

City of Burnet Comprehensive Annual Financial Report

For the Fiscal Year Ended September 30, 2020



Comprehensive Annual Financial Report

of the



City of Burnet, Texas

Prepared by the
Finance Department
Year Ended September 30, 2020

City of Burnet, Texas

September 30, 2020

Table of Contents

	<u>Page</u>
<u>INTRODUCTION SECTION</u>	
Letter of Transmittal	i-iv
Organization Chart	vi
Elected Officials and City Staff	vii
Certificate of Achievement	viii
<u>FINANCIAL SECTION</u>	
Independent Auditors' Report	1 - 3
Management's Discussion and Analysis	5 - 15
Basic Financial Statements	
<i>Government-wide Financial Statements</i>	
Statement of Net Position	19
Statement of Activities	20 - 21
<i>Fund Financial Statements</i>	
Balance Sheet – Governmental Funds	22
Statement of Revenue, Expenditures and Changes in Fund Balances – Governmental Funds	23
Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	24
Statement of Revenue, Expenditures, and Changes in Fund Balances – Budget and Actual – Budgetary Basis – General Fund	25
Statement of Revenue, Expenditures, and Changes in Fund Balance – Budget and Actual – Budgetary Basis – Airport Fund	26
Statement of Net Position – Proprietary Fund	27

City of Burnet, Texas

Table of Contents
(Continued)

	<u>Page</u>
<u>FINANCIAL SECTION</u> (continued)	
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund	28
Statement of Cash Flows - Proprietary Fund	29 - 30
Notes to Financial Statements	31 – 73
Required Supplementary Information	
Schedule of Changes in Net Pension Liability and Related Ratios	76
Schedule of Pension Contributions	77
Schedule of Changes in Total OPEB Liability – Life Insurance and Related Ratios	78
Schedule of OPEB – Life Insurance Contributions	79
Schedule of Changes in Total OPEB Liability Health Insurance and Related Ratios	80 - 81
Supplementary Information	
Combining Balance Sheet – Nonmajor Governmental Funds	84
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	85
Schedule of Revenue, Expenditures, and Changes in Fund Balance – Budget and Actual – Budgetary Basis – Hotel/Motel Tax Fund	86
Schedule of Revenue, Expenditures, and Changes in Fund Balance – Budget and Actual – Budgetary Basis – Debt Service Fund	87
Note to Schedules of Revenue, Expenditures, and Changes in Fund Balance – Budget and Actual – Budgetary Basis – Hotel/Motel Tax and Debt Service Funds	88

City of Burnet, Texas

Table of Contents
(Continued)

	<u>Table</u>	<u>Page</u>
<u>STATISTICAL SECTION</u>		
Net Position by Component	1	92 - 93
Changes in Net Position	2	94 - 97
Fund Balances of Governmental Funds	3	98 - 99
Changes in Fund Balances of Governmental Funds	4	100 - 101
General Governmental Tax Revenue by Source	5	102
Assessed Value and Estimated Actual Value of Taxable Property	6	103
Direct and Overlapping Property Tax Rates	7	104
Principal Property Taxpayers	8	105
Property Tax Levies and Collections	9	106
Ratios of Outstanding Debt by Type	10	107
Ratios of General Bonded Debt Outstanding	11	108
Direct and Overlapping Governmental Activities Debt	12	109
Computation of Maximum Debt Margin	13	111
Pledged Revenue Coverage – Water and Sewer Bonds and Certificates of Obligation	14	112
Pledged Revenue Coverage – Electric Bonds and Certificates of Obligation	15	113
Electric System Condensed Statement of Operations	16	114-115
Top Ten Electric Customers	17	116
Demographic and Economic Statistics	18	117
Principal Employers	19	118

City of Burnet, Texas

Table of Contents
(Continued)

	<u>Table</u>	<u>Page</u>
<u>STATISTICAL SECTION</u> (continued)		
Fulltime Equivalent City Government Employees by Function/Program	20	119
Operating Indicators by Function/Program	21	120 - 121
Capital Asset Statistics by Function/Program	22	122 - 123



March 30, 2021

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, 2020.

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, 2020. 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 6,530. 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 30th. 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 6,530. Burnet County's population is estimated at 48,966 which represents a 42% 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 504 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.

Recently completed commercial developments in Burnet include Starbucks, the Baylor Scott & White medical clinic located on 2 acres in the new Eastside Commercial Park, and the renovation of the Badger Building Complex by the Burnet Economic Development Corporation (BEDC) which includes two historic buildings located on the town square of Burnet that houses the Wedding Oak Winery. In addition, the City recently completed the construction of a new 10,000 square foot police department facility.

Future commercial projects include a new commercial park and a new manufacturing site. The BEDC purchased 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. R&L Partnership purchased approximately seven acres located at the back of the Eastside Commercial Park for a future manufacturing site with an estimated completion date of 2021.

Several new residential developments have been recently completed and are underway in Burnet along with new home construction. Subdivisions completed in 2020 included Westfall Villages I that included 21 single family lots and Peppermill Phase I and II that included 48 single family lots. 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, Peppermill Phase III will include 32 single family lots, Oak Vista Section II will include 12 single family lots, Westfall Villages II will include 28 single family lots, and The Ranches at Delaware Phase III will include 21 lots. In addition, Wandering Oaks is underway just outside the City's limits and will include 23 single family lots. Future planned subdivisions and expansions will include the expansion of Highland Oaks with 25 lots, Delaware Springs Section 24 with 51 lots, and Creekfall with 135 residential lots planned.

Long-term financial planning and major initiatives. Looking to the future, the City has taken on a major sewer line improvement project 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.

In addition, the following major projects have been budgeted for 2020-2021:

- Remodel Fire Department Substation - \$250,000
- Street Improvement Projects - \$200,000
- Airport Improvements - \$150,000
- Electric Subdivision Costs - \$150,000
- Golf Course Improvements - \$100,000
- Software Upgrade to Incode 10 - \$60,000
- Water Projects - \$55,000
- Police Department Ticket Writers - \$40,000
- Park Improvements - \$25,000
- Capital Maintenance for YMCA facility - \$20,000
- Teen Center for YMCA facility - \$20,000

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.

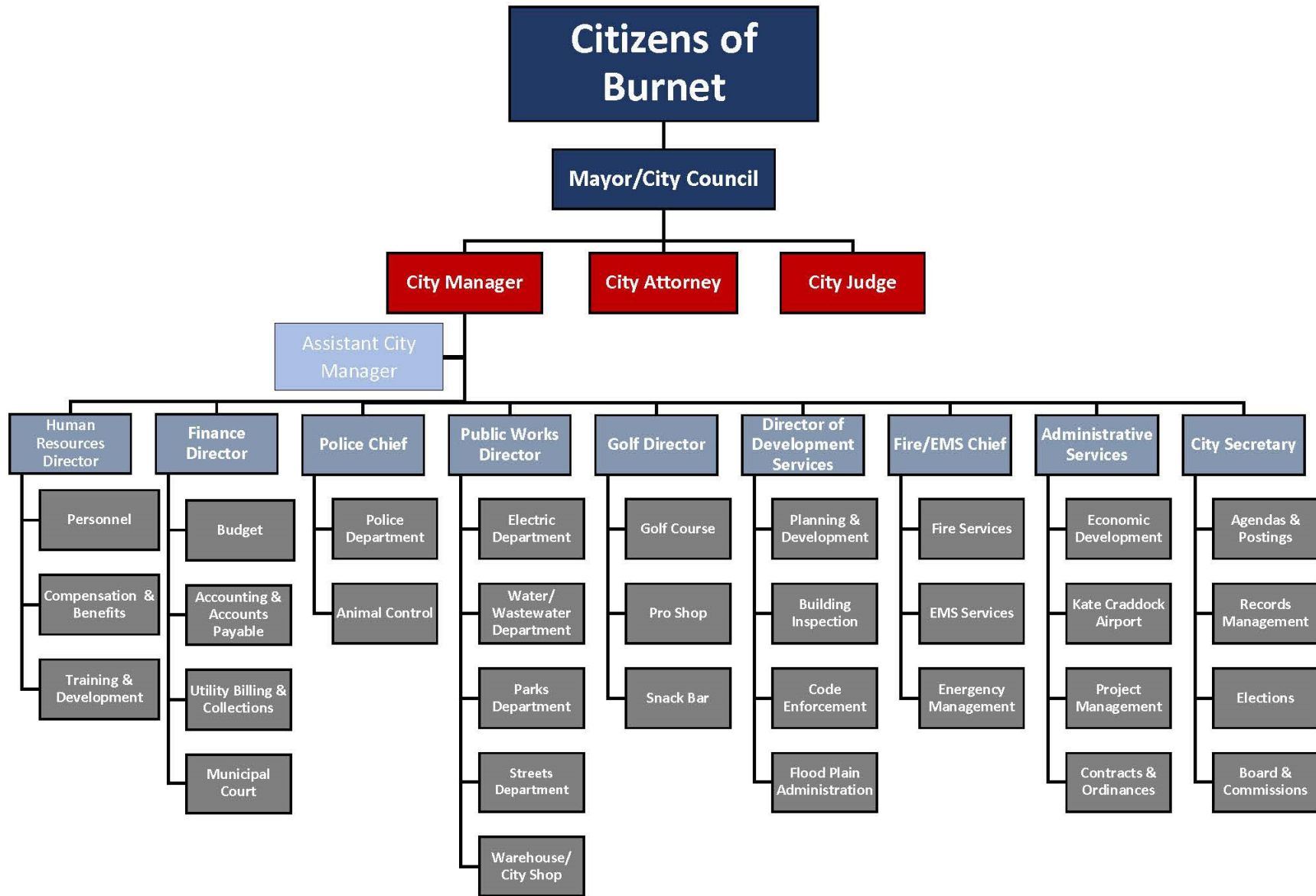
Respectfully submitted,

The image shows two handwritten signatures in blue ink. The signature on the left is 'David Vaughn' and the signature on the right is 'Patricia Langford'. Both signatures are written in a cursive, flowing style.

David Vaughn
City Manager

Patricia Langford, C.P.A.
Finance Director





City of Burnet, Texas
Elected Officials and City Staff
September 30, 2020

Elected Officials

City Council
Two-Year Terms

<u>Name</u>	<u>Position</u>	<u>Term</u>
Crista Goble Bromley	Mayor	2019 – 2021
Paul Farmer	Mayor Pro Tem	2019 – 2021
Cindia Talamantez	Council Member	2019 – 2021
Tres Clinton	Council Member	2019 – 2021
Danny Lester	Council Member	2020 – 2022
Mary Jane Shanes	Council Member	2020 – 2022
Philip Thurman	Council Member	2020 – 2022

City Staff

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



Government Finance Officers Association

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Texas**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

September 30, 2019

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, 2020, 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, 2020, 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 15, 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 76 through 81 (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 84 through 88 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 30, 2021



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, 2020.

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 \$54,858,866 (*net position*). Unrestricted net position of the City is a deficit of \$388,900, which results primarily from the City’s recognition of net pension and other postemployment benefits (“OPEB”) liabilities of \$10,747,613.
- The City’s total net position increased \$2,763,825 primarily due to developer contributions of \$1,351,386 for roadway improvements and other infrastructure and 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 \$7,266,855, an increase of \$953,120 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 \$4,007,662, or approximately 39% of total general fund expenditures.
- The City’s general fund total fund balance increased \$210,242 in the current year compared to a decrease in the prior year of \$(329,605) mainly due to an increase in transfers in of \$1,576,145 offset by an increase in transfers out of \$1,042,229 to the general capital projects fund primarily for construction 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 19 through 21 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 22 through 26 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 27 through 30 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 31 through 73 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 76 through 81. 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 84 through 88 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 \$54,858,866 at the close of the most recent fiscal year.

City of Burnet's Net Position
September 30,

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 8,294,491	7,544,179	5,754,425	5,150,647	14,048,916	12,694,826
Capital assets, net	<u>38,056,124</u>	<u>33,704,739</u>	<u>39,113,026</u>	<u>39,053,513</u>	<u>77,169,150</u>	<u>72,758,252</u>
Total assets	<u>46,350,615</u>	<u>41,248,918</u>	<u>44,867,451</u>	<u>44,204,160</u>	<u>91,218,066</u>	<u>85,453,078</u>
Total deferred outflows of resources	<u>1,243,692</u>	<u>1,710,604</u>	<u>468,982</u>	<u>699,055</u>	<u>1,712,674</u>	<u>2,409,659</u>
Current liabilities	930,594	1,098,609	886,015	1,071,599	1,816,609	2,170,208
Noncurrent liabilities	<u>12,701,816</u>	<u>10,841,644</u>	<u>21,788,087</u>	<u>22,208,735</u>	<u>34,489,903</u>	<u>33,050,379</u>
Total liabilities	<u>13,632,410</u>	<u>11,940,253</u>	<u>22,674,102</u>	<u>23,280,334</u>	<u>36,306,512</u>	<u>35,220,587</u>
Total deferred inflows of resources	<u>1,296,388</u>	<u>402,313</u>	<u>468,974</u>	<u>144,796</u>	<u>1,765,362</u>	<u>547,109</u>
Net position:						
Net investment in capital assets	33,804,992	32,264,739	20,380,238	20,825,955	54,185,230	53,090,694
Restricted	1,062,536	1,125,161	-	-	1,062,536	1,125,161
Unrestricted	<u>(2,202,019)</u>	<u>(2,772,944)</u>	<u>1,813,119</u>	<u>652,130</u>	<u>(388,900)</u>	<u>(2,120,814)</u>
Total net position	<u>\$ 32,665,509</u>	<u>30,616,956</u>	<u>22,193,357</u>	<u>21,478,085</u>	<u>54,858,866</u>	<u>52,095,041</u>

By far, the largest portion of the City's net position (\$54.2 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 1.9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position is a \$0.4 million deficit.

The City's overall net position increased \$2,763,825. 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	
	2020	2019	2020	2019	2020	2019
Program revenues:						
Charges for services	\$ 4,168,597	4,102,764	15,396,881	15,000,116	19,565,478	19,102,880
Operating grants and contributions	934,478	853,397	-	-	934,478	853,397
Capital grants and contributions	645,914	926,587	1,070,193	189,568	1,716,107	1,116,155
General revenues:						
Property taxes	3,036,155	2,803,398	-	-	3,036,155	2,803,398
Sales taxes	2,158,149	1,815,467	-	-	2,158,149	1,815,467
Franchise taxes	153,535	178,949	-	-	153,535	178,949
Hotel/motel taxes	152,756	188,403	-	-	152,756	188,403
Unrestricted interest and miscellaneous revenues	67,975	72,170	32,938	52,149	100,913	124,319
Gain on disposition of capital assets	-	79,741	-	675	-	80,416
Total revenues	11,317,559	11,020,876	16,500,012	15,242,508	27,817,571	26,263,384
Expenses:						
General government	\$ 2,709,203	2,288,577	-	-	2,709,203	2,288,577
Public safety	6,747,415	6,621,584	-	-	6,747,415	6,621,584
Highways and streets	1,182,772	998,227	-	-	1,182,772	998,227
Aviation services	741,666	1,093,963	-	-	741,666	1,093,963
Culture and recreation	977,788	998,187	-	-	977,788	998,187
Sanitation	879,551	844,095	-	-	879,551	844,095
Economic development	145,148	170,345	-	-	145,148	170,345
Interest and other charges on long-term debt	182,268	56,662	-	-	182,268	56,662
Electric	-	-	6,596,612	6,547,489	6,596,612	6,547,489
Water and sewer	-	-	3,213,760	3,294,198	3,213,760	3,294,198
Delaware Springs Golf Course	-	-	1,677,563	1,789,522	1,677,563	1,789,522
Total expenses	13,565,811	13,071,640	11,487,935	11,631,209	25,053,746	24,702,849
Increase (decrease) in net position before transfers	(2,248,252)	(2,050,764)	5,012,077	3,611,299	2,763,825	1,560,535
Transfers	4,296,805	2,625,643	(4,296,805)	(2,625,643)	-	-
Increase in net position	2,048,553	574,879	715,272	985,656	2,763,825	1,560,535
Net position, beginning of year	30,616,956	30,042,077	21,478,085	20,492,429	52,095,041	50,534,506
Net position, end of year	\$ 32,665,509	30,616,956	22,193,357	21,478,085	54,858,866	52,095,041

Governmental Activities. During the current fiscal year, net position for governmental activities increased \$2,048,553 as compared to an increase of \$574,879 in the prior year. Key elements of the changes from the prior year are as follows:

- Capital grants and contributions decreased \$280,673. During the prior year, the City received \$493,200 from the Texas Department of Transportation for the airport expansion project. There was no similar contribution in the current year.
- Property taxes increased \$232,757 during the year (approximately 8.3%), which is primarily due to increased property values and new property being added to the tax roll.
- Sales taxes increased \$342,682 (approximately 19%) during the year due to more concentrated local spending during the pandemic and the collection of online sales tax due to the changes in sales tax compliance laws for remote sellers and marketplace facilitators that went into effect on October 1, 2019.

Overall, governmental expenses increased \$494,171 (3.8%). A 3% merit salary increase was approved in the budget along with two new full time positions. The City hired an assistant City Manager and a Human Resource Director. Interest expense and other charges increased \$125,606 primarily as a result of bond issue costs of \$83,222 incurred in connection with the issuance of the Series 2019 Certificates of Obligation. Overall, governmental activities recognized a decrease in net position before transfers of \$2.2 million and \$2.1 million in 2020 and 2019, respectively. Transfers in were \$4.3 million and \$2.6 million in 2020 and 2019, respectively. Transfers in increased \$1.7 million primarily due to a \$1.6 million transfer in from business-type activities to move excess reserves.

Business-Type Activities. During the current fiscal year, net position for business-type activities increased \$715,272 as compared to an increase of \$985,656 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 \$396,765 or 2.6% from the prior year. This increase is mainly due to increases in water revenue and electric revenue. Water gallons sold increased 8.3% due to a warmer summer than in the prior year. Electric consumption was down from prior year by 1.9% as discussed below. Additionally, charges for services are impacted by the cost of power, which was slightly less than the prior year as discussed below. Finally, the City recognized other electric operating revenue of \$599,368 due to wholesale rebates received from the Lower Colorado River Authority.
- Capital grants and contributions increased \$880,625 due to current year contributions from developers for new construction within the City.

Overall, business-type expenses decreased \$143,274 (-1.2%). A 3% merit salary increase was approved in the budget, which was offset by decreases in salaries and operating costs for the Delaware Springs Golf Course due to reduced activity as a result of the pandemic. Interest expense and other charges increased \$44,944 primarily as a result of bond issue costs of \$24,663 incurred in connection with the issuance of the Series 2019 Certificates of Obligation. Overall, business-type activities recognized an increase in net position before transfers of \$5.0 million and \$3.6 million in 2020 and 2019, respectively. Transfers out were \$4.3 million and \$2.6 million in

2020 and 2019, respectively. Transfers out increased \$1.7 million primarily due to a \$1.6 million transfer out to governmental activities to move excess reserves.

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, 2020, the City's governmental funds reported combined fund balances of \$7,266,855, an increase of \$953,120 in comparison with the prior year. Of this amount, \$4,007,662 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 (\$60,743), (2) restricted for particular purposes (\$1,018,715), or (3) assigned for particular purposes (\$2,179,735).

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 \$4,007,662. 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 increased \$210,242 as compared to a decrease of \$320,504 in the prior year. Key factors in this change are as follows:

- Property taxes increased \$207,219 (8.4%) which is primarily due to increased property values and new property being added to the tax roll.
- Sales taxes increased \$342,682 (18.9%) during the year due to more concentrated local spending during the pandemic and the collection of online sales tax due to the changes in sales tax compliance laws for remote sellers and marketplace facilitators that went into effect on October 1, 2019.
- Expenses increased \$641,747, approximately 6.7% over the prior year due to annual raises, added positions, 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 \$4,264,814, which was approximately \$1.6 million more than the prior year amount of \$2,688,669. The additional \$1.6 million transfer in was to move excess reserves.
- Transfers out of \$3,193,492 were approximately \$1.0 million more than the prior year amount of \$2,151,263, resulting from transfers to (1) the general capital projects fund primarily to move excess reserves 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 \$31,969 as compared to a decrease of \$174,612 in the prior year. Fuel sales decreased \$176,019 (with a corresponding decrease in cost of fuel purchased of \$109,078) due to a decrease in Jet gallons sold. Additionally, capital outlay in the prior year was \$45,814; whereas, there were no capital outlay expenditures in the current year. Transfers out for airport capital purchases decreased \$140,883 from the prior year.

During the current fiscal year, fund balance for the debt service fund increased \$26,402 as compared to a decrease of \$11,931 in the prior year. Property taxes increased by \$68,230 (20.8%) due to increase in the I&S property tax rate of \$0.0077 per \$100 valuation and increased property values and new property being added to the tax roll.

The general capital projects fund is used to track various capital improvements and equipment purchases for the City, and is primarily funded by bond proceeds and transfers from the general and enterprise funds. During 2020, the City issued Series 2019 Certificates of Obligation in the amount of \$2,920,000 for the construction of the new police department facility. Capital expenditures for the current year of \$5,380,031 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 \$1,607,750; \$1,615,208, and (\$1,409,839), respectively. Net position for the electric and water and sewer funds increased by \$123,283 and \$867,204, respectively. The net position for the Delaware Springs Golf Course fund decreased by \$275,215. 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 a \$1,600,000 increase in Transfers in to move excess cash reserves from the utility funds and a \$250,000 increase in Fire expenditures for COVID-19 emergency purchases.

Final budget compared to actual results. During the year, actual revenues, insurance recoveries, and transfers in were over budget by \$436,815. This was mostly attributable to sales taxes being more than expected by \$348,149. Actual expenditures were 96.5% of appropriations, and transfers out were \$276,215 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, 2020, amounts to \$77,169,150 (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 \$4,410,898 or 6.1%.

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

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 3,924,707	3,755,038	577,543	577,543	4,502,250	4,332,581
Buildings	5,209,984	5,274,541	106,828	102,610	5,316,812	5,377,151
Infrastructure	21,233,913	21,264,379	37,037,070	37,171,358	58,270,983	58,435,737
Machinery and equipment	2,772,811	2,879,034	1,060,767	1,202,002	3,833,578	4,081,036
Construction in progress	4,914,709	531,747	330,818	-	5,245,527	531,747
	<u>\$ 38,056,124</u>	<u>33,704,739</u>	<u>39,113,026</u>	<u>39,053,513</u>	<u>77,169,150</u>	<u>72,758,252</u>

Major capital asset activity during the current fiscal year included:

Work was completed on:

Airport improvements	\$ 139,329
Fire department burn tower	274,184
Park and ball field improvements	34,490
Street improvements	652,240
Structures and lines - electric	266,205
Water mains, sewer lines, and drainage improvements	1,111,228

Acquisition of land	\$ 169,669
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Acquisition of vehicles and other equipment	\$ 844,220
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Work continued on:

New police department facility	\$ 4,362,962
New teen center at Recreation Center	20,000
Oak-Vista water line extension	330,818

Additional information on the City's capital assets can be found in Note III.C. on pages 45 to 47 of this report.

Long-Term Debt. At the end of the current fiscal year, the City had total long-term liabilities of \$34,489,903.

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

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Certificates of obligation	\$ 4,095,000	1,440,000	18,551,000	18,427,000	22,646,000	19,867,000
Refunding bonds	-	-	191,475	231,475	191,475	231,475
Premiums	156,132	-	51,930	-	208,062	-
Total bonded debt	4,251,132	1,440,000	18,794,405	18,658,475	23,045,537	20,098,475
Compensated absences	471,409	440,104	225,344	201,042	696,753	641,146
Net pension liability	2,162,633	3,504,886	785,979	1,352,180	2,948,612	4,857,066
Total OPEB liability - life insurance	362,150	280,286	-	-	362,150	280,286
Total OPEB liability - health insurance	5,454,492	5,176,368	1,982,359	1,997,038	7,436,851	7,173,406
\$	12,701,816	10,841,644	21,788,087	22,208,735	34,489,903	33,050,379

The City's total outstanding debt increased by \$1.4 million during the current fiscal year. This change primarily resulted from the issuance of Series 2019 Certificates of Obligation in the amount of \$3.9 million and was offset by scheduled principal payments on bonded debt of \$1.2 million. Additionally, the City recognized a decrease in the net pension liability of \$1.9 million and increases in total OPEB liabilities of \$0.3 million.

The City received an "AA-" rating from S & P Global Ratings for general obligation debt.

The Texas Attorney General limits the amount of general obligation debt a governmental entity may issue to an amount no greater than that which can be serviced by a debt service tax of \$1.50 per \$100 assessed valuation, based on 90% collections. The City's adopted debt service rate for fiscal year 2020 is \$0.0807 per \$100 assessed valuation. This represents only 5%, or \$1.4193, below the rate allowed by the Attorney General's imposed limit. Additional information on the City's long-term liabilities can be found in Note III.D. on pages 47 to 51 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 2021 fiscal year budget:

- Projected increase in property taxes due to a significant increase in assessed property values;
- Increasing personnel costs 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; 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, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Burnet Economic Development Corporation, Inc.
Assets				
Cash and cash equivalents	\$ 6,324,582	3,891,583	10,216,165	808,089
Receivables (net of allowance for uncollectibles)	1,331,272	1,446,108	2,777,380	135,281
Inventories	58,186	937,139	995,325	-
Internal balances	577,894	(577,894)	-	-
Due from component unit	-	25,774	25,774	-
Prepaid and other items	2,557	6,085	8,642	-
Restricted cash and cash equivalents	-	25,630	25,630	-
Properties held for resale	-	-	-	1,094,920
Capital assets not being depreciated:				
Land	3,924,707	577,543	4,502,250	41,360
Construction in progress	4,914,709	330,818	5,245,527	-
Capital assets, net of accumulated depreciation:				
Buildings	5,209,984	106,828	5,316,812	3,320,693
Infrastructure	21,233,913	37,037,070	58,270,983	-
Machinery and equipment	2,772,811	1,060,767	3,833,578	-
Total assets	46,350,615	44,867,451	91,218,066	5,400,343
Deferred Outflows of Resources				
Deferred outflows of resources	1,243,692	468,982	1,712,674	-
Liabilities				
Accounts payable	651,305	121,128	772,433	6,087
Accrued interest payable	7,030	11,641	18,671	13,837
Accrued liabilities	257,882	203,193	461,075	-
Due to primary government	-	-	-	25,774
Deposits payable	7,380	537,790	545,170	-
Unearned revenue	6,997	12,263	19,260	-
Noncurrent liabilities:				
Due within one year	490,705	1,006,772	1,497,477	110,000
Due in more than one year	12,211,111	20,781,315	32,992,426	1,735,000
Total liabilities	13,632,410	22,674,102	36,306,512	1,890,698
Deferred Inflows of Resources				
Deferred inflows of resources	1,296,388	468,974	1,765,362	-
Net Position				
Net investment in capital assets	33,804,992	20,380,238	54,185,230	1,517,053
Restricted for:				
Debt service	200,154	-	200,154	-
Economic development	103,985	-	103,985	-
Aviation services	685,408	-	685,408	-
Public safety	72,989	-	72,989	-
Unrestricted	(2,202,019)	1,813,119	(388,900)	1,992,592
Total net position	\$ 32,665,509	22,193,357	54,858,866	3,509,645

See accompanying notes to financial statements.

City of Burnet, Texas

Statement of Activities

Year Ended September 30, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 2,709,203	297,132	-	-
Public safety	6,747,415	2,215,738	810,354	53,000
Highways and streets	1,182,772	-	-	570,015
Aviation services	741,666	613,680	124,124	22,899
Culture and recreation	977,788	2,500	-	-
Sanitation	879,551	1,039,547	-	-
Economic development	145,148	-	-	-
Interest and other charges	182,268	-	-	-
Total governmental activities	<u>13,565,811</u>	<u>4,168,597</u>	<u>934,478</u>	<u>645,914</u>
Business-type activities:				
Electric	6,596,612	9,499,716	-	107,067
Water and sewer	3,213,760	4,568,093	-	963,126
Delaware Springs Golf Course	1,677,563	1,329,072	-	-
Total business-type activities	<u>11,487,935</u>	<u>15,396,881</u>	<u>-</u>	<u>1,070,193</u>
Total primary government	<u>\$ 25,053,746</u>	<u>19,565,478</u>	<u>934,478</u>	<u>1,716,107</u>
Component unit:				
Burnet Economic				
Development Corporation	<u>\$ 593,477</u>	<u>39,150</u>	<u>-</u>	<u>-</u>
General revenues:				
Property taxes				
Sales taxes				
Franchise taxes				
Hotel/motel taxes				
Unrestricted interest and miscellaneous revenues				
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.
(2,412,071)	-	(2,412,071)	
(3,668,323)	-	(3,668,323)	
(612,757)	-	(612,757)	
19,037	-	19,037	
(975,288)	-	(975,288)	
159,996	-	159,996	
(145,148)	-	(145,148)	
(182,268)	-	(182,268)	
(7,816,822)	-	(7,816,822)	
-	3,010,171	3,010,171	
-	2,317,459	2,317,459	
-	(348,491)	(348,491)	
-	4,979,139	4,979,139	
(7,816,822)	4,979,139	(2,837,683)	
			(554,327)
\$ 3,036,155	-	3,036,155	-
2,158,149	-	2,158,149	719,383
153,535	-	153,535	-
152,756	-	152,756	-
67,975	32,938	100,913	7,773
-	-	-	22,225
4,296,805	(4,296,805)	-	-
9,865,375	(4,263,867)	5,601,508	749,381
2,048,553	715,272	2,763,825	195,054
30,616,956	21,478,085	52,095,041	3,314,591
\$ 32,665,509	22,193,357	54,858,866	3,509,645

City of Burnet, Texas

**Balance Sheet
Governmental Funds**

September 30, 2020

	<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>
Assets						
Cash and cash equivalents	\$ 3,363,778	630,341	513,516	429,421	1,387,526	6,324,582
Receivables (net of allowance for uncollectibles)	1,087,318	35,470	13,724	-	194,760	1,331,272
Due from other funds	255,992	5,000	3,950	-	837,727	1,102,669
Inventories	27,831	30,355	-	-	-	58,186
Prepaid and other items	2,557	-	-	-	-	2,557
Total assets	\$ 4,737,476	701,166	531,190	429,421	2,420,013	8,819,266
Liabilities						
Liabilities:						
Accounts and retainages payable	\$ 161,642	1,938	-	413,814	73,911	651,305
Accrued liabilities	251,698	6,184	-	-	-	257,882
Deposits payable	-	7,380	-	-	-	7,380
Unearned revenue	6,997	-	-	-	-	6,997
Due to other funds	188,483	256	331,036	-	5,000	524,775
Total liabilities	608,820	15,758	331,036	413,814	78,911	1,448,339
Deferred Inflows of Resources						
Unavailable revenue - property taxes	90,606	-	13,466	-	-	104,072
Fund Balances						
Nonspendable	30,388	30,355	-	-	-	60,743
Restricted	-	655,053	186,688	-	176,974	1,018,715
Assigned	-	-	-	15,607	2,164,128	2,179,735
Unassigned	4,007,662	-	-	-	-	4,007,662
Total fund balances	4,038,050	685,408	186,688	15,607	2,341,102	7,266,855
Total liabilities, deferred inflows of resources and fund balances	\$ 4,737,476	701,166	531,190	429,421	2,420,013	
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.						38,056,124
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.						104,072
Long-term liabilities, including general obligation debt, the net pension and total OPEB liabilities, are not due and payable in the current period and, therefore, are not reported in the funds.						<u>(12,761,542)</u>
Net position of governmental activities						\$ <u>32,665,509</u>

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, 2020

	General	Airport	Debt Service	General Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:						
Property taxes	\$ 2,673,357	-	395,817	-	-	3,069,174
Sales taxes	2,158,149	-	-	-	-	2,158,149
Franchise taxes	153,535	-	-	-	-	153,535
Hotel/motel taxes	-	-	-	-	152,756	152,756
Licenses and permits	129,465	-	-	-	-	129,465
Intergovernmental	869,706	-	-	-	146,648	1,016,354
Charges for services - sanitation	1,039,547	-	-	-	-	1,039,547
Charges for services - EMS	1,768,552	-	-	-	-	1,768,552
Charges for services - other	2,500	-	-	-	-	2,500
Fines	123,402	-	-	-	18,591	141,993
Interest	26,410	5,605	1,074	23,462	3,500	60,051
Contributions and donations	222,232	375	-	53,000	6,039	281,646
Fuel sales	-	403,961	-	-	-	403,961
Miscellaneous	167,364	209,719	-	16,250	1,623	394,956
Total revenues	<u>9,334,219</u>	<u>619,660</u>	<u>396,891</u>	<u>92,712</u>	<u>329,157</u>	<u>10,772,639</u>
Expenditures:						
Current:						
General government	2,407,351	-	-	-	-	2,407,351
Public safety	5,579,692	-	-	-	6,827	5,586,519
Highways and streets	658,101	-	-	-	-	658,101
Aviation services	-	463,677	-	-	-	463,677
Culture and recreation	674,580	-	-	-	-	674,580
Sanitation	879,551	-	-	-	-	879,551
Economic development	-	-	-	-	145,060	145,060
Debt service:						
Principal	-	-	265,000	-	-	265,000
Interest and fiscal charges	-	-	105,489	-	-	105,489
Bond issue costs	-	-	-	83,222	-	83,222
Capital outlay	-	-	-	5,380,031	560,016	5,940,047
Total expenditures	<u>10,199,275</u>	<u>463,677</u>	<u>370,489</u>	<u>5,463,253</u>	<u>711,903</u>	<u>17,208,597</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(865,056)</u>	<u>155,983</u>	<u>26,402</u>	<u>(5,370,541)</u>	<u>(382,746)</u>	<u>(6,435,958)</u>
Other financing sources (uses):						
Issuance of certificates of obligation	-	-	-	2,920,000	-	2,920,000
Premiums on bonds	-	-	-	164,349	-	164,349
Insurance recoveries	3,976	-	-	-	-	3,976
Proceeds from sale of assets	-	-	-	-	3,948	3,948
Transfers in	4,264,814	-	-	2,301,799	1,141,825	7,708,438
Transfers out	<u>(3,193,492)</u>	<u>(187,952)</u>	<u>-</u>	<u>-</u>	<u>(30,189)</u>	<u>(3,411,633)</u>
Total other financing sources (uses)	<u>1,075,298</u>	<u>(187,952)</u>	<u>-</u>	<u>5,386,148</u>	<u>1,115,584</u>	<u>7,389,078</u>
Net change in fund balances	210,242	(31,969)	26,402	15,607	732,838	953,120
Fund balances, beginning 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>
Fund balances, end of year	<u>\$ 4,038,050</u>	<u>685,408</u>	<u>186,688</u>	<u>15,607</u>	<u>2,341,102</u>	<u>7,266,855</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, 2020

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

Net change in fund balances - total governmental funds	\$ 953,120
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 (\$5,737,235) exceeded depreciation expense (\$1,955,865) in the current period.	3,781,370
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.	570,015
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(33,019)
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.	(2,811,132)
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.	(33,079)
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>(378,722)</u>
Change in net position of governmental activities	<u><u>\$ 2,048,553</u></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, 2020

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
Revenues:				
Property taxes	\$ 2,677,000	2,677,000	2,673,357	(3,643)
Sales taxes	1,810,000	1,810,000	2,158,149	348,149
Franchise taxes	150,000	150,000	153,535	3,535
Licenses and permits	80,370	80,370	129,465	49,095
Intergovernmental	887,581	887,581	894,706	7,125
Charges for services - sanitation	1,011,070	1,040,370	1,039,547	(823)
Charges for services - EMS	1,875,000	1,875,000	1,768,552	(106,448)
Charges for services - other	17,000	17,000	2,500	(14,500)
Fines	118,000	118,000	123,402	5,402
Interest	67,000	67,000	26,410	(40,590)
Contributions and donations	4,200	4,200	222,232	218,032
Miscellaneous	137,500	137,500	167,364	29,864
Total revenues	8,834,721	8,864,021	9,359,219	495,198
Expenditures:				
General government:				
Mayor and Council	24,450	24,450	11,432	13,018
Administrative	1,642,383	1,590,151	1,550,519	39,632
Planning and zoning	405,149	405,149	399,951	5,198
City shop	109,638	109,638	106,098	3,540
Public safety:				
Police	2,490,996	2,533,493	2,527,677	5,816
Municipal court	61,841	67,730	67,239	491
Fire	3,823,422	4,073,423	3,856,923	216,500
Highways and streets	739,479	739,479	716,272	23,207
Culture and recreation:				
Parks	696,175	696,175	614,144	82,031
Recreation center	105,000	105,000	102,885	2,115
Sanitation	846,438	879,584	879,551	33
Total expenditures	10,944,971	11,224,272	10,832,691	391,581
Excess (deficiency) of revenues over (under) expenditures	(2,110,250)	(2,360,251)	(1,473,472)	886,779
Other financing sources (uses):				
Insurance recoveries	-	-	3,976	3,976
Transfers in	2,754,977	4,354,977	4,292,618	(62,359)
Transfers out	(2,632,527)	(2,889,095)	(2,612,880)	276,215
Total other financing sources (uses)	122,450	1,465,882	1,683,714	217,832
Net change in fund balances	(1,987,800)	(894,369)	210,242	1,104,611
Fund balances, beginning of year	3,827,808	3,827,808	3,827,808	-
Fund balances, end of year	\$ 1,840,008	2,933,439	4,038,050	1,104,611

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, 2020

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
Revenues:				
Fuel sales	\$ 570,000	570,000	403,386	(166,614)
Interest	14,000	14,000	5,605	(8,395)
Contributions and donations	-	-	375	375
Miscellaneous	204,845	204,845	210,294	5,449
Total revenues	<u>788,845</u>	<u>788,845</u>	<u>619,660</u>	<u>(169,185)</u>
Expenditures:				
Aviation services	<u>650,102</u>	<u>650,102</u>	<u>463,677</u>	<u>186,425</u>
Total expenditures	<u>650,102</u>	<u>650,102</u>	<u>463,677</u>	<u>186,425</u>
Excess of revenues over expenditures	<u>138,743</u>	<u>138,743</u>	<u>155,983</u>	<u>17,240</u>
Other financing sources (uses):				
Transfers out	<u>(286,889)</u>	<u>(286,889)</u>	<u>(187,952)</u>	<u>98,937</u>
Total other financing sources (uses)	<u>(286,889)</u>	<u>(286,889)</u>	<u>(187,952)</u>	<u>98,937</u>
Net change in fund balances	(148,146)	(148,146)	(31,969)	116,177
Fund balances, beginning of year	<u>717,377</u>	<u>717,377</u>	<u>717,377</u>	<u>-</u>
Fund balances, end of year	<u>\$ 569,231</u>	<u>569,231</u>	<u>685,408</u>	<u>116,177</u>

See accompanying notes to financial statements.

City of Burnet, Texas
Statement of Net Position –
Proprietary Funds
September 30, 2020

	Business-type Activities - Enterprise Funds			
	Electric	Water and Sewer	Delaware Springs Golf Course	Total
Assets				
Current assets:				
Cash and cash equivalents	\$ 1,909,664	1,892,831	89,088	3,891,583
Receivables (net of allowance for uncollectibles)	1,007,874	424,003	14,231	1,446,108
Inventories	523,582	293,294	120,263	937,139
Prepaid and other items	-	-	6,085	6,085
Due from other funds	20,718	483,969	1,375	506,062
Due from component unit	18,358	7,416	-	25,774
Total current assets	<u>3,480,196</u>	<u>3,101,513</u>	<u>231,042</u>	<u>6,812,751</u>
Noncurrent assets:				
Restricted cash and cash equivalents	-	25,630	-	25,630
Capital assets:				
Land	11,171	357,759	208,613	577,543
Buildings	134,006	-	-	134,006
Infrastructure	7,277,939	46,630,322	3,410,590	57,318,851
Machinery and equipment	2,323,621	1,537,524	1,939,170	5,800,315
Construction in progress	-	330,818	-	330,818
Less accumulated depreciation	<u>(4,932,150)</u>	<u>(16,579,707)</u>	<u>(3,536,650)</u>	<u>(25,048,507)</u>
Total capital assets, net	<u>4,814,587</u>	<u>32,276,716</u>	<u>2,021,723</u>	<u>39,113,026</u>
Total noncurrent assets	<u>4,814,587</u>	<u>32,302,346</u>	<u>2,021,723</u>	<u>39,138,656</u>
Total assets	<u>8,294,783</u>	<u>35,403,859</u>	<u>2,252,765</u>	<u>45,951,407</u>
Deferred Outflows of Resources				
Deferred outflows of resources	<u>188,531</u>	<u>168,848</u>	<u>111,603</u>	<u>468,982</u>
Liabilities				
Current liabilities:				
Accounts payable	49,356	51,473	20,299	121,128
Accrued interest payable	1,123	10,518	-	11,641
Accrued liabilities	64,961	91,934	46,298	203,193
Deposits payable	537,790	-	-	537,790
Due to other funds	158,512	149,703	775,741	1,083,956
Unearned revenue	-	12,263	-	12,263
Compensated absences - current	36,370	38,429	37,973	112,772
General obligation debt payable - current	45,000	849,000	-	894,000
Total current liabilities	<u>893,112</u>	<u>1,203,320</u>	<u>880,311</u>	<u>2,976,743</u>
Noncurrent liabilities:				
Compensated absences	36,370	38,429	37,773	112,572
General obligation debt payable	146,475	17,753,930	-	17,900,405
Net pension liability	276,901	306,496	202,582	785,979
Total OPEB liability - health insurance	698,387	773,030	510,942	1,982,359
Total noncurrent liabilities	<u>1,158,133</u>	<u>18,871,885</u>	<u>751,297</u>	<u>20,781,315</u>
Total liabilities	<u>2,051,245</u>	<u>20,075,205</u>	<u>1,631,608</u>	<u>23,758,058</u>
Deferred Inflows of Resources				
Deferred inflows of resources	<u>165,220</u>	<u>182,878</u>	<u>120,876</u>	<u>468,974</u>
Net Position				
Net investment in capital assets	4,659,099	13,699,416	2,021,723	20,380,238
Unrestricted	<u>1,607,750</u>	<u>1,615,208</u>	<u>(1,409,839)</u>	<u>1,813,119</u>
Total net position	<u>\$ 6,266,849</u>	<u>15,314,624</u>	<u>611,884</u>	<u>22,193,357</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, 2020

	Business-type Activities - Enterprise Funds			Total
	Electric	Water and Sewer	Delaware Springs Golf Course	
Operating revenues:				
Charges for sales and services:				
Electric service	\$ 8,824,263	-	-	8,824,263
Water and sewer services	-	4,561,897	-	4,561,897
Golf services	-	-	939,367	939,367
Sales of merchandise	-	-	381,055	381,055
Other operating revenue	675,453	6,196	8,650	690,299
Total operating revenues	<u>9,499,716</u>	<u>4,568,093</u>	<u>1,329,072</u>	<u>15,396,881</u>
Operating expenses:				
Personnel	890,683	959,387	766,628	2,616,698
Materials and supplies	138,294	208,918	74,238	421,450
Repairs and maintenance	66,587	281,462	150,205	498,254
Purchased services	45,369	359,079	61,985	466,433
Purchases for resale	4,883,875	65,763	274,635	5,224,273
Depreciation	304,470	1,184,242	349,872	1,838,584
Other operating expenses	249,260	5,777	-	255,037
Total operating expenses	<u>6,578,538</u>	<u>3,064,628</u>	<u>1,677,563</u>	<u>11,320,729</u>
Operating income (loss)	<u>2,921,178</u>	<u>1,503,465</u>	<u>(348,491)</u>	<u>4,076,152</u>
Nonoperating revenues (expenses):				
Interest earnings	16,750	16,188	-	32,938
Bond issuance costs	-	(24,663)	-	(24,663)
Interest expense	(18,074)	(124,469)	-	(142,543)
Total nonoperating revenues (expenses)	<u>(1,324)</u>	<u>(132,944)</u>	<u>-</u>	<u>(134,268)</u>
Income (loss) before contributions and transfers	2,919,854	1,370,521	(348,491)	3,941,884
Capital contributions	107,067	963,126	-	1,070,193
Transfers in	-	-	190,042	190,042
Transfers out	<u>(2,903,638)</u>	<u>(1,466,443)</u>	<u>(116,766)</u>	<u>(4,486,847)</u>
Change in net position	123,283	867,204	(275,215)	715,272
Net position, beginning of year	<u>6,143,566</u>	<u>14,447,420</u>	<u>887,099</u>	<u>21,478,085</u>
Net position, end of year	<u>\$ 6,266,849</u>	<u>15,314,624</u>	<u>611,884</u>	<u>22,193,357</u>

See accompanying notes to financial statements.

City of Burnet, Texas
Statement of Cash Flows –
Proprietary Funds
Year Ended September 30, 2020

	Business-type Activities - Enterprise Funds			
	Electric	Water and Sewer	Delaware Springs Golf Course	Total
Cash flows from operating activities:				
Receipts from customers and users	\$ 9,565,021	4,666,875	1,318,665	15,550,561
Receipts of customer deposits	108,350	-	-	108,350
Payments to employees for salaries and wages	(645,757)	(709,317)	(573,271)	(1,928,345)
Payments to suppliers and others	(5,407,853)	(1,269,468)	(579,237)	(7,256,558)
Return of customer deposits	(83,590)	-	-	(83,590)
Net cash provided by operating activities	<u>3,536,171</u>	<u>2,688,090</u>	<u>166,157</u>	<u>6,390,418</u>
Cash flows from noncapital financing activities:				
Transfers from other funds	-	-	190,042	190,042
Transfers to other funds	(2,903,638)	(1,466,443)	(116,766)	(4,486,847)
Net cash provided by (used in) noncapital financing activities	<u>(2,903,638)</u>	<u>(1,466,443)</u>	<u>73,276</u>	<u>(4,296,805)</u>
Cash flows from capital and related financing activities:				
Capital contributions	107,067	181,755	-	288,822
Acquisition and construction of capital assets	(266,206)	(700,175)	(150,345)	(1,116,726)
Proceeds from sale of bonds	-	1,024,663	-	1,024,663
Bond issuance costs	-	(24,663)	-	(24,663)
Principal paid on capital debt	(40,000)	(846,000)	-	(886,000)
Interest paid on capital debt	(18,309)	(125,055)	-	(143,364)
Net cash used in capital and related financing activities	<u>(217,448)</u>	<u>(489,475)</u>	<u>(150,345)</u>	<u>(857,268)</u>
Cash flows from investing activities:				
Interest on investments	16,750	16,188	-	32,938
Net cash provided by investing activities	<u>16,750</u>	<u>16,188</u>	<u>-</u>	<u>32,938</u>
Net increase (decrease) in cash and cash equivalents	431,835	748,360	89,088	1,269,283
Cash and cash equivalents, beginning of year	<u>1,477,829</u>	<u>1,170,101</u>	<u>-</u>	<u>2,647,930</u>
Cash and cash equivalents, end of year	<u>\$ 1,909,664</u>	<u>1,918,461</u>	<u>89,088</u>	<u>3,917,213</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)	\$ 2,921,178	1,503,465	(348,491)	4,076,152
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	304,470	1,184,242	349,872	1,838,584
Decrease (increase) in assets and liabilities:				
Accounts receivables	164,029	98,782	(10,407)	252,404
Inventories	(87,413)	(45,940)	20,364	(112,989)
Prepaid and other items	-	27,693	32,257	59,950
Due from / due to other funds	188,230	120,457	157,453	466,140
Deferred outflows	82,118	89,689	58,266	230,073
Accounts payable	8,033	(173,154)	(36,040)	(201,161)
Accrued liabilities	(3,319)	2,449	4,909	4,039
Customer deposits	24,760	-	-	24,760
Unearned revenues	(15,134)	-	-	(15,134)
Compensated absences	9,556	1,895	12,851	24,302
Net pension liability	(187,825)	(229,069)	(149,307)	(566,201)
Total OPEB liability	12,032	(17,947)	(8,764)	(14,679)
Deferred inflows	115,456	125,528	83,194	324,178
Total adjustments	<u>614,993</u>	<u>1,184,625</u>	<u>514,648</u>	<u>2,314,266</u>
Net cash provided by operating activities	\$ <u>3,536,171</u>	<u>2,688,090</u>	<u>166,157</u>	<u>6,390,418</u>
Noncash investing, capital and financing activities:				
Contributions of capital assets	\$ -	781,371	-	781,371

See accompanying notes to financial statements.

City of Burnet, Texas

Notes to Financial Statements

September 30, 2020

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.

There were no adjustments necessary for the general fund and 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 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.

City of Burnet, Texas

Notes to Financial Statements (Continued)

I. Summary of Significant Accounting Policies (continued)

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

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.

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.

City of Burnet, Texas

Notes to Financial Statements
(Continued)

I. Summary of Significant Accounting Policies (continued)

J. Capital Assets (continued)

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 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. Bond issuance costs are expensed when incurred.

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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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 (“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.

City of Burnet, Texas

Notes to Financial Statements (Continued)

I. Summary of Significant Accounting Policies (continued)

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 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.

City of Burnet, Texas

Notes to Financial Statements (Continued)

I. Summary of Significant Accounting Policies (continued)

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 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.

City of Burnet, Texas

Notes to Financial Statements
(Continued)

I. Summary of Significant Accounting Policies (continued)

Q. Fund Balance Policies (continued)

The components and specific purpose details of nonspendable, restricted, and assigned fund balances of governmental funds at September 30, 2020 are as follows:

	<u>General</u>	<u>Airport</u>	<u>Debt Service</u>	<u>General Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Nonspendable:						
Inventories	\$ 27,831	30,355	-	-	-	58,186
Prepaid items	2,557	-	-	-	-	2,557
Restricted:						
Aviation services	-	655,053	-	-	-	655,053
General obligation debt service	-	-	186,688	-	-	186,688
Economic development	-	-	-	-	103,985	103,985
Public safety	-	-	-	-	72,989	72,989
Assigned:						
Capital projects	-	-	-	15,607	2,164,128	2,179,735
Unassigned	<u>4,007,662</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,007,662</u>
	<u>\$ 4,038,050</u>	<u>685,408</u>	<u>186,688</u>	<u>15,607</u>	<u>2,341,102</u>	<u>7,266,855</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 \$12,761,542 difference are as follows.

General obligation debt	\$ (4,095,000)
Premiums on general obligation debt	(156,132)
Compensated absences	(471,409)
Accrued interest payable	(7,030)
Net pension liability, net of related deferred inflows of \$697,789 and deferred outflows of \$526,207	(2,334,215)
Total OPEB liability - life insurance, net of related deferred inflows of \$6,004 and deferred outflows of \$52,295	(315,859)
Total OPEB liability - health insurance, net of related deferred inflows of \$592,595 and deferred outflows of \$665,190	<u>(5,381,897)</u>
	<u>\$ (12,761,542)</u>

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenue, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances – total government funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation states “the issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$2,811,132 difference are as follows.

General obligation debt issued	\$ 2,920,000
Premiums on general obligation debt issued	164,349
Principal repayments on general obligation debt	(265,000)
Amortization of premiums	<u>(8,217)</u>
	<u>\$ 2,811,132</u>

City of Burnet, Texas

Notes to Financial Statements (Continued)

III. Detailed Notes On All Activities and Funds

A. Cash Deposits and Investments

Investments of the City at September 30, 2020, consist of investments in Texas Local Government Investment Pool (“TexPool”) of \$7,133,040. 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 & Pools.

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 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 38 days as of September 30, 2020.

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.

City of Burnet, Texas

Notes to Financial Statements
(Continued)

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

A. Cash Deposits and Investments (continued)

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

Cash on hand	\$ 4,448
Carrying amount of deposits	3,912,396
Carrying amount of investments	<u>7,133,040</u>
	<u>\$ 11,049,884</u>
Per the statement of net position for the City:	
Cash and cash equivalents	\$ 10,216,165
Restricted cash and cash equivalents	<u>25,630</u>
	10,241,795
Per the statement of net position for the Burnet Economic Development Corporation, Inc.:	
Cash and cash equivalents	<u>808,089</u>
	<u>\$ 11,049,884</u>

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:

	General	Airport	Debt Service	Nonmajor Govern- mental	Total
Receivables:					
Property taxes	\$ 90,606	-	13,466	-	104,072
Sales taxes	405,844	-	-	-	405,844
Hotel/motel taxes	-	-	-	17,784	17,784
Intergovernmental	172,976	-	-	173,748	346,724
EMS	3,550,155	-	-	-	3,550,155
Other	<u>113,940</u>	<u>35,470</u>	<u>258</u>	<u>3,228</u>	<u>152,896</u>
	4,333,521	35,470	13,724	194,760	4,577,475
Less: allowance for uncollectibles	<u>(3,246,203)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,246,203)</u>
	<u>\$ 1,087,318</u>	<u>35,470</u>	<u>13,724</u>	<u>194,760</u>	<u>1,331,272</u>

City of Burnet, Texas

Notes to Financial Statements
(Continued)

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

C. Capital Assets

Capital asset activity for the year ended September 30, 2020, was as follows:

Primary Government

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 3,755,038	169,669	-	3,924,707
Construction in progress	<u>531,747</u>	<u>4,382,962</u>	<u>-</u>	<u>4,914,709</u>
Total capital assets not being depreciated	<u>4,286,785</u>	<u>4,552,631</u>	<u>-</u>	<u>8,839,416</u>
Capital assets, being depreciated:				
Buildings	9,615,486	274,184	-	9,889,670
Infrastructure	30,087,153	826,060	-	30,913,213
Machinery and equipment	<u>11,353,295</u>	<u>654,375</u>	<u>-</u>	<u>12,007,670</u>
Total capital assets, being depreciated	<u>51,055,934</u>	<u>1,754,619</u>	<u>-</u>	<u>52,810,553</u>
Less accumulated depreciation for:				
Buildings	(4,340,945)	(338,741)	-	(4,679,686)
Infrastructure	(8,822,774)	(856,526)	-	(9,679,300)
Machinery and equipment	<u>(8,474,261)</u>	<u>(760,598)</u>	<u>-</u>	<u>(9,234,859)</u>
Total accumulated depreciation	<u>(21,637,980)</u>	<u>(1,955,865)</u>	<u>-</u>	<u>(23,593,845)</u>
Total capital assets, being depreciated, net	<u>29,417,954</u>	<u>(201,246)</u>	<u>-</u>	<u>29,216,708</u>
	<u>\$ 33,704,739</u>	<u>4,351,385</u>	<u>-</u>	<u>38,056,124</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 577,543	-	-	577,543
Construction in progress	<u>-</u>	<u>330,818</u>	<u>-</u>	<u>330,818</u>
Total capital assets not being depreciated	<u>577,543</u>	<u>330,818</u>	<u>-</u>	<u>908,361</u>
Capital assets, being depreciated:				
Buildings	126,438	7,568	-	134,006
Infrastructure	55,956,685	1,362,166	-	57,318,851
Machinery and equipment	<u>5,602,770</u>	<u>197,545</u>	<u>-</u>	<u>5,800,315</u>
Total capital assets being depreciated	<u>61,685,893</u>	<u>1,567,279</u>	<u>-</u>	<u>63,253,172</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)

	Beginning Balance	Increases	Decreases	Ending Balance
<i>Business-type activities:</i> (continued)				
Less accumulated depreciation for:				
Buildings	(23,828)	(3,350)	-	(27,178)
Infrastructure	(18,785,327)	(1,496,454)	-	(20,281,781)
Machinery and equipment	(4,400,768)	(338,780)	-	(4,739,548)
Total accumulated depreciation	(23,209,923)	(1,838,584)	-	(25,048,507)
 Total capital assets, being depreciated, net	 38,475,970	 (271,305)	 -	 38,204,665
	\$ 39,053,513	59,513	-	39,113,026

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

General government	\$ 186,266
Public safety	705,385
Highways and streets	499,844
Aviation services	285,483
Culture and recreation	278,887
Total depreciation expense	\$ 1,955,865

At September 30, 2020, the City's construction contract commitments with contractors are as follows:

Project Title	Spent to Date	Remaining Commitment
New public safety building	\$ 4,845,473	\$ 200,000
New teen center at Recreation Center	20,000	80,000
Hamilton Creek extension	49,236	5,390
Oak-Vista water line extension	330,818	1,452
	\$ 5,245,527	\$ 286,842

The construction contract commitments will be financed with 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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<i>Burnet Economic Development Corporation:</i>				
Capital assets, not being depreciated:				
Land	\$ 41,360	-	-	41,360
Construction in progress	<u>3,290,142</u>	<u>86,834</u>	<u>(3,376,976)</u>	<u>-</u>
Total capital assets not being depreciated	<u>3,331,502</u>	<u>86,834</u>	<u>(3,376,976)</u>	<u>41,360</u>
Capital assets, being depreciated:				
Buildings	-	3,376,976	-	3,376,976
Machinery and equipment	<u>13,780</u>	<u>-</u>	<u>-</u>	<u>13,780</u>
Total capital assets being depreciated	<u>13,780</u>	<u>3,376,976</u>	<u>-</u>	<u>3,390,756</u>
Less accumulated depreciation for:				
Buildings	-	(56,283)	-	(56,283)
Machinery and equipment	<u>(13,780)</u>	<u>-</u>	<u>-</u>	<u>(13,780)</u>
Total accumulated depreciation	<u>(13,780)</u>	<u>(56,283)</u>	<u>-</u>	<u>(70,063)</u>
Total capital assets, being depreciated, net	<u>-</u>	<u>3,320,693</u>	<u>-</u>	<u>3,320,693</u>
	<u>\$ 3,331,502</u>	<u>3,407,527</u>	<u>(3,376,976)</u>	<u>3,362,053</u>

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 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, 2020 is as follows:

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>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	1,295,000
Combination tax and revenue certificates of obligation	2019	2,920,000	2.00%-5.00%	2039	2,800,000
					<u>\$ 4,095,000</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	\$ 983,000
Combination tax and revenue certificates of obligation	2004	527,000	4.50%	2043	415,000
Combination tax and revenue certificates of obligation	2006	1,050,000	4.12%	2045	838,000
Combination tax and revenue certificates of obligation	2010	11,425,000	0.00%	2040	7,870,000
Combination tax and revenue certificates of obligation	2012	9,900,000	0.00%	2042	7,485,000
Combination tax and revenue certificates of obligation	2012A	110,000	0.00-1.26%	2022	30,000
Combination tax and revenue certificates of obligation	2019	970,000	2.00%-5.00%	2039	930,000
General obligation refunding bonds	2008	909,439	3.52%	2024	191,475
					<u>\$ 18,742,475</u>

Changes in the City's long-term liabilities for the year ended September 30, 2020 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	\$ 1,440,000	2,920,000	(265,000)	4,095,000	255,000
Premiums	-	164,349	(8,217)	156,132	-
Total bonded debt	1,440,000	3,084,349	(273,217)	4,251,132	255,000
Compensated absences	440,104	384,155	(352,850)	471,409	235,705
Net pension liability	3,504,886	-	(1,342,253)	2,162,633	-
Total OPEB liability - life insurance	280,286	81,864	-	362,150	-
Total OPEB liability - health insurance	5,176,368	278,124	-	5,454,492	-
	<u>\$ 10,841,644</u>	<u>3,828,492</u>	<u>(1,968,320)</u>	<u>12,701,816</u>	<u>490,705</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	\$ 18,658,475	970,000	(886,000)	18,742,475	894,000
Premiums	-	54,663	(2,733)	51,930	-
Total bonded debt	<u>18,658,475</u>	<u>1,024,663</u>	<u>(888,733)</u>	<u>18,794,405</u>	<u>894,000</u>
Compensated absences	201,042	210,925	(186,623)	225,344	112,772
Net pension liability	1,352,180	-	(566,201)	785,979	-
Total OPEB liability - health insurance	<u>1,997,038</u>	<u>-</u>	<u>(14,679)</u>	<u>1,982,359</u>	<u>-</u>
	<u>\$ 22,208,735</u>	<u>1,235,588</u>	<u>(1,656,236)</u>	<u>21,788,087</u>	<u>1,006,772</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 general obligation bonds follow:

<u>Year Ended September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<i>Governmental Activities</i>			
2021	\$ 255,000	111,049	366,049
2022	265,000	103,510	368,510
2023	270,000	96,815	366,815
2024	280,000	90,060	370,060
2025	285,000	83,351	368,351
2026 - 2030	1,215,000	275,597	1,490,597
2031 - 2035	805,000	151,375	956,375
2036 - 2039	<u>720,000</u>	<u>45,375</u>	<u>765,375</u>
	<u>\$ 4,095,000</u>	<u>957,132</u>	<u>5,052,132</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>Year Ended September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<i>Business-Type Activities</i>			
2021	\$ 894,000	132,598	1,026,598
2022	891,000	126,871	1,017,871
2023	889,000	121,386	1,010,386
2024	893,475	115,678	1,009,153
2025	844,000	109,891	953,891
2026 - 2030	4,293,000	470,971	4,763,971
2031 - 2035	4,407,000	344,532	4,751,532
2036 - 2040	4,484,000	196,039	4,680,039
2041 - 2045	<u>1,147,000</u>	<u>48,518</u>	<u>1,195,518</u>
	<u>\$ 18,742,475</u>	<u>1,666,484</u>	<u>20,408,959</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 \$17,621,000 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 \$18,991,303. Principal and interest paid for the current year and total pledged net revenues for the current year were \$906,279 and \$2,113,730, respectively.

City of Burnet, Texas

Notes to Financial Statements
(Continued)

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

D. Long-Term Liabilities (continued)

Component Unit

Changes in the component unit's long-term liabilities for the year ended September 30, 2020 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	\$ 1,950,000	-	(105,000)	1,845,000	110,000
	<u>\$ 1,950,000</u>	<u>-</u>	<u>(105,000)</u>	<u>1,845,000</u>	<u>110,000</u>

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

<u>Year Ended September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<i>Component Unit</i>			
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	130,000	62,325	192,325
2026 - 2030	735,000	219,150	954,150
2031 - 2033	<u>520,000</u>	<u>47,475</u>	<u>567,475</u>
	<u>\$ 1,845,000</u>	<u>631,125</u>	<u>2,476,125</u>

City of Burnet, Texas

Notes to Financial Statements
(Continued)

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

E. Interfund Receivables and Payables

The composition of interfund balances as of September 30, 2020 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Delaware Springs Golf Course	\$ 245,817
General	Debt service	8,790
Airport	Nonmajor governmental	5,000
Debt service	General	3,695
Debt service	Airport	256
Nonmajor governmental	Debt service	25,966
Nonmajor governmental	Delaware Springs Golf Course	529,924
Nonmajor governmental	Electric	158,512
Nonmajor governmental	Water and sewer	149,703
Electric	Debt service	20,718
Water and sewer	Debt service	274,187
Water and sewer	General	184,788
Delaware Springs Golf Course	Debt service	<u>1,375</u>
		<u>\$ 1,608,731</u>

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, 2020 is as follows:

	<u>Transfer out:</u>						<u>Total</u>
	<u>General</u>	<u>Airport</u>	<u>Nonmajor Governmental</u>	<u>Electric</u>	<u>Water and Sewer</u>	<u>Delaware Springs Golf Course</u>	
Transfer in:							
General	\$ -	18,896	-	2,871,941	1,373,977	-	4,264,814
General capital projects	2,301,799	-	-	-	-	-	2,301,799
Nonmajor governmental	701,651	169,056	30,189	31,697	92,466	116,766	1,141,825
Delaware Springs Golf Course	190,042	-	-	-	-	-	190,042
	<u>\$ 3,193,492</u>	<u>187,952</u>	<u>30,189</u>	<u>2,903,638</u>	<u>1,466,443</u>	<u>116,766</u>	<u>7,898,480</u>

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 888 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.

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, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	69
Inactive employees entitled to but not yet receiving benefits	65
Active employees	<u>119</u>
	<u>253</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 13.06% and 13.00% in calendar years 2019 and 2020, respectively. The City’s contributions to TMRS for the year ended September 30, 2020 were \$889,655 and were equal to the required contributions.

Net Pension Liability – The City’s net pension liability was measured as of December 31, 2019, 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, 2019 actuarial valuation was determined using the following actuarial assumptions:

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

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

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 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. 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 asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean

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)

(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:

	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Global Equity	30.0%	5.30%
Core Fixed Income	10.0%	1.25%
Non-Core Fixed Income	20.0%	4.14%
Real Return	10.0%	3.85%
Real Estate	10.0%	4.00%
Absolute Return	10.0%	3.48%
Private Equity	<u>10.0%</u>	7.75%
Total	<u><u>100.0%</u></u>	

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 (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at December 31, 2018	\$ 25,906,186	21,049,120	4,857,066
Changes for the year:			
Service cost	1,061,415	-	1,061,415
Interest	1,735,099	-	1,735,099
Difference between expected and actual experience	(206,289)	-	(206,289)
Change in assumptions	47,523	-	47,523
Contributions - employer	-	854,102	(854,102)
Contributions - employee	-	457,788	(457,788)
Net investment income	-	3,253,250	(3,253,250)
Benefit payments, including refunds of employee contributions	(1,463,461)	(1,463,461)	-
Administrative expense	-	(18,387)	18,387
Other changes	-	(551)	551
Net changes	1,174,287	3,082,741	(1,908,454)
Balance at December 31, 2019	\$ 27,080,473	24,131,861	2,948,612

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.

	1% Decrease (5.75%)	Current Rate Assumption (6.75%)	1% Increase (7.75%)
City's net pension liability	\$ 7,181,184	2,948,612	(456,376)

Pension Plan Fiduciary Net Position – Detailed information about the pension plan’s Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmr.com.

City of 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, 2020, the City recognized pension expense of \$922,831.

At September 30, 2020, 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	\$ 647,321	-
Differences between expected and actual experience	33,259	205,864
Change in assumptions	36,868	-
Difference between projected and actual investment earnings, net	-	745,527
	<u>\$ 717,448</u>	<u>951,391</u>

The \$647,321 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, 2021. 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>	
2020	\$ (255,931)
2021	(252,959)
2022	10,487
2023	<u>(382,861)</u>
Total	<u>\$ (881,264)</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, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	52
Inactive employees entitled to but not yet receiving benefits	13
Active employees	<u>119</u>
	<u>184</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, 2020 were \$11,121, 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, 2019, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions: The total OPEB liability – life insurance in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Salary increases	3.50% to 11.5% per year, including inflation
Discount rate	2.75% (based on the Fidelity Index's "20-year Municipal GO AA index" rate as of December 31, 2019)
Administrative expenses	All administrative expenses are paid through the TMRS Pension Trust
Mortality rates - service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates - disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

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, 2019 were as follows:

	<u>Total OPEB Liability - Life Insurance</u>
Balance at December 31, 2018	\$ <u>280,286</u>
Changes for the year:	
Service cost	10,464
Interest	10,544
Differences between expected and actual experience	1,229
Changes in assumptions or other inputs	62,243
Benefit payments **	<u>(2,616)</u>
Net changes	<u>81,864</u>
Balance at December 31, 2019	\$ <u><u>362,150</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 2.75%, 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 (1.75%) or one percentage point higher (3.75%) than the current rate.

	1% Decrease (1.75%)	Current Rate Assumption (2.75%)	1% Increase (3.75%)
	<u> </u>	<u> </u>	<u> </u>
Total OPEB liability - life insurance	\$ <u>445,567</u>	<u>362,150</u>	<u>299,181</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, 2020, the City recognized OPEB expense – life insurance of \$29,977.

At September 30, 2020, 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	\$ 1,992	-
Differences between expected and actual experience	-	6,004
Change in assumptions	<u>50,303</u>	<u>-</u>
	<u>\$ 52,295</u>	<u>6,004</u>

The \$1,992 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, 2021. 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>	
2020	\$ 8,969
2021	8,969
2022	8,969
2023	6,369
2024	8,487
Thereafter	<u>2,536</u>
Total	<u>\$ 44,299</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, 2019.

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.

Disability Retirement Benefits

To be eligible for continuation of health care benefits, disability retirements must meet the health care benefit eligibility conditions above for normal retirement benefits.

Death-in-service Retirement Benefits

The City does not provide death-in-service benefits to a surviving spouse of an employee.

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.

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)

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

Vision and Dental Coverage

Retirees are not eligible for vision 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.

Membership – At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Retirees and beneficiaries	22
Active members	<u>28</u>
	<u>50</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, 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)

Actuarial Assumptions: The total OPEB liability – health insurance in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Actuarial Cost Method	Individual Entry-Age
Discount rate	2.75% as of December 31, 2019
Inflation	2.50% per year
Salary increases	3.50% to 11.5% per year, including inflation
Demographic assumptions	Based on the experience study covering the four-year period ending December 31, 2018 as conducted for the Texas Municipal Retirement System ("TMRS")
Mortality	For healthy retirees, the gender-distinct 2019 Municipal Retirees of Te mortality tables are used. The rates are projected on a fully generation basis using the ultimate mortality improvement rates in the MP tables published through 2019 to account for future mortality improvements.
Health care trend rates	Pre-65: Initial rate of 7.00% declining to an ultimate rate of 4.15% after 15 years. Post-65: Initial rate of 5.50% declining to an ultimate rate of 4.15% after 14 years.
Participation rates	It was assumed that 95% of eligible retirees would choose to receive retiree health care benefits through the City. Additionally, 50% of future retirees that retire prior to age 55 were assumed to have health care coverage available to them through a separate employer. 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 3.71% as of December 31, 2018 to 2.75% as of December 31, 2018. Additionally, the demographic assumptions were updated to reflect the 2019 TMRS Experience Study and the health care trend rates were revised.

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)

The changes in the total OPEB liability – health insurance for the measurement period ending December 31, 2019 were as follows:

	Total OPEB Liability - Health Insurance
Balance at December 31, 2018	\$ <u>7,173,406</u>
Changes for the year:	
Service cost	135,278
Interest	266,180
Differences between expected and actual experience	(573,842)
Changes in assumptions or other inputs	568,616
Benefit payments **	<u>(132,787)</u>
Net changes	<u>263,445</u>
Balance at December 31, 2019	\$ <u><u>7,436,851</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.

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 2.75%, 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 (1.75%) or one percentage point higher (3.75%) than the current rate.

	1% Decrease (1.75%)	Current Rate Assumption (2.75%)	1% Increase (3.75%)
Total OPEB liability - health insurance	\$ <u>8,887,628</u>	<u>7,436,851</u>	<u>6,300,669</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 (continued)

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:

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
Total OPEB liability - health insurance	\$ 6,211,794	7,436,851	9,028,358

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, 2020, the City recognized OPEB expense – health insurance of \$425,537. Total OPEB expense recognized for health and life insurance amounted to \$455,514 for the year ended September 30, 2020.

At September 30, 2020, the City reported deferred outflows of resources related to OPEB – health insurance from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	\$ 111,634	-
Differences between expected and actual experience	25,063	454,065
Change in assumptions	770,247	353,902
	\$ 906,944	807,967

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)

The \$111,634 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, 2021. 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>	
2020	\$ 24,079
2021	24,079
2022	19,797
2023	<u>(80,612)</u>
Total	<u>\$ (12,657)</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 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.

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

The statements of financial position, and the balance sheet includes the following deferred outflows/inflows of resources at September 30, 2020:

	Statement of Net Position		Balance Sheet	
	Governmental Activities	Business-Type Activities -	General Fund	Debt Service Fund
Deferred outflows of resources:				
Deferred charge on refunding	\$ -	35,987	-	-
Pension related	526,207	191,241	-	-
OPEB - life insurance	52,295	-	-	-
OPEB - health insurance	665,190	241,754	-	-
	\$ 1,243,692	468,982	-	-
Deferred inflows of resources:				
Unavailable property tax revenue	\$ -	-	90,606	13,466
Pension related	697,789	253,602	-	-
OPEB - life insurance	6,004	-	-	-
OPEB - health insurance	592,595	215,372	-	-
	\$ 1,296,388	468,974	90,606	13,466

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 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.

City of Burnet, Texas

Notes to Financial Statements (Continued)

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

J. Operating Lease

The City leases a building for all City administrative services. Total cost for the lease was \$49,245 for the year ended September 30, 2020. The future minimum lease payments for the lease are as follows: 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, 2020, was \$856,705.

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, 2020, was \$4,883,875.

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, 2020, was \$65,763.

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.

City of Burnet, Texas

Notes to Financial Statements (Continued)

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

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, 2020.

M. 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.

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 were effective for financial statements for periods beginning after December 15, 2018; however, in May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* (“Statement No. 95”) and delayed implementation to fiscal years beginning after December 15, 2019.

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 were effective for financial statements for periods beginning after December 15, 2019; however, in May 2020, GASB issued Statement No. 95 and delayed implementation to fiscal years beginning after June 15, 2021.

City of Burnet, Texas

Notes to Financial Statements
(Continued)

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

M. Authoritative Pronouncement Not Yet Effective (continued)

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 were effective for financial statements for periods beginning after December 15, 2018; however in May 2020, GASB issued Statement No. 95 and delayed implementation to fiscal years beginning after December 15, 2019.

GASB Statement No. 91, *Conduit Debt Obligations* (issued May 2019) – The objective of this statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2020.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (issued May 2020) – The objective of this statement is to provide guidance for subscription based information technology arrangements (“SBITA”). It will define SBITA contracts, provide guidance on the accounting for SBITAs, and require disclosures regarding the SBITAs. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2022.



Required Supplementary Information

City of Burnet, Texas
Schedule of Changes in Net Pension Liability and Related Ratios

Last Six Measurement Dates

	December 31,					
	2019	2018	2017	2016	2015	2014
Total Pension Liability						
Service cost	\$ 1,061,415	995,287	925,253	924,216	848,679	753,691
Interest (on the Total Pension Liability)	1,735,099	1,642,995	1,538,815	1,449,752	1,395,492	1,317,058
Difference between expected and actual experience	(206,289)	(61,582)	93,706	(80,956)	50,376	(61,528)
Change in assumptions	47,523	-	-	-	35,571	-
Benefit payments, including refunds of employee contributions	<u>(1,463,461)</u>	<u>(1,027,072)</u>	<u>(1,071,693)</u>	<u>(876,457)</u>	<u>(774,915)</u>	<u>(1,097,550)</u>
Net change in Total Pension Liability	1,174,287	1,549,628	1,486,081	1,416,555	1,555,203	911,671
Total Pension Liability - beginning	<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>	<u>18,987,048</u>
Total Pension Liability - ending (a)	<u>\$ 27,080,473</u>	<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>
Plan Fiduciary Net Position						
Contributions - employer	\$ 854,102	791,829	724,953	710,491	652,621	602,184
Contributions - employee	457,788	427,686	398,326	404,345	379,117	377,039
Net investment income	3,253,250	(644,826)	2,613,821	1,180,461	25,372	937,360
Benefit payments, including refunds of employee contributions	(1,463,461)	(1,027,072)	(1,071,693)	(876,457)	(774,915)	(1,097,550)
Administrative expense	(18,387)	(12,455)	(13,549)	(13,325)	(15,452)	(9,786)
Other	<u>(551)</u>	<u>(650)</u>	<u>(688)</u>	<u>(718)</u>	<u>(764)</u>	<u>(805)</u>
Net change in Plan Fiduciary Net Position	3,082,741	(465,488)	2,651,170	1,404,797	265,979	808,442
Plan Fiduciary Net Position - beginning	<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>	<u>16,384,220</u>
Plan Fiduciary Net Position - ending (b)	<u>\$ 24,131,861</u>	<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>
Net Pension Liability - ending (a) - (b)	\$ 2,948,612	4,857,066	2,841,950	4,007,039	3,995,281	2,706,057
Plan Fiduciary Net Position as a percentage of Total Pension Liability	89.11%	81.25%	88.33%	82.48%	81.38%	86.40%
Covered payroll	\$ 6,539,833	6,109,805	5,690,364	5,776,351	5,415,950	5,386,274
Net Pension Liability as a percentage of covered payroll	45.09%	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

	September 30,					
	2020	2019	2018	2017	2016	2015
Actuarially determined contributions	\$ 889,655	837,493	771,831	724,651	682,912	648,053
Contributions in relation to the actuarially determined contributions	<u>889,655</u>	<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>	<u>-</u>
Covered payroll	\$ 6,834,933	6,425,991	5,982,896	5,659,002	5,506,318	5,385,452
Contributions as a percentage of covered payroll	13.02%	13.03%	12.90%	12.81%	12.40%	12.03%

Notes to Schedule of Contributions

Valuation Date: December 31, 2019

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	26 years
Asset Valuation Method	10 year smoothed market, 12% soft corridor
Inflation	2.5%
Salary Increases	3.50% to 11.50%, 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 2019 valuation pursuant to an experience study of the period 2014 - 2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Table: The rates are projected on a fully generational basis with scale UMF Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

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 Three Measurement Dates

	December 31,		
	2019	2018	2017
Total OPEB Liability - Life Insurance			
Service cost	\$ 10,464	12,831	10,243
Interest (on the Total OPEB Liability - Life Insurance)	10,544	9,831	9,579
Difference between expected and actual experience	1,229	(10,286)	-
Change in assumptions	62,243	(21,779)	24,553
Benefit payments **	<u>(2,616)</u>	<u>(1,833)</u>	<u>(2,276)</u>
Net change in Total OPEB Liability - Life Insurance	81,864	(11,236)	42,099
Total OPEB Liability - life insurance - beginning	<u>280,286</u>	<u>291,522</u>	<u>249,423</u>
Total OPEB Liability - life insurance - ending	<u>\$ 362,150</u>	<u>280,286</u>	<u>291,522</u>
Covered payroll	<u>\$ 6,539,833</u>	<u>6,109,805</u>	<u>5,690,364</u>
Total OPEB Liability - Life Insurance as a percentage of covered payroll	5.54%	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,		
	2020	2019	2018
Actuarially determined contributions	\$ 11,121	10,924	10,171
Contributions in relation to the actuarially determined contributions	<u>11,121</u>	<u>10,924</u>	<u>10,171</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>
Covered payroll	<u>\$ 6,834,933</u>	<u>6,425,991</u>	<u>5,982,896</u>
Contributions as a percentage of covered payroll	0.16%	0.17%	0.17%

Notes to Schedule of OPEB - Life Insurance Contributions

Valuation Date: December 31, 2019

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 11.50%, including inflation
Discount rate*	2.75%
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 No. 68.
Mortality rates - service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates - disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

Other Information:

*The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2019

Notes The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to 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.

City of Burnet, Texas

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

Last Three Measurement Dates

	December 31,		
	2019	2018	2017
Total OPEB Liability - Health Insurance			
Service cost	\$ 135,278	175,111	150,174
Interest (on the Total OPEB Liability - Health Insurance)	266,180	245,548	248,688
Difference between expected and actual experience of the total OPEB liability	(573,842)	37,721	-
Change in assumptions *	568,616	(532,622)	644,918
Benefit payments **	(132,787)	(166,304)	(163,990)
Net change in Total OPEB Liability - Health Insurance	263,445	(240,546)	879,790
Total OPEB Liability - health insurance - beginning	7,173,406	7,413,952	6,534,162
Total OPEB Liability - health insurance - ending	\$ 7,436,851	7,173,406	7,413,952
Covered payroll	\$ 2,097,610	2,087,178	2,001,111
Total OPEB Liability - Health Insurance as a percentage of covered payroll	354.54%	343.69%	370.49%

* Changes in assumptions reflect a change in the discount rate from 3.71% as of December 31, 2018 to 2.75% as of December 31, 2019; updated TMRS demographic assumptions based on 2019 experience study, and updates to the health care trend assumption including the removal of the excise tax on high-cost-employer health plans.

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

a. Explicit benefit payments	\$ 95,737	132,725	130,878
b. Implicit benefit payments	37,050	33,579	33,112
c. Total benefit payments	\$ 132,787	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, 2019

Methods and Assumptions:

Actuarial Cost Method	Individual Entry-Age Normal
Discount Rate	2.75% as of December 31, 2019
Inflation	2.5%
Salary Increases	3.50% to 11.50%, including inflation
Demographic Assumptions	Based on the experience study covering the four-year period ending December 31, 2018 as conducted for the Texas Municipal Retirement System ("TMRS").
Mortality	For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables published through 2019 to account for future mortality improvements.
Health Care Trend Rates	Pre-65: Initial rate of 7.00% declining to an ultimate rate of 4.15% after 15 years; Post-65: Initial rate of 5.50% declining to an ultimate rate of 4.15% after 14 years.
Participation Rates	It was assumed that 95% of eligible retirees would choose to receive retiree health care benefits through the City. Additionally, 50% of future retirees that retire prior to age 55 were assumed to have health care coverage available to them through a separate employer. 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 3.71% as of December 31, 2018 to 2.75% as of December 31, 2019. Additionally, the demographic assumptions were updated to reflect the 2019 TMRS Experience Study and the health care trend rates were revised.

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, 2020

	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
Assets											
Cash and cash equivalents	\$ 87,572	120	50,243	10,708	6,422	4,596	159,661	1,266,094	(38,229)	1,227,865	1,387,526
Receivables	17,784	-	1,228	-	-	-	19,012	2,000	173,748	175,748	194,760
Due from other funds	<u>3,764</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,764</u>	<u>833,963</u>	<u>-</u>	<u>833,963</u>	<u>837,727</u>
Total assets	<u>\$ 109,120</u>	<u>120</u>	<u>51,471</u>	<u>10,708</u>	<u>6,422</u>	<u>4,596</u>	<u>182,437</u>	<u>2,102,057</u>	<u>135,519</u>	<u>2,237,576</u>	<u>2,420,013</u>
Liabilities and Fund Balances											
Liabilities:											
Accounts and retainages payable	\$ 135	-	328	-	-	-	463	70,294	3,154	73,448	73,911
Due to other funds	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,000</u>
Total liabilities	<u>5,135</u>	<u>-</u>	<u>328</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,463</u>	<u>70,294</u>	<u>3,154</u>	<u>73,448</u>	<u>78,911</u>
Fund balances:											
Restricted	103,985	120	51,143	10,708	6,422	4,596	176,974	-	-	-	176,974
Assigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,031,763</u>	<u>132,365</u>	<u>2,164,128</u>	<u>2,164,128</u>
Total fund balances	<u>103,985</u>	<u>120</u>	<u>51,143</u>	<u>10,708</u>	<u>6,422</u>	<u>4,596</u>	<u>176,974</u>	<u>2,031,763</u>	<u>132,365</u>	<u>2,164,128</u>	<u>2,341,102</u>
Total liabilities and fund balances	<u>\$ 109,120</u>	<u>120</u>	<u>51,471</u>	<u>10,708</u>	<u>6,422</u>	<u>4,596</u>	<u>182,437</u>	<u>2,102,057</u>	<u>135,519</u>	<u>2,237,576</u>	<u>2,420,013</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, 2020

	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
Revenues:											
Hotel/motel taxes	\$ 152,756	-	-	-	-	-	152,756	-	-	-	152,756
Intergovernmental	-	-	-	-	-	-	-	-	146,648	146,648	146,648
Fines	-	-	18,591	-	-	-	18,591	-	-	-	18,591
Interest	629	6	85	-	13	8	741	2,759	-	2,759	3,500
Contributions and donations	-	-	-	6,039	-	-	6,039	-	-	-	6,039
Miscellaneous	303	-	-	-	-	1,320	1,623	-	-	-	1,623
Total revenues	<u>153,688</u>	<u>6</u>	<u>18,676</u>	<u>6,039</u>	<u>13</u>	<u>1,328</u>	<u>179,750</u>	<u>2,759</u>	<u>146,648</u>	<u>149,407</u>	<u>329,157</u>
Expenditures:											
Current:											
Public safety	-	3,000	670	3,109	-	48	6,827	-	-	-	6,827
Economic development	145,060	-	-	-	-	-	145,060	-	-	-	145,060
Capital outlay	-	-	6,338	-	-	-	6,338	347,186	206,492	553,678	560,016
Total expenditures	<u>145,060</u>	<u>3,000</u>	<u>7,008</u>	<u>3,109</u>	<u>-</u>	<u>48</u>	<u>158,225</u>	<u>347,186</u>	<u>206,492</u>	<u>553,678</u>	<u>711,903</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,628</u>	<u>(2,994)</u>	<u>11,668</u>	<u>2,930</u>	<u>13</u>	<u>1,280</u>	<u>21,525</u>	<u>(344,427)</u>	<u>(59,844)</u>	<u>(404,271)</u>	<u>(382,746)</u>
Other financing sources (uses):											
Proceeds from sale of assets	-	-	-	-	-	-	-	3,948	-	3,948	3,948
Transfers in	-	-	-	-	-	-	-	984,292	157,533	1,141,825	1,141,825
Transfers out	(30,189)	-	-	-	-	-	(30,189)	-	-	-	(30,189)
Total other financing sources (uses)	<u>(30,189)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(30,189)</u>	<u>988,240</u>	<u>157,533</u>	<u>1,145,773</u>	<u>1,115,584</u>
Net change in fund balances	(21,561)	(2,994)	11,668	2,930	13	1,280	(8,664)	643,813	97,689	741,502	732,838
Fund balances, beginning 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>1,387,950</u>	<u>34,676</u>	<u>1,422,626</u>	<u>1,608,264</u>
Fund balances, end of year	\$ <u><u>103,985</u></u>	<u><u>120</u></u>	<u><u>51,143</u></u>	<u><u>10,708</u></u>	<u><u>6,422</u></u>	<u><u>4,596</u></u>	<u><u>176,974</u></u>	<u><u>2,031,763</u></u>	<u><u>132,365</u></u>	<u><u>2,164,128</u></u>	<u><u>2,341,102</u></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, 2020

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
Revenues:				
Hotel/motel taxes	\$ 175,000	175,000	152,756	(22,244)
Interest earned	2,000	2,000	629	(1,371)
Miscellaneous	-	-	303	303
Total revenues	<u>177,000</u>	<u>177,000</u>	<u>153,688</u>	<u>(23,312)</u>
Expenditures:				
Economic development	112,000	112,000	145,060	(33,060)
Total expenditures	<u>112,000</u>	<u>112,000</u>	<u>145,060</u>	<u>(33,060)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>65,000</u>	<u>65,000</u>	<u>8,628</u>	<u>(56,372)</u>
Other financing sources (uses):				
Transfers in	10,000	10,000	-	(10,000)
Transfers out	(66,098)	(66,098)	(30,189)	35,909
Total other financing sources (uses)	<u>(56,098)</u>	<u>(56,098)</u>	<u>(30,189)</u>	<u>25,909</u>
Net change in fund balances	8,902	8,902	(21,561)	(30,463)
Fund balances, beginning of year	<u>125,546</u>	<u>125,546</u>	<u>125,546</u>	<u>-</u>
Fund balances, end of year	<u>\$ 134,448</u>	<u>134,448</u>	<u>103,985</u>	<u>(30,463)</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, 2020

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
Revenues:				
Property taxes	323,567	323,567	395,817	72,250
Interest	750	750	1,074	324
Total revenues	<u>324,317</u>	<u>324,317</u>	<u>396,891</u>	<u>72,574</u>
Expenditures:				
Debt service:				
Principal	1,156,763	1,156,763	265,000	891,763
Interest and fiscal charges	242,661	242,661	105,489	137,172
Total expenditures	<u>1,399,424</u>	<u>1,399,424</u>	<u>370,489</u>	<u>1,028,935</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,075,107)</u>	<u>(1,075,107)</u>	<u>26,402</u>	<u>1,101,509</u>
Other financing sources (uses):				
Transfers in	<u>1,075,857</u>	<u>1,075,857</u>	-	<u>(1,075,857)</u>
Net change in fund balances	750	750	26,402	25,652
Fund balances, beginning of year	<u>160,286</u>	<u>160,286</u>	<u>160,286</u>	-
Fund balances, end of year	<u>\$ 161,036</u>	<u>161,036</u>	<u>186,688</u>	<u>25,652</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, 2020

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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Governmental activities				
Net investment in capital assets	\$ 16,757,545	17,352,584	18,146,841	20,794,433
Restricted	3,138,691	2,138,064	3,910,159	1,278,648
Unrestricted	<u>933,604</u>	<u>614,550</u>	<u>76,892</u>	<u>328,263</u>
Total governmental activities net position	<u>\$ 20,829,840</u>	<u>20,105,198</u>	<u>22,133,892</u>	<u>22,401,344</u>
Business-type activities				
Net investment in capital assets	\$ 15,430,740	14,160,365	17,150,141	17,877,613
Restricted	405,649	173,054	-	-
Unrestricted	<u>3,211,180</u>	<u>6,756,309</u>	<u>1,796,453</u>	<u>3,216,317</u>
Total business-type activities net position	<u>\$ 19,047,569</u>	<u>21,089,728</u>	<u>18,946,594</u>	<u>21,093,930</u>
Primary government				
Net investment in capital assets	\$ 32,188,285	31,512,949	35,296,982	38,672,046
Restricted	3,544,340	2,311,118	3,910,159	1,278,648
Unrestricted	<u>4,144,784</u>	<u>7,370,859</u>	<u>1,873,345</u>	<u>3,544,580</u>
Total primary government net position	<u>\$ 39,877,409</u>	<u>41,194,926</u>	<u>41,080,486</u>	<u>43,495,274</u>

Table 1

Fiscal Year					
2015	2016	2017	2018	2019	2020
21,214,029	28,741,370	30,231,996	30,869,534	32,264,739	33,804,992
1,340,997	1,238,789	1,235,092	1,314,155	1,125,161	1,062,536
<u>774,101</u>	<u>(80,675)</u>	<u>(99,778)</u>	<u>(2,141,612)</u>	<u>(2,772,944)</u>	<u>(2,202,019)</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>	<u>32,665,509</u>
17,511,195	18,152,400	18,881,590	19,529,455	20,825,955	20,380,238
-	-	-	-	-	-
<u>2,988,386</u>	<u>2,547,964</u>	<u>2,217,305</u>	<u>962,974</u>	<u>652,130</u>	<u>1,813,119</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>	<u>22,193,357</u>
38,725,224	46,893,770	49,113,586	50,398,989	53,090,694	54,185,230
1,340,997	1,238,789	1,235,092	1,314,155	1,125,161	1,062,536
<u>3,762,487</u>	<u>2,467,289</u>	<u>2,117,527</u>	<u>(1,178,638)</u>	<u>(2,120,814)</u>	<u>(388,900)</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>	<u>54,858,866</u>

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Expenses				
Governmental activities:				
General government	\$ 1,736,900	2,330,397	2,045,482	1,832,646
Public safety	4,238,366	4,717,740	4,128,331	4,936,996
Highways and streets	545,992	704,438	726,804	743,803
Aviation services	723,175	705,096	695,348	699,167
Culture and recreation	1,358,734	1,556,160	1,403,848	1,032,949
Sanitation	687,139	775,966	735,846	754,222
Economic development	70,071	339,649	311,833	154,296
Interest	136,610	147,012	139,485	113,603
Total governmental activities expenses	<u>9,496,987</u>	<u>11,276,458</u>	<u>10,186,977</u>	<u>10,267,682</u>
Business-type activities:				
Electric	6,791,530	7,489,171	6,578,568	6,956,392
Water and sewer	2,821,897	3,208,107	2,557,321	2,499,121
Delaware Springs Golf Course	1,660,123	1,580,914	1,621,800	1,643,559
Total business-type activities expenses	<u>11,273,550</u>	<u>12,278,192</u>	<u>10,757,689</u>	<u>11,099,072</u>
Total primary government expenses	<u>\$ 20,770,537</u>	<u>23,554,650</u>	<u>20,944,666</u>	<u>21,366,754</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 724,868	1,319,276	234,253	249,286
Public safety	2,011,689	1,960,139	1,898,221	1,858,195
Aviation services	816,935	947,607	789,316	825,914
Culture and recreation	574,571	796,800	529,659	21,534
Sanitation	-	91,365	834,762	845,773
Operating grants and contributions	277,868	-	486,510	372,945
Capital grants and contributions	21,680	201,687	569,961	812,732
Total governmental activities program revenues	<u>4,427,611</u>	<u>5,316,874</u>	<u>5,342,682</u>	<u>4,986,379</u>
Business-type activities:				
Charges for services:				
Electric	9,265,401	9,356,176	9,170,470	9,570,705
Water and sewer	3,366,303	3,927,976	4,013,509	4,053,284
Delaware Springs Golf Course	1,157,636	1,317,632	1,352,686	1,274,035
Capital grants and contributions	444,192	177,829	49,363	
Total business-type activities program revenues	<u>14,233,532</u>	<u>14,779,613</u>	<u>14,586,028</u>	<u>14,898,024</u>
Total primary government program revenues	<u>\$ 18,661,143</u>	<u>20,096,487</u>	<u>19,928,710</u>	<u>19,884,403</u>
Net (expense)/revenue				
Governmental activities	\$ (5,069,376)	(5,959,584)	(4,844,295)	(5,281,303)
Business-type activities	<u>2,959,982</u>	<u>2,501,421</u>	<u>3,828,339</u>	<u>3,798,952</u>
Total primary government net expense	<u>\$ (2,109,394)</u>	<u>(3,458,163)</u>	<u>(1,015,956)</u>	<u>(1,482,351)</u>

Table 2

Fiscal Year					
2015	2016	2017	2018	2019	2020
1,935,695	2,128,923	2,230,501	2,332,969	2,288,577	2,709,203
5,115,418	5,468,034	5,718,420	5,588,410	6,621,584	6,747,415
735,677	764,824	883,301	868,877	998,227	1,182,772
585,925	430,876	633,950	729,812	1,093,963	741,666
980,761	1,001,469	987,084	942,121	998,187	977,788
785,024	775,516	764,511	801,329	844,095	879,551
236,673	498,496	150,989	360,908	170,345	145,148
99,480	87,978	80,111	69,592	56,662	182,268
<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>	<u>13,565,811</u>
7,287,947	6,035,719	6,057,551	6,457,978	6,547,489	6,596,612
2,679,434	2,942,937	2,988,463	3,074,170	3,294,198	3,213,760
1,615,377	1,536,738	1,683,511	1,609,209	1,789,522	1,677,563
<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>11,487,935</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>	<u>25,053,746</u>
208,301	186,002	170,918	218,257	263,089	297,132
2,072,672	1,884,904	1,751,748	2,065,945	2,061,493	2,215,738
652,944	590,356	779,047	847,149	775,946	613,680
21,012	24,058	17,008	16,748	21,013	2,500
898,728	863,235	925,486	954,670	981,223	1,039,547
532,971	565,044	607,145	690,265	853,397	934,478
767,048	6,200,801	1,185,608	85,709	926,587	645,914
<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>	<u>5,748,989</u>
9,895,841	8,529,957	8,521,053	9,067,840	9,286,346	9,499,716
4,038,239	4,069,235	4,207,289	4,374,178	4,350,687	4,568,093
1,308,048	1,313,858	1,389,782	1,456,633	1,363,083	1,329,072
161,496	26,649	166,277	-	189,568	1,070,193
<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>16,467,074</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>	<u>22,216,063</u>
(5,320,977)	(841,716)	(6,011,907)	(6,815,275)	(7,188,892)	(7,816,822)
<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>4,979,139</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>	<u>(2,837,683)</u>

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Revenues and				
Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	\$ 1,884,681	1,933,250	2,042,766	2,078,955
Sales taxes	1,617,641	1,660,410	1,336,209	1,432,699
Franchise taxes	114,303	113,730	117,988	125,108
Hotel/motel taxes	68,371	84,773	101,431	108,832
Unrestricted investment earnings	125,439	143,865	160,002	86,584
Miscellaneous	330,746	749,745	-	-
Gain on sale of capital assets	-	-	350,000	2,640
Transfers	<u>1,606,501</u>	<u>549,169</u>	<u>5,007,698</u>	<u>1,713,937</u>
Total governmental activities	<u>5,747,682</u>	<u>5,234,942</u>	<u>9,116,094</u>	<u>5,548,755</u>
Business-type activities:				
Unrestricted investment earnings	19,564	8,388	14,753	56,859
Miscellaneous	135,267	81,519	-	-
Gain on sale of capital assets	-	-	-	5,762
Transfers	<u>(1,606,501)</u>	<u>(549,169)</u>	<u>(5,007,698)</u>	<u>(1,713,937)</u>
Total business-type activities	<u>(1,451,670)</u>	<u>(459,262)</u>	<u>(4,992,945)</u>	<u>(1,651,316)</u>
Total primary government	<u>\$ 4,296,012</u>	<u>4,775,680</u>	<u>4,123,149</u>	<u>3,897,439</u>
Change in Net Position				
Governmental activities	\$ 678,306	(724,642)	4,271,799	267,452
Business-type activities	<u>1,508,312</u>	<u>2,042,159</u>	<u>(1,164,606)</u>	<u>2,147,636</u>
Total primary government	<u>\$ 2,186,618</u>	<u>1,317,517</u>	<u>3,107,193</u>	<u>2,415,088</u>

Table 2
(continued)

Fiscal Year					
2015	2016	2017	2018	2019	2020
2,139,732	2,245,634	2,276,681	2,709,971	2,803,398	3,036,155
1,475,565	1,578,655	1,705,022	1,675,298	1,815,467	2,158,149
139,780	125,361	132,068	133,242	178,949	153,535
136,372	151,168	165,925	172,794	188,403	152,756
60,127	9,266	15,367	32,468	72,170	67,975
-	-	-	-	-	-
3,028	73,141	22,588	100,781	79,741	-
3,792,711	3,228,848	3,162,082	2,558,930	2,625,643	4,296,805
<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>	<u>9,865,375</u>
59,421	5,326	5,737	21,862	52,149	32,938
-	-	-	-	-	-
-	-	-	-	675	-
<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>(4,296,805)</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>(4,263,867)</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>	<u>5,601,508</u>
2,426,338	6,570,357	1,467,826	568,209	574,879	2,048,553
87,576	200,783	398,531	1,220,226	985,656	715,272
<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>	<u>2,763,825</u>

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General fund				
Reserved	\$ -	-	-	-
Unreserved, designated	-	-	-	-
Nonspendable	21,266	54,016	68,963	26,258
Restricted	-	-	-	-
Committed	-	-	-	-
Unassigned	<u>632,229</u>	<u>592,656</u>	<u>3,175,252</u>	<u>1,962,327</u>
Total general fund	<u>\$ 653,495</u>	<u>646,672</u>	<u>3,244,215</u>	<u>1,988,585</u>
All other governmental funds				
Reserved	\$ -	-	-	-
Unreserved, reported in:				
Special revenue funds	-	-	-	-
Debt service fund	-	-	-	-
Capital projects funds	-	-	-	-
Nonspendable	12,886	21,377	57,549	31,988
Restricted for:				
Debt service	416,387	241,781	124,490	120,691
Capital projects	1,575,387	982,167	-	-
Aviation services	-	-	-	825,598
Public safety	-	-	1,048,050	-
Other purposes	188,835	188,571	1,375,796	283,494
Committed to:				
EMS fund	452,542	99,325	-	-
Other funds	505,540	626,220	-	-
Assigned to:				
Capital projects	-	-	-	-
Other funds	-	-	981,172	727,856
Unassigned	<u>-</u>	<u>-</u>	<u>(1,139)</u>	<u>(362,151)</u>
Total all other governmental funds	<u>\$ 3,151,577</u>	<u>2,159,441</u>	<u>3,585,918</u>	<u>1,627,476</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					
2015	2016	2017	2018	2019	2020
-	-	-	-	-	-
-	-	-	-	-	-
34,715	50,566	50,454	36,831	64,178	30,388
-	-	-	-	-	-
-	-	-	-	-	-
4,072,418	3,900,868	4,267,005	4,120,481	3,763,630	4,007,662
<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>	<u>4,038,050</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
23,382	35,120	34,647	80,641	43,070	30,355
174,187	194,298	161,167	172,217	160,286	186,688
-	-	-	-	-	-
787,609	583,320	720,176	811,348	674,307	655,053
-	-	-	-	-	-
335,826	405,857	443,014	232,911	185,638	176,974
-	-	-	-	-	-
-	-	-	-	-	-
-	245,071	238,148	238,148	-	15,607
595,825	293,272	484,646	916,581	1,422,626	2,164,128
(174,961)	-	-	-	-	-
<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>	<u>3,228,805</u>

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

	2011	2012	2013	2014
Revenues				
Taxes	\$ 3,685,256	3,812,762	3,574,554	3,774,931
Licenses and permits	46,866	36,962	38,934	29,124
Intergovernmental	354,548	563,719	309,008	418,804
Charges for services	3,950,019	5,115,188	3,100,831	2,481,080
Fines	179,714	176,710	152,281	109,499
Interest	125,439	143,865	160,002	86,584
Rents & Royalties	15,450	19,013	-	-
Contributions and donations	9,671	7,568	284,860	439,141
Fuel Sales	-	-	594,681	628,419
Miscellaneous	245,546	125,969	459,050	482,580
Total revenues	<u>8,612,509</u>	<u>10,001,756</u>	<u>8,674,201</u>	<u>8,450,162</u>
Expenditures				
General government	1,608,655	1,789,184	1,441,336	1,603,151
Public safety	3,888,083	4,262,375	3,784,937	4,126,923
Highways and streets	518,200	633,572	474,637	413,237
Aviation services	657,579	705,298	669,973	660,658
Culture and recreation	1,243,141	1,406,651	1,617,372	1,570,961
Solid waste	619,034	680,070	735,846	754,222
Economic development	21,906	297,673	136,833	154,296
Debt service	902,102	933,325	942,560	1,417,619
Capital outlay	681,994	979,714	1,889,007	2,868,984
Total expenditures	<u>10,140,694</u>	<u>11,687,862</u>	<u>11,692,501</u>	<u>13,570,051</u>
Excess of revenues over (under) expenditures	<u>(1,528,185)</u>	<u>(1,686,106)</u>	<u>(3,018,300)</u>	<u>(5,119,889)</u>
Other financing sources (uses)				
Insurance recoveries	-	-	-	340
Certificate of obligation issued	425,000	105,000	2,240,000	-
Sale of assets	43,959	32,977	175,000	2,300
Transfers in	4,493,398	3,506,648	7,145,633	4,660,317
Other resources	-	-	-	-
Transfers out	(2,886,897)	(2,957,478)	(1,771,290)	(2,757,140)
Issuance of debt	-	-	-	-
Other uses	-	-	-	-
Total other financing sources (uses)	<u>2,075,460</u>	<u>687,147</u>	<u>7,789,343</u>	<u>1,905,817</u>
Net change in fund balances	<u>\$ 547,275</u>	<u>(998,959)</u>	<u>4,771,043</u>	<u>(3,214,072)</u>
Debt service as a percentage of noncapital expenditures	9.54%	8.72%	9.61%	12.71%

Table 4

Fiscal Year					
2015	2016	2017	2018	2019	2020
3,889,905	4,094,869	4,308,989	4,653,385	4,976,544	5,533,614
35,416	43,302	48,375	76,264	96,049	129,465
454,410	466,308	525,335	549,042	691,831	1,016,354
2,866,090	2,628,738	2,517,800	2,876,101	2,918,726	2,810,599
105,213	138,653	171,494	154,334	141,039	141,993
60,127	9,266	15,367	32,468	72,170	60,051
-	-	-	-	-	-
13,247	357,735	46,827	55,803	308,274	281,646
450,941	387,664	571,420	645,987	579,980	403,961
461,311	449,548	444,416	521,212	653,649	394,956
<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>	<u>10,772,639</u>
1,617,461	1,734,087	1,884,218	2,018,763	1,994,505	2,407,351
4,349,630	4,432,456	4,754,902	4,909,014	5,530,537	5,586,519
401,815	404,575	500,807	506,475	500,252	658,101
546,632	400,793	599,848	680,576	591,772	463,677
756,395	728,381	716,884	730,237	672,571	674,580
785,024	775,516	764,511	801,329	844,095	879,551
166,347	495,398	147,985	360,908	170,345	145,060
412,766	383,010	377,018	373,385	980,408	453,711
821,510	2,754,235	1,397,635	1,633,719	2,207,471	5,940,047
<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>17,208,597</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>	<u>(6,435,958)</u>
3,028	73,141	13,104	9,377	125,368	3,976
-	-	-	-	-	2,920,000
-	-	9,484	91,404	7,260	3,948
4,999,879	6,796,823	4,305,350	4,683,078	5,172,297	7,708,438
-	-	-	-	-	164,349
(1,207,168)	(3,478,225)	(1,143,268)	(2,124,148)	(2,546,654)	(3,411,633)
-	-	-	-	-	-
-	-	-	-	-	-
<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>7,389,078</u>
<u>2,274,819</u>	<u>(140,629)</u>	<u>690,885</u>	<u>209,901</u>	<u>(295,423)</u>	<u>953,120</u>
6.80%	3.62%	4.43%	3.52%	8.44%	3.96%

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
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
2020	3,036,155	2,158,149	153,535	152,756	5,500,595

(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>
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 %
2020	737,114,976	65,495,455	275,852,919	526,757,512	0.6237	802,610,431	65.63 %

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)								
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
2020	0.5430	0.0807	0.6237	0.03582	0.0417	1.1850	0.0074	1.8936

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	2020			2011		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Entegris, Inc	\$ 9,353,910	1	1.30 %	\$ -		0.00 %
Entegris, Inc	8,310,401	2	1.15 %	-		
R & L Partnership LLC	4,174,831	3	0.58 %	1,667,167	9	0.41 %
Judy & Thrasher INC.	3,704,109	4	0.51 %	3,470,622	2	
Burnet Hotel LLC	3,029,489	5	0.42 %	-		0.00 %
LCRA Trnasmission Srvc Corp	2,974,618	6	0.41 %	1,882,845	6	
Del Mar Management LLC	2,951,964	7	0.41 %			
Q Crawford Property Development LI	2,911,492	8	0.40 %	-		0.00 %
Hoover Building Supply INC.	2,575,025	9	0.36 %	2,271,837	3	
Atmos Energy/Mid-Tex Dist	2,357,495	10	0.33 %	-		
ATMI Materials inc	-		-	11,959,535	1	2.93 %
MAHADEV LLC	-		-	2,113,837	4	0.52 %
First State Bank of Burnet	-		-	1,909,223	5	0.47 %
Sure Cast	-		-	1,803,626	7	0.44 %
HVM O'Donnell LTD	-		-	1,701,685	8	0.42 %
Atkission Cecil LP	-		-	1,652,522	10	0.23 %
Totals	\$ <u>42,343,334</u>		<u>5.88 %</u>	\$ <u>30,432,899</u>		<u>5.41 %</u>

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
2011	1,879,929	1,824,788	97.07	41,586	1,866,374	99.28
2012	1,924,988	1,880,448	97.69	37,603	1,918,051	99.64
2013	2,011,264	1,955,724	97.24	46,279	2,002,003	99.54
2014	2,043,399	2,009,792	98.36	21,187	2,030,979	99.39
2015	2,135,048	2,092,046	97.99	26,795	2,118,841	99.24
2016	2,222,953	2,182,536	98.18	25,788	2,208,324	99.34
2017 ⁽¹⁾	2,332,812	2,235,486	95.83	86,520	2,322,006	99.54
2018	2,596,423	2,545,204	98.03	27,782	2,572,986	99.10
2019	2,793,355	2,725,436	97.57	24,800	2,750,236	98.46
2020	3,056,024	3,004,098	98.30	-	3,004,098	98.30

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			
2011	4,410,862	-	16,800,879	22,651	21,234,392	16.92 %	1,018
2012	3,734,068	-	25,735,103	13,051	29,482,222	23.69 %	1,431
2013	4,846,475	-	24,342,000	2,082	29,190,557	25.21 %	1,529
2014	3,561,983	-	23,314,492	-	26,876,475	25.57 %	1,561
2015	3,250,203	-	22,271,272	-	25,521,475	22.32 %	1,375
2016	2,956,559	-	21,306,916	-	24,263,475	17.27 %	1,063
2017	2,661,051	-	20,343,424	-	23,004,475	16.28 %	1,005
2018	2,358,678	-	19,503,797	-	21,862,475	15.21 %	973
2019	1,440,000	-	18,658,475	-	20,098,475	13.99 %	895
2020	4,095,000	-	18,742,475	-	22,837,475	15.89 %	1,017

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)
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
2020	4,095,000	186,688	3,908,312	0.74%	599

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.

Table 12

City of Burnet, Texas
Direct and Overlapping Governmental Activities Debt
General Obligation Bonds
(Unaudited)
September 30, 2020

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Direct:			
City of Burnet	\$ <u>4,095,000</u> (1)	100.00 %	\$ <u>4,095,000</u>
Total direct	<u>4,095,000</u>		<u>4,095,000</u>
Overlapping:			
Burnet Consolidated Independent School District	32,767,066	21.82	7,149,774
Burnet County	<u>21,835,000</u>	7.44	<u>1,624,524</u>
Total overlapping	<u>54,602,066</u>		<u>8,774,298</u>
Total direct and overlapping debt	\$ <u>58,697,066</u>		\$ <u>12,869,298</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, 2020

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 2020 tax roll	\$ 526,757,512
Limit on amount designated for debt service	<u>1.50%</u>
Legal debt limit	\$ <u>7,901,363</u>
Actual amount expended for general obligation debt service during the year ended September 30, 2020	\$ <u>369,224</u>

Table 14

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	
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
2020	4,584,281	1,880,386	2,703,895	846,000	125,056	971,056	2.78

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			
				Principal	Interest	Total	Coverage
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
2020	9,516,466	6,274,068	3,242,398	40,000	8,148	48,148	67.34

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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Operating and Nonoperating Revenue:				
Charges for Services	\$ 9,265,401	9,356,176	9,082,153	9,504,832
Rents and Royalties	89,516	47,012	-	-
Misc.	<u>30,996</u>	<u>31,250</u>	<u>88,317</u>	<u>98,262</u>
Total	<u>\$ 9,385,913</u>	<u>9,434,438</u>	<u>9,170,470</u>	<u>9,603,094</u>
Operating Expense:				
Electric System (1)	<u>\$ 6,464,200</u>	<u>7,147,805</u>	<u>6,297,205</u>	<u>6,671,585</u>

(1) Excludes depreciation expense

Table 16

Fiscal Year					
<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
9,841,737	8,463,572	8,457,602	9,007,547	9,069,036	8,824,263
-	-	-	-	-	-
<u>85,170</u>	<u>67,836</u>	<u>64,632</u>	<u>60,293</u>	<u>217,310</u>	<u>675,453</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>9,499,716</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>	<u>6,274,068</u>

Table 17

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

Customer	Customer Type	2020			2011		
		Annual Sales	Rank	Percentage of Total Sales	Annual Sales	Rank	Percentage of Total Sales
Entegris	Manufacturing	\$ 933,261	1	10.36 %	\$ 871,752	1	9.52 %
Burnet CISD Schools	Public Education	607,947	2	6.75	730,407	2	7.98
Seton Healthcare	Healthcare	259,105	4	2.88	258,623	4	2.83
Sure Cast, Inc.	Manufacturing	234,984	3	2.61	423,209	3	4.62
H.E.B. Grocery Company #433	Grocery	204,870	5	2.27	232,549	7	2.54
Burnet Co Correctional Facility	State Government	204,843	6	2.27	257,709	5	2.82
TDCJ-Utilities Energy	State Government	196,631	7	2.18	238,250	6	2.6
City of Burnet	Local Government	136,222	8	1.51	102,100	9	1.12
Burnet County	County Government	90,857	9	1.01	140,301	8	1.53
Stealth Products, Inc.	Manufacturing	68,680	10	0.76	81,040	10	0.89
Totals		\$ <u>2,937,402</u>		<u>32.60 %</u>	\$ <u>3,335,940</u>		<u>36.45 %</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)
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%
2020	6,530	226,610,590	34,703	3,078	2.90%

Source: (1) (2) (3) (5) US Census Bureau; and Worldpopulationreview.com
(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

Employer	2020		2011	
	Employees	Percentage of Total City Employment	Employees	Percentage of Total City Employment
Burnet CISD*	504	18.18%	285	13.08%
Burnet County*	377	13.60%	250	11.47%
Entegris*	211	7.61%	104	4.77%
City of Burnet	123	4.42%	129	5.92%
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	124	4.47%	120	5.51%
H-E-B **	116	4.18%	90	4.13%
Sure Cast	40	1.44%	103	4.73%
Total	<u>1,924</u>	<u>69.39%</u>	<u>1,486</u>	<u>68.20%</u>

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

Notes: * Employer was unable to provide 2011 information.

Information reported is the same as reported for fiscal year 2010.

** Employer was unable to provide 2020 or 2011 information.

Information reported is the same as reported for fiscal year 2019 and 2010.

Table 20

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

Function/Program	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Administration	5	6	5.5	5.2	5.75	6.25	6.75	7	7.25	7.5
Municipal Court	1	1	1	1	1	1	1	0.5	1	1
Planning & Zoning	5	4	3.3	3.6	2.8	3.2	3.2	3	4	4
Economic Development	0.5	0.5	0.5	0.5	0.75	0.75	1.5	0.75	0	0
Police Department	16	17	17	17	18	18	18	19.5	22	21
Streets Department	9.3	9.25	8.5	6.5	6.5	6.25	7.75	7.75	8.75	8.75
Parks Department	6.3	6.25	7.5	7.5 #	7.5	7.85	7.25	7.25	7.75	7.75
Airport	0.7	0.7	0.7	0.7	0.7	0.8	0.8	1.75	1.5	1.5
Fire Department	31	33	30	30	30	30	30	30	33	33
Electric Department	12.4	12.25	11.5	10.5	11.5	11	10	10.5	10.5	10.5
Water/Wastewater Department	16	15.25	16.5	16.5	15.5	16	15.75	15.5	15.5	15.5
Golf Course	18	17	17	15	15.5	15.9	15	15	17	12
Recreation	7.8	6.8	*	*	*	*	*	*	*	*
Total	<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>	<u>122.50</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	2011	2012	2013	2014
General government				
Building permits issued	527	233	240	241
Building inspections conducted	1,487	698	733	870
Police				
Calls for Service	8,219	8,234	7,451	7,129
Assistance to Citizens	68	50	51	120
Miles Driven	153,929	120,630	110,738	152,408
Offense Reports	986	1,071	1,078	1,259
Physical arrests	504	526	479	512
Traffic violations	4,454	4,164	4,956	2,672
Fire/EMS				
Fire-Number of Calls City	495	833	506	465
EMS- Total number of Calls	3,829	3,839	4,009	4,142
Inspections	281	216	123	113
Water/Wastewater				
Effluent- Reclaimed Water (millions of gallons)	209.418	226.532	232.445	199.624
Average daily sewage treatment (millions of gallons)	0.57	0.62	0.64	0.55
Total Consumption Lake/Ground Water (millions of gallons)	423.591	339.643	295.619	310.087
Average daily consumption (millions of gallons)	1.161	0.931	0.810	0.850
Golf Course				
Rounds of Golf	16,471	20,040	20,177	18,005

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.

* Is now being figured into the Calls for Service Category

Table 21

Fiscal					
2015	2016	2017	2018	2019	2020
282	356	297	306	291	309
1,027	1,337	1,066	836	983	1,099
8,845	8,110	7,548	8,024	8,737	9,940
128	130	213	94	16	*
139,734	127,933	136,166	151,732	126,866	124,920
1,025	1,075	1,035	911	845	857
318	318	484	400	340	346
2,259	2,637	3,205	3,453	2,677	3,004
557	715	816	844	852	511
4,347	4,893	4,150	4,370	4,321	3,964
149	240	240	212	226	63
195.167	234.876	216.659	213.790	220.610	190.948
0.53	0.64	0.59	0.59	0.60	0.52
351.440	298.094	324.233	319.341	308.8	354.647
0.963	0.817	0.888	0.875	0.846	0.972
19,069	19,218	20,605	22,741	20,215	20,514

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

<u>Function/Program</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Public safety:				
Police:				
Stations	1	1	1	1
Patrol units	22	22	22	22
Fire:				
Fire stations	1	1	1	1
Culture and recreation:				
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	1
Community/Meeting centers	2	2	2	2
Water:				
Service connections	2,276	2,272	2,272	2,313
Water mains (miles)	55	55	56	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)				
Sewer:				
Service connections	2,067	2,045	2,097	2,111
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)				
Electric:				
Service connections	2,853	2,827	2,829	2,867

Source: Various City of Burnet Department's Scorecard Reports

Table 22

Fiscal					
2015	2016	2017	2018	2019	2020
1	1	1	1	1	1
22	22	22	22	22	20
2	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
2,328	2,395	2,435	2,498	2,557	2,670
58	58	60	60	62	60
4	4	4	4	4	3
378	389	391	394	414	425
2.88	2.88	2.88	2.88	2.88	3.60
2,123	2,183	2,231	2,273	2,332	2,395
50	50	50	50	52	50
12	12	12	12	12	12
1.7	1.7	1.7	1.7	1.7	1.7
2,863	2,934	2,960	3,021	3,073	3,143