



## **NOTICE OF MEETING OF THE GOVERNING BODY OF THE CITY OF BURNET**

Notice is hereby given that a **Regular Meeting** will be held by the governing body of the City of Burnet on the **13<sup>th</sup> day of April, 2021** at **6:00** p.m. in the **Burnet Community Center**, 401 E. Jackson Street, Burnet, Tx. In order to advance the public health goal of limiting face-to-face meetings (also called “social distancing”) and to slow the spread of the Coronavirus (COVID-19), a Declaration of a Public Health Emergency was executed by Mayor Bromley on March 19, 2020.

The Burnet Community Center will be open for public attendance; however, masks will be required, hand sanitizer will be provided, temperatures will be taken upon entry and seating will adhere to social distancing guidelines.

This notice is posted pursuant to the Texas Government Code, Chapter §551-Open Meetings.

The following subjects will be discussed, to-wit:

**CALL TO ORDER:**

**ROLL CALL:**

**INVOCATION:**

**PLEDGE OF ALLEGIANCE:**

**PLEDGE TO TEXAS FLAG:**

### **1. REPORTS/SPECIAL PRESENTATIONS:**

1.1) Addendum to the City Council Agenda: Department and Committee Reports/Briefings: The City Council may or may not receive a briefing dependent upon activity or change in status regarding the matter. The listing is provided to give notice to the public that a briefing to the Council on any or all subjects may occur.

1.2) Annual Audit Report: Jaynes, Reitmeier, Boyd & Therrell, P. C.: P. Langford

a. Comprehensive Annual Financial Report

b. Report on Internal Controls

**2. CONSENT AGENDA ITEMS:**

*(All of the following items on the Consent Agenda are considered to be self-explanatory by the Council and will be enacted with one motion. There will be no separate discussion of these items unless a Council Member, staff member or citizen requests removal of the item from the consent agenda for the purpose of discussion. For removal of an item, a request must be made to the Council when the Consent Agenda is opened for Council Action.)*

2.1) Approval of the March 23, 2021 Regular City Council Meeting minutes

2.2) Approval of the April 1, 2021 Special City Council Meeting minutes

**3. PUBLIC HEARING:**

3.1) Public Hearing: The City Council of the City of Burnet shall conduct a public hearing to receive public testimony and comments on the merits of a request to rezone property located at 603 E Pecan St. (Legal Description: S8450 Vanderveer/Alexander, Lot 4 & Pt of 1, Block 38). The request is to rezone the property from its present designation of Duplex – District “R-2” to a designation of Multi-family Residential – District “R-3”: H. Erkan, Jr.

3.2) Public Hearing: The City Council will conduct a public hearing to receive public testimony and comments on the merits of an application for a conditional use permit to allow a Car Wash in a Light Commercial – District “C-1” located at the south east intersection of N Water St and Taggard St., legally described as ABS A0405 John Hamilton, .4839 acres: H. Erkan

**4. ACTION ITEMS:**

4.1) Discuss and consider action: City Council shall receive information from the City Manager on the status of the COVID-19 pandemic's impact on the City and may discuss, give direction, or take action to implement, extend, modify, or terminate plans or programs in response to the pandemic: D. Vaughn

4.2) Discuss and consider action: A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF BURNET, TEXAS APPROVING AN AGREEMENT WITH HILLTOP LLC RELATED TO THE DEVELOPMENT OF A 96 LOT MANUFACTURE HOME SUBDIVISION IN THE CITY'S EXTRATERRITORIAL JURISDICTION: H. Erkan

4.3) Discuss and consider action: FIRST READING OF AN ORDINANCE OF THE CITY COUNCIL OF BURNET, TEXAS, AMENDING ORDINANCE NO. 2021-01 AND THE OFFICIAL ZONING MAP OF THE CITY BY ASSIGNING THE PROPERTY DESCRIBED AS 603 E PECAN ST (LEGAL DESCRIPTION: S8450

VANDERVEER/ALEXANDER, LOT 4 & PT OF 1, BLOCK 38) WITH MULTI-FAMILY RESIDENTIAL – DISTRICT “R-3” ZONING CLASSIFICATION; PROVIDING A REPEALER CLAUSE; PROVIDING A SEVERABILITY CLAUSE; AND PROVIDING AN EFFECTIVE DATE: H. Erkan

4.4) Discuss and consider action: FIRST READING OF AN ORDINANCE OF THE CITY COUNCIL OF BURNET, TEXAS, AMENDING ORDINANCE NO. 2021-01 AND THE OFFICIAL ZONING MAP OF THE CITY BY GRANTING A CONDITIONAL USE PERMIT TO ALLOW THE USE OF A “CAR WASH” IN A LIGHT COMMERCIAL – DISTRICT “C-1” FOR PROPERTY LEGALLY DESCRIBED AS ABS A0405 JOHN HAMILTON, 0.4839 ACRES; PROVIDING A REPEALER CLAUSE; PROVIDING A SEVERABILITY CLAUSE; AND PROVIDING AN EFFECTIVE DATE: H. Erkan

4.5) Discuss and consider action: A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF BURNET, TEXAS, ALLOWING DEVELOPER OF THE WESTFALL VILLAGE, PHASE II, SUBDIVISION TO PROVIDE A LETTER OF CREDIT AS ASSURANCE PUBLIC IMPROVEMENTS SHALL BE CONSTRUCTED AND AUTHORIZING THE RECORDATION OF THE “FINAL PLAT” IN THE PUBLIC RECORDS OF THE COUNTY CLERK OF BURNET COUNTY, TEXAS: D. Vaughn

4.6) Discuss and consider action: A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF BURNET, TEXAS, AUTHORIZING THE SUBMISSION OF A JOINT APPLICATION WITH PEDERNALES ELECTRIC COOPERATIVE INC., FOR AMENDMENT OF CERTIFICATE OF CONVENIENCE AND NECESSITY FOR SERVICE AREA BOUNDARIES AND RESCINDING RESOLUTION R2020-55: G. Courtney

4.7) Discuss and consider action: A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF BURNET, TEXAS, AUTHORIZING THE CITY MANAGER TO CONTRACT WITH CRUZ TEC, INC. TO REPAIR A SECTION OF THE SEWER LINE NEAR NORTH VANDEVEER STREET. G. Courtney

4.8) Discuss and consider action: FIRST READING OF AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF BURNET, TEXAS, AMENDING ORDINANCE 2020-18; THE ORIGINAL BUDGET ORDINANCE FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2020, AND ENDING SEPTEMBER 30, 2021 FOR THE CITY OF BURNET, TEXAS, FUNDING ACCOUNTS IN BUDGET DUE TO UNFORESEEN SITUATIONS; CONTAINING FINDINGS; PROVIDING FOR SAVINGS AND SEVERABILITY: P. Langford

4.9) Discuss and consider action: Burnet Historic Preservation Board appointment: K. Dix

**5. REQUESTS FROM COUNCIL FOR FUTURE REPORTS:** In accordance with Resolution R2020-28 councilmembers may request the City Manager to prepare and present future report on matters of public interest.

## 6. ADJOURN:

Dated this the 9<sup>th</sup> day of April, 2021

**CITY OF BURNET  
CRISTA GOBLE BROMLEY, MAYOR**

I, the undersigned authority, do hereby certify that the above NOTICE OF MEETING of the governing body of the above named City, BURNET, is a true and correct copy of said NOTICE and that I posted a true and correct copy of said NOTICE on the bulletin board, in the City Hall of said City, BURNET, TEXAS, a place convenient and readily accessible to the general public at all times, and said NOTICE was posted on April 9, 2021 at or before 6 o'clock p.m. and remained posted continuously for at least 72 hours preceding the scheduled time of said Meeting.

---

Kelly Dix, City Secretary

### **NOTICE OF ASSISTANCE AT THE PUBLIC MEETINGS:**

*The City Council Chamber is wheelchair accessible. Persons with disabilities who plan to attend this meeting and who may need auxiliary aids or services, such as interpreters for persons who are deaf or hearing impaired, readers, or large print, are requested to contact the City Secretary's office (512.756.6093) at least two working days prior to the meeting. Requests for information may be faxed to the City Secretary at 512.756.8560.*

### **RIGHT TO ENTER INTO EXECUTIVE SESSION:**

*The City Council for the City of Burnet reserves the right to adjourn into executive session at any time during the course of this meeting to discuss any of the matters listed above, as authorized by Texas Government Code Sections 551.071 (Consultation with Attorney), 551.072 (Deliberations about Real Property), 551.073 (Deliberations about Gifts and Donations), 551.074 (Personnel Matters), 551.076 (Deliberations about Security Devices) and 551.087 (Economic Development).*





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

March 30, 2021

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

We have audited the financial statements of the City of Burnet, Texas (the "City") as of and for the year ended September 30, 2020, and plan to issue our report thereon dated March 30, 2021. Professional standards require that we advise you of the following matters relating to our audit.

**Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated September 4, 2020, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

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

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

### **Planned Scope and Timing of the Audit**

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

### **Compliance with All Ethics Requirements Regarding Independence**

The engagement team; others in our firm, as appropriate; and our firm have complied with all relevant ethical requirements regarding independence.

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

#### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City is included in Note 1 to the financial statements. There have been no initial selections of accounting policies and no changes in significant accounting policies or their application during 2020. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

#### *Significant Accounting Estimates*

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

*Allowance for doubtful accounts* -- Management's estimate of the allowance for doubtful accounts is based upon historical loss levels of receivables; and an analysis of the collectibility of aged accounts.

*Useful lives of depreciable assets* -- Management's estimate of useful lives of assets is based upon historical experience and industry suggested standards.

*Assumptions used in pensions and other post-employment benefits* -- Management's estimate of actuarial assumptions is based upon historical experience and industry suggested standards (inflation, payroll growth, investment expected rate of return, morbidity, mortality, etc.)



We evaluated the key factors and assumptions used to develop the estimates described above and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

#### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The financial statement disclosures are neutral, consistent and clear.

#### **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

#### **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. The attached schedules summarize uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole and each applicable opinion unit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually and in the aggregate, to the financial statements taken as a whole and each applicable opinion unit.

#### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the City's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

### **Representations Requested from Management**

We have requested certain written representations from management, which are included in the attached letter.

### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

### **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with the City, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the City's auditors.

### **Other Matters**

We applied certain limited procedures to management's discussion and analysis and the pension/OPEB related schedules, which are required supplementary information ("RSI") that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining schedules of nonmajor governmental funds and the budgetary comparison schedules for the Hotel/Motel Tax and Debt Service funds (collectively, the "supplementary information"), which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the supplementary information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory and statistical sections, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

The Honorable Mayor and City Council  
City of Burnet, Texas  
March 30, 2021  
Page 5

Restriction on Use

This report is intended solely for the information and use of management, the members of the City Council and others within the City and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*Jaynes. Reitmeier, Boyd + Therrell, P.C.*





## City of Burnet

(512) 756-6093  
FAX (512) 756-8560  
[www.cityofburnet.com](http://www.cityofburnet.com)

P. O. Box 1369  
1001 Buchanan Drive, Suite 4  
Burnet, TX 78611

March 30, 2021

Jaynes, Reitmeier, Boyd & Therrell, P. C.  
P. O. Box 7616  
Waco, TX 76714-7616

This representation letter is provided in connection with your audit of the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the 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, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position and results of operations of the various opinion units of the City in accordance with accounting principles generally accepted for governments in the United States of America ("U.S. GAAP").

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of March 30, 2021.

### Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated September 4, 2020, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- 2) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

- 4) We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- 5) We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- 6) We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 7) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 8) Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- 9) All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- 10) The effects of uncorrected misstatements summarized in the attached schedules and aggregated by you during the current engagement are immaterial, both individually and in the aggregate, to the applicable opinion units and to the financial statements as a whole.
- 11) The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- 12) All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
- 13) All funds and activities are properly classified.
- 14) All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, GASB Statements No. 37, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus*, as amended, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
- 15) All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
- 16) Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.



- 17) All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 18) All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
- 19) All interfund and intra-entity transactions and balances have been properly classified and reported.
- 20) Special items and extraordinary items have been properly classified and reported.
- 21) Deposit and investment risks have been properly and fully disclosed.
- 22) Capital assets, including infrastructure assets, are properly capitalized, reported and, if applicable, depreciated.
- 23) All required supplementary information is measured and presented within the prescribed guidelines.
- 24) With respect to financial statement preparation and any other the nonattest services provided, we have performed the following:
  - Made all management decisions and performed all management functions;
  - Assigned a competent individual to oversee the services;
  - Evaluated the adequacy of the services performed;
  - Evaluated and accepted responsibility for the result of the service(s) performed; and
  - Established and maintained internal controls, including monitoring ongoing activities.

#### **Information Provided**

- 25) We have provided you with:
  - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
  - Additional information that you have requested from us for the purpose of the audit; and
  - Unrestricted access to persons within the City from whom you determined it necessary to obtain audit evidence.



- 26) All transactions have been recorded in the accounting records and are reflected in the financial statements.
- 27) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 28) We have provided to you our analysis of the City's ability to continue as a going concern, including significant conditions and events present, and if necessary, our analysis of management's plans, and our ability to achieve those plans.
- 29) We have no knowledge of any fraud or suspected fraud that affects the City and involves:
  - Management
  - Employees who have significant roles in internal control; or
  - Others where the fraud could have a material effect on the financial statements.
- 30) We have no knowledge of any allegations of fraud, or suspected fraud, affecting the City's financial statements communicated by employees, former employees, vendors, regulators, or others.
- 31) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 32) We have disclosed to you the identity of the City's related parties and all the related party relationships and transactions of which we are aware.
- 33) There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- 34) The City has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- 35) We have disclosed to you all guarantees, whether written or oral, under which the City is contingently liable.
- 36) We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* ("GASB 62"). Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.

- 37) We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statements amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- 38) There are no:
- Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
  - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB 62.
  - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB 62.
  - Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).
- 39) The City has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- 40) We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 41) Tax-exempt bonds issued have retained their tax-exempt status.
- 42) We believe that the actuarial assumptions and methods used to measure pension and other postemployment benefit liabilities and costs for financial accounting purposes are appropriate in the circumstances.
- 43) We have reviewed capital assets for impairment whenever events or changes in circumstances have indicated that the carrying amount of the assets might not be recoverable and have appropriately recorded the adjustment.
- 44) We agree with the findings of specialists in evaluating the accuracy and completeness of the net pension liability and the liability for other post-employment benefits and related deferred outflows and deferred inflows, and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.



- 45) We believe that the actuarial assumptions and methods used to measure pension and OPEB liabilities and costs for financial accounting purposes are appropriate in the circumstances.
- 46) We have disclosed to you all assets for which the City would be subject to recording an asset retirement obligation.
- 47) Expenditures of federal awards were below the \$750,000 threshold during the year ended September 30, 2020, and we were not required to have an audit in accordance with Title 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* ("Uniform Guidance").

#### **Supplementary Information in Relation to the Financial Statements as a Whole**

- 48) With respect to the combining schedules of nonmajor governmental funds and budgetary comparison schedules for the Hotel/Motel Tax and Debt Service funds presented as supplementary information ("the supplementary information"):
  - We acknowledge our responsibility for the presentation of supplementary information in accordance with U.S. GAAP.
  - We believe the supplementary information, including its form and content, is fairly presented in accordance with U.S. GAAP.
  - The methods of measurement or presentation have not changed from those used in the prior period.
  - We believe the significant assumptions or interpretations underlying the measurement or presentation of the supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.
  - We acknowledge our responsibility to include the auditor's report on the supplementary information in any document containing the supplementary information and that indicates the auditor reported on such supplementary information.
  - We acknowledge our responsibility to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon.

**Required Supplementary Information**

49) With respect to Management's Discussion and Analysis, the Schedules of Changes in Net Pension / Total OPEB Liabilities and Related Ratios, and the Schedules of Pension / OPEB Contributions and Notes to Schedules of Contributions (collectively, "RSI") accompanying the financial statements:

- We acknowledge our responsibility for the presentation of RSI in accordance with U.S. GAAP.
- We believe the RSI, including form and content, are measured and fairly presented in accordance with U.S. GAAP.
- The methods of measurement or presentation have not changed from those used in the prior period.
- We believe the significant assumptions or interpretations underlying the measurement or presentation of the RSI and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.

Respectfully,

CITY OF BURNET, TEXAS



David Vaughn  
City Manager



Patricia Langford, C.P.A.  
Director of Finance

**Summary of Uncorrected Misstatements - General Fund**

		Financial Statement Effect of Uncorrected Misstatements: Over (Under) Statement					
		Total Assets and Deferred Outflows	Total Liabilities and Deferred Inflows	Fund Balance	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	Net Change in Fund Balance
Amounts Per Financial Statements		4,737,476	699,426	4,038,050	13,603,009	13,392,767	210,242
Effect of Current Period Uncorrected Misstatements		(76,600)	(44,500)	(32,100)	(32,100)	-	(32,100)
Effect of Prior Period Uncorrected Misstatements					61,900	-	61,900
Net Effect of Uncorrected Misstatements		(76,600)	(44,500)	(32,100)	29,800	-	29,800
No.	Description						
1	Understatement of accrued franchise tax revenues and related deferred inflow - historically not accrued by the City	(76,600)	(44,500)	(32,100)	(32,100)	-	(32,100)

# Summary of Uncorrected Misstatements - Governmental Activities

<i>Financial Statement Effect of Uncorrected Misstatements: Over (Under) Statement</i>						
	<i>Total Assets and Deferred Outflows</i>	<i>Total Liabilities and Deferred Inflows</i>	<i>Net Position</i>	<i>Revenues</i>	<i>Expenses</i>	<i>Change in Net Position</i>
Amounts Per Financial Statements	47,594,307	14,928,798	32,665,509	15,614,364	13,565,811	2,048,553
Effect of Current Period Uncorrected Misstatements	(76,600)	-	(76,600)	(76,600)	-	(76,600)
Effect of Prior Period Uncorrected Misstatements				99,700	-	99,700
Net Effect of Uncorrected Misstatements	(76,600)	-	(76,600)	23,100	-	23,100
No.	<i>Description</i>					
1	Understatement of accrued franchise tax revenues - historically not accrued by the City					
	(76,600)	-	(76,600)	(76,600)	-	(76,600)



# 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>
<b><u>INTRODUCTION SECTION</u></b>	
Letter of Transmittal	i-iv
Organization Chart	vi
Elected Officials and City Staff	vii
Certificate of Achievement	viii
<b><u>FINANCIAL SECTION</u></b>	
Independent Auditors' Report	1 - 3
Management's Discussion and Analysis	5 - 15
<b>Basic Financial Statements</b>	
<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>
<b><u>FINANCIAL SECTION</u></b> (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
<b>Required Supplementary Information</b>	
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
<b>Supplementary Information</b>	
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>
<b><u>STATISTICAL SECTION</u></b>		
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>
<b><u>STATISTICAL SECTION</u></b> (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 30<sup>th</sup>. Department heads submit to the City Manager a budget of estimated expenditures for the ensuing fiscal year. The City Manager then submits a budget of estimated expenditures and revenues to the City Council on or before the 15th day of August. The City Council shall comply with state law in the adoption of the budget and, unless otherwise in conflict with state law, shall adopt the budget on or before the last day of the last month of the current fiscal year. If the City Council fails to adopt the budget by this date, the budget proposed by the City Manager shall go into effect.

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

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

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

**Local economy.** The City of Burnet is a proactive, business friendly community centrally located fifty-five miles northwest of Austin and ninety-nine miles north of San Antonio near the Highland Lakes which is the largest chain of lakes in Texas. Steady population growth has been experienced for the last five years with a present population estimated in excess of 6,530. 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.

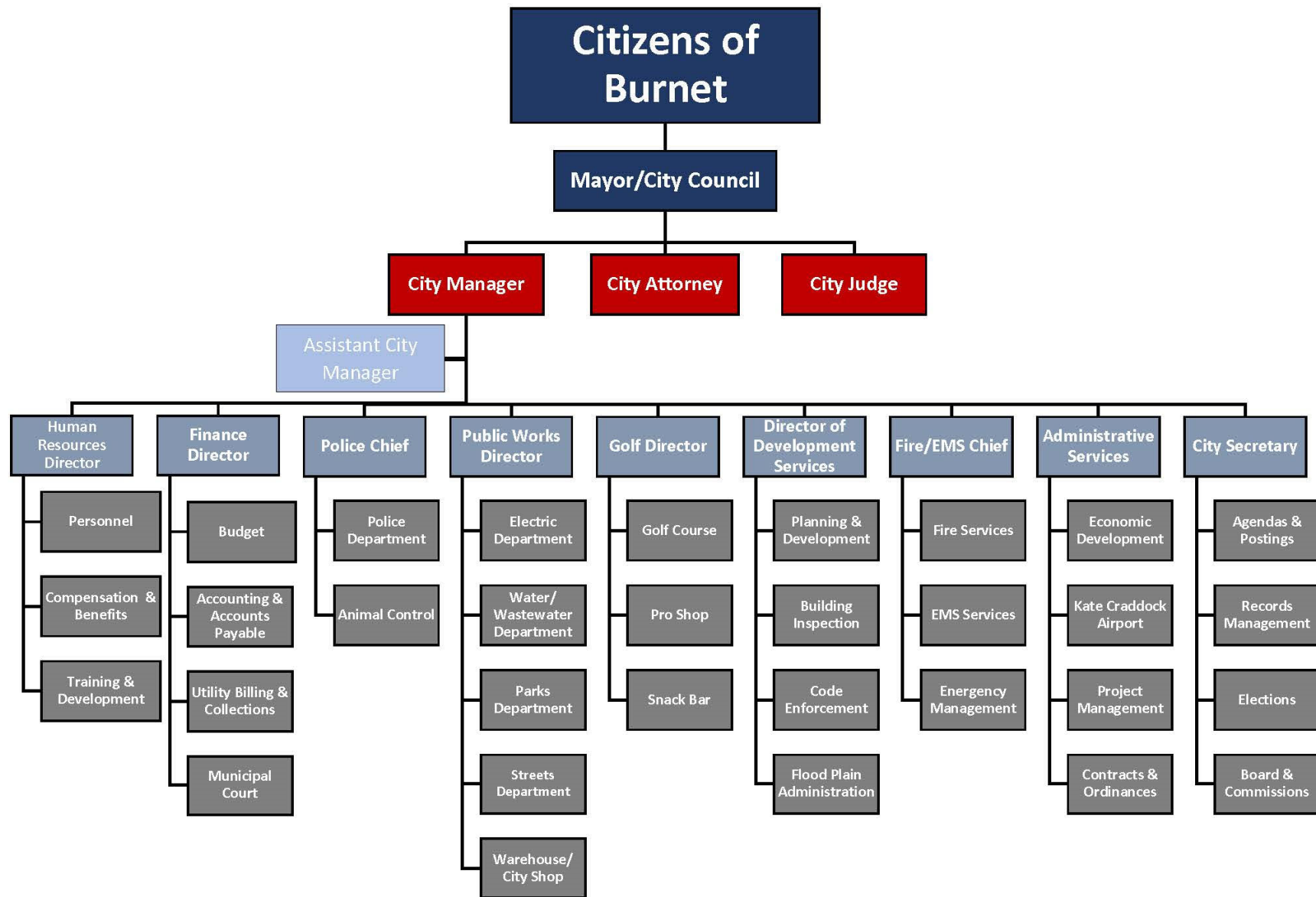
Respectfully submitted,

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'.

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

<b><u>Name</u></b>	<b><u>Position</u></b>	<b><u>Term</u></b>
Crista Goble Bromley	Mayor	2019 – 2021
Paul Farmer	Mayor Pro Tem	2019 – 2021
Cindia Talamantez	Council Member	2019 – 2021
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**

<b><u>Name</u></b>	<b><u>Position</u></b>
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

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Burnet  
Texas**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

September 30, 2019

*Christopher P. Morill*

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	<u>11,317,559</u>	<u>11,020,876</u>	<u>16,500,012</u>	<u>15,242,508</u>	<u>27,817,571</u>	<u>26,263,384</u>
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	<u>13,565,811</u>	<u>13,071,640</u>	<u>11,487,935</u>	<u>11,631,209</u>	<u>25,053,746</u>	<u>24,702,849</u>
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	<u>4,296,805</u>	<u>2,625,643</u>	<u>(4,296,805)</u>	<u>(2,625,643)</u>	<u>-</u>	<u>-</u>
Increase in net position	2,048,553	574,879	715,272	985,656	2,763,825	1,560,535
Net position, beginning of year	<u>30,616,956</u>	<u>30,042,077</u>	<u>21,478,085</u>	<u>20,492,429</u>	<u>52,095,041</u>	<u>50,534,506</u>
Net position, end of year	<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>

**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
---------------------	------------

Acquisition of vehicles and other equipment	\$ 844,220
---	------------

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
	<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>

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	Business-type		Burnet Economic
	Activities	Activities	Total	Development
				Corporation, Inc.
<b>Assets</b>				
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
<b>Deferred Outflows of Resources</b>				
Deferred outflows of resources	1,243,692	468,982	1,712,674	-
<b>Liabilities</b>				
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
<b>Deferred Inflows of Resources</b>				
Deferred inflows of resources	1,296,388	468,974	1,765,362	-
<b>Net Position</b>				
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
<b>Primary government:</b>				
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	<u>1,677,563</u>	<u>1,329,072</u>	<u>-</u>	<u>-</u>
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>
<b>Component unit:</b>				
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)	
<u>(7,816,822)</u>	<u>-</u>	<u>(7,816,822)</u>	
-	3,010,171	3,010,171	
-	2,317,459	2,317,459	
-	(348,491)	(348,491)	
<u>-</u>	<u>4,979,139</u>	<u>4,979,139</u>	
<u>(7,816,822)</u>	<u>4,979,139</u>	<u>(2,837,683)</u>	
			<u>(554,327)</u>
\$ 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)	-	-
<u>9,865,375</u>	<u>(4,263,867)</u>	<u>5,601,508</u>	<u>749,381</u>
2,048,553	715,272	2,763,825	195,054
<u>30,616,956</u>	<u>21,478,085</u>	<u>52,095,041</u>	<u>3,314,591</u>
<u>\$ 32,665,509</u>	<u>22,193,357</u>	<u>54,858,866</u>	<u>3,509,645</u>

# City of Burnet, Texas

## Balance Sheet Governmental Funds

September 30, 2020

	General	Airport	Debt Service	General Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
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	<u>\$ 4,737,476</u>	<u>701,166</u>	<u>531,190</u>	<u>429,421</u>	<u>2,420,013</u>	<u>8,819,266</u>
<b>Liabilities</b>						
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	<u>608,820</u>	<u>15,758</u>	<u>331,036</u>	<u>413,814</u>	<u>78,911</u>	<u>1,448,339</u>
<b>Deferred Inflows of Resources</b>						
Unavailable revenue - property taxes	<u>90,606</u>	<u>-</u>	<u>13,466</u>	<u>-</u>	<u>-</u>	<u>104,072</u>
<b>Fund Balances</b>						
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	<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>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,737,476</u>	<u>701,166</u>	<u>531,190</u>	<u>429,421</u>	<u>2,420,013</u>	
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	788,845	788,845	619,660	(169,185)
Expenditures:				
Aviation services	650,102	650,102	463,677	186,425
Total expenditures	650,102	650,102	463,677	186,425
Excess of revenues over expenditures	138,743	138,743	155,983	17,240
Other financing sources (uses):				
Transfers out	(286,889)	(286,889)	(187,952)	98,937
Total other financing sources (uses)	(286,889)	(286,889)	(187,952)	98,937
Net change in fund balances	(148,146)	(148,146)	(31,969)	116,177
Fund balances, beginning of year	717,377	717,377	717,377	-
Fund balances, end of year	\$ 569,231	569,231	685,408	116,177

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
<b>Assets</b>				
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>
<b>Deferred Outflows of Resources</b>				
Deferred outflows of resources	<u>188,531</u>	<u>168,848</u>	<u>111,603</u>	<u>468,982</u>
<b>Liabilities</b>				
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	<u>45,000</u>	<u>849,000</u>	<u>-</u>	<u>894,000</u>
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	<u>698,387</u>	<u>773,030</u>	<u>510,942</u>	<u>1,982,359</u>
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>
<b>Deferred Inflows of Resources</b>				
Deferred inflows of resources	<u>165,220</u>	<u>182,878</u>	<u>120,876</u>	<u>468,974</u>
<b>Net Position</b>				
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			
	Electric	Water and Sewer	Delaware Springs Golf Course	Total
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	<u>16,750</u>	<u>16,188</u>	<u>-</u>	<u>32,938</u>
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	614,993	1,184,625	514,648	2,314,266
Net cash provided by operating activities	\$ 3,536,171	2,688,090	166,157	6,390,418
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:

	General	Airport	Debt Service	General Capital Projects	Nonmajor Governmental Funds	Total
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	4,007,662	-	-	-	-	4,007,662
	<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 & Poors.

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

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

**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
<b><i>Business-type activities:</i></b> (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	<u>(23,209,923)</u>	<u>(1,838,584)</u>	<u>-</u>	<u>(25,048,507)</u>
 Total capital assets, being depreciated, net	 <u>38,475,970</u>	 <u>(271,305)</u>	 <u>-</u>	 <u>38,204,665</u>
	<u>\$ 39,053,513</u>	<u>59,513</u>	<u>-</u>	<u>39,113,026</u>

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	<u>278,887</u>
 Total depreciation expense	 <u>\$ 1,955,865</u>

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	<u>330,818</u>	<u>1,452</u>
	<u>\$ 5,245,527</u>	<u>\$ 286,842</u>

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*

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

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>
<b><i>Governmental Activities</i></b>					
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>
<b><i>Business-Type Activities</i></b>					
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)*

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
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	18,658,475	1,024,663	(888,733)	18,794,405	894,000
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	1,997,038	-	(14,679)	1,982,359	-
	<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:

Year Ended September 30,	Principal	Interest	Total
<b><i>Governmental Activities</i></b>			
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	720,000	45,375	765,375
	<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>
<b><i>Business-Type Activities</i></b>			
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	1,375
		<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:

		Transfer out:						
		General	Airport	Nonmajor Governmental	Electric	Water and Sewer	Delaware Springs Golf Course	Total
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
	\$	3,193,492	187,952	30,189	2,903,638	1,466,443	116,766	7,898,480



## 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](http://www.tmrs.com).

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

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

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

## City of Burnet, Texas

### Notes to Financial Statements (Continued)

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

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

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

*Employees Covered by Benefit Terms* – At the December 31, 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.tmrs.com](http://www.tmrs.com).

**City of Burnet, Texas**

Notes to Financial Statements  
(Continued)

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

G. Employee Benefits (continued)

**Pension Plan** (continued)

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

For the year ended September 30, 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	<u>-</u>	<u>745,527</u>
	<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:

	Total OPEB Liability - Life Insurance
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%)
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	\$ 7,173,406
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 **	(132,787)
Net changes	263,445
Balance at December 31, 2019	\$ 7,436,851

\*\* 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	\$ 8,887,628	7,436,851	6,300,669

**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:

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

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

For the year ended September 30, 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:

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

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><u>(12,657)</u></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	-	-
	<u>\$ 1,243,692</u>	<u>468,982</u>	<u>-</u>	<u>-</u>
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	-	-
	<u>\$ 1,296,388</u>	<u>468,974</u>	<u>90,606</u>	<u>13,466</u>

*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
<b>Total Pension Liability</b>						
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	(1,463,461)	(1,027,072)	(1,071,693)	(876,457)	(774,915)	(1,097,550)
<b>Net change in Total Pension Liability</b>	1,174,287	1,549,628	1,486,081	1,416,555	1,555,203	911,671
<b>Total Pension Liability - beginning</b>	<u>25,906,186</u>	<u>24,356,558</u>	<u>22,870,477</u>	<u>21,453,922</u>	<u>19,898,719</u>	<u>18,987,048</u>
<b>Total Pension Liability - ending (a)</b>	<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>
<b>Plan Fiduciary Net Position</b>						
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	(551)	(650)	(688)	(718)	(764)	(805)
<b>Net change in Plan Fiduciary Net Position</b>	3,082,741	(465,488)	2,651,170	1,404,797	265,979	808,442
<b>Plan Fiduciary Net Position - beginning</b>	<u>21,049,120</u>	<u>21,514,608</u>	<u>18,863,438</u>	<u>17,458,641</u>	<u>17,192,662</u>	<u>16,384,220</u>
<b>Plan Fiduciary Net Position - ending (b)</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>
<b>Net Pension Liability - ending (a) - (b)</b>	\$ 2,948,612	4,857,066	2,841,950	4,007,039	3,995,281	2,706,057
<b>Plan Fiduciary Net Position as a percentage of Total Pension Liability</b>	89.11%	81.25%	88.33%	82.48%	81.38%	86.40%
<b>Covered payroll</b>	\$ 6,539,833	6,109,805	5,690,364	5,776,351	5,415,950	5,386,274
<b>Net Pension Liability as a percentage of covered payroll</b>	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
<b>Total OPEB Liability - Life Insurance</b>			
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 **	(2,616)	(1,833)	(2,276)
<b>Net change in Total OPEB Liability - Life Insurance</b>	81,864	(11,236)	42,099
<b>Total OPEB Liability - life insurance - beginning</b>	280,286	291,522	249,423
<b>Total OPEB Liability - life insurance - ending</b>	<u>\$ 362,150</u>	<u>280,286</u>	<u>291,522</u>
<b>Covered payroll</b>	<u>\$ 6,539,833</u>	<u>6,109,805</u>	<u>5,690,364</u>
<b>Total OPEB Liability - Life Insurance as a percentage of covered payroll</b>	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		11,121	10,924	10,171
Contribution deficiency (excess)	\$	-	-	-
Covered payroll	\$	6,834,933	6,425,991	5,982,896
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
<b>Total OPEB Liability - Health Insurance</b>			
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 **	<u>(132,787)</u>	<u>(166,304)</u>	<u>(163,990)</u>
<b>Net change in Total OPEB Liability - Health Insurance</b>	263,445	(240,546)	879,790
<b>Total OPEB Liability - health insurance - beginning</b>	<u>7,173,406</u>	<u>7,413,952</u>	<u>6,534,162</u>
<b>Total OPEB Liability - health insurance - ending</b>	<u>\$ 7,436,851</u>	<u>7,173,406</u>	<u>7,413,952</u>
<b>Covered payroll</b>	<u>\$ 2,097,610</u>	<u>2,087,178</u>	<u>2,001,111</u>
<b>Total OPEB Liability - Health Insurance as a percentage of covered payroll</b>	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	<u>37,050</u>	<u>33,579</u>	<u>33,112</u>
c. Total benefit payments	<u>\$ 132,787</u>	<u>166,304</u>	<u>163,990</u>

(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	
<b>Assets</b>											
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>
<b>Liabilities and Fund Balances</b>											
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	<u>(30,189)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(30,189)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(30,189)</u>
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>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>

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

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
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	177,000	177,000	153,688	(23,312)
Expenditures:				
Economic development	112,000	112,000	145,060	(33,060)
Total expenditures	112,000	112,000	145,060	(33,060)
Excess (deficiency) of revenues over (under) expenditures	65,000	65,000	8,628	(56,372)
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)	(56,098)	(56,098)	(30,189)	25,909
Net change in fund balances	8,902	8,902	(21,561)	(30,463)
Fund balances, beginning of year	125,546	125,546	125,546	-
Fund balances, end of year	\$ 134,448	134,448	103,985	(30,463)

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	324,317	324,317	396,891	72,574
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	1,399,424	1,399,424	370,489	1,028,935
Excess (deficiency) of revenues over (under) expenditures	(1,075,107)	(1,075,107)	26,402	1,101,509
Other financing sources (uses):				
Transfers in	1,075,857	1,075,857	-	(1,075,857)
Net change in fund balances	750	750	26,402	25,652
Fund balances, beginning of year	160,286	160,286	160,286	-
Fund balances, end of year	\$ 161,036	161,036	186,688	25,652

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
774,101	(80,675)	(99,778)	(2,141,612)	(2,772,944)	(2,202,019)
<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
3,762,487	2,467,289	2,117,527	(1,178,638)	(2,120,814)	(388,900)
<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)

	2011	2012	2013	2014
<b>Expenses</b>				
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>
<b>Program Revenues</b>				
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)

	2011	2012	2013	2014
<b>General Revenues and</b>				
<b>Other Changes in Net Position</b>				
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	1,606,501	549,169	5,007,698	1,713,937
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	(1,606,501)	(549,169)	(5,007,698)	(1,713,937)
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>
 <b>Change in Net Position</b>				
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
7,747,315	7,412,073	7,479,733	7,383,484	7,763,771	9,865,375
59,421	5,326	5,737	21,862	52,149	32,938
-	-	-	-	-	-
-	-	-	-	675	-
(3,792,711)	(3,228,848)	(3,162,082)	(2,558,930)	(2,625,643)	(4,296,805)
(3,733,290)	(3,223,522)	(3,156,345)	(2,537,068)	(2,572,819)	(4,263,867)
4,014,025	4,188,551	4,323,388	4,846,416	5,190,952	5,601,508
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
2,513,914	6,771,140	1,866,357	1,788,435	1,560,535	2,763,825

**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
<b>Revenues</b>				
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>
<b>Expenditures</b>				
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>
<b>Other financing sources (uses)</b>				
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)

<u>Fiscal Year</u>	<u>Property Tax (1)</u>	<u>Sales Tax</u>	<u>Franchise Tax</u>	<u>Hotel/Motel Occupancy Tax</u>	<u>Total</u>
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

	City of Burnet			Overlapping Rates				Total Direct and Overlapping Rates
					Co Special, Road & Bridge	Burnet C.I.S.D.	Central Texas Water Conservation District	
Fiscal Year	Operating Rate	Debt Service Rate	Total Rate	Burnet County				
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 <sup>(1)</sup>	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.

Table 11

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

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less: Amounts Available in Debt Service Fund</u>	<u>Total</u>	<u>Percentage of Taxable Value (1) of Property</u>	<u>Per Capita (2)</u>
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.

Table 15

**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	1,924	69.39%	1,486	68.20%

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
<b>General government</b>				
Building permits issued	527	233	240	241
Building inspections conducted	1,487	698	733	870
<b>Police</b>				
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
<b>Fire/EMS</b>				
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
<b>Water/Wastewater</b>				
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
<b>Golf Course</b>				
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 Catogory

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

Function/Program	2011	2012	2013	2014
<b>Public safety:</b>				
Police:				
Stations	1	1	1	1
Patrol units	22	22	22	22
Fire:				
Fire stations	1	1	1	1
<b>Culture and recreation:</b>				
Parks acreage	117	117	117	117
Playgrounds	4	4	4	4
RV Park	1	1	1	1
Splash Park	1	1	1	1
Amphitheaters	1	1	1	1
Community/Meeting centers	2	2	2	2
<b>Water:</b>				
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)				
<b>Sewer:</b>				
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)				
<b>Electric:</b>				
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

### **Planned Scope and Timing of the Audit**

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

### **Compliance with All Ethics Requirements Regarding Independence**

The engagement team; others in our firm, as appropriate; and our firm have complied with all relevant ethical requirements regarding independence.

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

#### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City is included in Note 1 to the financial statements. There have been no initial selections of accounting policies and no changes in significant accounting policies or their application during 2020. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

#### *Significant Accounting Estimates*

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

*Allowance for doubtful accounts* -- Management's estimate of the allowance for doubtful accounts is based upon historical loss levels of receivables; and an analysis of the collectibility of aged accounts.

*Useful lives of depreciable assets* -- Management's estimate of useful lives of assets is based upon historical experience and industry suggested standards.

*Assumptions used in pensions and other post-employment benefits* -- Management's estimate of actuarial assumptions is based upon historical experience and industry suggested standards (inflation, payroll growth, investment expected rate of return, morbidity, mortality, etc.)



We evaluated the key factors and assumptions used to develop the estimates described above and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

#### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The financial statement disclosures are neutral, consistent and clear.

#### **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

#### **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. The attached schedules summarize uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole and each applicable opinion unit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually and in the aggregate, to the financial statements taken as a whole and each applicable opinion unit.

#### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the City's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

### **Representations Requested from Management**

We have requested certain written representations from management, which are included in the attached letter.

### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

### **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with the City, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the City's auditors.

### **Other Matters**

We applied certain limited procedures to management's discussion and analysis and the pension/OPEB related schedules, which are required supplementary information ("RSI") that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining schedules of nonmajor governmental funds and the budgetary comparison schedules for the Hotel/Motel Tax and Debt Service funds (collectively, the "supplementary information"), which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the supplementary information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory and statistical sections, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

The Honorable Mayor and City Council  
City of Burnet, Texas  
March 30, 2021  
Page 5

Restriction on Use

This report is intended solely for the information and use of management, the members of the City Council and others within the City and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*Jaymes. Reitmeier, Boyd + Therrell, P.C.*





## City of Burnet

(512) 756-6093  
FAX (512) 756-8560  
[www.cityofburnet.com](http://www.cityofburnet.com)

P. O. Box 1369  
1001 Buchanan Drive, Suite 4  
Burnet, TX 78611

March 30, 2021

Jaynes, Reitmeier, Boyd & Therrell, P. C.  
P. O. Box 7616  
Waco, TX 76714-7616

This representation letter is provided in connection with your audit of the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the 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, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position and results of operations of the various opinion units of the City in accordance with accounting principles generally accepted for governments in the United States of America ("U.S. GAAP").

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of March 30, 2021.

### Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated September 4, 2020, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- 2) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

- 4) We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- 5) We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- 6) We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 7) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 8) Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- 9) All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- 10) The effects of uncorrected misstatements summarized in the attached schedules and aggregated by you during the current engagement are immaterial, both individually and in the aggregate, to the applicable opinion units and to the financial statements as a whole.
- 11) The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- 12) All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
- 13) All funds and activities are properly classified.
- 14) All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, GASB Statements No. 37, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus*, as amended, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
- 15) All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
- 16) Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.



- 17) All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 18) All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
- 19) All interfund and intra-entity transactions and balances have been properly classified and reported.
- 20) Special items and extraordinary items have been properly classified and reported.
- 21) Deposit and investment risks have been properly and fully disclosed.
- 22) Capital assets, including infrastructure assets, are properly capitalized, reported and, if applicable, depreciated.
- 23) All required supplementary information is measured and presented within the prescribed guidelines.
- 24) With respect to financial statement preparation and any other the nonattest services provided, we have performed the following:
  - Made all management decisions and performed all management functions;
  - Assigned a competent individual to oversee the services;
  - Evaluated the adequacy of the services performed;
  - Evaluated and accepted responsibility for the result of the service(s) performed; and
  - Established and maintained internal controls, including monitoring ongoing activities.

#### **Information Provided**

- 25) We have provided you with:
  - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
  - Additional information that you have requested from us for the purpose of the audit; and
  - Unrestricted access to persons within the City from whom you determined it necessary to obtain audit evidence.

- 26) All transactions have been recorded in the accounting records and are reflected in the financial statements.
- 27) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 28) We have provided to you our analysis of the City's ability to continue as a going concern, including significant conditions and events present, and if necessary, our analysis of management's plans, and our ability to achieve those plans.
- 29) We have no knowledge of any fraud or suspected fraud that affects the City and involves:
  - Management
  - Employees who have significant roles in internal control; or
  - Others where the fraud could have a material effect on the financial statements.
- 30) We have no knowledge of any allegations of fraud, or suspected fraud, affecting the City's financial statements communicated by employees, former employees, vendors, regulators, or others.
- 31) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 32) We have disclosed to you the identity of the City's related parties and all the related party relationships and transactions of which we are aware.
- 33) There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- 34) The City has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- 35) We have disclosed to you all guarantees, whether written or oral, under which the City is contingently liable.
- 36) We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* ("GASB 62"). Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.



- 37) We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statements amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- 38) There are no:
- Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
  - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB 62.
  - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB 62.
  - Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).
- 39) The City has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- 40) We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 41) Tax-exempt bonds issued have retained their tax-exempt status.
- 42) We believe that the actuarial assumptions and methods used to measure pension and other postemployment benefit liabilities and costs for financial accounting purposes are appropriate in the circumstances.
- 43) We have reviewed capital assets for impairment whenever events or changes in circumstances have indicated that the carrying amount of the assets might not be recoverable and have appropriately recorded the adjustment.
- 44) We agree with the findings of specialists in evaluating the accuracy and completeness of the net pension liability and the liability for other post-employment benefits and related deferred outflows and deferred inflows, and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.



- 45) We believe that the actuarial assumptions and methods used to measure pension and OPEB liabilities and costs for financial accounting purposes are appropriate in the circumstances.
- 46) We have disclosed to you all assets for which the City would be subject to recording an asset retirement obligation.
- 47) Expenditures of federal awards were below the \$750,000 threshold during the year ended September 30, 2020, and we were not required to have an audit in accordance with Title 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* ("Uniform Guidance").

#### **Supplementary Information in Relation to the Financial Statements as a Whole**

- 48) With respect to the combining schedules of nonmajor governmental funds and budgetary comparison schedules for the Hotel/Motel Tax and Debt Service funds presented as supplementary information ("the supplementary information"):
  - We acknowledge our responsibility for the presentation of supplementary information in accordance with U.S. GAAP.
  - We believe the supplementary information, including its form and content, is fairly presented in accordance with U.S. GAAP.
  - The methods of measurement or presentation have not changed from those used in the prior period.
  - We believe the significant assumptions or interpretations underlying the measurement or presentation of the supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.
  - We acknowledge our responsibility to include the auditor's report on the supplementary information in any document containing the supplementary information and that indicates the auditor reported on such supplementary information.
  - We acknowledge our responsibility to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon.

**Required Supplementary Information**

49) With respect to Management's Discussion and Analysis, the Schedules of Changes in Net Pension / Total OPEB Liabilities and Related Ratios, and the Schedules of Pension / OPEB Contributions and Notes to Schedules of Contributions (collectively, "RSI") accompanying the financial statements:

- We acknowledge our responsibility for the presentation of RSI in accordance with U.S. GAAP.
- We believe the RSI, including form and content, are measured and fairly presented in accordance with U.S. GAAP.
- The methods of measurement or presentation have not changed from those used in the prior period.
- We believe the significant assumptions or interpretations underlying the measurement or presentation of the RSI and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.

Respectfully,

CITY OF BURNET, TEXAS



David Vaughn  
City Manager



Patricia Langford, C.P.A.  
Director of Finance

**Summary of Uncorrected Misstatements - General Fund**

		Financial Statement Effect of Uncorrected Misstatements: Over (Under) Statement					
		Total Assets and Deferred Outflows	Total Liabilities and Deferred Inflows	Fund Balance	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	Net Change in Fund Balance
Amounts Per Financial Statements		4,737,476	699,426	4,038,050	13,603,009	13,392,767	210,242
Effect of Current Period Uncorrected Misstatements		(76,600)	(44,500)	(32,100)	(32,100)	-	(32,100)
Effect of Prior Period Uncorrected Misstatements					61,900	-	61,900
Net Effect of Uncorrected Misstatements		(76,600)	(44,500)	(32,100)	29,800	-	29,800
No.	Description						
1	Understatement of accrued franchise tax revenues and related deferred inflow - historically not accrued by the City	(76,600)	(44,500)	(32,100)	(32,100)	-	(32,100)

# Summary of Uncorrected Misstatements - Governmental Activities

<i>Financial Statement Effect of Uncorrected Misstatements: Over (Under) Statement</i>						
	<i>Total Assets and Deferred Outflows</i>	<i>Total Liabilities and Deferred Inflows</i>	<i>Net Position</i>	<i>Revenues</i>	<i>Expenses</i>	<i>Change in Net Position</i>
Amounts Per Financial Statements	47,594,307	14,928,798	32,665,509	15,614,364	13,565,811	2,048,553
Effect of Current Period Uncorrected Misstatements	(76,600)	-	(76,600)	(76,600)	-	(76,600)
Effect of Prior Period Uncorrected Misstatements				99,700	-	99,700
Net Effect of Uncorrected Misstatements	(76,600)	-	(76,600)	23,100	-	23,100
No.	<i>Description</i>					
1	Understatement of accrued franchise tax revenues - historically not accrued by the City					
	(76,600)	-	(76,600)	(76,600)	-	(76,600)





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 | jrbl.com

The Honorable Mayor, Members of the  
City Council and Management  
City of Burnet, Texas:

In planning and performing our audit of the basic financial statements of the City of Burnet, Texas (the "City") as of and for the year ended September 30, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting ("internal control") as a basis for designing audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible.* The chance of the future event or events occurring is more than remote but less than likely.
- *Probable.* The future event or events are likely to occur.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified

This communication is intended solely for the information and use of management, the City Council, and others within the City and is not intended to be and should not be used by anyone other than these specified parties.

*Jaynes, Reitmeier, Boyd + Therrell, P.C.*

March 30, 2021

STATE OF TEXAS                    {}  
COUNTY OF BURNET               {}  
CITY OF BURNET                   {}  
  
\_\_\_\_\_  
Notary Public in and for the State of Texas  
My Commission Expires \_\_\_\_\_

On this the 23<sup>rd</sup> day of March 2021, the City Council of the City of Burnet, TX convened in Regular Session, at 6:00 p.m., at the Burnet Community Center, 401 E. Jackson Street, Burnet, TX. In order to advance the public health goal of limiting face-to-face meetings (also called “social distancing”) to slow the spread of the Coronavirus (COVID-19), a Declaration of a Public Health Emergency was executed by Mayor Bromley on March 19, 2020. The Burnet Community Center was open to public attendance and the guidelines established by Governor Abbott in Executive Order 32 related to social gatherings and COVID-19 were adhered to. The following subjects were discussed, to-wit: Mayor: Crista Goble Bromley

Council Members:	Cindia Talamantez, Danny Lester, Paul Farmer, Philip Thurman, Mary Jane Shanes
Absent	Tres Clinton
City Manager	David Vaughn
City Secretary	Kelly Dix

Guests: Habib Erkan, Adrienne Feild, Kelli Sames, Sid Fuller, Jason Davis, Mark Ingram, Gene Courtney, Patricia Langford, Alan Burdell, Mark Miller, Tony Nash

**CALL TO ORDER:** The meeting was called to order by Mayor Bromley, at 6:00 p.m.

**ROLL CALL:** City Secretary Kelly Dix called the roll. Mayor Bromley, Council Members Lester, Farmer, Thurman, Talamantez and Shanes were present. Council Member Clinton was absent. Quorum was established.

**REPORTS/SPECIAL PRESENTATIONS:**

Addendum to the City Council Agenda: Department and Committee Reports/Briefings: The City Council may or may not receive a briefing dependent upon activity or change in status regarding the matter. The listing is provided to give notice to the public that a briefing to the Council on any or all subjects may occur.

Burnet Chamber of Commerce Report: Pass.

February 2021 Financial Report: P. Langford: Director of Finance Patricia Langford presented the February 2021 Financial Report. Ms. Langford reviewed month to date revenue, expenses, and fund balance of each fund. All funds are tracking well above budget projections. Sales Tax revenue is still tracking above projected revenue.

CONSENT AGENDA ITEMS:

(All of the following items on the Consent Agenda are considered to be self-explanatory by the Council and will be enacted with one motion. There will be no separate discussion of these items unless a Council Member, staff member or citizen requests removal of the item from the consent agenda for the purpose of discussion. For removal of an item, a request must be made to the Council when the Consent Agenda is opened for Council Action.)

Approval of the March 9, 2021 Regular City Council Meeting Minutes: Council Member Cindia Talamantez moved to approve the consent agenda as presented. Council Member Mary Jane Shanes seconded. The motion carried unanimously.

PUBLIC HEARING: None.

---

---

**ACTION ITEMS:**

Discuss and consider action: City Council shall receive information from the City Manager on the status of the COVID-19 pandemic's impact on the City and may discuss, give direction, or take action to implement, extend, modify, or terminate plans or programs in response to the pandemic: D. Vaughn: Fire Chief Mark Ingram informed all present that the current statistics are 115 new cases in the past two weeks and 61 fatalities total for the County. Chief Ingram also informed Council the Rapid Testing Program and Anti-body testing are still being held at the Fire Station by appointment. The Fire Department has completed three immunization clinics to date, dispensing 500 immunizations at each clinic. The next scheduled clinic will be held on April 5, 2021 and 1,100 immunizations are scheduled to be dispensed.

Discuss and consider action: AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF BURNET, TEXAS, AUTHORIZING THE ISSUANCE AND SALE OF CITY OF BURNET, TEXAS, GENERAL OBLIGATION REFUNDING BONDS; PROVIDING FOR THE SECURITY FOR AND PAYMENT OF SAID BONDS; PRESCRIBING THE FORM OF SAID BONDS; APPROVING ANY OFFICIAL STATEMENT, BOND PURCHASE AGREEMENT, PAYING AGENT/REGISTRAR AGREEMENT AND ESCROW AGREEMENT; ESTABLISHING THE PROCEDURES FOR SELLING AND DELIVERING THE BONDS;

AND ENACTING OTHER PROVISIONS RELATING TO THE SUBJECT. D. Vaughn: Council Member Paul Famer moved to approve Ordinance No. 2021-08 as presented. Council Member Mary Jane Shanes seconded. The motion carried unanimously.

Discuss and consider action: Appointment of Judge Jane Marie Hurst as Associate Judge: D. Vaughn: Council Member Philip Thurman moved to appoint Judge Jane Marie Hurst as an Associate Judge for the Burnet Municipal Court. Council Member Cindia Talamantez seconded. The motion carried unanimously.

Discuss and consider action: A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF BURNET, TEXAS, REGARDING THE APPLICATION OF ATMOS ENERGY CORPORATION – MIDTEX DIVISION, TO INCREASE RATES UNDER THE GAS RELIABILITY INFRASTRUCTURE PROGRAM; SUSPENDING THE EFFECTIVE DATE OF THIS RATE APPLICATION FOR FORTY-FIVE DAYS; AUTHORIZING THE CITY TO CONTINUE TO PARTICIPATE IN A COALITION OF CITIES KNOWN AS THE "ATMOS TEXAS MUNICIPALITIES;" DETERMINING THAT THE MEETING AT WHICH THE RESOLUTION WAS ADOPTED COMPLIED WITH THE TEXAS OPEN MEETINGS ACT; MAKING SUCH OTHER FINDINGS AND PROVISIONS RELATED TO THE SUBJECT; AND DECLARING AN EFFECTIVE DATE. G.

Courtney: Council Member Philip Thurman moved to approve Resolution R2021-13 as presented. Council Member Mary Jane Shanes seconded. The motion carried unanimously.

Discuss and consider action: Staff requests Council Direction pertaining to the live broadcast of City Council Meetings on Facebook. D. Vaughn: Pass, no action taken.

Discuss and consider action: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BURNET, TEXAS AUTHORIZING THE CITY MANAGER TO ENTER INTO AN AGREEMENT WITH WCR CONSTRUCTION, LLC FOR THE REPLACEMENT OF THE HALEY NELSON AMPHITHEATER ROOF; AUTHORIZING A CONTRACT CONTINGENCY FUND; AND AUTHORIZING A BUDGET AMENDMENT TO THE PARKS CAPITAL FUND: G. Courtney: Council Member Danny Lester moved to approve Resolution R2021-14 with the caveat to use the LCRA funds designated for parks improvements and for the color of the roof to be the tan. Council Member Cindia Talamantez seconded. The motion carried unanimously.

Discuss and consider action: Authorizing the City Manager to enter into an agreement with Quatro Consults to provide the City of Burnet an updated Risk and Resilience Assessment and Emergency Response Plan: A. Burdell: Council Member Philip Thurman moved to authorize and approve the City Manager to execute an agreement with Quatro Consults to provide the City of Burnet an updated Risk and Resilience Assessment and Emergency Response Plan as presented. Council Member Paul Farmer seconded. The motion carried unanimously.

Discuss and consider action: Authorizing approval for one additional police officer position for the Burnet Police Department: S. Fuller: Council Member Philip Thurman moved to approve and authorize an additional officer for the Burnet Police Department as presented. Council Member Mary Jane Shanes seconded. The motion carried unanimously.

Discuss and consider action: A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF BURNET, TEXAS ACCEPTING THE RELEASE OF A 0.125 ACRE ACCESS EASEMENT AND AUTHORIZING THE EXECUTION OF A 0.097 ACRE ACCESS EASEMENT AGREEMENT TO PROVIDE DELAWARE SPRINGS UNIT 24 ACCESS AT A DIFFERENT LOCATION ON OAK VISTA DRIVE.: H. Erkan: Council Member Mary Jane Shanes moved to approve Resolution R2021-15 as presented. Council Member Philip Thurman seconded. The motion carried unanimously.

Discuss and consider action: Discuss and consider action: Staff requests Council direction on re-organization of the Department of Development Services: D. Vaughn: Council Member Philip Thurman moved to approve the re-organization of the Department of Development Services by splitting the Directors position to two full time positions. Council Member Mary Jane Shanes seconded. The motion carried unanimously.

CONVENE TO EXECUTIVE SESSION:

The City of Burnet City Council shall convene in closed session pursuant to Texas Gov't Code Ann. § 551.086 concerning the municipally owned electric utility: D. Vaughn: Council Member Mary Jane Shanes made a motion to convene to Executive Session at 7:30 p.m. Council Member Paul Farmer seconded. The motion carried unanimously.

RECONVENE TO REGULAR SESSION:

Council Member Danny Lester made a motion to re-convene to Regular Session at 7:54 p.m. Council Member Paul Farmer seconded. The motion carried unanimously. No action followed.

REQUESTS FROM COUNCIL FOR FUTURE REPORTS: In accordance with Resolution R2020-28 councilmembers may request the City Manager to prepare and present future report on matters of public interest. None.

ADJOURN: There being no further business a motion to adjourn was made by Council Member Mary Janes Shanes at 7:55 p.m., seconded by Council Member Danny Lester. The motion carried unanimously.

.

---

Crista Goble Bromley, Mayor

**ATTEST:**

---

Kelly Dix, City Secretary



STATE OF TEXAS            {}  
COUNTY OF BURNET       {}  
CITY OF BURNET           {}

On this the 1<sup>st</sup> day of April 2021, the City Council of the City of Burnet, TX convened in Special Session, at 5:00 p.m., in the Council Chambers, located at the Burnet Municipal Airport, 2402 S. Water, Burnet, Tx. In order to advance the public health goal of limiting face-to-face meetings (also called “social distancing”) to slow the spread of the Coronavirus (COVID-19), a Declaration of a Public Health Emergency was executed by Mayor Bromley on March 19, 2020. The Council Chambers will be closed to public attendance. A toll-free conference line was also established for access via Zoom by calling 888-475-4499 Password 695992; the following subjects were discussed, to-wit:

Mayor (attended in person)	Crista Goble Bromley
Council Members:(attended via Zoom)	Cindia Talamantez, Tres Clinton, Danny Lester, Paul Farmer, Philip Thurman, Mary Jane Shanes
City Manager	David Vaughn
City Secretary	Kelly Dix
Guests: Habib Erkan, Adrienne Feild, (present in Chambers)	

CALL TO ORDER: The meeting was called to order by Mayor Bromley, at 5:00 p.m.

ROLL CALL: City Secretary Kelly Dix called the roll. Mayor Bromley, Council Members Lester, Farmer, Thurman, Talamantez and Shanes attended via Zoom. Council Member Clinton was absent. Quorum was established.

REPORTS/SPECIAL PRESENTATIONS: None.

Addendum to the City Council Agenda: Department and Committee Reports/Briefings: The City Council may or may not receive a briefing dependent upon activity or change in status regarding the matter. The listing is provided to give notice to the public that a briefing to the Council on any or all subjects may occur.

CONSENT AGENDA ITEMS: None.

*(All of the following items on the Consent Agenda are considered to be self-explanatory by the Council and will be enacted with one motion. There will be no separate discussion of these items unless a Council Member, staff member or citizen requests removal of the item from the consent agenda for the purpose of discussion. For removal of an item, a request must be made to the Council when the Consent Agenda is opened for Council Action.)*

PUBLIC HEARING: None.

ACTION ITEMS:

Discuss and consider action: A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF BURNET, TEXAS, ALLOWING DEVELOPER OF THE WANDERING OAKS SUBDIVISION TO PROVIDE A LETTER OF CREDIT AS ASSURANCE PUBLIC IMPROVEMENTS SHALL BE CONSTRUCTED AND AUTHORIZING THE RECORDATION OF THE “FINAL PLAT” IN THE PUBLIC RECORDS OF THE COUNTY CLERK OF BURNET COUNTY, TEXAS: D. Vaughn; Council Member Danny Lester moved to approve Resolution R2021-16 as presented. Council Member Paul Farmer seconded. City Secretary Kelly Dix called a roll vote. Council Members Lester, Thurman, Shanes, Farmer, Talamantez and Mayor Bromley all voted in favor. The motion carried unanimously.

REQUESTS FROM COUNCIL FOR FUTURE REPORTS: In accordance with Resolution R2020-28 councilmembers may request the City Manager to prepare and present future report on matters of public interest. Council Member Philip Thurman requested a report on damaged infrastructure due to Winter Storm Uri.

ADJOURN: There being no further business a motion to adjourn was made by Council Member Mary Janes Shanes at 5:10 p.m., seconded by Council Member Danny Lester. City Secretary Kelly Dix called a roll vote. Council Members Lester, Thurman, Shanes, Farmer, Talamantez and Mayor Bromley all voted in favor. The motion carried unanimously.

**ATTEST:**

---

Crista Goble Bromley, Mayor

---

Kelly Dix, City Secretary



Development Services

ITEM 3.1

Habib Erkan Jr.  
Assistant City Manager  
512-715-3201  
herkan@cityofburnet.com

Agenda Item Brief

**Meeting Date:** April 13, 2021

**Agenda Item:** Public Hearing: The City Council of the City of Burnet shall conduct a public hearing to receive public testimony and comments on the merits of a request to rezone property located at 603 E Pecan St. (Legal Description: S8450 Vanderveer/Alexander, Lot 4 & Pt of 1, Block 38). The request is to rezone the property from its present designation of Duplex – District “R-2” to a designation of Multi-family Residential – District “R-3”: H. Erkan, Jr.

**Background:** The subject property was rezoned to Duplex – District “R-2” from Manufactured home – District “M-1” in 2016. The applicant owns the property directly south of the subject property. That property was rezoned to Multi-family Residential – District “R-3” to allow the development of an apartment complex.

**Information:** Multi-family Residential – District “R-3” allows apartments provided each dwelling unit has a minimum of 500 square feet of living area; and buildings do not exceed two stories.

This rezoning will allow the applicant to increase the buildable space of the proposed apartment complex.

**Staff Analysis:** The Future Land Use Map (Exhibit B) designation for the area is residential. The proposed Multi-family Residential – District “R-3” zoning is appropriate in this area.

Properties adjacent to the subject property are zoned as follows:

	North	South	East	West
<b>Zoning</b>	“R-1”	“R-3”	“R-1”	“R-1”
<b>FLUM</b>	Residential	Residential	Residential	Residential
<b>Land Use</b>	Single-Family Residential	Multi-Family Residential / Vacant	Single-Family Residential	Single-Family Residential

**Public Notification:** A Notice of Public Hearing was published in the Burnet Bulletin on March 24, 2021, and written notices were mailed to sixteen (16) surrounding property owners within 200 feet of the subject property.

**P&Z Report:** P&Z conducted a scheduled public hearing and recommended approval of the requested zone change on April 5, 2021.

Exhibit "A"  
Location & Current Zoning Map

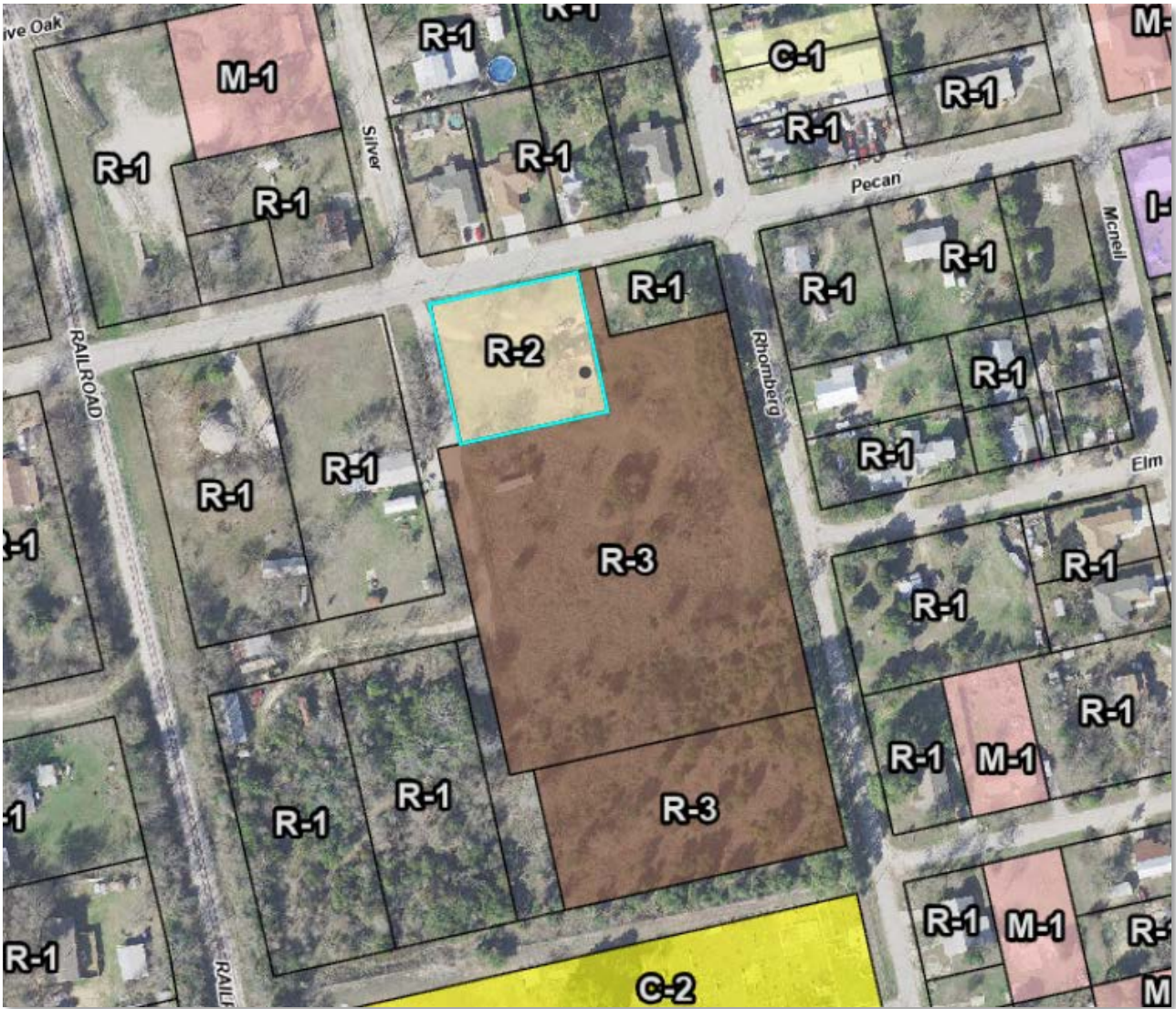








Exhibit “B”  
Future Land Use Map



- 

Government
- 

Commercial
- 

Residential
- 

Open Space





Development Services

ITEM 3.2

Habib Erkan Jr.  
Assistant City Manager  
512-715-3201  
herkan@cityofburnet.com

Agenda Item Brief

**Meeting Date:** Tuesday, April 13, 2021

**Agenda Item:** The City Council will conduct a public hearing to receive public testimony and comments on the merits of an application for a conditional use permit to allow a Car Wash in a Light Commercial – District “C-1” located at the south east intersection of N Water St and Taggard St., legally described as ABS A0405 John Hamilton, .4839 acres: H. Erkan

**Background:** The subject property is currently undeveloped and is located at the intersection of north highway 281 and Taggard (Exhibit A). Under the City of Burnet’s Code of Ordinances, Sec. 118-45 (b), “Carwash” is an allowable use in a C-1 district with a conditional use permit. Conditional Use Permits may be granted, by the City Council, after receiving a recommendation from the Planning and Zoning Commission (the “commission”).

**Information:** The Conditional Use Permit approval process is established by Code of Ordinances Sec. 118-64; Subsection (e). Per the cited section in making its recommendation the Commission should consider the following:

- Appearance, size, density and operating characteristics are compatible with surrounding neighborhood and uses;
- Proposed use will not adversely affect value of surrounding properties nor impede their proper development;
- Proposed use will not create a nuisance factor nor otherwise interfere with a neighbor's enjoyment of property or operation of business;
- Traffic generated on existing streets will not create nor add significantly to congestion, safety hazards, or parking problems, and will not disturb peace and quiet of neighborhood;
- Comply with other applicable ordinances and regulations.

The Future Land Use Map (Exhibit B) designation for the subject property is Commercial.

Properties adjacent to the subject property are zoned as follows:

	North	South	East	West
<b>Zoning</b>	“C-1”	“C-1”	“R-1”	“R-1”
<b>FLUM</b>	Commercial	Commercial	Commercial	Commercial
<b>Land Use</b>	Light Commercial/ Hair Salon	Light Commercial/ Office	Single-Family Residential	Single-Family Residential

**Staff Analysis:** Staff has reviewed the information provided by applicant (Exhibit C) and can confirm the general criteria for a Conditional Use Permit will be met.

- A car wash is consistent with other commercial development in the area.

- The subject property is a vacant lot surrounded by developed lots and therefore will not impede any neighboring development.
- Code of Ordinances, Sec. 118-62 (4) Screening of incompatible uses protects the single-family residential property owners to the east of the subject property.
- A car wash will not significantly increase traffic more than other allowable uses in this C-1 district.

**Public Notification:** A Notice of Public Hearing was published in the Burnet Bulletin on March 24, 2021, and written notices were mailed to nineteen (19) surrounding property owners within 200 feet of the subject property. As of April, 9, 2021, there are no responses.

**Commission Report:** The commission conducted a scheduled public hearing and recommended approval of the Conditional Use Permit on April 5, 2021.

Exhibit "A"  
Location & Current Zoning Map





Exhibit "B"





Future Land Use Map



- 

Government
- 

Commercial
- 

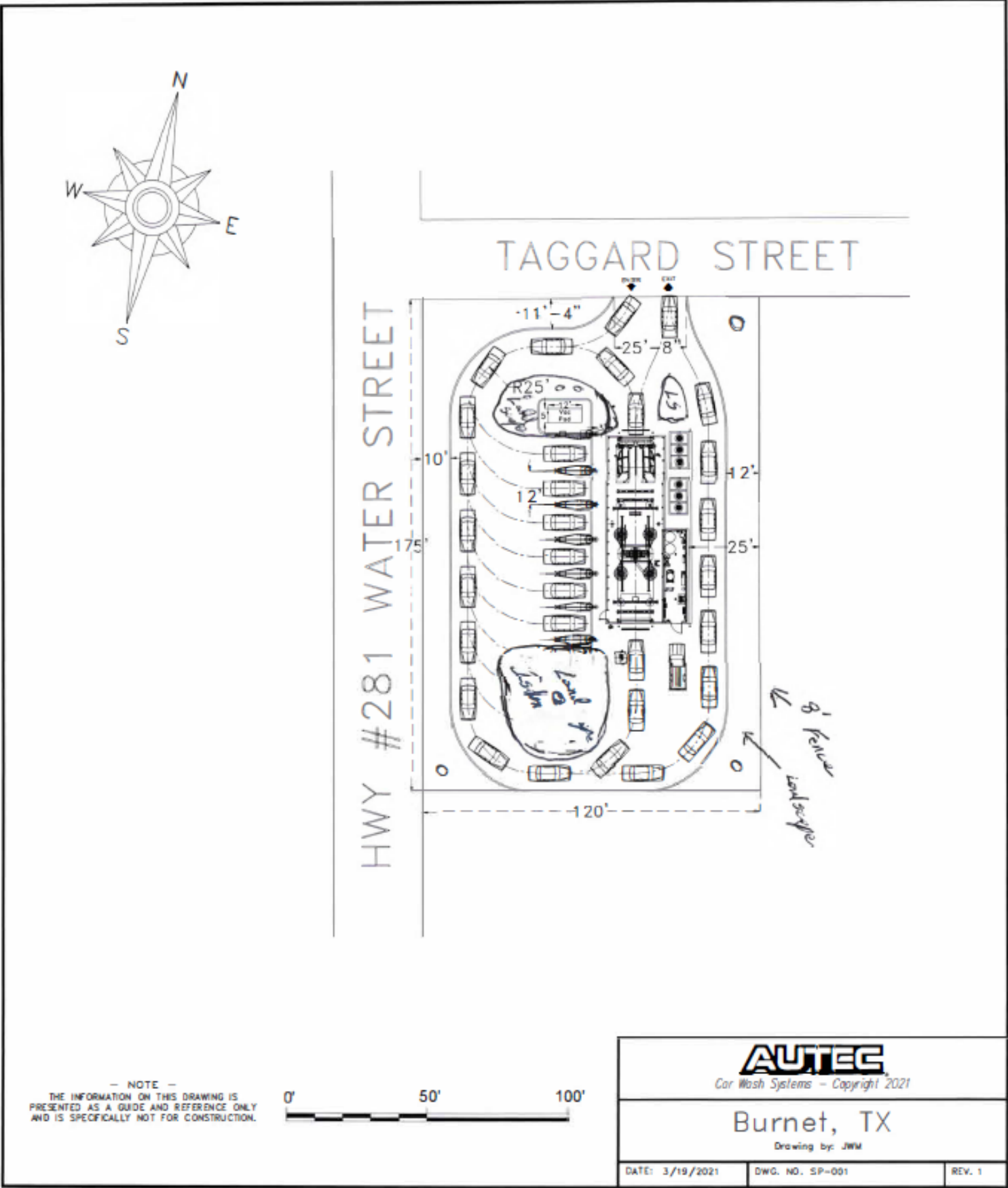
Residential
- 

Open Space



Exhibit "C"

Preliminary Site Plan



**Exhibit “C”**

**Example Picture**





## Administration

### ITEM 4.1

David Vaughn  
City Manager  
512.715.3208  
dvaughn@cityofburnet.com

## Agenda Item Brief

**Meeting Date:** March 23, 2021

**Agenda Item:** Discuss and consider action: City Council shall receive information from the City Manager on the status of the COVID-19 pandemic's impact on the City and may discuss, give direction, or take action to implement, extend, modify or terminate plans or programs in response to the pandemic: D. Vaughn

**Background:**

**Information:**

**Fiscal Impact:**

**Recommendation:** To be determined by Council



## Development Services

## ITEM 4.2

Habib Erkan  
Assistant City Manager  
512-715-3201  
herkan@cityofburnet.com

### Agenda Item Brief

**Meeting Date:** April 13, 2021

**Agenda Item:** Discuss and consider action: A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF BURNET, TEXAS APPROVING AN AGREEMENT WITH HILLTOP LLC RELATED TO THE DEVELOPMENT OF A 96 LOT MANUFACTURE HOME SUBDIVISION IN THE CITY'S EXTRATERRITORIAL JURISDICTION H. Erkan

**Background:** Hilltop Oaks, LLC (developer) is the owner of 76 acres of land located in the city's extraterritorial jurisdiction, south of W. State Hwy 29 and east of FM 3509. The developer plans to develop the land as a 96 unit manufactured home subdivision. The developer has requested water service from the city. Chapter 212, Subchapter G of the Texas Local Government Code authorizes the city and developer to enter into a development agreement to assure the development of a properly planned and sustainable project.

**Information:** The development agreement before council this evening provides for:

#### Requirements (Homes):

- Each home shall be located on a separate subdivided lot with a minimum lot size shall be one-half acre.
- All homes shall be on a permanent concrete foundation;
- All homes shall have a 2 car garage;
- All homes shall have rock underpinning on front and two sides;
- All homes shall have covered front decks at entry;
- All homes shall be restricted from having anything placed or stored in front yard; and

- All homes shall install privacy fence if anything is placed or stored in back or side yards so as not to be visible from the street.

#### **Requirements (Infrastructure)**

- Private streets maintained by an HOA; but constructed to city code standards;
- Drainage facilities maintained by an HOA; but constructed to city code standards; and
- Water service to be provided by city in accordance with city code construction standards and fee requirements.
- Park fee shall be paid in lieu of parkland dedication.
- Sanitary sewer will be served by onsite septic systems.

**Annexation and zoning:** Project shall be annexed into the city as a condition of receiving water service. As council cannot contractually agree the project will receive permanent “M-1” zoning the agreement serves to provide the project with continuation of land use rights for a manufactured home park.

#### **Fiscal Impact:**

Upon annexation and establishment of water service the city will receive both water service and property tax revenue from the project. The city will incur costs for providing police, fire, emergency service and code compliance services. Additionally, the city will responsible for maintenance of public water lines; but, shall not be responsible for the repair or maintenance of internal streets.

#### **Recommendation:**

Approve and adopt Resolution No. R2021-17 as presented.

## **RESOLUTION NO. R2021-17**

### **A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF BURNET, TEXAS APPROVING AN AGREEMENT WITH HILLTOP LLC RELATED TO THE DEVELOPMENT OF A 96 LOT MANUFACTURE HOME SUBDIVISION IN THE CITY'S EXTRATERRITORIAL JURISDICTION**

**Whereas**, subchapter G of the Texas Local Government Code authorizes a municipality to enter into an agreement with the owner of land in the municipality's extraterritorial jurisdiction; and

**Whereas**, such agreement may include terms related to the current and future uses of the land, streets, drainage, water, sewer facilities and other utilities, the application of the municipality's development rules, and future annexation; and

**Whereas**, Hilltop LLC (hereinafter the "Developer") desires to develop 75.87 acres of land into a 96 unit manufactured home park (hereinafter the "Project"); and

**Whereas**, the Developer has approached the City with a request that the parties enter into an agreement (hereinafter the "Development Agreement" to address the provision of water to the Project and annexation of the Project; and

**Whereas**, City Council is amenable to entering into a Development Agreement provided the terms of such agreement provide developmental safeguards assuring the Project provides beneficial and sustainable housing stock to the community.

**NOW, THEREFORE, BE IT RESOLVED BY CITY COUNCIL OF THE CITY OF BURNET, TEXAS, THAT:**

**Section one. Findings.** That the recitals to this Resolution are incorporated herein for all purposes.

**Section two. Approval.** The Development Agreement attached hereto is hereby approved.

**Section three. Authorization.** The Mayor is hereby authorized to execute a Development Agreement in substantial form as the attachment hereto; and is further authorized to execute such ancillary documents, and take such actions, as may be reasonably necessary to facilitate the purpose of this resolution.

**Section four. Recordation.** Upon the full execution of the Development Agreement the City Secretary is authorized and directed to record same in the Public Records of Burnet County, as required by law, and at Developer's expense.

**Section five. Open Meetings.** It is hereby officially found and determined that the meeting at which this resolution was passed was open to the public and that public notice of the time, place and purpose of said meeting was given as required by the Open Meetings Act.

**Section six. Effective Date.** That this resolution shall take effect immediately upon its passage, and approval as prescribed by law.

**PASSED AND APPROVED** this the 14<sup>th</sup> day of April, 2021.

**CITY OF BURNET, TEXAS**

**ATTEST:**

---

Crista Goble Bromley, Mayor

---

Kelly Dix, City Secretary



THE STATE OF TEXAS

§

KNOW ALL BY THESE PRESENTS

COUNTY OF BURNET

§

§

### DEVELOPMENT AGREEMENT

This Agreement is entered into by and between the **City of Burnet**, a Texas home-rule municipality, (hereinafter referred to as “City”), and **Hilltop Oaks, LLC**, a Texas limited liability company (hereinafter referred to as “Developer”), for the purpose of setting forth the terms and obligations between City and Developer (hereinafter referred to collectively as the “Parties”), with respect to the development of approximately 76 acres of land located within the Extra-Territorial Jurisdiction of the City, being more specifically identified on **Exhibit “A”** attached hereto (hereinafter referred to as “Project Property”) as follows:

WHEREAS, the Developer intends to develop a manufactured/modular home community, which shall include approximately 92 lots (hereinafter referred to as “Project”); and

WHEREAS, the Developer has requested the execution of a Development Agreement pursuant to Chapter 212, Subchapter G of the Texas Local Government Code to assure the development of a properly planned and sustainable Project; and

WHEREAS, the City and Developer, in mutual consideration for this Agreement, have agreed to the future uses allowed on the Project Property in order to promote the Project Property in such a manner that provides for the orderly development of the Project; NOW THEREFORE:

In consideration for the mutual promises and covenants contained herein, the Parties agree as follows:

#### **I. Terms and Conditions**

**A. Terms and Conditions.** Except as otherwise indicated within this Agreement, the Developer shall comply with City ordinances, rules and regulations relating to the subdivision of property. The “Effective Date” shall be the date on which City Council approves the Agreement by Resolution.

1. **Description of the Project Property.** Developer’s Project Property is approximately 76 acres of land located in the extraterritorial jurisdiction of the City of Burnet, Burnet County, Texas as more fully depicted on the survey map attached hereto as **Exhibit “A.”**
2. **Project Property Ownership.** The owner of the Project Property is Developer.
3. **Project.** The Project is proposed to be manufactured/modular home community, which shall include approximately 92 lots. Developer acknowledges and agrees the following shall apply to the Project.

Initials City: \_\_\_\_ Developer: \_\_\_\_



- (a) Each home shall be located on a separate subdivided lot with a minimum lot size shall be one-half acre.
- (b) All homes shall be on a permanent concrete foundation;
- (c) All homes shall have a 2 car garage;
- (d) All homes shall have rock underpinning on front and two sides;
- (e) All homes shall have covered front decks at entry;
- (f) All homes shall be restricted from having anything placed or stored in front yard; and
- (g) All homes shall install privacy fence if anything is placed or stored in back or side yards so as not to be visible from the street.

4. **Duration.** This Agreement shall extend for a term of ten (10) years from the effective date.

5. **Development Plan.**

- (a) **Annexation.** As described in Section 7, Developer shall request water service from the City. As a prerequisite to receiving water service Developer shall petition the City to voluntarily annex the Project Property; and upon the completion of such annexation water service shall be made available to developer.
- (b) **Zoning.** The Project Property shall receive permanent zoning within a reasonable time after annexation by the City's initiation of a zoning case for a Planned Unit Development/Manufactured Home Subdivision. All applicable terms and conditions of this Agreement shall be incorporated into the Planned Unit Development Plan. The Parties acknowledge that council cannot legally bind itself to granting a specific zoning designation under this Agreement; and should council fail to designate the Project Property with a zoning designation allowing manufactured homes, as provided herein, the Parties acknowledge the Project Property's shall enjoy statutory continuation of use rights as stated in the subsection below.
- (c) **Continuation of use rights.** Provided the Project conforms to the terms and conditions contained herein, this Agreement is a permit as defined by Texas Local Government Code Chapter 245; and, pursuant to Texas Local Government Code Sec. 43.002, and Sec. 211.017, Developer may continue the development and use of the Project Property, as described herein.
- (d) **Property Owner's Association.** Developer shall impose restrictive covenants and conditions on the Project Property, which shall include the requirements of Section 3 herein. Developer shall form a mandatory Property Owner's Association, whose governing body shall be elected by the members, have the authority to enforce the restrictive covenants and conditions, and have the authority to impose dues and special assessments as may be

required to provide capital to maintain, repair, or replace all streets, roads, drainage, common areas and other facilities owned in common by the members.

6. **Municipal Regulations.** The Project shall be developed in compliance with City ordinances, rules and regulations relating to the subdivision of property; and the conditions and limitations of Section 118-38 of the City Code (entitled “Manufactured home – District “M-1”); as may be modified by a Planned Unit Development Plan approved by City Council. In the event of a direct conflict between the subdivision ordinance, or the Planned Unit Development Plan, and this Agreement, the stricter shall prevail. In the event of a direct conflict between Section 118-38 and this Agreement this Agreement shall prevail.
7. **Project Infrastructure.**
  - (a) **Streets and Roads.** This Project shall connect to the public road system by Texas Highway 29; and shall have a minimum of two connections to the public road system as, and when, required by the subdivision ordinance and building code. Internal streets and roads shall be constructed to City public road standards; but shall be owned in common by members of the Property Owner’s Association, who shall be responsible for all maintenance, repair, and replacement of such roads.
  - (b) **Land, Streets and Roads Drainage.** Drainage ways, detention/retention/water quality facilities and other drainage facilities shall be constructed in compliance with City ordinances, rules and regulations relating to the subdivision of property; but shall be owned in common by members of the Property Owner’s Association, who shall be responsible for all maintenance, repair, and replacement of such drainage facilities.
  - (c) **Water and sewer.** Water service shall be available to the Project upon Annexation of the Project Property. All construction described herein shall comply with City ordinances, rules and regulations relating to provision of water service. All construction costs shall be at Developer’s sole expense. As water service shall be obtained from a water transmission line, the contractor Developer selects to install water taps must be approved by City prior to commencing any work. Utility connection fees, and impact fees shall be accessed for the Project and paid as required by City ordinances, rules and regulations relating to provision of water service. Sanitary sewer shall be provided to each lot by the installation of a septic tank on each lot. The installation, maintenance, repair, and replacement of each septic tank shall be in compliance with applicable federal, state and local laws.

- (d) **Parkland.** Developer shall pay parkland dedication fees, in such amount as prescribed in chapter 98, article V, in lieu of parkland dedication.

8. **Use and Development of Project Property.**

- (a) **Current Use.** Agricultural.
- (b) **Proposed use.** Single family development as described as the Project herein.

**II. General Provisions**

**A. Severability**

If any clause or provision of this Agreement is held invalid, illegal or unenforceable under present or future federal, state or local laws, including but not limited to the charter, code, or ordinances of City, then and in that event it is the intent of the parties hereto that such invalidity, illegality or unenforceability shall not affect any other clause or provision hereof and that the remainder of this Agreement shall be construed as if such invalid, illegal or unenforceable clause or provision was never contained herein. It is also the intent of the parties hereto that in lieu of each clause or provision of this Agreement that is invalid, illegal, or unenforceable, there be added as a part of this Agreement a clause or provision as similar in terms to such invalid, illegal or unenforceable clause or provision as may be possible, legal, valid and enforceable.

**B. Modification and Notification**

Any modification to this Agreement must be in writing and signed by each party hereto, or its successors, or they shall not be binding upon any of the Parties hereto.

**C. Successors and Assigns**

The terms of this Agreement shall be binding upon and inure to the benefits of the Parties and their respective successors, assigns, and legal representatives. The Parties agree that, upon execution, this Agreement shall be filed in the Deed Records of Burnet County, Texas, and shall run with the land binding all future owners or purchasers of all or any part of the Project Property, except as provided in Texas Local Government Code Section 212.172(f).

**D. No Partnership**

Neither this Agreement nor any part thereof shall be construed as creating a partnership, joint venture or other business affiliation among the Parties or otherwise.

**E. Entire Agreement**

This Agreement and the exhibits hereto supersede any and all other prior contemporaneous agreements, oral or written, among the Parties hereto with respect to the development of the Project Property.

**F. Notices**

All notices given with respect to this Agreement shall be in writing and being delivered upon receipt if hand delivered or sent by confirmed facsimile transmission and, if mailed, deemed received on the third business day after deposit in the United States Mail, postage prepaid, addressed to the Parties as shown below.

**If to the City:**

City of Burnet  
Attn. City Manager  
PO Box 1369  
1001 Buchanan Drive, Suite 4  
Burnet, Texas 78611  
Telephone: 512-756-6093  
Fax: 512-756-8586  
[citymanager@cityofburnet.com](mailto:citymanager@cityofburnet.com)

**If to Developer:**

Hilltop Oaks, LLC.  
David Bowen  
[davidbowen@kw.com](mailto:davidbowen@kw.com),  
512-750-1189

**G. Enforcement**

This Agreement may be enforced by the other party through specific performance. Either party shall have the right to cure any default within thirty (30) days after notice of said default having been provided by the non-defaulting party. In the event legal action is necessary to enforce the terms of this Agreement, the prevailing party shall be entitled to attorney's fees, court costs, as well as any other damages found by a court of competent jurisdiction to be owed as a result of the breach.

**H. Signature Warranty Clause**

The signatories in this Agreement represent a warrant that they have the authority to execute this Agreement on behalf of City and Developer, respectively.

Signature page to follow.

To be effective this \_\_\_\_ day of April 2021.

**City**  
**City of Burnet**

**Developer**  
**Hilltop Oaks, LLC**

\_\_\_\_\_  
Crista Bromley, Mayor

\_\_\_\_\_  
David Bowen,  
managing member

**State of Texas**

**County of Burnet**

This instrument was acknowledged before me on the \_\_\_\_ day of April 2021 by Crista Bromley, mayor of the City of Burnet, a Texas home rule municipality.

(Personalized Seal)

Notary Public's Signature

**State of Texas**

**County of Burnet**

This instrument was acknowledged before me on the \_\_\_\_ day of March 2021 by David Bowen, a manager of Hilltop Oaks, LLC, a limited liability company.

(Personalized Seal)

Notary Public's Signature

LINE	TABLE	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100		

**75.87 ACRES**  
cont. 1st ACRES, 2nd ACRES  
3rd ACRES, 4th ACRES

CHOLESTEROL & CHOLESTEROLS ATTRACTION  
1000 Main St.  
Earth's Public House  
(200) 933-0018 P.O. Box 1001  
STATION 1001

**COUNTRY PLAT OF TULY ADAMS**

BEING 75-171 JONES BY LAW OUT OF THE JEW  
NAME, FOR SERVICE NO. 1, MEXICO AND ALL BERRY  
COUNTY, TEXAS, BEING MORE FULLY KNOWN IN  
POWER, A, ATTACHED HEREIN AND TAKE A PART  
JONES.

1. UNITED STATES OF AMERICA, a corporation organized under the laws of the State of New York, by its duly authorized officers, do hereby certify that the foregoing is a true and correct copy of the original as the same appears in the records of the said State of New York.

Witness my hand and the seal of the said State of New York, this 1st day of January, 1968.

\_\_\_\_\_  
 Secretary of State

\_\_\_\_\_  
 Notary Public

# MARBLE FALLS SURVEYING & MAPPING

1500 OLLIE LANE

MARBLE FALLS, TEXAS 78654

TEL. 830 6938815 FAX 830 6938915

Exhibit "A"

Page 1 of 3

STATE OF TEXAS:  
COUNTY OF BURNET:

FIELD NOTES to accompany a survey plat for a 75.87 acre tract of land out of the John Hamilton Survey No. 1, Abstract No. 405, Burnet County, Texas and being out of that certain tract of land described as 487.4 acres in a deed to Joe A. Shepard, recorded in Volume 95, Page 559 of the Deed Records of Burnet County, Texas, and being that same tract of land described as 76.22 acres in a deed to Carl Van Roekel, recorded in Volume 737, Page 656 of the Official Public Records of Burnet County, Texas.

Beginning at a 24" dead Cedar tree fence corner post in the south line of said 487.4 acre tract and in or near the south line of said John Hamilton Survey No. 1, being in or near the north line of the Eugenio Perez Survey No. 41, Abstract No. 672 and of that certain tract of land described as 197.75 acres in a deed to ATMI Materials, LTD, recorded in Volume 921, Page 617 of the Official Public Records of Burnet County, Texas, being the southwest corner of that certain tract of land described as 6.92 acres in a deed to Burle C. Hawthorne, recorded in Volume 155, Page 23 of the Deed Records of Burnet County, Texas, for the southeast corner hereof, from which a 60d nail found bears N17°35'52"E, a distance of 1.20 feet. The Basis of Bearings is N66°15'09"W, a distance of 2532.23 feet from said 24" dead Cedar tree fence corner post to a 17" Oak tree fence post in the west line of the herein described tract which bears S27°56'25"E, a distance of 52.58 feet from a fence corner post at the northwest corner of the herein described tract.

THENCE, with the fenced south line hereof and of said 487.4 acre tract and with or near the south line of said John Hamilton Survey No. 1, with or near the north line of said Eugenio Perez Survey No. 41 and of said 197.75 acre tract and with or near the north line of that certain tract of land described as 141.5 acres in a deed to M.C. Johnson, recorded in Volume 50, Page 506 of the Deed Records of Burnet County, Texas, the following 7 calls:

- 1) S88°10'39"W (called S89°39'W), a distance of 37.29 feet (called 13.0 varas) to a 14" Cedar tree fence post for an angle point hereof;
- 2) S77°26'50"W (called S76°54'W), a distance of 274.80 feet (called 219.4 varas) to a fence post for an angle point hereof;
- 3) S76°15'54"W (called S76°54'W), a distance of 311.48 feet (called 219.4 varas) to a 3" metal pipe gate post for an angle point hereof;
- 4) S78°51'29"W (called S77°41'W), at an approximate distance of 443 feet pass the northwest corner of said 197.75 acre tract being the northeast corner of said 141.5 acre tract, continuing a total distance of 469.97 feet (called 515.7 varas) to a fence post for an angle point hereof, from which a water line manhole found bears S13°33'W, a distance of 9.0 feet;
- 5) S78°11'12"W (called S77°41'W), a distance of 254.10 feet (called 515.7 varas) to a fence post for an angle point hereof;
- 6) S75°47'09"W (called S77°41'W), a distance of 281.63 feet (called 515.7 varas) to a fence post for an angle point hereof;
- 7) S77°31'33"W (called S77°41'W), a distance of 427.80 feet (called 515.7 varas) to a 12" Oak tree fence corner post at an inside "ell" corner of said 141.5 acre tract, for the southwest corner hereof and of said 487.4 acre tract;

THENCE, with the fenced west line hereof, with or near the west line of said 487.4 acre tract and with or near the easterly line of said 141.5 acre tract, the following 8 calls:

- 1) N14°24'46"W (called N12°00'W), a distance of 94.15 feet (called 474.7 varas) to an 18" Cedar tree fence post for an angle point hereof;
- 2) N09°20'15"W (called N12°00'W), a distance of 488.83 feet (called 474.7 varas) to an 18" Cedar tree fence post for an angle point hereof;



**MARBLE FALLS SURVEYING & MAPPING**

1500 OLLIE LANE

MARBLE FALLS, TEXAS 78654

TEL. 830 6938815 FAX 830 6938915

Exhibit "A"

Page 2 of 3

- 3) N12°08'04"W (called N12°00'W), a distance of 289.22 feet (called 474.7 varas) to a 15" Oak tree fence post for an angle point hereof;
- 4) N14°46'42"W (called N12°00'W), a distance of 309.07 feet (called 474.7 varas) to a fence post for an angle point hereof;
- 5) N13°16'11"W (called N12°00'W), a distance of 139.20 feet (called 474.7 varas) to an 8" cedar fence post for an angle point hereof;
- 6) N00°38'04"E (called N0039'E), a distance of 116.70 feet (called 42.4 varas) to a 17" Cedar tree fence post for an angle point hereof;
- 7) N13°57'56"W (called N14°21'W), a distance of 58.80 feet (called 21.2 varas) to a 17" Cedar tree fence post for an angle point hereof;
- 8) N27°56'25"W (called N27°14'W), a distance of 52.58 feet (called 18.9 varas) to a 6" cedar fence post in the south line of that certain tract of land described as 2.85 acres in a deed to Wayne D. Waychoff and Thelma Waychoff, recorded in Volume 1221, Page 292 of the Official Public Records of Burnet County, Texas, being the northeast corner of said 141.5 acre tract, for the northwest corner hereof and a northwest corner of said 487.4 acre tract, from which a 1/2" iron rod found at the southwest corner of said 2.85 acre tract, being the southeast corner of that certain tract of land described as 0.5842 acre in a deed to Beauford Rowney and wife, Kay Rowney, recorded in Volume 493, Page 337 of the Real Property Records of Burnet County, Texas bears S81°58'45"W (called S81°55'50"W), a distance of 27.07 feet (called 27.03 feet);

THENCE N76°42'31"E (called N76°44'E), with the north line hereof, being a northerly line of said 487.4 acre tract, at a distance of 256.3 feet pass 2.3 feet southerly of a 1/2" iron rod found at the southeast corner of said 2.85 acre tract, being the southwest corner of that certain tract of land described as 3.27 acres in a deed to Gerald Greer, recorded in Volume 1245, Page 406 of the Official Public Records of Burnet County, Texas, at a distance of 657.8 feet pass 8.1 feet northerly of a 1/2" iron rod found at the southeast corner of said 3.27 acre tract, being the southwest corner of that certain tract of land described as 0.842 acre in a deed to Gregory S. Cozby and wife, Kimberly Baker Cozby, recorded in Volume 604, Page 774 of the Real Property Records of Burnet County, Texas, at a distance of 803.5 feet pass 10.8 feet northerly of a 1/2" iron rod found at the southeast corner of said 0.842 acre tract, being the southwest corner of that certain tract of land described as 0.8425 acre in a deed to Barney Baker and wife, LaDawn Baker, recorded in Volume 848, Page 207 of the Official Public Records of Burnet County, Texas, at a distance of 950.8 feet pass 11.8 feet northerly of a 1/2" iron rod found at the southeast corner of said 0.8425 acre tract, being the southwest corner of that certain tract of land described as 0.573 acre in a deed to David D. Smith and wife, Nicole L. Smith, recorded in Volume 1139, Page 22 of the Official Public Records of Burnet County, Texas, at a distance of 1060.7 feet pass 11.0 feet northerly of a 1/2" iron rod found at the southeast corner of said 0.573 acre tract, being the southwest corner of that certain tract of land described as 0.57 acre in a deed to John R. Reyes and wife, Sharon L. Reyes, recorded in Volume 317, Page 161 of the Deed Records of Burnet County, Texas, at a distance of 1170.9 feet pass 10.2 feet northerly of a 1/2" iron rod found at the southeast corner of said 0.57 acre tract, being the southwest corner of that certain tract of land described as 0.26 acre in a deed to John R. Reyes and wife, Sharon L. Reyes, recorded in Volume 655, Page 36 of the Real Property Records of Burnet County, Texas, at a distance of 1220.9 feet pass 10.1 feet northerly of a 1/2" iron rod found at the southeast corner of said 0.26 acre tract, being the southwest corner of that certain tract of land described as Tract One being 0.58 acre in a deed to Alan W. Hicks and wife, Mary L. Hicks, recorded in Volume 679, Page 471 of the Real Property Records of Burnet County, Texas, at a distance of 1330.8 feet pass 9.8 feet northerly of a 1/2" iron rod found at the southeast corner of said 0.58 acre tract, being the southwest corner of that certain tract of land described as Tract Two being 0.58 acre in a deed to Alan W. Hicks and wife, Mary L. Hicks, recorded in Volume 679, Page 451 of the Real Property Records of Burnet County, Texas, at a distance of 1440.8 feet pass 8.6 feet northerly of a 1/2" iron rod found at the southeast corner of said 0.58 acre tract, being the southwest corner of a remnant of that certain tract of land conveyed to John B. Love and Maiden Low Garven, by deed recorded in Volume V, Pages 136 and 220 of the Probate Minutes of Burnet County, Texas, at a distance of 1490.6 feet pass 8.0 feet northerly of a 1/2" iron rod found at the southeast corner of said Love tract, being the southwest corner of that certain tract of land described as 0.632 acre in a deed to Kerry J. Zimmerman, recorded in Volume 740, Page 862 of the Official Public Records of Burnet County, Texas, at a distance of 1611.3 feet pass 7.0 feet northerly of a 1/2" iron rod found at the southeast corner of said 0.632 acre tract, being the



# MARBLE FALLS SURVEYING & MAPPING

1500 OLLIE LANE

MARBLE FALLS, TEXAS 78654

TEL. 830 6938815 FAX 830 6938915

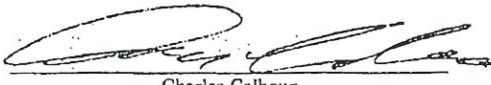
Exhibit "A"

Page 3 of 3

southwest corner of that certain tract of land described as 0.628 acre in a deed to Myra Dawn Pesna Trust, recorded in Volume 450 Page 434 of the Real Property Records of Burnet County, Texas, at a distance of 1731.4 feet pass 6.2 feet northerly of a 1/2" iron rod found at the southeast corner of said 0.6287 acre tract, being the southwest corner of that certain tract of land described as 0.262 acre in a deed to James Alvin Warwick and wife, Letha Ruth Warwick, recorded in Volume 440, Page 407 of the Real Property Records of Burnet County, Texas, at a distance of 1781.4 feet pass 5.6 feet northerly of a 1/2" iron rod found at the southeast corner of said 0.262-acre tract, being the southwest corner of that certain tract of land described as 0.63 acre in a deed to James Alvin Warwick and wife, Letha Ruth Warwick, recorded in Volume 801, Page 684 of the Official Public Property Records of Burnet County, Texas, at a distance of 1901.7 feet pass 4.8 feet northerly of a 1/2" iron rod found at the southeast corner of said 0.63 acre tract, being the southwest corner of that certain tract of land described as 0.495 acre in a deed to G. E. Killingsworth, recorded in Volume 279, Page 301 of the Deed Records of Burnet County, Texas, at a distance of 2001.9 feet pass 2.4 feet northerly of a 3/8" iron rod found at the southeast corner of said 0.4957 acre tract, being the southwest corner of that certain tract of land described as 1.556 acre in a deed to Kenneth E. Jackson and wife, Jackie E. Jackson, recorded in Volume 486, Page 164 of the Real Property Records of Burnet County, Texas, in all a total distance of 2300.99 feet (called 828.2 varas) to a 1/2" iron rod set, with plastic cap stamped RPLS 4452, at an inside "ell" corner of said 487.4 acre tract, being in the west line of a 40 foot wide access easement, being the southeast corner of said 1.556 acre tract, and being the northerly corner of that certain tract of land described as 6.92 acres in a deed to Burle C. Hawthorne, recorded in Volume 155, Page 23 of the Deed Records of Burnet County, Texas, for the northeast corner hereof, from which a 1/2" iron rod found in the east line of said 40 foot wide access easement, being the northwest corner of that certain tract of land described as 25.0 acres in a deed to Burle C. Hawthorne, recorded in Volume 155, Page 21 of the Deed Records of Burnet County, Texas, being the southwest corner of that certain tract of land described as 25.2 acres in a deed to Burle C. Hawthorne, recorded in Volume 158, Page 722 of the Deed Records of Burnet County, Texas bears N76°14'41"E, a distance of 40.02 feet;

THENCE, with the east line hereof, being the west line of said 6.92 acre tract, the following 4 calls:

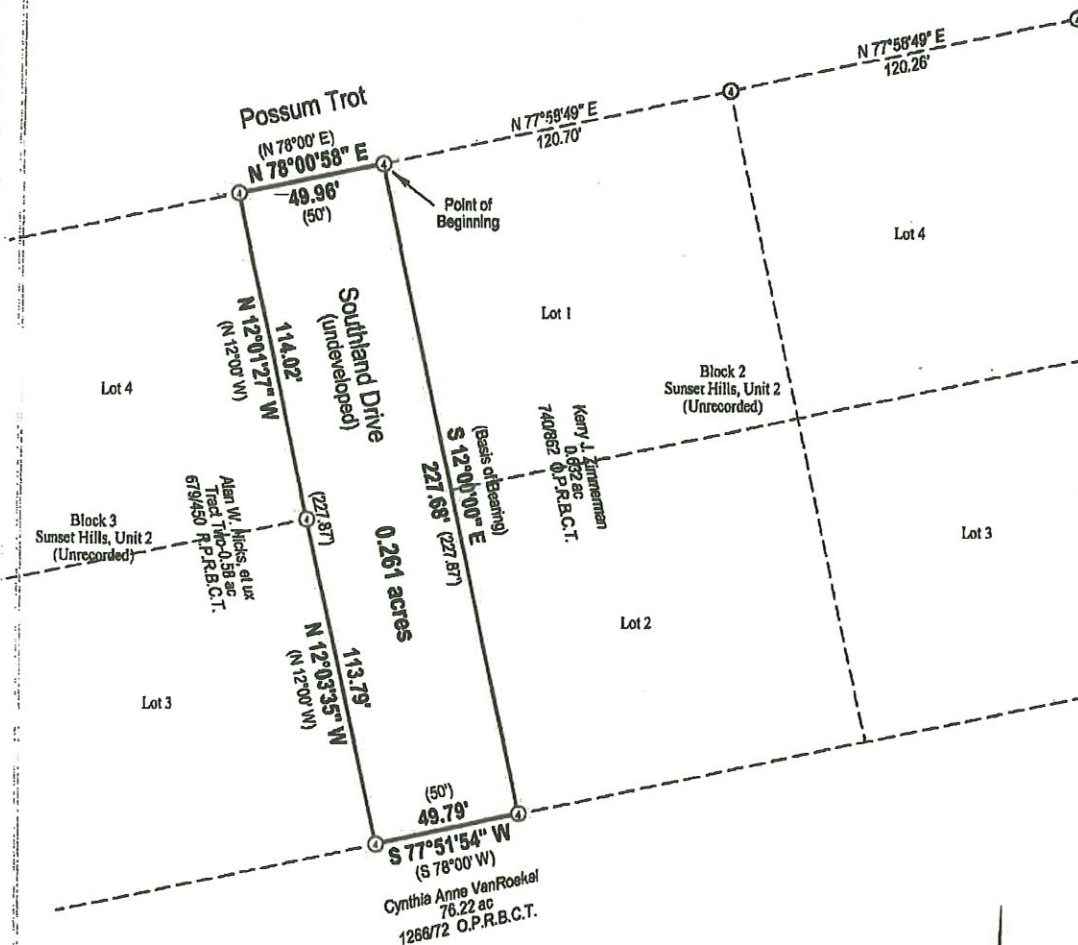
- 1) S11°40'28"E (called S11°39'E), a distance of 15.30 feet (called 5.6 varas) to a 1/2" iron rod set, with plastic cap stamped RPLS 4452, for an angle point hereof;
- 2) S05°25'32"W (called S05°27'W), a distance of 748.61 feet (called 269.5 varas) to a 1/2" iron rod found for an angle point hereof;
- 3) S09°02'29"E (called S09°01'E), a distance of 191.78 feet (called 69.0 varas) to a 1/2" iron rod found for an angle point hereof;
- 4) S12°17'28"E (called S12°16'E), a distance of 660.72 feet (called 237.4 feet) to the place of beginning and containing 75.87 acres

  
Charles Calhoun  
Registered Professional Land Surveyor No. 4452  
Job No. 4397 November 14, 2005



**SURVEY PLAT OF 0.261 ACRES,  
JOHN HAMILTON SURVEY NO. 1, ABSTRACT NO. 405,  
CITY OF BURNET, BURNET COUNTY, TEXAS**

Page 1 of 2  
Rev. A



**NOTE**  
No Buildings Exist  
on this Property

**LEGEND**

④ 1/2" Iron Rod Found
--- Adjoiner Line
Scale 1" = 50.00 Feet

Situs Address  
Southland Drive  
Burnet, Texas 78611  
Prepared for Cynthia Ann VanRoekel  
without benefit of Title Commitment  
Job # B0405-0510-10  
OCT 12, 2005  
(Job # B0405-0510-10A)  
(Revised FEB 3, 2006)

Deed per Vol. "V", Pg. 138 & 220, Probate Minutes  
Records of Burnet County, Texas, probated Feb. 28, 1986.  
Deed per Vol. 1118, Pg. 342, Official Public Records of  
Burnet County, Texas, dated Jul. 2, 2003.  
The Bearings recited herein are based on those of record  
in Vol. 740, Pg. 862, Official Public Records of Burnet  
County, Texas, dated Apr. 11, 1997.



**ABSTRACT SURVEYING**

650 Lyda Ranch Road  
Bertram, Texas, 78605  
Ph 512-758-4500  
Fx 512-758-0730

Certificate  
I, Danny J. Stark, do hereby certify that the foregoing Survey Plat was prepared from an actual survey made upon  
the ground, under my supervision, the Records of said county, and surveys of area properties, that the corners  
and boundaries with marks, natural and artificial are as recited or shown in the plat; that discrepancies, conflicts,  
provisions or intrusions, overlapping of improvements, or easements, visible to me are shown or described  
hereon, that said property has access to and from a dedicated roadway.

Danny J. Stark, R.P.L.S. State of Texas No. 5802



October 12, 2005 (Revised February 3, 2006)  
STATE OF TEXAS:  
COUNTY OF BURNET:

Page 2 of 2  
Rev. A

Field Notes to accompany a Survey plat of a 0.261 acre tract of land out of the John Hamilton Survey No. 1, Abstract No. 405, in Burnet County, Texas.

Prepared for: Cynthia Ann Van Roekel, without benefit of Title Commitment.

Being a 0.261 acre tract of land out of the John Hamilton Survey No. 1, Abstract No. 405, in Burnet County, Texas, and being the Southern extension of Southland Drive, and lying South of Possum Trot, between Block 2 and Block 3, Sunset Hills, Unit 2, an Unrecorded Subdivision, as shown on a plat by David James, R.P.S. No. 3893, dated August 26, 1982, and recorded as an attachment in a Cash Warranty Deed dated April 11, 1997, from Dwight Webb and Marilyn Webb, to Kerry J. Zimmerman, of record in Volume 740, Page 862, Official Public Records of Burnet County, Texas, and also being a portion of the remainder of that same tract of land, described in a Will dated August 29, 1960, from Gertrude Wilson to Maiden Low Garven and John B. Love, Probated February 28, 1966, of record in Volume "V", Page 136 and 220, Probate Minutes of Burnet County, Texas, and in a Correction Administratrix Deed dated July 2, 2003, from The Estate of Talbot Bell Garven, deceased, to Madelyn Gilley and William C. Dowdy, of record in Volume 1118, Page 342, Official Public Records of Burnet County, Texas, said 0.261 acre tract being more particularly described, by metes and bounds as follows:

BEGINNING at a 1/2" iron rod found at the intersection of the South Right of Way line of Possum Trot, and the East Right of Way line of Southland Drive, at the Northwest corner of a tract of land, described as 0.632 acres, being Lots 1 and 2, Unit 2, Sunset Hills, an Unrecorded Subdivision, in a Cash Warranty Deed dated April 11, 1997, from Dwight Webb and Marilyn Webb, to Kerry J. Zimmerman, of record in Volume 740, Page 862, Official Public Records of Burnet County, Texas, and the Northeast corner hereof;

THENCE S 12°00'00" E, the Basis of Bearing for this Survey, with the East Right of Way line of Southland Drive, and the Western boundary line of said 0.632 acre Zimmerman tract, a distance of 227.68 feet (227.87'), to a 1/2" iron rod found at the Southwest corner of said 0.632 acre Zimmerman tract, in the Northern boundary line of a tract of land, described as 76.22 acres, in a Special Warranty Deed dated March 12, 1997, from Vermeer Sales of Texas, Inc. to Carl Van Roekel, of record in Volume 737, Page 656, Real Property Records of Burnet County, Texas, and in a Last Will and Testament dated November 18, 2001, from Carl Wayne Van Roekel to Cynthia Anne Van Roekel, of record in Volume 1266, Page 72, Official Public Records of Burnet County, Texas, for the Southeast corner hereof;

THENCE S 77°51'54" W (S 78°00' W), with the Northern boundary line of said 76.22 acre Van Roekel tract, a distance of 49.79 feet (50'), to a 1/2" iron rod found in the West Right of Way line of Southland Drive, at the Southeast corner of a tract of land, described as Tract Two, a 0.58 acre tract, in a Warranty Deed dated January 13, 1996, from William Barrow and wife, Janice F. Barrow, to Alan W. Hicks and wife, Mary L. Hicks, of record in Volume 679, Page 451, Real Property Records of Burnet County, Texas, and the Southwest corner hereof;

THENCE N 12°03'35" W (N 12°00' W), with the West Right of Way line of Southland Drive, and the Eastern boundary line of said Hicks "Tract Two", a distance of 113.79 feet, to a 1/2" iron rod found for angle point hereof;

THENCE N 12°01'27" W (N 12°00' W), with the West Right of Way line of Southland Drive, and the Eastern boundary line of said Hicks "Tract Two", a distance of 114.02 feet, to a 1/2" iron rod in the South Right of Way line of Possum Trot, at the Northeast corner of said Hicks "Tract Two", tract, and the Northwest corner hereof;

THENCE N 78°00'58" E, with the South Right of Way line of Possum Trot, a distance of 49.96 feet (50'), to the POINT OF BEGINNING, and calculated to contain 0.261 acres.

#### CERTIFICATE

I, Danny J. Stark, hereby certify that the foregoing Field Notes and accompanying Survey Plat were prepared from an actual survey made upon the ground, the Records of said county, and surveys of area properties, that the corners and boundaries with marks natural and artificial are as found or set on the ground, that discrepancies, conflicts, protrusions or intrusions, overlapping of improvements, easements, visible or apparent to me are shown and noted hereon.

Danny J. Stark, R.P.L.S.  
State of Texas No. 5602  
Job No. B0405-0510-10A



ABSTRACT SURVEYING  
650 Lyda Ranch Road, Bertram, TX 78605  
Ph 512-756-4500/Fx 512-756-0730



Development Services

**ITEM 4.3**  
Habib Erkan Jr.  
Assistant City Manager  
512-715-3201  
herkan@cityofburnet.com

Agenda Item Brief

- Meeting Date:** April 13, 2021
- Agenda Item:** Discuss and consider action: FIRST READING OF AN ORDINANCE OF THE CITY COUNCIL OF BURNET, TEXAS, AMENDING ORDINANCE NO. 2021-01 AND THE OFFICIAL ZONING MAP OF THE CITY BY ASSIGNING THE PROPERTY DESCRIBED AS 603 E PECAN ST (LEGAL DESCRIPTION: S8450 VANDERVEER/ALEXANDER, LOT 4 & PT OF 1, BLOCK 38) WITH MULTI-FAMILY RESIDENTIAL – DISTRICT “R-3” ZONING CLASSIFICATION; PROVIDING A REPEALER CLAUSE; PROVIDING A SEVERABILITY CLAUSE; AND PROVIDING AN EFFECTIVE DATE: H. Erkan
- Current Zoning:** Duplex – District “R-2”
- Requested Zoning:** Multi-family Residential – District “R-3”
- Information:** The applicant owns the property directly south of the subject property. That property was rezoned to Multi-family Residential – District “R-3” to allow the development of an apartment complex.
- This rezoning will allow the applicant to increase the buildable space of the proposed apartment complex.
- The Future Land Use Map designation for the area is residential. The proposed Multi-family Residential – District “R-3” zoning is appropriate in this area.
- Properties adjacent to the subject property are zoned as follows:
- |                 | North                     | South                             | East                      | West                      |
|-----------------|---------------------------|-----------------------------------|---------------------------|---------------------------|
| <b>Zoning</b>   | “R-1”                     | “R-3”                             | “R-1”                     | “R-1”                     |
| <b>FLUM</b>     | Residential               | Residential                       | Residential               | Residential               |
| <b>Land Use</b> | Single-Family Residential | Multi-Family Residential / Vacant | Single-Family Residential | Single-Family Residential |
- P&Z Report:** P&Z conducted a scheduled public hearing and recommended approval of the requested zone change on April 5, 2021.
- Recommendation:** Staff recommends approval of the first reading of Ordinance No. 2021-11 as presented

## ORDINANCE NO. 2021-11

**AN ORDINANCE OF THE CITY COUNCIL OF BURNET, TEXAS, AMENDING ORDINANCE NO. 2021-01 AND THE OFFICIAL ZONING MAP OF THE CITY BY ASSIGNING THE PROPERTY DESCRIBED AS 603 E PECAN ST (LEGAL DESCRIPTION: S8450 VANDERVEER/ALEXANDER, LOT 4 & PT OF 1, BLOCK 38) WITH MULTI-FAMILY RESIDENTIAL – DISTRICT “R-3” ZONING CLASSIFICATION; PROVIDING A REPEALER CLAUSE; PROVIDING A SEVERABILITY CLAUSE; AND PROVIDING AN EFFECTIVE DATE**

**WHEREAS**, the City Council, by the passage and approval of Ordinance No. 2021-001, affixed the zoning classifications for each and every property located within the city in accordance with the Official Zoning Map as approved with said ordinance; and

**WHEREAS**, the purpose of this Ordinance is to amend the Official Zoning Map by amending the zoning classification of the Real Property (“Property”) described herein; and

**WHEREAS**, the Planning and Zoning Commission, after conducting a public hearing on the matter, deliberated the merits of the proposed amendment of zoning classification and has made a report and recommendation to City Council; and

**WHEREAS**, in passing and approving this ordinance it is legislatively found the Planning and Zoning Commission and City Council complied with all notice, hearing and meetings requirements set forth in Texas Local Government Chapter 211; Texas Government Code Chapter 551; the City Charter; and Chapter 118, of the Code of Ordinances; and

**WHEREAS**, it is further legislatively found that this proposed zoning reclassification of property does not require an amendment to the Future Land Use Plan; and

**WHEREAS**, City Council, after considering the testimony and comments of the public, reports and recommendations of City Staff and the Planning and Zoning Commission, and the deliberation of its members, by passage and approval of this Ordinance hereby determines the action taken herein is meritorious and beneficial to the public health, safety and welfare.

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF BURNET, TEXAS, THAT:**

**Section one. Findings.** The foregoing recitals are hereby found to be true and correct and are hereby adopted and made a part hereof for all purposes as findings of fact.

**Section two. Property.** The Property that is the subject to this Zoning District Reclassification is 603 E Pecan St (Legal Description: S8450 Vanderveer/Alexander, Lot 4 & Pt of 1, Block 38) as shown on **Exhibit “A”** hereto.

**Section three Zoning District Reclassification.** Multi-family Residential – District “R-3” Zoning District Classification is hereby assigned to the Property described in section two.

**Section four. Zoning Map Revision.** The City Secretary is hereby authorized and directed to revise the Official Zoning Map to reflect the change in Zoning District Classification approved by this Ordinance.

**Section five. Repealer.** Other ordinances or parts of ordinances in conflict herewith are hereby repealed only to the extent of such conflict.

**Section six. Severability.** This Ordinance is severable as provided in City Code Section 1-7 as same may be amended, recodified or otherwise revised.

**Section seven. Effective Date.** This ordinance is effective upon final passage and approval.

**PASSED** on first reading the 13<sup>th</sup> day of April 2021.

**PASSED AND APPROVED** on this the 27<sup>th</sup> day of April 2021.

**CITY OF BURNET, TEXAS**

---

Crista Goble Bromley, Mayor

**ATTEST:**

---

Kelly Dix, City Secretary



Exhibit “A” – Property





Development Services

**ITEM 4.8**  
Habib Erkan Jr.  
Assistant City Manager  
512-715-3201  
herkan@cityofburnet.com

Agenda Item Brief

**Meeting Date:** Monday, April 5, 2021

**Agenda Item:** Discuss and consider action: FIRST READING OF AN ORDINANCE OF THE CITY COUNCIL OF BURNET, TEXAS, AMENDING ORDINANCE NO. 2021-01 AND THE OFFICIAL ZONING MAP OF THE CITY BY GRANTING A CONDITIONAL USE PERMIT TO ALLOW THE USE OF A “CAR WASH” IN A LIGHT COMMERCIAL – DISTRICT “C-1” FOR PROPERTY LEGALLY DESCRIBED AS ABS A0405 JOHN HAMILTON, 0.4839 ACRES; PROVIDING A REPEALER CLAUSE; PROVIDING A SEVERABILITY CLAUSE; AND PROVIDING AN EFFECTIVE DATE: H. Erkan

**Current Zoning:** Light Commercial – District “C-1”

**Information:** The Conditional Use Permit approval process is established by Code of Ordinances Sec. 118-64; Subsection (e). Per the cited section in making its recommendation the Commission should consider the following:

- Appearance, size, density and operating characteristics are compatible with surrounding neighborhood and uses;
- Proposed use will not adversely affect value of surrounding properties nor impede their proper development;
- Proposed use will not create a nuisance factor nor otherwise interfere with a neighbor's enjoyment of property or operation of business;
- Traffic generated on existing streets will not create nor add significantly to congestion, safety hazards, or parking problems, and will not disturb peace and quiet of neighborhood;
- Comply with other applicable ordinances and regulations.

The Future Land Use Map designation for the subject property is Commercial.  
Properties adjacent to the subject property are zoned as follows:

	North	South	East	West
<b>Zoning</b>	“C-1”	“C-1”	“R-1”	“R-1”
<b>FLUM</b>	Commercial	Commercial	Commercial	Commercial
<b>Land Use</b>	Light Commercial/ Hair Salon	Light Commercial/ Office	Single-Family Residential	Single-Family Residential

Staff has reviewed the information provided by applicant and is able to confirm the general criteria for a Conditional Use Permit will be met.

**Recommendation:** Staff recommends approval of the first reading of Ordinance No. 2121-09 as presented.



## ORDINANCE NO. 2021-09

**AN ORDINANCE OF THE CITY COUNCIL OF BURNET, TEXAS, AMENDING ORDINANCE NO. 2021-01 AND THE OFFICIAL ZONING MAP OF THE CITY BY GRANTING A CONDITIONAL USE PERMIT TO ALLOW THE USE OF A “CAR WASH” IN A LIGHT COMMERCIAL – DISTRICT “C-1” FOR PROPERTY LEGALLY DESCRIBED AS ABS A0405 JOHN HAMILTON, 0.4839 ACRES; PROVIDING A REPEALER CLAUSE; PROVIDING A SEVERABILITY CLAUSE; AND PROVIDING AN EFFECTIVE DATE**

**WHEREAS**, the City Council, by the passage and approval of Ordinance No. 2021-001, affixed the zoning classifications for each and every property located within the city in accordance with the Official Zoning Map as approved with said ordinance; and

**WHEREAS**, the purpose of this Ordinance is to amend the Official Zoning Map by amending the zoning classification of the Real Property (“Property”) described herein; and

**WHEREAS**, the Planning and Zoning Commission, after conducting a public hearing on the matter, deliberated the merits of the proposed amendment of zoning classification and has made a report and recommendation to City Council; and

**WHEREAS**, in passing and approving this ordinance it is legislatively found the Planning and Zoning Commission and City Council complied with all notice, hearing and meetings requirements set forth in Texas Local Government Chapter 211; Texas Government Code Chapter 551; the City Charter; and Chapter 118, of the Code of Ordinances; and

**WHEREAS**, it is further legislatively found that this proposed zoning reclassification of property does not require an amendment to the Future Land Use Plan; and

**WHEREAS**, City Council, after considering the testimony and comments of the public, reports and recommendations of City Staff and the Planning and Zoning Commission, and the deliberation of its members, by passage and approval of this Ordinance hereby determines the action taken herein is meritorious and beneficial to the public health, safety and welfare.

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF BURNET, TEXAS, THAT:**

**Section one. Findings.** The foregoing recitals are hereby found to be true and correct and are hereby adopted and made a part hereof for all purposes as findings of fact.

**Section two. Property.** The Property that is the subject to this Zoning District Reclassification is legally described as ABS A0405 John Hamilton, 0.4839 acres as shown on **Exhibit “A”** hereto.

**Section three Zoning District Reclassification.** Conditional Use Permit to allow the use of a “Car Wash” in a Light Commercial – District “C-1”, Zoning District Classification is hereby assigned to the Property described in section two.

**Section four. Zoning Map Revision.** The City Secretary is hereby authorized and directed to revise the Official Zoning Map to reflect the change in Zoning District Classification approved by this Ordinance.

**Section five. Repealer.** Other ordinances or parts of ordinances in conflict herewith are hereby repealed only to the extent of such conflict.

**Section six. Severability.** This Ordinance is severable as provided in City Code Section 1-7 as same may be amended, recodified or otherwise revised.

**Section seven. Effective Date.** This ordinance is effective upon final passage and approval.

**PASSED** on First Reading the 13<sup>th</sup> day of April 2021.

**PASSED AND APPROVED** on this the 27<sup>th</sup> day of April 2021.

**CITY OF BURNET, TEXAS**

---

Crista Goble Bromley, Mayor

**ATTEST:**

---

Kelly Dix, City Secretary

Exhibit “A” – Property





## Administration

## ITEM 4.5

David Vaughn  
City Manager  
512.715.3208  
dvaughn@cityofburnet.com

### Agenda Item Brief

**Meeting Date:** April 13, 2021

**Agenda Item:** Discuss and consider action: A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF BURNET, TEXAS, ALLOWING DEVELOPER OF THE WESTFALL VILLAGE, PHASE II SUBDIVISION TO PROVIDE A LETTER OF CREDIT AS ASSURANCE PUBLIC IMPROVEMENTS SHALL BE CONSTRUCTED AND AUTHORIZING THE RECORDATION OF THE "FINAL PLAT" IN THE PUBLIC RECORDS OF THE COUNTY CLERK OF BURNET COUNTY, TEXAS: D. Vaughn

**Background:** On December 10, 2019, City Council approved the plat of Westfall Village, Phase I & II Subdivision. The plat contemplates the construction of improvements to be dedicated for public use and maintenance. The now wishes to record the plat before completion of the improvements.

**Information:** The Subdivision Ordinance provides that the City Council may authorize a landowner to provide a Letter of Credit (LOC) in-lieu of completing the required improvements; and authorize the recordation of the plat.

**Fiscal Impact:** If the Council approves the resolution authorizing the acceptance of the LOC, then the City is responsible for completing the infrastructure if the developer were to default, which is why it is important to ensure the LOC is sufficient to cover the required improvements.

**Recommendation:** Staff recommends approval of Resolution No. R2021-18 as presented.

**RESOLUTION NO. R2021-18**

**A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF BURNET, TEXAS, ALLOWING DEVELOPER OF THE WESTFALL VILLAGE, PHASE II, SUBDIVISION TO PROVIDE A LETTER OF CREDIT AS ASSURANCE PUBLIC IMPROVEMENTS SHALL BE CONSTRUCTED AND AUTHORIZING THE RECORDATION OF THE "FINAL PLAT" IN THE PUBLIC RECORDS OF THE COUNTY CLERK OF BURNET COUNTY, TEXAS**

**Whereas**, City Council approved the plat of Westfall Village, Phase I & II Subdivision on December 10, 2019; and

**Whereas**, the developer desires to posts a letter of credit in lieu of completing construction of improvements prior to recordation of the final plat of Westfall Village, Phase II Subdivision; and

**Whereas**, City Code Section 98-61(d) City Council may waive the requirement that the developer complete the improvements prior to the signing of the approved plat, contingent upon securing from the developer a guarantee, such as a letter of credit.

**NOW, THEREFORE, BE IT RESOLVED BY CITY COUNCIL OF THE CITY OF BURNET, TEXAS, THAT:**

**Section 1. Findings.** That the recitals to this Resolution are incorporated herein for all purposes.

**Section 2. Approval.** Developer's provision of a letter of credit, in such form as approved by the City Manager, guaranteeing completion of the improvements for Wandering Oaks Subdivision is hereby approved.

**Section 3. Recordation.** The final plat of the Westfall Village, Phase II Subdivision may be recorded in the Public Records of the County Clerk of Burnet County, Texas.

**Section 4. Open Meetings.** It is hereby officially found and determined that the meeting at which this resolution was passed was open to the public and that public notice of the time, place and purpose of said meeting was given as required by the Open Meetings Act.

**Section 5. Effective Date.** That this resolution shall take effect immediately upon its passage, and approval as prescribed by law.

**PASSED AND APPROVED** this the 13<sup>th</sup> day of April, 2021.

**CITY OF BURNET, TEXAS**

**ATTEST:**

\_\_\_\_\_  
Crista Goble Bromley, Mayor

\_\_\_\_\_  
Kelly Dix, City Secretary



## Public Works Department

## ITEM 4.6

Gene Courtney  
Public Works Director  
(512)-756-2402  
gcourtney@cityofburnet.com

### Agenda Item Brief

**Meeting Date:** April 13,2021

**Agenda Item:** Discuss and consider action: A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF BURNET, TEXAS, AUTHORIZING THE SUBMISSION OF A JOINT APPLICATION WITH PEDERNALES ELECTRIC COOPERATIVE INC., FOR AMENDMENT OF CERTIFICATE OF CONVENIENCE AND NECESSITY FOR SERVICE AREA BOUNDARIES AND RESCINDING RESOLUTION R2020-55: G. Courtney

**Background:** Electrical entities operate their system within an area called the CCN (Certificate of Convenience and Necessity.) This service area has been decided for an extremely long time and has lengthy process to have the CCN Boundary line moved.

**Information:** They previously approved area of land was not agreed upon by PEC. City staff and PEC staff worked closely together to identify the new area shown in the attachment below. The area is located off CR 108 and involves three property owners and two businesses. Approval of this Resolution will rescind previous Resolution R2021-55.

**Fiscal Impact:** NONE

**Recommendation:** Staff recommends council to accept Resolution R2021-19 as presented.

## **RESOLUTION NO. R2020-19**

### **A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF BURNET, TEXAS, AUTHORIZING THE SUBMISSION OF A JOINT APPLICATION WITH PEDERNALES ELECTRIC COOPERATIVE INC., FOR AMENDMENT OF CERTIFICATE OF CONVENIENCE AND NECESSITY FOR SERVICE AREA BOUNDARIES AND RESCINDING RESOLUTION R2020-55.**

**Whereas**, Whereas Section 37.051 of the Texas Public Utility Act provides an electric utility or other person may not provide electric service to the public unless they first obtain from the Public Utility Commission of Texas (PUCT) a certificate (CCN) that states the public convenience and necessity requires, or will require the installation, operation, or extension of the service; and

**Whereas**, the City and Pedernales Electric Cooperative, Inc. (PEC) were each issued a CCN to serve specific geographical areas within the City's corporate limits; and

**Whereas**, City Council and PEC Board of Directors find it mutually beneficial; and beneficial to their service customers to amend the CCN service area boundaries to allow the City serve certain customers currently within the PEC CCN and allow PEC serve certain customers currently within the City CCN; and

**Whereas**, all affected customers either have, or shall before the submission of an application to the PUCT, signed an affidavit affirming their consent to the amendment to CCN boundaries; and

**Whereas**, the purpose of this Resolution, inter alia, is to memorialize City Council's intent to delegate to the City Manager all authority necessary to facilitate the submission of application for CCN amendment; and

**Whereas**, the exchange of service area described in previously approved Resolution R2021-55 was not mutually agreed upon with PEC.

**NOW THEREFORE, BE IT RESOLVED BY CITY COUNCIL OF THE CITY OF BURNET, TEXAS, THAT:**

**Section 1. Findings.** The recitals to this Resolution are incorporated herein for all purposes.

**Section 2 CCN Amendment Application Authorized.** The City Manager is hereby authorized and directed to coordinate with his counterpart at the PEC to facilitate the co-submission of an application for Amendment of Certificate of Convenience and Necessity for Service Area Boundaries to the PUCT, which would authorize: (i) the release from PEC to the City certain electric service area located south of State Hwy 29 and east of US Hwy 281; and (ii) the release from the City to the PEC certain electric service areas

located north of State Hwy 29 and west of US Hwy 281 along CR 108 as depicted in the attached map. The City Manager is further authorized and directed to prepare and execute such ancillary documents and take such actions reasonably necessary to facilitate the purpose of this Resolution.

**Section 3. Resolution Rescinded.** Resolution R2020-55 is hereby rescinded and replaced by this Resolution.

**Section 4. Open Meetings.** It is hereby officially found and determined that the meeting at which this resolution was passed was open to the public and that public notice of the time, place and purpose of said meeting was given as required by the Open Meetings Act, as modified by the governor's orders in response to the COVID-19 pandemic.

**Section 5. Effective Date.** This resolution shall take effect immediately upon its passage, and approval as prescribed by law.

**PASSED AND APPROVED** this the 13<sup>th</sup> day of April, 2021.

**CITY OF BURNET, TEXAS**

---

Crista Goble Bromley, Mayor

**ATTEST:**

---

Kelly Dix, City Secretary





122.5 Acres  
9,288.8 Feet

281





## Water/Wastewater

## Item 4.7

Alan Burdell  
Water/Wastewater  
Operations Manager  
(512)-756-2402  
aburdell@cityofburnet.com

### Agenda Item Brief

**Meeting Date:** April 13, 2021

**Agenda Item:** Discuss and consider action: A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF BURNET, TEXAS, AUTHORIZING THE CITY MANAGER TO CONTRACT WITH CRUZ TEC, INC. TO REPAIR A SECTION OF THE SEWER LINE NEAR NORTH VANDEVEER STREET. G. Courtney

**Background:** This sewer line segment consists of 8 inch clay pipe and has backed up twice flooding a residence. City crews relieved the blockage both times. This line segment is identified in the HDR report in Project G for future rehabilitation but is not part of the SSES agreement with TCEQ.

**Information:** Cruz Tec Inc., conducted a video inspection, and heavy clean, of the failing pipe at a cost of \$7,537.50. Findings were root intrusion in multiple locations due to cracks in the clay pipe, which will require sewer line rehabilitation work on an approximate 760 linear foot section. Cruz Tec, Inc., is qualified to perform the work. As Cruz Tec, Inc., is a vendor participating in an approved local government purchasing program, the contract can be awarded to them without the costs and expense of publicly bidding the project.

**Fiscal Impact** The costs for the work is estimated to be \$80,290.00.

**Recommendation:** Staff recommends approval of Resolution No. R2021-20 as presented.

## **RESOLUTION NO. R2021-20**

### **A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF BURNET, TEXAS, AUTHORIZING THE CITY MANAGER TO CONTRACT WITH CRUZ TEC, INC. TO REPAIR A SECTION OF THE SEWER LINE NEAR NORTH VANDEVEER STREET.**

**Whereas**, an approximately 760 linear foot section of a 8 inch sewer line running along North Vandever Street has backed up on at least two occasions causing property damage; and

**Whereas**, Cruz Tec, Inc., was engaged, at a cost of \$7,537.50, to determine the source of the problem; and

**Whereas**, pursuant to such engagement Cruz Tec, Inc., performed a video inspection, and heavy clean, of the clay pipe, finding cracks and root intrusion in multiple locations; and

**Whereas**, Cruz Tec, Inc., is ready willing and able to perform the necessary sewer line rehabilitation at a cost of \$80,290.00; and

**Whereas**, Cruz Tec, Inc., is a vendor participating in a local government purchasing program, as authorized under Texas Local Government Code Chapter 271, Subchapter D; and

**Whereas**, this contract is let pursuant to Texas Local Government Code §271.083(b).

**NOW, THEREFORE, BE IT RESOLVED BY CITY COUNCIL OF THE CITY OF BURNET, TEXAS, THAT:**

**Section 1. Findings.** The recitals to this resolution are incorporated herein for all purposes.

**Section 2. Work Approved.** Cruz Tec, Inc., is hereby approved to perform the sewer line rehabilitation described herein.

**Section 3. Mayor Authorized.** The mayor is hereby authorized to execute a contract on behalf of the City for the approved work; and execute such ancillary instruments, and take such other actions, as reasonably necessary to facilitate the purpose of this resolution.

**Section 4. Open Meetings.** It is hereby officially found and determined that the meeting at which this resolution was passed was open to the public and that public notice of the

time, place and purpose of said meeting was given as required by the Open Meetings Act.

**Section 5. Effective Date.** That this resolution shall take effect immediately upon its passage, and approval as prescribed by law.

**PASSED AND APPROVED** this the 13<sup>th</sup> day of April, 2021.

**CITY OF BURNET, TEXAS**

**ATTEST:**

\_\_\_\_\_  
Crista Goble Bromley, Mayor

\_\_\_\_\_  
Kelly Dix, City Secretary

## **STANDARD GOVERNMENTAL CONTRACT AND PURCHASING RIDER FOR CONTRACTS WITH THE CITY OF BURNET, TEXAS**

By submitting a response to a solicitation or bid, or by entering into a contract for goods or services and/or by accepting a purchase order, the contracting party identified below agrees that the below terms and conditions shall govern all agreements with the City. The below terms are BINDING and SUPERSEDE any and all other terms and/or conditions whether oral or written.

**1. Application.** This Governmental Rider applies to, is part of, and takes precedence over any conflicting provision in or attachment to the Contract (Contract) (attached hereto) of Cruz Tec. Inc. (hereinafter "Vendor" or "Contractor"). The Contract involved in this Rider is described as follows:

Rehabilitation of approximately 760 linear feet of a clay sewer line section located near North Vandever Street.

**2. Payment Provisions.** The City's payments under the Contract, including the time of payment and the payment of interest on overdue amounts, are subject to Chapter 2251, Texas Government Code. City reserves the right to modify any amount due to contractor presented by invoice to the city if necessary to conform the amount to the terms of the contract.

**3. Multiyear Contracts.** Intentionally deleted as the work shall be completed this fiscal year..

**4. Best Value Determination.** Vendor is a participant in good standing in a local government purchasing program, as authorized under Texas Local Government Code Chapter 271, Subchapter D and this contract is let pursuant to Texas Local Government Code § 271.083(b) .

**5. Local Preference.** Intentionally deleted.

**6. No Ex-Parte Communications during Competitive Bidding Period.** To insure the proper and fair evaluation of a response, the City prohibits ex parte communication (e.g., unsolicited) initiated by the proposed contractor to a City official or employee evaluating or considering the responses prior to the time a formal decision has been made. Questions and other communication from vendors will be permissible until 5:00 pm on the day specified as the deadline for questions. Any communication between responder and the City after the deadline for questions will be initiated by the appropriate City official or employee in order to obtain information or clarification needed to develop a proper and accurate evaluation of the response. Ex parte communication may be grounds for disqualifying the offending responder from consideration or award of the solicitation then in evaluation, or any future solicitation.

**7. Abandonment or Default.** A contractor who abandons or defaults the work on the contract and causes the City to purchase the services elsewhere may be charged for any increased cost of goods, materials and/or services related thereto and shall not be considered disqualified in any re-advertisement of the service and may not be considered in future bids for the same type of work for a period of three years for the same scope of work, goods or services.

**8. Disclosure of Litigation.** Each contractor shall include in its proposal a complete disclosure of any civil or criminal litigation or investigation pending which involves the respondent or which has occurred in the past in which the respondent has been judged guilty or liable by a competent court regardless of whether the Court Order or Judgment is final or on appeal.

**9. Cancellation.**, the City reserves the right to cancel the contract without penalty by providing 30 days prior written notice to the contracting party. Termination under this paragraph shall not relieve the contractor of any obligation or liability that has occurred prior to cancellation. **NOTE: This contract is subject to cancellation, without penalty, at any time the City deems the vendor to be non-compliant with contractual obligations.**

**10. Annual Vendor Performance Review.** Intentionally deleted the contracted work shall be completed this fiscal year.

**11. Compliance with other laws and certification of eligibility to contract.** Any offer to contract with the City shall be considered an executed certification that the contractor shall comply with all federal, state, and local laws, statutes, ordinances, rules and regulations, (as amended during the contracting period) and any orders and decrees of any court or administrative bodies or tribunals in any matter affecting the performance of the resulting agreement, including without limitation, immigration laws, workers' compensation laws, minimum and maximum salary and wage statutes and regulations, and licensing laws and regulations. ***Additionally, such offer shall indicate that the contractor has fully read and understood the terms and conditions for eligibility to contract with the City pursuant to Chapter 38 of the City's Ordinances and certifies they are in compliance with those local requirements.*** When requested, the contractor shall furnish the City with satisfactory proof of its compliance within 10 days or any contract with the City is void.

**12. Compliance with all Codes, Permitting and Licensing Requirements.** The successful contractor shall comply with all national, state and local standards, codes and ordinances as well as any other authorities that have jurisdiction pertaining to equipment and materials used and their application. None of the terms or provisions of the specification shall be construed as waiving any rules, regulations or requirements of these authorities. The successful bidder shall be responsible for obtaining all necessary permits, certificates and/or licenses to fulfill contractual obligations.

**13. Liability and Indemnity of City.** Any provision of the Contract is void and unenforceable if it: (1) limits or releases either party from liability that would exist by law in the absence of the provision; (2) creates liability for either party that would not exist by law in the absence of the provision; or (3) waives or limits either party's rights, defenses, remedies, or immunities that would exist by law in the absence of the provision.. (Section 5, Article XI, Texas Constitution)

**14. Indemnity and Independent Contractor Status of Contractor.** Contractor shall indemnify, save harmless and defend the City, its officers, agents, and employees from and against any and all suits, actions, legal proceedings, claims, demands, damages, costs, expenses, attorney's fees and any and all other costs or fees (whether grounded in Constitutional law, Tort, Contract, or Property Law, or raised pursuant to local, state or federal statutory provision), arising out of the negligent performance of the resulting agreement and/or arising out of a wrongful or negligent act or omission of the contractor, its officers, agents, and employees. It is understood and agreed that the contractor and any employee or sub-contractor of contractor shall not be considered an employee of the City. The contractor shall not be within protection or coverage of the City's workers' compensation insurance, health insurance, liability insurance or any other insurance that the City from time to time may have in force and effect. City specifically reserves the right to reject any and all contractor's employees, representatives or sub-contractors and/or their employees for any cause, should the presence of any such person on City property or their interaction with City employees be found not in the best interest of the City, harassing, or is found to interfere with the effective and efficient operation of the City's workplace.

**15. Liens.** Contractor agrees to and shall indemnify and save harmless the City against any and all liens and encumbrances for all labor, goods and services which may be provided under the resulting agreement. At the City's request the contractor or subcontractors shall provide a proper release of all liens, or satisfactory evidence of freedom from liens shall be delivered to the City.

**16. Confidentiality.** Any provision in the Contract that attempts to prevent the City's disclosure of information that is subject to public disclosure under federal or Texas law or regulation, or court or administrative decision or ruling, is invalid. (Chapter 552, Texas Government Code)

**17. Tax Exemption.** The City is not liable to Vendor for any federal, state, or local taxes for which the City is not liable by law, including state and local sales and use taxes (Section 151.309 and Title 3, Texas Tax Code) (and federal excise tax (Subtitle D of the Internal Revenue Code) for certain purchases). Accordingly, those taxes may not be added to any item. Texas limited sales tax exemption certificates will be furnished upon request. Vendors shall not charge for said taxes. If billed, the City will remit payment less sales tax.

**18. Contractual Limitations Period.** Any provision of the Contract that establishes a limitations period that does not run against the City by law or that is shorter than two years is void. (Sections 16.061 and 16.070, Texas Civil Practice and Remedies Code)

**19. Sovereign Immunity.** Any provision of the Contract that seeks to waive the City's immunity from suit and/or immunity from liability is void unless agreed to by specific acknowledgement of the provision within the contract.

**20. Governing Law and Venue.** Texas law governs this Contract and any lawsuit on this Contract must be filed in a court that has jurisdiction in Travis County, Texas.

**CITY OF BURNET**

**CRUZ TEC, INC.**

By: \_\_\_\_\_

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

ATTEST:

\_\_\_\_\_  
Kelly Dix, City Secretary





March 15, 2021

Attn: To whom it may concern

City of Burnet  
1000 Buchanan Dr  
Burnet, Texas 78611

**8" Sanitary Sewer Main Line Rehabilitation by Pipe Bursting Methods**

**Quote:**

Cruz Tec, Inc. is pleased to provide a quote on the above referenced project. This price includes all Labor, Materials and Equipment to perform the rehabilitation of an 8" line by methods of pipe bursting.

BID ITEM	QTY	UNIT	DESCRIPTION	UNIT PRICE	AMOUNT
1	1	LS	Mobilization and Demobilization for Short Project	\$5,000	\$5,000
2	760	LF	(8") Sanitary Sewer Main Line Rehabilitation by Methods of Pipe Burst (0' to 8' Depth)	\$60	\$45,600
3	12	LS	External Reconnection of Sanitary Service Lateral, Including Bedding, backfill and final restoration. Complete in Place	\$1,500	\$18,000
4	760	LF	Post CCTV Sanitary Sewer Line	\$2.75	\$2,090
5	1	EA	Sanitary Sewer Manhole (0-6')	\$8,000	\$8,000
6	1	LS	Bypass Pumping	\$1,500	\$1,600

**Total Quote: \$80,290**

**Exclusions:** All required permits and laboratory fees for testing of material. Any additional labor or material beyond the scope of this project quoted above will be negotiated prior to proceeding and must be in writing. **All invoices are net 30.**

Please contact me immediately if you have any questions.

Thank you for the opportunity to submit our quote. This quote is good for 30 days. If this is acceptable, please sign and return:

---

Best Regards,

Eduardo Rivera, PM  
Eriviera@cruztec.com



8/11/2021

247.7 ft.

Wavelength 1000 MHz 597

Donor/Receiver 1000 MHz 607

Height: 6 in.

Pre-TW 0

-AMH '597'-AMH '607'-

0:33:04



-1.60 deg

0:24:52







## Finance

## ITEM 4.8

Patricia Langford  
Director of Finance  
(512)-715-3205  
plangford@cityofburnet.com

### Agenda Item Brief

**Meeting Date:** April 13, 2021

**Agenda Item:** Discuss and consider action: FIRST READING OF AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF BURNET, TEXAS, AMENDING ORDINANCE 2020-18; THE ORIGINAL BUDGET ORDINANCE FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2020, AND ENDING SEPTEMBER 30, 2021 FOR THE CITY OF BURNET, TEXAS, FUNDING ACCOUNTS IN BUDGET DUE TO UNFORESEEN SITUATIONS; CONTAINING FINDINGS; PROVIDING FOR SAVINGS AND SEVERABILITY: P. Langford

**Background:**

**Information:** This ordinance provides for the 2020-2021 fiscal year end budget amendments. These amendments as listed on Attachment "A" are for various expenses that were previously approved or presented to Council except for item ten. Item ten is a new request to return Hotel Motel spending to pre-covid levels due to increasing revenues.

**Fiscal Impact:** The total fiscal impact is an increase in expenses of \$511,455 (See detail on Attachment "A"). By fund increases are:

- General fund \$295,600
- Water/WW \$81,855
- Airport fund \$54,000
- Hotel Motel \$45,000
- Electric fund \$35,000

**Recommendation:** Approve and adopt Ordinance 2021-10 as presented

## **ORDINANCE NO. 2021-10**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF BURNET, TEXAS, AMENDING ORDINANCE 2020-18; THE ORIGINAL BUDGET ORDINANCE FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2020, AND ENDING SEPTEMBER 30, 2021, FOR THE CITY OF BURNET, TEXAS, FUNDING ACCOUNTS IN BUDGET DUE TO UNFORESEEN SITUATIONS; CONTAINING FINDINGS; PROVIDING FOR SAVINGS AND SEVERABILITY.**

**WHEREAS**, the City of Burnet, Texas Fiscal Year 2020-2021 Budget was adopted by Ordinance 2020-18 within the time and in the manner required by State Law; and

**WHEREAS**, the City of Burnet, Texas has reviewed the Budget; and

**WHEREAS**, the City Council of the City of Burnet, Texas has considered the status of the Capital Improvement Projects for the rest of the fiscal year; and

**WHEREAS**, the City Council of the City of Burnet, Texas hereby finds and determines that it is prudent to amend the line items due to unforeseen situations that have occurred in the City; and

**WHEREAS**, the City Council of the City of Burnet, Texas further finds that these amendments will serve in the public interest; and

**WHEREAS**, the City Council of the City of Burnet, Texas finds and determines that the change in the Budget for the stated municipal purpose is warranted and necessary, and that the amendment of the Budget to fund these line items due to unforeseen situations and a matter of public necessity warranting action at this time;

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF BURNET, TEXAS:**

### **Section 1. Findings**

The facts and matters set out above are found to be true and correct.

### **Section 2. Purpose**

The City of Burnet, Texas, Fiscal Year 2020-2021 Budget is hereby amended to reflect the effect of unforeseen circumstances, as reflected in attachment "A",

### **Section 3. Savings/Repealing Clause**

All provisions of any ordinance in conflict with this Ordinance are hereby repealed to the extent they are in conflict; but such repeal shall not abate any pending prosecution for violation of the repealed ordinance, nor shall the repeal prevent a prosecution from being commenced for any violation if occurring prior to the repeal of the ordinance. Any remaining portions of said ordinances shall remain in full force and effect.

### **Section 4. Severability**

It is hereby declared to be the intention of the City Council that if any of the sections, paragraphs, sentences, clauses, and phrases of the Ordinance shall be declared unconstitutional or invalid by the valid judgment or decree of any court of competent jurisdiction, such unconstitutionality or invalidity shall not affect any of the remaining phrases, clauses, sentences, paragraphs, or sections of this Ordinance, since the same would have been enacted by the City Council without the incorporation of this Ordinance of unconstitutional or invalid phrases, clauses, sentences, paragraphs, or sections.

**PASSED AND APPROVED** the First Reading on this the 13<sup>th</sup> day of April, 2021.

**FINALLY PASSED AND APPROVED** on this 27<sup>th</sup> day of April, 2021.

---

Crista Goble Bromley, Mayor

**ATTEST:**

---

Kelly Dix, City Secretary

## ATTACHMENT A

1. \$54,000 increase to Airport capital outlay expense (47-5100-8100) for the purchase of land from TDCJ for future airport development. The cost will be covered by airport fund balance (use of reserves). (Council approved R2020-56 on 11/10/20).
2. \$100,000 increase to Golf Course capital improvement expense (49-5200-8210) for clubhouse repairs and improvements along with the purchase of hardware for the new POS system. The cost will be covered by fund balance. (Council approved authorization to proceed with repairs and improvements on 1/12/21).
3. \$20,000 increase in Water Department expenses for the reimbursement of costs to property owners for damages not covered by insurance and caused by sanitary sewage backups originating in City sanitary mains. The cost will be covered by fund balance. (Council approved amount per incident not to exceed \$10,000 on 1/12/21).
4. \$100,000 increase in Fire Department Capital expense (46-5117-8860) for increased substation remodel costs. The cost will be covered by fund balance. (Council approved 2/23/21).
5. \$14,125 increase in Water Department expenses to help provide financial relief to customers that incurred high water bills due to leaks caused by the winter storm. The cost will be covered by Water Department fund balance. (Addressed with Council at the 3/9/21 council meeting).
6. \$30,000 increase in Parks Department capital improvement expense (46-5123-9020) for the replacement of the amphitheater cover at Haley Nelson Park. Restricted Park funds will be used to cover the cost. (Council approved 3/23/21).
7. \$17,730 increase in Water Department expenses (45-5400-4501) for a Risk and Resilience Assessment and Emergency Response Plan. The cost will be covered by fund balance. (Council approved 3/23/21).
8. \$30,600 increase in Police Department salary, benefits, and related equipment for the cost of adding an additional police officer for the remainder of the year (approximately 4 months). The cost will be covered by current operations. (Council approved 3/23/21).
9. \$35,000 increase in expenses for the General fund, \$35,000 increase in expenses for the Electric fund, and a \$30,000 increase in the Water and Wastewater fund for Winter Storm related personnel costs, repairs, and supplies. The cost will be covered by fund balance. (Addressed with Council at the 2/23/21 and 3/9/21 council meeting).
10. \$45,000 increase in Hotel Motel expenses to return spending levels to pre-covid amounts. The increase would include a \$25,000 increase to Transfers to General Fund (21-5100-4620), \$15,000 increase in Marketing (21-5100-4605) and a \$5,000 increase in Special Events (21-5100-4609). The cost will be covered by current operations.



## Administration

## ITEM 4.9

Kelly Dix  
City Secretary  
(512)-756-6093 ext. 3209  
kdix@cityofburnet.com

### Agenda Item Brief

<b>Meeting Date:</b>	April 13, 2021
<b>Agenda Item:</b>	Discuss and consider action: Burnet Historic Preservation Board appointment: K. Dix
<b>Background:</b>	<p>Ordinance 2016-19; Section 22-235(b) states: The Board shall consist of five members; one of which shall be a member of the City of Burnet staff, one shall be a member of the City Council or a City staff member appointed in their stead, and three at- large members.</p> <p>Jason Lutz the former Development Services Director, was appointed by the Council to serve on the Burnet Historic Preservation Board as a City of Burnet Staff member. Upon his departure, the position was left vacant pending the hire of a new Development Services Director.</p> <p>Currently, Assistant City Manager Habib Erkan is overseeing the Development Services Department until the Director position is filled.</p>
<b>Information:</b>	Staff recommends Habib Erkan, Assistant City Manager, be appointed to the Burnet Historic Preservation Board to fill the staff member position required by Ordinance 2016-19.
<b>Fiscal Impact:</b>	None.
<b>Recommendation:</b>	To be determined by Council.