)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(66,556)</u>	<u>970,737</u>	<u>365,766</u>	<u>1,336,503</u>	<u>1,269,947</u>
Net change in fund balances	(46,370)	156	(6,205)	3,694	542	910	(47,273)	502,928	3,117	506,045	458,772
Fund balances, beginning of year	<u>171,916</u>	<u>2,958</u>	<u>45,680</u>	<u>4,084</u>	<u>5,867</u>	<u>2,406</u>	<u>232,911</u>	<u>885,021</u>	<u>31,560</u>	<u>916,581</u>	<u>1,149,492</u>
Fund balances, end of year	<u>\$ 125,546</u>	<u>3,114</u>	<u>39,475</u>	<u>7,778</u>	<u>6,409</u>	<u>3,316</u>	<u>185,638</u>	<u>1,387,949</u>	<u>34,677</u>	<u>1,422,626</u>	<u>1,608,264</u>

See accompanying independent auditor's report.

**City of Burnet, Texas**  
**Hotel/Motel Tax Fund**  
**Schedule of Revenues, Expenditures, and Changes in**  
**Fund Balances – Budget and Actual – Budgetary Basis**

Year Ended September 30, 2019

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
Revenues:				
Hotel/motel taxes	160,000	160,000	188,403	28,403
Interest earned	\$ 475	475	2,128	1,653
Total revenues	<u>160,475</u>	<u>160,475</u>	<u>190,531</u>	<u>30,056</u>
Expenditures:				
Economic development	113,800	223,600	95,345	128,255
Total expenditures	<u>113,800</u>	<u>223,600</u>	<u>95,345</u>	<u>128,255</u>
Excess (deficiency) of revenues over (under) expenditures	<u>46,675</u>	<u>(63,125)</u>	<u>95,186</u>	<u>158,311</u>
Other financing sources (uses):				
Transfers in	15,000	100,000	-	(100,000)
Transfers out	(55,127)	(140,127)	(141,556)	(1,429)
Total other financing sources (uses)	<u>(40,127)</u>	<u>(40,127)</u>	<u>(141,556)</u>	<u>(101,429)</u>
Net change in fund balances	6,548	(103,252)	(46,370)	56,882
Fund balances, beginning of year	<u>171,916</u>	<u>171,916</u>	<u>171,916</u>	<u>-</u>
Fund balances, end of year	<u>\$ 178,464</u>	<u>68,664</u>	<u>125,546</u>	<u>56,882</u>

See accompanying independent auditor's report.

**City of Burnet, Texas**  
**Debt Service Fund**  
**Schedule of Revenues, Expenditures, and Changes in**  
**Fund Balances – Budget and Actual – Budgetary Basis**

Year Ended September 30, 2019

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	253,098	253,098	327,587	74,489
Interest	749	749	890	141
Total revenues	<u>253,847</u>	<u>253,847</u>	<u>328,477</u>	<u>74,630</u>
Expenditures:				
Debt service:				
Principal	881,623	881,623	918,678	(37,055)
Interest and fiscal charges	149,453	149,453	61,730	87,723
Total expenditures	<u>1,031,076</u>	<u>1,031,076</u>	<u>980,408</u>	<u>50,668</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(777,229)</u>	<u>(777,229)</u>	<u>(651,931)</u>	<u>125,298</u>
Other financing sources (uses):				
Transfers in	777,229	777,229	640,000	(137,229)
Net change in fund balances	-	-	(11,931)	(11,931)
Fund balances, beginning of year	<u>172,217</u>	<u>172,217</u>	<u>172,217</u>	<u>-</u>
Fund balances, end of year	<u>\$ 172,217</u>	<u>172,217</u>	<u>160,286</u>	<u>(11,931)</u>

See accompanying independent auditor's report.

**City of Burnet, Texas**  
**Hotel/Motel Tax and Debt Service Funds**  
**Note to Schedules of Revenues, Expenditures and**  
**Changes in Fund Balance – Budget and Actual –**  
**Budgetary Basis**

Year Ended September 30, 2019

1. Budgetary Information

Annual budgets are legally adopted for the following funds (under the City’s budgetary fund structure): the general fund, the airport fund, the hotel/motel tax fund, and the debt service fund. Capital projects funds are generally planned on both a project-length basis and an annual basis. Also, operating plans are developed for the electric fund, water and sewer fund and the Delaware Springs Golf Course fund.

The appropriated budget is prepared by fund, department and object. The City Manager is authorized to transfer budgeted amounts within departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders and contracts). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year’s budget.

The City prepares its appropriated budgets on a budgetary basis structure which differs from that used for financial reporting in accordance with generally accepted accounting principles (“GAAP”). The budget and all transactions of the hotel/motel tax and debt service funds are presented in accordance with the City’s budgetary basis structure to provide a meaningful comparison of actual results with the budget. The major difference between the budgetary basis and the GAAP basis is that the budgetary basis uses a fund structure which is used in the City’s legally adopted budget (rather than the fund structure used in their financial statements) which results in certain activities reported on a GAAP basis which are not included on a budgetary basis. There were no adjustments necessary for the hotel/motel tax and debt service funds to convert the net change in fund balance on the budgetary basis to a GAAP basis.

## **Statistical Section**



## Statistical Section

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

### Contents

#### Financial Trends (Tables 1 – 4)

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

#### Revenue Capacity (Tables 5 – 9)

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

#### Debt Capacity (Tables 10 – 17)

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

#### Demographic and Economic Information (Tables 18 – 19)

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

#### Operating Information (Tables 20 – 22)

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the government provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**City of Burnet, Texas**  
**Net Position by Component**  
(Unaudited)  
Last Ten Fiscal Years  
(Accrual Basis of Accounting)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>Governmental activities</b>				
Net investment in capital assets	\$ 16,523,118	16,757,545	17,352,584	18,146,841
Restricted	2,392,363	3,138,691	2,138,064	3,910,159
Unrestricted	<u>1,236,053</u>	<u>933,604</u>	<u>614,550</u>	<u>76,892</u>
Total governmental activities net position	<u>\$ 20,151,534</u>	<u>20,829,840</u>	<u>20,105,198</u>	<u>22,133,892</u>
<b>Business-type activities</b>				
Net investment in capital assets	\$ 15,001,668	15,430,740	14,160,365	17,150,141
Restricted	405,649	405,649	173,054	-
Unrestricted	<u>2,131,941</u>	<u>3,211,180</u>	<u>6,756,309</u>	<u>1,796,453</u>
Total business-type activities net position	<u>\$ 17,539,258</u>	<u>19,047,569</u>	<u>21,089,728</u>	<u>18,946,594</u>
<b>Primary government</b>				
Net investment in capital assets	\$ 31,524,786	32,188,285	31,512,949	35,296,982
Restricted	2,798,012	3,544,340	2,311,118	3,910,159
Unrestricted	<u>3,367,994</u>	<u>4,144,784</u>	<u>7,370,859</u>	<u>1,873,345</u>
Total primary government net position	<u>\$ 37,690,792</u>	<u>39,877,409</u>	<u>41,194,926</u>	<u>41,080,486</u>



Table 1

Fiscal Year					
2014	2015	2016	2017	2018	2019
20,794,433	21,214,029	28,741,370	30,231,996	30,869,534	32,264,739
1,278,648	1,340,997	1,238,789	1,235,092	1,314,155	1,125,161
328,263	774,101	(80,675)	(99,778)	(2,141,612)	(2,772,944)
<u>22,401,344</u>	<u>23,329,127</u>	<u>29,899,484</u>	<u>31,367,310</u>	<u>30,042,077</u>	<u>30,616,956</u>
17,877,613	17,511,195	18,152,400	18,881,590	19,529,455	20,825,955
-	-	-	-	-	-
3,216,317	2,988,386	2,547,964	2,217,305	962,974	652,130
<u>21,093,930</u>	<u>20,499,581</u>	<u>20,700,364</u>	<u>21,098,895</u>	<u>20,492,429</u>	<u>21,478,085</u>
38,672,046	38,725,224	46,893,770	49,113,586	50,398,989	53,090,694
1,278,648	1,340,997	1,238,789	1,235,092	1,314,155	1,125,161
3,544,580	3,762,487	2,467,289	2,117,527	(1,178,638)	(2,120,814)
<u>43,495,274</u>	<u>43,828,708</u>	<u>50,599,848</u>	<u>52,466,205</u>	<u>50,534,506</u>	<u>52,095,041</u>

**City of Burnet, Texas**  
**Changes in Net Position**  
(Unaudited)  
Last Ten Fiscal Years  
(Accrual Basis of Accounting)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>Expenses</b>				
Governmental activities:				
General government	\$ 2,292,405	1,736,900	2,330,397	2,045,482
Public safety	3,647,477	4,238,366	4,717,740	4,128,331
Highways and streets	638,183	545,992	704,438	726,804
Aviation services	704,973	723,175	705,096	695,348
Culture and recreation	1,294,644	1,358,734	1,556,160	1,403,848
Sanitation	-	687,139	775,966	735,846
Economic development	-	70,071	339,649	311,833
Interest	171,870	136,610	147,012	139,485
Total governmental activities expenses	<u>8,749,552</u>	<u>9,496,987</u>	<u>11,276,458</u>	<u>10,186,977</u>
Business-type activities:				
Electric	7,112,053	6,791,530	7,489,171	6,578,568
Water and sewer	2,606,295	2,821,897	3,208,107	2,557,321
Delaware Springs Golf Course	1,684,596	1,660,123	1,580,914	1,621,800
Total business-type activities expenses	<u>11,402,944</u>	<u>11,273,550</u>	<u>12,278,192</u>	<u>10,757,689</u>
Total primary government expenses	<u>\$ 20,152,496</u>	<u>20,770,537</u>	<u>23,554,650</u>	<u>20,944,666</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government	\$ 695,317	724,868	1,319,276	234,253
Public safety	2,177,850	2,011,689	1,960,139	1,898,221
Aviation services	707,358	816,935	947,607	789,316
Culture and recreation	540,806	574,571	796,800	529,659
Sanitation	-	-	91,365	834,762
Operating grants and contributions	-	277,868	-	486,510
Capital grants and contributions	924,373	21,680	201,687	569,961
Total governmental activities program revenues	<u>5,045,704</u>	<u>4,427,611</u>	<u>5,316,874</u>	<u>5,342,682</u>
Business-type activities:				
Charges for services:				
Electric	9,276,423	9,265,401	9,356,176	9,170,470
Water and sewer	2,840,199	3,366,303	3,927,976	4,013,509
Delaware Springs Golf Course	1,242,792	1,157,636	1,317,632	1,352,686
Capital grants and contributions	899,725	444,192	177,829	49,363
Total business-type activities program revenues	<u>14,259,139</u>	<u>14,233,532</u>	<u>14,779,613</u>	<u>14,586,028</u>
Total primary government program revenues	<u>\$ 19,304,843</u>	<u>18,661,143</u>	<u>20,096,487</u>	<u>19,928,710</u>
Net (expense)/revenue				
Governmental activities	\$ (3,703,848)	(5,069,376)	(5,959,584)	(4,844,295)
Business-type activities	<u>2,856,195</u>	<u>2,959,982</u>	<u>2,501,421</u>	<u>3,828,339</u>
Total primary government net expense	<u>\$ (847,653)</u>	<u>(2,109,394)</u>	<u>(3,458,163)</u>	<u>(1,015,956)</u>

Table 2

Fiscal Year					
2014	2015	2016	2017	2018	2019
1,832,646	1,935,695	2,128,923	2,230,501	2,332,969	2,288,577
4,936,996	5,115,418	5,468,034	5,718,420	5,588,410	6,621,584
743,803	735,677	764,824	883,301	868,877	998,227
699,167	585,925	430,876	633,950	729,812	1,093,963
1,032,949	980,761	1,001,469	987,084	942,121	998,187
754,222	785,024	775,516	764,511	801,329	844,095
154,296	236,673	498,496	150,989	360,908	170,345
113,603	99,480	87,978	80,111	69,592	56,662
<u>10,267,682</u>	<u>10,474,653</u>	<u>11,156,116</u>	<u>11,448,867</u>	<u>11,694,018</u>	<u>13,071,640</u>
6,956,392	7,287,947	6,035,719	6,057,551	6,457,978	6,547,489
2,499,121	2,679,434	2,942,937	2,988,463	3,074,170	3,294,198
1,643,559	1,615,377	1,536,738	1,683,511	1,609,209	1,789,522
<u>11,099,072</u>	<u>11,582,758</u>	<u>10,515,394</u>	<u>10,729,525</u>	<u>11,141,357</u>	<u>11,631,209</u>
<u>21,366,754</u>	<u>22,057,411</u>	<u>21,671,510</u>	<u>22,178,392</u>	<u>22,835,375</u>	<u>24,702,849</u>
249,286	208,301	186,002	170,918	218,257	263,089
1,858,195	2,072,672	1,884,904	1,751,748	2,065,945	2,061,493
825,914	652,944	590,356	779,047	847,149	775,946
21,534	21,012	24,058	17,008	16,748	21,013
845,773	898,728	863,235	925,486	954,670	981,223
372,945	532,971	565,044	607,145	690,265	853,397
812,732	767,048	6,200,801	1,185,608	85,709	926,587
<u>4,986,379</u>	<u>5,153,676</u>	<u>10,314,400</u>	<u>5,436,960</u>	<u>4,878,743</u>	<u>5,882,748</u>
9,570,705	9,895,841	8,529,957	8,521,053	9,067,840	9,286,346
4,053,284	4,038,239	4,069,235	4,207,289	4,374,178	4,350,687
1,274,035	1,308,048	1,313,858	1,389,782	1,456,633	1,363,083
	161,496	26,649	166,277	-	189,568
<u>14,898,024</u>	<u>15,403,624</u>	<u>13,939,699</u>	<u>14,284,401</u>	<u>14,898,651</u>	<u>15,189,684</u>
<u>19,884,403</u>	<u>20,557,300</u>	<u>24,254,099</u>	<u>19,721,361</u>	<u>19,777,394</u>	<u>21,072,432</u>
(5,281,303)	(5,320,977)	(841,716)	(6,011,907)	(6,815,275)	(7,188,892)
<u>3,798,952</u>	<u>3,820,866</u>	<u>3,424,305</u>	<u>3,554,876</u>	<u>3,757,294</u>	<u>3,558,475</u>
<u>(1,482,351)</u>	<u>(1,500,111)</u>	<u>2,582,589</u>	<u>(2,457,031)</u>	<u>(3,057,981)</u>	<u>(3,630,417)</u>

**City of Burnet, Texas**  
**Changes in Net Position**  
(Unaudited)  
(Continued)  
Last Ten Fiscal Years  
(Accrual Basis of Accounting)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>General Revenues and</b>				
<b>Other Changes in Net Position</b>				
Governmental activities:				
Taxes				
Property taxes	\$ 1,754,501	1,884,681	1,933,250	2,042,766
Sales taxes	1,562,034	1,617,641	1,660,410	1,336,209
Franchise taxes	107,021	114,303	113,730	117,988
Hotel/motel taxes	54,501	68,371	84,773	101,431
Unrestricted investment earnings	112,913	125,439	143,865	160,002
Miscellaneous	86,979	330,746	749,745	-
Gain on sale of capital assets	-	-	-	350,000
Transfers	1,592,721	1,606,501	549,169	5,007,698
Total governmental activities	<u>5,270,670</u>	<u>5,747,682</u>	<u>5,234,942</u>	<u>9,116,094</u>
Business-type activities:				
Unrestricted investment earnings	8,087	19,564	8,388	14,753
Miscellaneous	123,831	135,267	81,519	-
Gain on sale of capital assets	-	-	-	-
Transfers	(1,592,721)	(1,606,501)	(549,169)	(5,007,698)
Total business-type activities	<u>(1,460,803)</u>	<u>(1,451,670)</u>	<u>(459,262)</u>	<u>(4,992,945)</u>
Total primary government	<u>\$ 3,809,867</u>	<u>4,296,012</u>	<u>4,775,680</u>	<u>4,123,149</u>
<b>Change in Net Position</b>				
Governmental activities	\$ 1,566,822	678,306	(724,642)	4,271,799
Business-type activities	<u>1,395,392</u>	<u>1,508,312</u>	<u>2,042,159</u>	<u>(1,164,606)</u>
Total primary government	<u>\$ 2,962,214</u>	<u>2,186,618</u>	<u>1,317,517</u>	<u>3,107,193</u>

Table 2  
(continued)

Fiscal Year					
2014	2015	2016	2017	2018	2019
2,078,955	2,139,732	2,245,634	2,276,681	2,709,971	2,803,398
1,432,699	1,475,565	1,578,655	1,705,022	1,675,298	1,815,467
125,108	139,780	125,361	132,068	133,242	178,949
108,832	136,372	151,168	165,925	172,794	188,403
86,584	60,127	9,266	15,367	32,468	72,170
-	-	-	-	-	-
2,640	3,028	73,141	22,588	100,781	79,741
1,713,937	3,792,711	3,228,848	3,162,082	2,558,930	2,625,643
<u>5,548,755</u>	<u>7,747,315</u>	<u>7,412,073</u>	<u>7,479,733</u>	<u>7,383,484</u>	<u>7,763,771</u>
56,859	59,421	5,326	5,737	21,862	52,149
-	-	-	-	-	-
5,762	-	-	-	-	675
<u>(1,713,937)</u>	<u>(3,792,711)</u>	<u>(3,228,848)</u>	<u>(3,162,082)</u>	<u>(2,558,930)</u>	<u>(2,625,643)</u>
<u>(1,651,316)</u>	<u>(3,733,290)</u>	<u>(3,223,522)</u>	<u>(3,156,345)</u>	<u>(2,537,068)</u>	<u>(2,572,819)</u>
<u>3,897,439</u>	<u>4,014,025</u>	<u>4,188,551</u>	<u>4,323,388</u>	<u>4,846,416</u>	<u>5,190,952</u>
267,452	2,426,338	6,570,357	1,467,826	568,209	574,879
<u>2,147,636</u>	<u>87,576</u>	<u>200,783</u>	<u>398,531</u>	<u>1,220,226</u>	<u>985,656</u>
<u>2,415,088</u>	<u>2,513,914</u>	<u>6,771,140</u>	<u>1,866,357</u>	<u>1,788,435</u>	<u>1,560,535</u>

**City of Burnet, Texas**  
**Fund Balances of Governmental Funds**  
(Unaudited)  
Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General fund				
Reserved	\$ 8,076	-	-	-
Unreserved, designated	842,272	-	-	-
Nonspendable	-	21,266	54,016	68,963
Restricted	-	-	-	-
Committed	-	-	-	-
Unassigned	-	<u>632,229</u>	<u>592,656</u>	<u>3,175,252</u>
Total general fund	<u>\$ 850,348</u>	<u>653,495</u>	<u>646,672</u>	<u>3,244,215</u>
All other governmental funds				
Reserved	\$ 15,086	-	-	-
Unreserved, reported in:				
Special revenue funds	740,053	-	-	-
Debt service fund	529,956	-	-	-
Capital projects funds	1,122,354	-	-	-
Nonspendable	-	12,886	21,377	57,549
Restricted for:				
Debt service	-	416,387	241,781	124,490
Capital projects	-	1,575,387	982,167	-
Aviation services	-	-	-	-
Public safety	-	-	-	1,048,050
Other purposes	-	188,835	188,571	1,375,796
Committed to:				
EMS fund	-	452,542	99,325	-
Other funds	-	505,540	626,220	-
Assigned to:				
Capital projects	-	-	-	-
Other funds	-	-	-	981,172
Unassigned	-	-	-	<u>(1,139)</u>
Total all other governmental funds	<u>\$ 2,407,449</u>	<u>3,151,577</u>	<u>2,159,441</u>	<u>3,585,918</u>

Note: The City implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" in fiscal year 2011.

Table 3

Fiscal Year					
2014	2015	2016	2017	2018	2019
-	-	-	-	-	-
-	-	-	-	-	-
26,258	34,715	50,566	50,454	36,831	64,178
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,962,327</u>	<u>4,072,418</u>	<u>3,900,868</u>	<u>4,267,005</u>	<u>4,120,481</u>	<u>3,763,630</u>
<u>1,988,585</u>	<u>4,107,133</u>	<u>3,951,434</u>	<u>4,317,459</u>	<u>4,157,312</u>	<u>3,827,808</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
31,988	23,382	35,120	34,647	80,641	43,070
120,691	174,187	194,298	161,167	172,217	160,286
-	-	-	-	-	-
825,598	787,609	583,320	720,176	811,348	674,307
-	-	-	-	-	-
283,494	335,826	405,857	443,014	232,911	185,638
-	-	-	-	-	-
-	-	-	-	-	-
-	-	245,071	238,148	238,148	-
727,856	595,825	293,272	484,646	916,581	1,422,626
<u>(362,151)</u>	<u>(174,961)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>1,627,476</u>	<u>1,741,868</u>	<u>1,756,938</u>	<u>2,081,798</u>	<u>2,451,846</u>	<u>2,485,927</u>

**City of Burnet, Texas**  
**Changes in Fund Balances of Governmental Funds**  
(Unaudited)  
Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)

	2010	2011	2012	2013
<b>Revenues</b>				
Taxes	\$ 3,503,237	3,685,256	3,812,762	3,574,554
Licenses and permits	46,526	46,866	36,962	38,934
Intergovernmental	965,623	354,548	563,719	309,008
Charges for services	3,669,841	3,950,019	5,115,188	3,100,831
Fines	161,351	179,714	176,710	152,281
Interest	112,913	125,439	143,865	160,002
Rents & Royalties	12,050	15,450	19,013	-
Contributions and donations	13,221	9,671	7,568	284,860
Fuel Sales	-	-	-	594,681
Miscellaneous	195,357	245,546	125,969	459,050
Total revenues	<u>8,680,119</u>	<u>8,612,509</u>	<u>10,001,756</u>	<u>8,674,201</u>
<b>Expenditures</b>				
General government	2,212,950	1,608,655	1,789,184	1,441,336
Public safety	3,469,595	3,888,083	4,262,375	3,784,937
Highways and streets	802,938	518,200	633,572	474,637
Aviation services	1,296,493	657,579	705,298	669,973
Culture and recreation	1,259,121	1,243,141	1,406,651	1,617,372
Solid waste	-	619,034	680,070	735,846
Economic development	-	21,906	297,673	136,833
Debt service	753,037	902,102	933,325	942,560
Capital outlay	849,257	681,994	979,714	1,889,007
Total expenditures	<u>10,643,391</u>	<u>10,140,694</u>	<u>11,687,862</u>	<u>11,692,501</u>
Excess of revenues over (under) expenditures	<u>(1,963,272)</u>	<u>(1,528,185)</u>	<u>(1,686,106)</u>	<u>(3,018,300)</u>
<b>Other financing sources (uses)</b>				
Insurance recoveries	-	-	-	-
Certificate of obligation issued	705,000	425,000	105,000	2,240,000
Sale of assets	22,139	43,959	32,977	175,000
Transfers in	2,090,092	4,493,398	3,506,648	7,145,633
Other resources	-	-	-	-
Transfers out	1,573	(2,886,897)	(2,957,478)	(1,771,290)
Issuance of debt	(497,371)	-	-	-
Other uses	(6,896)	-	-	-
Total other financing sources (uses)	<u>2,314,537</u>	<u>2,075,460</u>	<u>687,147</u>	<u>7,789,343</u>
Net change in fund balances	<u>\$ 351,265</u>	<u>547,275</u>	<u>(998,959)</u>	<u>4,771,043</u>
Debt service as a percentage of noncapital expenditures	7.69%	9.54%	8.72%	9.61%



Table 4

Fiscal Year					
2014	2015	2016	2017	2018	2019
3,774,931	3,889,905	4,094,869	4,308,989	4,653,385	4,976,544
29,124	35,416	43,302	48,375	76,264	96,049
418,804	454,410	466,308	525,335	549,042	691,831
2,481,080	2,866,090	2,628,738	2,517,800	2,876,101	2,918,726
109,499	105,213	138,653	171,494	154,334	141,039
86,584	60,127	9,266	15,367	32,468	72,170
-	-	-	-	-	-
439,141	13,247	357,735	46,827	55,803	308,274
628,419	450,941	387,664	571,420	645,987	579,980
482,580	461,311	449,548	444,416	521,212	653,649
<u>8,450,162</u>	<u>8,336,660</u>	<u>8,576,083</u>	<u>8,650,023</u>	<u>9,564,596</u>	<u>10,438,262</u>
1,603,151	1,617,461	1,734,087	1,884,218	2,018,763	1,994,505
4,126,923	4,349,630	4,432,456	4,754,902	4,909,014	5,530,537
413,237	401,815	404,575	500,807	506,475	500,252
660,658	546,632	400,793	599,848	680,576	591,772
1,570,961	756,395	728,381	716,884	730,237	672,571
754,222	785,024	775,516	764,511	801,329	844,095
154,296	166,347	495,398	147,985	360,908	170,345
1,417,619	412,766	383,010	377,018	373,385	980,408
2,868,984	821,510	2,754,235	1,397,635	1,633,719	2,207,471
<u>13,570,051</u>	<u>9,857,580</u>	<u>12,108,451</u>	<u>11,143,808</u>	<u>12,014,406</u>	<u>13,491,956</u>
<u>(5,119,889)</u>	<u>(1,520,920)</u>	<u>(3,532,368)</u>	<u>(2,493,785)</u>	<u>(2,449,810)</u>	<u>(3,053,694)</u>
340	3,028	73,141	13,104	9,377	125,368
-	-	-	-	-	-
2,300	-	-	9,484	91,404	7,260
4,660,317	4,999,879	6,796,823	4,305,350	4,683,078	5,172,297
-	-	-	-	-	-
(2,757,140)	(1,207,168)	(3,478,225)	(1,143,268)	(2,124,148)	(2,546,654)
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,905,817</u>	<u>3,795,739</u>	<u>3,391,739</u>	<u>3,184,670</u>	<u>2,659,711</u>	<u>2,758,271</u>
<u>(3,214,072)</u>	<u>2,274,819</u>	<u>(140,629)</u>	<u>690,885</u>	<u>209,901</u>	<u>(295,423)</u>
12.71%	6.80%	3.62%	4.43%	3.52%	8.44%

Table 5

**City of Burnet, Texas**  
**General Governmental Tax Revenues by Source**  
(Unaudited)  
Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)

Fiscal Year	Property Tax (1)	Sales Tax	Franchise Tax	Hotel/Motel Occupancy Tax	Total
2010	\$ 1,779,681	1,562,034	107,021	47,384	3,496,120
2011	1,884,941	1,617,641	114,303	64,810	3,681,695
2012	1,953,849	1,660,410	113,730	81,934	3,809,923
2013	2,018,926	1,336,209	117,988	101,431	3,574,554
2014	2,108,292	1,432,699	125,108	108,832	3,774,931
2015	2,138,188	1,475,565	139,780	136,372	3,889,905
2016	2,239,685	1,578,655	125,361	151,168	4,094,869
2017	2,305,974	1,705,022	132,068	165,925	4,308,989
2018	2,709,971	1,675,298	133,242	172,794	4,691,305
2019	2,803,398	1,815,467	178,949	188,403	4,986,217

(1) Includes penalty and interest on delinquent taxes

Table 6

**City of Burnet, Texas**  
**Assessed Value and Estimated Actual Value of Taxable Property (1)**  
(Unaudited)  
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Less: Tax Exempt Real Property</u>	<u>Total Taxable Assessed Value (1)</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Value</u>	<u>Assessed Value as a Percentage of Actual Value</u>
2010	\$ 379,739,623	41,423,816	109,682,032	311,481,407	0.5574	421,163,439	73.96 %
2011	394,089,498	39,977,195	118,441,290	315,625,403	0.5852	434,066,693	72.71 %
2012	398,349,549	41,026,304	117,668,563	321,707,290	0.6265	439,375,853	73.22 %
2013	406,227,634	40,243,357	111,833,378	334,637,613	0.6265	446,470,991	74.95 %
2014	406,994,195	42,934,342	111,286,608	338,641,929	0.6265	449,928,537	75.27 %
2015	518,198,357	45,958,625	210,993,313	353,163,669	0.6265	564,156,982	62.60 %
2016	556,280,640	47,187,181	232,587,695	370,880,126	0.6265	603,467,821	61.46 %
2017	572,728,002	53,172,338	246,284,832	379,615,508	0.6265	625,900,340	60.65 %
2018	626,018,861	56,742,971	244,938,772	437,823,060	0.6265	682,761,832	64.13 %
2019	691,575,136	55,812,105	271,524,447	475,862,794	0.6237	747,387,241	63.67 %

Source: Burnet County Appraisal District

(1) To derive taxable value, deductions from estimated actual value are made for caps on homestead increases, abatements, totally exempt property, exemptions for agriculture use, ownership by individuals over 65, and disabled veterans.

Table 7

**City of Burnet, Texas**  
**Property Tax Rates**  
**Direct and Overlapping Governments (1)**  
(Unaudited)  
Last Ten Fiscal Years

Fiscal Year	City of Burnet			Overlapping Rates				Total Direct and Overlapping Rates
	Operating Rate	Debt Service Rate	Total Rate	Burnet County	Co Special, Road & Bridge	Burnet C.I.S.D.	Central Texas Water Conservation District	
TAX RATES (Per \$100 assessed value)								
2010	\$ 0.5440	0.0412	0.5852	0.3267	0.0360	1.2500	0.0131	2.2110
2011	0.6039	0.0226	0.6265	0.3303	0.0389	1.2650	0.0108	2.2715
2012	0.5892	0.0373	0.6265	0.3332	0.0392	1.2700	0.0100	2.2789
2013	0.5781	0.0484	0.6265	0.3517	0.0417	1.2625	0.0099	2.2923
2014	0.5315	0.0950	0.6265	0.3533	0.0418	1.2625	0.0098	2.2939
2015	0.5155	0.1110	0.6265	0.3700	0.0440	1.2625	0.0096	2.3126
2016	0.5200	0.1065	0.6265	0.3601	0.0424	1.3300	0.0091	2.3681
2017	0.5392	0.0873	0.6265	0.3551	0.0418	1.3200	0.0091	2.3525
2018	0.5403	0.0834	0.6237	0.3551	0.0418	1.2800	0.0085	2.3091
2019	0.5507	0.073	0.6237	0.3483	0.0417	1.2600	0.0080	2.2817

Source: Burnet County Appraisal District

(1) Overlapping rates and levies are those of local and county governments that apply to property owners within the City of Burnet. Not all overlapping rates and levies apply to all City of Burnet property owners (e.g., the rates for special districts apply only to the proportion of the City's property owners whose property is located within the geographic boundaries of the special district).

Table 8

**City of Burnet, Texas**  
**Principal Property Taxpayers**  
(Unaudited)  
Current Year and Nine Years Ago

Taxpayer	2019			2010		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Entegris, Inc	\$ 7,560,290	1	1.05 %	\$ -		0.00 %
Entegris, Inc	7,011,251	2	0.97 %	-		
Judy & Thrasher INC.	3,916,279	3	0.54 %	2,566,094	3	0.63 %
R & L Partnership LLC	3,628,290	4	0.50 %	-		
Burnet Hotel LLC	3,516,890	5	0.49 %	-		0.00 %
LCRA Trnasmission Srvc Corp	2,718,456	6	0.38 %	1,762,778	6	
Hoover Building Supply INC.	2,575,025	7	0.36 %	2,271,837	4	
7-Eleven Inc	2,480,982	8	0.34 %	-		0.00 %
Four Cooks Realty LLc	2,363,903	9	0.33 %	-		
Atmos Energy/Mid-Tex Dist	2,357,495	10	0.33 %	-		
ATMI Materials inc	-		-	10,878,684	1	2.66 %
Peacock Hospitality INC.	-		-	2,870,491	2	0.70 %
First State Bank of Burnet	-		-	1,909,223	5	0.47 %
Atkission Cecil LP	-		-	1,652,522	7	0.40 %
Limited Partners on the Square LTD	-		-	1,632,291	8	0.40 %
GTE Southwest	-		-	1,576,011		0.22 %
Tomlinson Family Trust	-		-	1,584,578	9	0.39 %
<b>Totals</b>	<b>\$ 38,128,861</b>		<b>5.30 %</b>	<b>\$ 28,704,509</b>		<b>5.87 %</b>

Source: Burnet County Appraisal District

Table 9

**City of Burnet, Texas**  
**Property Tax Levies and Collections**  
(Unaudited)  
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		*Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2010	\$ 1,749,004	1,705,215	97.50	31,085	1,736,300	99.27
2011	1,879,929	1,824,788	97.07	41,065	1,865,853	99.25
2012	1,924,988	1,880,448	97.69	37,268	1,917,716	99.62
2013	2,011,264	1,955,724	97.24	45,811	2,001,535	99.52
2014	2,043,399	2,009,792	98.36	21,119	2,030,911	99.39
2015	2,135,048	2,092,046	97.99	26,578	2,118,624	99.23
2016	2,222,953	2,182,536	98.18	28,019	2,210,555	99.44
2017 (1)	2,332,812	2,235,486	95.83	84,458	2,319,944	99.45
2018	2,596,423	2,545,204	98.03	25,968	2,571,172	99.03
2019	2,793,355	2,725,436	97.57	-	2,725,436	97.57

Sources: Burnet Central Appraisal District  
Finance Department, City of Burnet, Texas

Notes: (1) Fiscal Year 2017: Total Tax Levy was adjusted from \$2,279,374 to \$2,332,812  
(\*) Collections in subsequent years do not include Penalty I&S; Interest M&O;  
Interest I&S; Attorney Fees; Other Fees; Overages; Unpaid Refunds.

Table 10

**City of Burnet, Texas**  
**Ratios of Outstanding Debt by Type**  
(Unaudited)  
Last Ten Fiscal Years

Fiscal Year	Governmental Activities		Business-Type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Capital Leases	General Obligation Bonds with Revenue Pledge	Capital Leases			
2010	\$ 4,748,736	\$ -	\$ 4,891,056	\$ 31,562	\$ 9,671,354	7.75 %	467
2011	4,410,862	-	16,800,879	22,651	21,234,392	17.05 %	1,028
2012	3,734,068	-	25,735,103	13,051	29,482,222	23.49 %	1,414
2013	4,846,475	-	24,342,000	2,082	29,190,557	23.45 %	1,417
2014	3,561,983	-	23,314,492	-	26,876,475	23.22 %	1,408
2015	3,250,203	-	22,271,272	-	25,521,475	24.28 %	1,482
2016	2,956,559	-	21,306,916	-	24,263,475	21.22 %	1,308
2017	2,661,051	-	20,343,424	-	23,004,475	16.37 %	1,008
2018	2,358,678	-	19,503,797	-	21,862,475	15.47 %	955
2019	1,440,000	-	18,658,475	-	20,098,475	13.99 %	895

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Demographic and Economic Statistics for personal income and population data.

**City of Burnet, Texas**  
**Ratios of General Bonded Debt Outstanding**  
(Unaudited)  
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Taxable Value (1) of Property	Per Capita (2)
2010	4,748,736	\$ 529,956	4,218,780	1.35%	699
2011	4,410,862	416,387	3,994,475	1.27%	663
2012	3,734,068	241,781	3,492,287	1.09%	580
2013	4,846,475	124,490	4,721,985	1.41%	782
2014	3,561,983	120,691	3,441,292	1.02%	567
2015	3,250,203	174,187	3,076,016	0.87%	504
2016	2,956,559	194,298	2,762,261	0.74%	448
2017	2,661,051	161,167	2,499,884	0.66%	406
2018	2,358,678	172,217	2,186,461	0.50%	354
2019	1,440,000	160,286	1,279,714	0.27%	200

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

(2) Population data can be found in the Schedule of Demographic and Economic Statistics.



**City of Burnet, Texas**  
**Direct and Overlapping Governmental Activities Debt**  
**General Obligation Bonds**  
(Unaudited)  
September 30, 2019

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Direct:			
City of Burnet	\$ <u>1,440,000</u> (1)	100.00 %	\$ <u>1,440,000</u>
Total direct	<u>1,440,000</u>		<u>1,440,000</u>
Overlapping:			
Burnet Consolidated Independent School District	35,985,000	21.94	7,895,109
Burnet County	<u>17,990,000</u>	9.46	<u>1,701,854</u>
Total overlapping	<u>53,975,000</u>		<u>9,596,963</u>
Total direct and overlapping debt	<u>\$ 55,415,000</u>		<u>\$ 11,036,963</u>

Source: City of Burnet, Texas Comptroller Website

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Burnet. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(1) Excluding general obligation bonds reported in the enterprise funds.



**City of Burnet, Texas**  
**Computation of Maximum Debt Margin**  
(Unaudited)  
September 30, 2019

The City of Burnet has no legal debt limit established by its charter or ordinances. Article XI, Section 5, of the Texas Constitution is applicable to the City and limits the maximum ad valorem tax rate to \$2.50 per \$100 Assessed Valuation (for all City purposes). The City operates under a Home Rule Charter that does not limit its ad valorem tax rate. Administratively, the Attorney General of the State of Texas will permit allocation of \$1.50 of the maximum tax rate for general obligation debt service.

Assessed value, fiscal year 2019 tax roll	\$ 475,862,794
Limit on amount designated for debt service	<u>1.50%</u>
Legal debt limit	\$ <u>7,137,942</u>
Actual amount expended for general obligation debt service during the year ended September 30, 2019	\$ <u>979,035</u>

**City of Burnet, Texas**  
**Pledged-Revenue Coverage**  
**Water and Sewer Bonds and Certificates of Obligation**  
(Unaudited)  
Last Ten Fiscal Years

Fiscal Year	Gross Operating Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
2010	2,853,230	1,949,609	903,621	124,487	157,739	282,226	3.20
2011	3,395,378	2,108,525	1,286,853	382,500	476,138	858,638	1.50
2012	3,928,826	2,479,824	1,449,002	1,573,650	441,376	2,015,026	0.72
2013	4,028,262	1,845,885	2,182,377	905,000	141,709	1,046,709	2.08
2014	4,083,516	1,787,193	2,296,323	897,000	125,707	1,022,707	2.25
2015	4,066,594	1,797,187	2,269,407	905,000	121,557	1,026,557	2.21
2016	4,073,110	1,755,822	2,317,288	913,000	116,622	1,029,622	2.25
2017	4,211,845	1,757,527	2,454,318	909,000	110,924	1,019,924	2.41
2018	4,390,040	1,921,933	2,468,107	802,000	105,095	907,095	2.72
2019	4,379,085	2,011,469	2,367,616	804,000	102,726	906,726	2.61

Source: Finance Department, City of Burnet, Texas

Notes: Details regarding the government's outstanding debt can be found in the notes to the financial statements. Operating revenue includes investment earnings. Operating expenses do not include amortization or depreciation.

**City of Burnet, Texas**  
**Pledged-Revenue Coverage**  
**Electric Bonds and Certificates of Obligation**  
(Unaudited)  
Last Ten Fiscal Years

Fiscal Year	Gross Operating Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
2010	\$9,395,310	6,806,263	2,589,047	70,041	63,530	133,571	19.38
2011	9,385,913	6,464,200	2,921,713	197,223	64,646	261,869	11.16
2012	9,434,438	7,147,805	2,286,633	178,375	54,153	232,528	9.83
2013	9,170,470	6,297,205	2,873,265	178,220	24,007	202,227	14.21
2014	9,597,332	6,671,585	2,925,747	130,508	23,177	153,685	19.04
2015	9,926,907	7,011,877	2,915,030	138,220	18,006	156,226	18.66
2016	8,531,408	5,753,913	2,777,495	51,356	14,505	65,861	42.17
2017	8,522,234	5,767,554	2,754,680	54,492	12,761	67,253	40.96
2018	9,073,840	6,162,992	2,910,848	37,627	10,927	48,554	59.95
2019	9,310,772	6,227,594	3,083,178	41,322	9,602	50,924	60.54

Source: Finance Department, City of Burnet, Texas

Notes: Details regarding the government's outstanding debt can be found in the notes to the financial statements. Operating revenue includes investment earnings. Operating expenses do not include amortization or depreciation.

**City of Burnet, Texas**  
**Electric System Condensed Statement of Operations**  
(Unaudited)  
Last Ten Fiscal Years

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Operating and Nonoperating Revenue:				
Charges for Services	\$ 9,276,423	9,265,401	9,356,176	9,082,153
Rents and Royalties	66,766	89,516	47,012	-
Misc.	<u>52,121</u>	<u>30,996</u>	<u>31,250</u>	<u>88,317</u>
Total	<u>\$ 9,395,310</u>	<u>9,385,913</u>	<u>9,434,438</u>	<u>9,170,470</u>
Operating Expense:				
Electric System (1)	<u>\$ 6,806,263</u>	<u>6,464,200</u>	<u>7,147,805</u>	<u>6,297,205</u>

(1) Excludes depreciation expense

Table 16

Fiscal Year					
<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
9,504,832	9,841,737	8,463,572	8,457,602	9,007,547	9,069,036
-	-	-	-	-	-
<u>98,262</u>	<u>85,170</u>	<u>67,836</u>	<u>64,632</u>	<u>60,293</u>	<u>217,310</u>
<u>9,603,094</u>	<u>9,926,907</u>	<u>8,531,408</u>	<u>8,522,234</u>	<u>9,067,840</u>	<u>9,286,346</u>
<u>6,671,585</u>	<u>7,011,877</u>	<u>5,753,913</u>	<u>5,767,554</u>	<u>6,162,992</u>	<u>6,227,594</u>

Table 17

**City of Burnet, Texas**  
**Top Ten Electric Customers**  
(Unaudited)  
Current Year and Nine Years Ago

Customer	Customer Type	2019			2010		
		Annual Sales	Rank	Percentage of Total Sales	Annual Sales	Rank	Percentage of Total Sales
Entegris	Manufacturing	\$ 927,944	1	10.3 %	\$ 788,526	1	8.61 %
Burnet CISD Schools	Public Education	616,763	2	6.85	741,367	2	8.1
TDCJ(Texas Dept. of Criminal Justice)	State Government	212,562	4	2.36	260,474	3	2.85
Burnet County Correctional Facility	State Government	220,195	3	2.44	259,668	4	2.84
Seton Healthcare	Healthcare	263,906	5	2.93	325,134	7	3.55
Sure Cast, Inc.	Manufacturing	254,358	6	2.82	223,077	5	2.44
H.E.B. Grocery Company #433	Grocery	218,233	7	2.42	295,526	6	3.23
Stealth Products Inc.	Manufacturing	93,788	8	1.04	81,977	10	0.9
Burnet County	State Government	96,614	9	1.07	149,277	8	1.63
Burnet I Enterprises	Manufacturing	56,001	10	0.62	108,115	9	1.18
Totals		<u>\$ 2,960,364</u>		<u>32.85 %</u>	<u>\$ 3,233,143</u>		<u>35.33 %</u>

Source: Finance Department, City of Burnet, Texas



Table 18

**City of Burnet, Texas**  
**Demographic and Economic Statistics**  
(Unaudited)  
Last Ten Fiscal Years

Calendar Year	Population	Personal Income	Per Capita Personal Income	Public School Enrollment	Unemployment Rate
	(1)	(2)	(3)	(4)	(5)
2010	6,035	124,870,185	20,691	3,348	6.60%
2011	6,029	124,577,227	20,663	3,343	3.20%
2012	6,020	125,523,020	20,851	3,265	4.10%
2013	6,042	124,471,242	20,601	3,203	4.30%
2014	6,065	115,768,720	19,088	3,218	5.20%
2015	6,104	105,098,672	17,218	3,131	5.80%
2016	6,161	114,329,677	18,557	3,132	8.60%
2017	6,155	140,512,495	22,829	3,169	5.40%
* 2018	6,170	141,293,000	22,900	3,183	2.90%
* 2019	6,397	143,708,605	22,465	3,201	2.90%

Source: (1) (2) (3) (5) US Census Bureau  
(4) Burnet Consolidated Independent School District  
\* 2018 & 2019 data is estimated

Notes: Personal Income: Calculated using City's (population data) (per capita income data)

Table 19

**City of Burnet, Texas**  
**Principal Employers**  
(Unaudited)  
Current Year and Nine Years Ago

<u>Employer</u>	<u>2019</u>		<u>2010</u>	
	<u>Employees</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
Burnet CISD*	506	18.25%	285	13.08%
Burnet County	360	12.99%	250	11.47%
Entegris*	211	7.61%	104	4.77%
City of Burnet	154	5.56%	139	6.38%
YMCA of the Highland Lakes	150	5.41%	*	*
Stealth Products	145	5.23%	94	4.31%
Seton Highland Lakes*	134	4.83%	311	14.27%
Texas Dept. of Criminal Justice*	130	4.69%	120	5.51%
H-E-B **	116	4.18%	90	4.13%
Sure Cast **	53	1.91%	53	2.43%
Total	<u>1,959</u>	<u>70.67%</u>	<u>1,446</u>	<u>66.36%</u>

Source: American Fact Finder, Employer Websites, Phone/Email Interviews with Companies

- Notes: \* Due to COVID-19, employer was unable to provide 2010 information.  
Information reported is the same as reported for fiscal year 2009.
- \*\* Due to COVID-19, employer was unable to provide 2019 or 2010 information.  
Information reported is the same as reported for fiscal year 2018 and 2009.

Table 20

**City of Burnet, Texas**  
**Fulltime Equivalent City Government Employees**  
**By Function/Program**  
(Unaudited)  
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Administration	5	5	6	5.5	5.2	5.75	6.25	6.75	7	7.25
Municipal Court	1	1	1	1	1	1	1	1	0.5	1
Planning & Zoning	4	5	4	3.3	3.6	2.8	3.2	3.2	3	4
Economic Development	0.5	0.5	0.5	0.5	0.5	0.75	0.75	1.5	0.75	0
Police Department	15	16	17	17	17	18	18	18	19.5	22
Streets Department	9.5	9.3	9.25	8.5	6.5	6.5	6.25	7.75	7.75	8.75
Parks Department	7.8	6.3	6.25	7.5	7.5 #	7.5	7.85	7.25	7.25	7.75
Airport	0.7	0.7	0.7	0.7	0.7	0.7	0.8	0.8	1.75	1.5
Fire Department	28	31	33	30	30	30	30	30	30	33
Electric Department	11.5	12.4	12.25	11.5	10.5	11.5	11	10	10.5	10.5
Water/Wastewater Department	14	16	15.25	16.5	16.5	15.5	16	15.75	15.5	15.5
Golf Course	18	18	17	17	15	15.5	15.9	15	15	17
Recreation	5.0	7.8	6.8	*	*	*	*	*	*	*
Total	<u>120.00</u>	<u>129.00</u>	<u>129.00</u>	<u>119.00</u>	<u>114.00</u>	<u>115.50</u>	<u>117.00</u>	<u>117.00</u>	<u>118.50</u>	<u>128.25</u>

Source: City Budget Department(City of Burnet 2011-2012 Budget Personnel Schedule; City of Burnet 2017-2018 Budget Personnel Schedule)

\* The YMCA, at its sole cost and expense, provided onsite staffing and general oversight and management of the recreation facilities beginning August 1, 2013.

**City of Burnet, Texas**  
**Operating Indicators by Function/Program**  
(Unaudited)  
Last Ten Fiscal Years

Function/Program	2010	2011	2012	2013
<b>General government</b>				
Building permits issued	367	527	233	240
Building inspections conducted	1,181	1,487	698	733
<b>Police</b>				
Calls for Service	7,932	8,219	8,234	7,451
Assistance to Citizens	78	68	50	51
Miles Driven	148,983	153,929	120,630	110,738
Offense Reports	886	986	1,071	1,078
Physical arrests	415	504	526	479
Traffic violations	3,021	4,454	4,164	4,956
<b>Fire/EMS</b>				
Fire-Number of Calls City	637	495	833	506
EMS- Total number of Calls	3,053	3,829	3,839	4,009
Inspections	231	281	216	123
<b>Water/Wastewater</b>				
Effluent- Reclaimed Water (millions of gallons)	242.398	209.418	226.532	232.445
Average daily sewage treatment (millions of gallons)	0.66	0.57	0.62	0.64
Total Consumption Lake/Ground Water (millions of gallons)	366.437	423.591	339.643	295.619
Average daily consumption (millions of gallons)	1.004	1.161	0.931	0.810
<b>Golf Course</b>				
Rounds of Golf	18,442	16,471	20,040	20,177

Sources: Various City of Burnet Department's Scorecard Reports

Notes: Building permits issued/Building inspections conducted: Inspection totals are an estimation based on minimum inspection requirements for different projects - does not include possible re-inspections.

Table 21

Fiscal					
2014	2015	2016	2017	2018	2019
241	282	356	297	306	291
870	1,027	1,337	1,066	836	983
7,129	8,845	8,110	7,548	8,024	8,737
120	128	130	213	94	16
152,408	139,734	127,933	136,166	151,732	126,866
1,259	1,025	1,075	1,035	911	845
512	318	318	484	400	340
2,672	2,259	2,637	3,205	3,453	2,677
465	557	715	816	844	852
4,142	4,347	4,893	4,150	4,370	4,321
113	149	240	240	212	226
199.624	195.167	234.876	216.659	213.790	220.610
0.55	0.53	0.64	0.59	0.59	0.60
310.087	351.440	298.094	324.233	319.341	308.8
0.850	0.963	0.817	0.888	0.875	0.846
18,005	19,069	19,218	20,605	22,741	20,215

**City of Burnet, Texas**  
**Capital Asset Statistics by Function/Program**  
(Unaudited)  
Last Ten Fiscal Years

Function/Program	2010	2011	2012	2013
<b>Public safety:</b>				
Police:				
Stations	1	1	1	1
Patrol units	22	22	22	22
Fire:				
Fire stations	1	1	1	1
<b>Culture and recreation:</b>				
Parks acreage	117	117	117	117
Playgrounds	4	4	4	4
RV Park	1	1	1	1
Splash Park	1	1	1	1
Amphitheaters	-	1	1	1
Community/Meeting centers	2	2	2	2
<b>Water:</b>				
Service connections	2,247	2,276	2,272	2,272
Water mains (miles)	55	55	55	56
Water pump stations	4	4	4	4
Fire hydrants	375	375	375	375
Plant capacity	2.88	2.88	2.88	2.88
(millions of gallons)				
<b>Sewer:</b>				
Service connections	2,005	2,067	2,045	2,097
Sanitary sewers (miles)	50	50	50	50
Number of lift stations	13	13	13	13
Treatment plant capacity	0.726	0.726	0.726	0.726
(millions of gallons)				
<b>Electric:</b>				
Service connections	2,825	2,853	2,827	2,829

Source: Various City of Burnet Department's Scorecard Reports

Table 22

Fiscal					
2014	2015	2016	2017	2018	2019
1	1	1	1	1	1
22	22	22	22	22	22
1	2	2	2	2	2
117	117	117	117	117	117
4	4	4	4	4	4
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
2	2	2	2	2	2
2,313	2,328	2,395	2,435	2,498	2,557
56	58	58	60	60	62
4	4	4	4	4	4
375	378	389	391	394	414
2.88	2.88	2.88	2.88	2.88	2.88
2,111	2,123	2,183	2,231	2,273	2,332
50	50	50	50	50	52
13	12	12	12	12	12
0.726	1.7	1.7	1.7	1.7	1.7
2,867	2,863	2,934	2,960	3,021	3,073