



City of

BURNET • TEXAS



Annual Comprehensive Financial Report
For the Fiscal Year Ended
September 30, 2021

Annual Comprehensive Financial Report

of the



City of Burnet, Texas

Prepared by the
Finance Department
Year Ended September 30, 2021

City of Burnet, Texas

September 30, 2021

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March 28, 2022

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, 2021.

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, 2021. 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 6,592. The City was named for David Gouverneur Burnet, the first (provisional) president of the Republic of Texas. Among the many attractions in the Burnet area are the Highland Lakes, Longhorn Caverns, Inks Lake State Park, the Highland Lakes Air Museum, the Texas Wine Trail, and Delaware Springs Golf Course.

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

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

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

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

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

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

Factors Affecting Financial Condition

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

Local economy. The City of Burnet is a proactive, business friendly community centrally located fifty-five miles northwest of Austin and ninety-nine miles north of San Antonio near the Highland Lakes which is the largest chain of lakes in Texas. Steady population growth has been experienced for the last five years with a present population estimated in excess of 6,592. Burnet County's population is estimated at 50,588 which represents a 48% 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 projects in Burnet include the construction of a new thirteen-and-a-half-acre commercial park by the Burnet Economic Development Corporation (BEDC) known as the Crossings at 281. It is located on US Highway 281 South and Houston Clinton Drive. 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 at this location. In addition, R&L Partnership completed the construction of a new manufacturing site located on seven acres located at the back of the Eastside Commercial Park.

Commercial projects currently underway include a Mister Bubbles Car Wash and the expansion of the H-E-B grocery store. Future commercial projects include upgrades to RJ Richey Elementary and Shady Grove Elementary, a Student Activity Center, an Urgent Care Clinic, the Rhomberg Town Homes and the White Street Apartment Complex.

Several new residential developments were completed in 2021 and as a result several new homes are currently under construction in Burnet. Subdivisions completed in 2021 include the Hills of Shady Grove Section 7 with 13 single family lots, Peppermill Phase III with 32 single family lots, Oak Vista Section II with 12 single family lots, Westfall Villages II with 28 single family lots and Honey Rock Phase II with 12 single family lots. In addition, Wandering Oaks which is located just outside the City's limits was completed and includes 23 single family lots.

Subdivisions currently under construction include The Ranches at Delaware Creek Phase III with 19 single family lots, Eagles' Nest Section III with 13 single family lots, Delaware Springs Section 24 with 51 single family lots and Creekfall, Phases I and II with 135 single family lots. Future planned subdivisions and expansions will include, Creekfall, Phase III with 116 single family lots planned, Delaware Springs Section 19 Phases III and IV with 43 single family lots, Honey Rock Subdivision with 299 single family lots, 2 multifamily lots, and 2 commercial lots, West Fall Villages, Phase III with 45 single family lots, The Ranches at Delaware Creek Phase II with 29 single family lots, and just outside the city limits is Headwaters of the San Gabriel Phase II with 26 residential lots planned.

Long-term financial planning and major initiatives. The City took on a \$2,150,000 sewer line improvement project required by the Texas Commission on Environmental Quality (TCEQ) that was completed in 2022.

In addition, the following major projects have been budgeted for 2021-2022:

- New City Hall Building Remodel - \$5,000,000
- New Fire Truck - \$850,000
- Street Improvement Projects - \$400,000
- New Skid Steer for Street Department - \$140,000
- New Loader for Street Department - \$175,000
- New Down-town Public Restroom - \$100,000
- Community Center Remodel - \$100,000
- Park Improvements - \$100,000

- New Camera Truck for Wastewater Department - \$225,000
- New Vacuum Truck for Wastewater Department - \$450,000
- Generators for Water and Wastewater Plant and Lift Stations - \$500,000
- Water Line Extension for Hwy 29 - \$100,000
- Ranch Lift Station Upgrade - \$100,000
- New Airport Jet Hangar - \$1,000,000
- Golf Course Improvements - \$100,000
- Electric Development Improvements - \$150,000
- Electric Upgrades for Scada and reclosers - \$100,000

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/Maintain council authorized capital reserve accounts for the General, Electric, and Water/Wastewater funds.

Acknowledgements

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

Respectfully submitted,



David Vaughn
City Manager



Patricia Langford, C.P.A.
Finance Director

Citizens of Burnet

Mayor/City Council

City Manager

City Attorney

City Judge

Assistant City Manager

Human Resources Director

Personnel

Compensation & Benefits

Training & Development

Finance Director

Budget

Accounting & Accounts Payable

Utility Billing & Collections

Municipal Court

Police Chief

Police Department

Animal Control

Code Enforcement

Public Works Director

Electric Department

Water/Wastewater Department

Parks Department

Streets Department

Warehouse/City Shop

Golf Director

Golf Course

Pro Shop

Snack Bar

Director of Development Services

Planning & Development

Building Inspection

Flood Plain Administration

Fire/EMS Chief

Fire Services

EMS Services

Emergency Management

Administrative Services

Economic Development

Kate Craddock Airport

Project Management

Contracts & Ordinances

City Secretary

Agendas & Postings

Records Management

Elections

Board & Commissions

City of Burnet, Texas
Elected Officials and City Staff
September 30, 2021

Elected Officials

City Council -Two-Year Terms

<u>Name</u>	<u>Position</u>	<u>Term</u>
Crista Goble Bromley	Mayor	2021-2023
Mary Jane Shanes	Mayor Pro Tem	2020-2022
Cindia Talamantez	Council Member	2021-2023
Ricky Langley	Council Member	2021-2023
Danny Lester	Council Member	2020-2022
Joyce Laudenschlager	Council Member	2021-2023
Philip Thurman	Council Member	2020-2022

City Staff

<u>Name</u>	<u>Position</u>
David Vaughn	City Manager
Habib Erkan	Assistant City Manager
Kelly Dix	City Secretary
Mark Ingram	Fire Chief / Emergency Management
Brian Lee	Police Chief
Tony Nash	Director of Golf
Kelli Sames	Director of Human Resources
Patricia Langford	Director of Finance
Vacant	Director of Development Services
Vacant	Director of Public Works
Alan Burdell	Water / Wastewater Superintendent
Andrew Scott	Electric 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	Planning Manager
Matt Imrie	Community Development Coordinator
Will Skinner	Infrastructure Inspector
Eric Belaj	City Engineer
Tracy Shirley	Utilities Billing Coordinator
Sonia Tucker	Utilities Customer Service Representative
Tamara Tinney	Municipal Court Judge
Tina Morgan	Municipal Court Clerk



Government Finance Officers Association

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Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2020

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, 2021, 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, 2021, 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 78 through 85 (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 88 through 95 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.

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

March 28, 2022



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, 2021.

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 \$56,095,645 (*net position*). Unrestricted net position of the City is \$388,489. The City's total net position increased \$1,236,779 primarily due to continued profitability of utility services provided by the City.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$14,035,859, an increase of \$6,769,004 in comparison with the prior year primarily due to the issuance of \$5,755,000 series 2021 general obligation bonds for the construction of a new City Hall facility and other airport improvements.
- 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 \$4,935,031, or approximately 46% of total general fund expenditures.
- The City's general fund total fund balance increased \$923,363 in the current year compared to an increase in the prior year of \$210,353 mainly due to an increase in transfers in of \$375,716 from the utility funds. Additionally, there was a net decrease in transfers out of \$207,486 resulting from (1) a decrease of \$1,366,863 to the general capital projects fund due to the completion of the new police department facility and (2) an increase of \$1,146,972 to the debt service fund for the current year defeasance of Series 2013 general obligation bonds in the amount of \$1,145,000.
- During the current fiscal year, the Burnet Economic Development Corporation ("BEDC") entered into a \$1,400,000 secured promissory note payable with a local financial institution for the development of the Highway 281 Commercial Park.

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 28 through 31 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 33 through 75 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 78 through 85. 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. Also included are the comparative statements of net position and changes in net position for the BEDC. The other supplementary information can be found on pages 88 through 95 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 \$56,095,645 at the close of the most recent fiscal year.

City of Burnet's Net Position
September 30,

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 15,711,575	8,294,491	5,161,169	5,754,425	20,872,744	14,048,916
Capital assets, net	<u>38,089,609</u>	<u>38,056,124</u>	<u>38,195,868</u>	<u>39,113,026</u>	<u>76,285,477</u>	<u>77,169,150</u>
Total assets	<u>53,801,184</u>	<u>46,350,615</u>	<u>43,357,037</u>	<u>44,867,451</u>	<u>97,158,221</u>	<u>91,218,066</u>
Total deferred outflows of resources	<u>1,772,204</u>	<u>1,243,692</u>	<u>642,101</u>	<u>468,982</u>	<u>2,414,305</u>	<u>1,712,674</u>
Current liabilities	1,553,785	930,594	849,004	886,015	2,402,789	1,816,609
Noncurrent liabilities	<u>18,347,490</u>	<u>12,701,816</u>	<u>21,291,871</u>	<u>21,788,087</u>	<u>39,639,361</u>	<u>34,489,903</u>
Total liabilities	<u>19,901,275</u>	<u>13,632,410</u>	<u>22,140,875</u>	<u>22,674,102</u>	<u>42,042,150</u>	<u>36,306,512</u>
Total deferred inflows of resources	<u>1,050,887</u>	<u>1,296,388</u>	<u>383,844</u>	<u>468,974</u>	<u>1,434,731</u>	<u>1,765,362</u>
Net position:						
Net investment in capital assets	34,193,243	33,804,992	20,222,964	20,380,238	54,416,207	54,185,230
Restricted	1,290,949	1,062,536	-	-	1,290,949	1,062,536
Unrestricted	<u>(862,966)</u>	<u>(2,202,019)</u>	<u>1,251,455</u>	<u>1,813,119</u>	<u>388,489</u>	<u>(388,900)</u>
Total net position	<u>\$ 34,621,226</u>	<u>32,665,509</u>	<u>21,474,419</u>	<u>22,193,357</u>	<u>56,095,645</u>	<u>54,858,866</u>

By far, the largest portion of the City's net position (\$54.4 million or 97.0%) 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 (\$1.3 million or 2.3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is \$388,489.

The City's overall net position increased \$1,236,779. 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	
	2021	2020	2021	2020	2021	2020
Program revenues:						
Charges for services	\$ 4,691,735	4,168,597	15,529,696	15,396,881	20,221,431	19,565,478
Operating grants and contributions	1,128,376	934,478	-	-	1,128,376	934,478
Capital grants and contributions	49,504	645,914	70,520	1,070,193	120,024	1,716,107
General revenues:						
Property taxes	3,306,674	3,036,155	-	-	3,306,674	3,036,155
Sales taxes	2,426,055	2,158,149	-	-	2,426,055	2,158,149
Franchise taxes	161,960	153,535	-	-	161,960	153,535
Hotel/motel taxes	209,190	152,756	-	-	209,190	152,756
Unrestricted interest and miscellaneous revenues	4,157	67,975	2,790	32,938	6,947	100,913
Total revenues	11,977,651	11,317,559	15,603,006	16,500,012	27,580,657	27,817,571
Expenses:						
General government	\$ 2,587,631	2,709,203	-	-	2,587,631	2,709,203
Public safety	7,350,318	6,747,415	-	-	7,350,318	6,747,415
Highways and streets	1,135,566	1,182,772	-	-	1,135,566	1,182,772
Aviation services	930,254	741,666	-	-	930,254	741,666
Culture and recreation	1,053,829	977,788	-	-	1,053,829	977,788
Sanitation	920,917	879,551	-	-	920,917	879,551
Economic development	76,457	145,148	-	-	76,457	145,148
Interest and other charges on long-term debt	264,949	182,268	-	-	264,949	182,268
Electric	-	-	6,781,809	6,596,612	6,781,809	6,596,612
Water and sewer	-	-	3,363,972	3,213,760	3,363,972	3,213,760
Delaware Springs Golf Course	-	-	1,878,176	1,677,563	1,878,176	1,677,563
Total expenses	14,319,921	13,565,811	12,023,957	11,487,935	26,343,878	25,053,746
Increase (decrease) in net position before transfers	(2,342,270)	(2,248,252)	3,579,049	5,012,077	1,236,779	2,763,825
Transfers	4,297,987	4,296,805	(4,297,987)	(4,296,805)	-	-
Increase in net position	1,955,717	2,048,553	(718,938)	715,272	1,236,779	2,763,825
Net position, beginning of year	32,665,509	30,616,956	22,193,357	21,478,085	54,858,866	52,095,041
Net position, end of year	\$ 34,621,226	32,665,509	21,474,419	22,193,357	56,095,645	54,858,866

Governmental Activities. During the current fiscal year, net position for governmental activities increased \$1,955,717 as compared to an increase of \$2,048,553 in the prior year. Key elements of the changes from the prior year are as follows:

- Charges for services increased \$523,138 due to (1) an increase in the number of ambulance calls resulting in an increase in EMS revenues of \$221,149 and (2) an increase in the sale of jet fuel of \$280,028 as there was less activity at the airport in the prior year due to the pandemic.
- Capital grants and contributions decreased \$596,410. During the prior year, the City received contributions of \$570,015 for Pepper Mill and Westfall housing development infrastructure. There was no similar contribution in the current year.
- Property taxes increased \$270,519 during the year (approximately 8.9%), which is primarily due to increased property values and new property being added to the tax roll.
- Sales taxes increased \$267,906 (approximately 12.4%) during the year due to overall increased spending in the retail trade sector and online general merchandisers.

Overall, governmental expenses increased \$754,110 (5.6%). A 3% merit salary increase and a cost of living component were approved in the budget along with two new full time positions. Interest expense and other charges increased \$82,681 as a result of (1) bond issue costs of \$141,202 incurred in connection with the issuance of the Series 2021 certificates of obligation and (2) a reduction in interest expense of \$58,521 primarily as a result of the current year defeasance of the Series 2013 certificates of obligation in the amount of \$1,145,000. Overall, governmental activities recognized a decrease in net position before transfers of \$2.3 million and \$2.2 million in 2021 and 2020, respectively. Transfers in were \$4.3 million and \$4.3 million in 2021 and 2020, respectively.

Business-Type Activities. During the current fiscal year, net position for business-type activities decreased \$718,938 as compared to an increase of \$715,272 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 \$132,815 or 0.9% from the prior year. This is the net result of increases in charges for services for electric and golf, offset by a decrease in other electric operating revenue of \$606,851 due to wholesale rebates received in the prior year from the Lower Colorado River Authority. Electric consumption increased from prior year by 1.9%. Additionally, charges for services are impacted by the cost of power, which was slightly more than the prior year as discussed below. Golf services and sales of merchandise increased \$454,723 due to a full year of operations during 2021 as the golf course was closed for a portion of the year and had less activity during 2020 due to the pandemic.
- Capital grants and contributions decreased \$999,673 due to prior year contributions from developers for new construction within the City.

Overall, business-type expenses increased \$536,022 (4.7%). A 3% merit salary increase and a cost of living component were approved in the budget. Cost of power for electricity increased \$245,366 (5.0%). Interest expense and other charges increased \$68,678 primarily as a result of bond issue costs of \$79,178 incurred in connection with the issuance of the Series 2021 general obligation refunding bonds. Overall, business-type activities recognized an increase in net position before transfers of \$3.6 million and \$5.0 million in 2021 and 2020, respectively. Transfers out were \$4.3 million and \$4.3 million in 2021 and 2020, respectively.

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 *governmental 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, 2021, the City's governmental funds reported combined fund balances of \$14,035,859, an increase of \$6,769,004 in comparison with the prior year. Of this amount, \$4,935,031 is available for spending at the government's discretion (*unassigned fund balance*). The remainder of the fund balance is either nonspendable, restricted, committed, or assigned to indicate that it is (1) not in spendable form, \$80,654; (2) restricted for particular purposes, \$6,732,985; or (3) assigned for particular purposes, \$2,287,189.

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 \$4,935,031. 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 46% of total general fund expenditures.

During the current fiscal year, fund balance for the general fund increased \$923,363 as compared to an increase of \$210,242 in the prior year. Key factors in this change are as follows:

- Property taxes increased \$235,800 (8.8%) which is primarily due to increased property values and new property being added to the tax roll.
- Sales taxes increased \$267,906 (12.4%) during the year due to overall increased spending in the retail trade sector and online general merchandisers.
- Expenses increased \$503,936, approximately 4.9% 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 \$4,640,530, which was approximately \$375,716 more than the prior year amount of \$4,264,814.

- Transfers out of \$2,986,006 were approximately \$207,486 less than the prior year amount of \$3,193,492, and resulted from transfers to (1) the debt service fund for current year defeasance of the Series 2013 certificates of obligation, (2) the general capital projects fund for the construction of the new City Hall building, and (3) to nonmajor capital projects funds for the acquisition of vehicles and other airport improvements.

During the current fiscal year, fund balance for the airport fund increased \$152,403 as compared to a decrease of \$31,969 in the prior year. Fuel sales increased \$280,028 (with a corresponding increase in cost of fuel purchased of \$162,063) due to an increase in gallons sold of jet fuel, as there was less activity at the airport in 2020 due to the pandemic. Transfers out for airport capital purchases decreased \$88,416 from the prior year.

During the current fiscal year, fund balance for the debt service fund decreased by \$12,883 as compared to an increase of \$26,402 in the prior year. Property taxes decreased by \$68,230 (10.9%) due to decrease in the I&S property tax rate of \$0.0203 per \$100 valuation, offset by 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 2021, the City issued Series 2021 certificates of obligation in the amount of \$5,755,000, of which \$4,795,000 is for the construction of the new City Hall building. Capital expenditures for the current year of \$1,931,508 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 \$929,922; \$1,705,637, and (\$1,384,104), respectively. Net position for the electric and water and sewer funds decreased by \$664,325 and \$158,623, respectively. The net position for the Delaware Springs Golf Course fund increased by \$104,010. 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 amendment to the budget was a \$1,145,000 increase to fire expenditures for a transfer out to debt service for the current year defeasance of Series 2013 certificates of obligation.

Final budget compared to actual results. During the year, actual revenues and transfers in were over budget by \$2,814,179. This was mostly attributable to sales taxes being more than expected by \$428,482. Actual expenditures were 99.6% of appropriations, and transfers out were \$574,040 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, 2021, amounts to \$76,285,477 (net of accumulated depreciation). This investment in capital assets includes land, buildings, infrastructure, machinery and equipment, and construction in progress. The total net decrease in the City’s investment in capital assets for the current fiscal year was \$883,673 or 1.1%.

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

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 3,924,707	3,924,707	577,543	577,543	4,502,250	4,502,250
Buildings	9,671,030	5,209,984	103,478	106,828	9,774,508	5,316,812
Infrastructure	20,677,875	21,233,913	36,467,176	37,037,070	57,145,051	58,270,983
Machinery and equipment	2,417,783	2,772,811	1,023,257	1,060,767	3,441,040	3,833,578
Construction in progress	1,398,214	4,914,709	24,414	330,818	1,422,628	5,245,527
	<u>\$ 38,089,609</u>	<u>38,056,124</u>	<u>38,195,868</u>	<u>39,113,026</u>	<u>76,285,477</u>	<u>77,169,150</u>

Major capital asset activity during the current fiscal year included:

Work was completed on:

New police department facility	\$ 173,265
Airport improvements	22,070
Delaware Springs Golf Course improvements	166,474
Park and ball field improvements	65,370
Street improvements	256,515
Structures and lines - electric	249,906
Water mains, sewer lines, and drainage improvements	195,239

Acquisition of ambulance and other public safety vehicles	\$ 364,143
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Acquisition of computer and other equipment	\$ 376,945
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Work continued on:

New City Hall facility	\$ 1,004,357
New teen center at Recreation Center	20,000
Fire department substation	290,281
Deleware Springs Golf Course - Clubhouse improvements	22,714

Additional information on the City's capital assets can be found in Note III.C. on pages 47 to 49 of this report.

Long-Term Debt. At the end of the current fiscal year, the City had total long-term liabilities of \$39,639,361.

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

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Certificates of obligation	\$ 8,450,000	4,095,000	15,525,000	18,551,000	23,975,000	22,646,000
Refunding bonds	-	-	2,200,000	191,475	2,200,000	191,475
Premiums	535,783	156,132	273,571	51,930	809,354	208,062
Total bonded debt	8,985,783	4,251,132	17,998,571	18,794,405	26,984,354	23,045,537
Compensated absences	513,235	471,409	198,182	225,344	711,417	696,753
Net pension liability	2,027,810	2,162,633	746,457	785,979	2,774,267	2,948,612
Total OPEB liability - life insurance	440,338	362,150	-	-	440,338	362,150
Total OPEB liability - health insurance	6,380,324	5,454,492	2,348,661	1,982,359	8,728,985	7,436,851
Total	\$ 18,347,490	12,701,816	21,291,871	21,788,087	39,639,361	34,489,903

The City's total outstanding debt increased by \$5.1 million during the current fiscal year. This change primarily resulted from the issuance of Series 2021 certificates of obligation in the amount of \$5.8 million, and was offset by scheduled principal payments on bonded debt of \$1.2 million. The City also issued Series 2021 general obligation refunding bonds in the amount of \$2.3 million, and utilized \$1.1 million of existing funds for the current year defeasance of Series 2013 certificates of obligation. Finally, the City recognized an increase in the total OPEB liabilities of \$1.4 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 2021 is \$0.06670 per \$100 assessed valuation. This represents only 4%, or \$1.4333, 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 50 to 54 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 2022 fiscal year budget:

- Lowering the property tax rate from \$0.6181 to \$0.6131 per \$100 valuation.
- Projected increase in property taxes due to a significant increase in assessed property values;
- Addition of eleven new full-time positions and 3 new part-time positions to address staffing shortages;

- Completion of the new City Hall building remodel project

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, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Burnet Economic Development Corporation, Inc.
Assets				
Cash and cash equivalents	\$ 13,976,451	3,083,556	17,060,007	1,365,358
Receivables (net of allowance for uncollectibles)	1,239,327	1,509,059	2,748,386	157,513
Inventories	77,476	954,099	1,031,575	-
Internal balances	385,545	(385,545)	-	-
Due from component unit	29,598	-	29,598	-
Prepaid and other items	3,178	-	3,178	-
Restricted cash and cash equivalents	-	-	-	1,040,790
Properties held for resale	-	-	-	1,507,641
Capital assets not being depreciated:				
Land	3,924,707	577,543	4,502,250	41,360
Construction in progress	1,398,214	24,414	1,422,628	-
Capital assets, net of accumulated depreciation:				
Buildings	9,671,030	103,478	9,774,508	3,208,127
Infrastructure	20,677,875	36,467,176	57,145,051	-
Machinery and equipment	2,417,783	1,023,257	3,441,040	-
Total assets	<u>53,801,184</u>	<u>43,357,037</u>	<u>97,158,221</u>	<u>7,320,789</u>
Deferred Outflows of Resources				
Deferred outflows of resources	<u>1,772,204</u>	<u>642,101</u>	<u>2,414,305</u>	<u>-</u>
Liabilities				
Accounts payable	257,070	114,590	371,660	-
Accrued interest payable	27,135	11,602	38,737	14,656
Accrued liabilities	463,372	158,119	621,491	-
Due to primary government	-	-	-	29,598
Deposits payable	7,050	564,693	571,743	-
Unearned revenue	799,158	-	799,158	-
Noncurrent liabilities:				
Due within one year	586,618	999,091	1,585,709	233,284
Due in more than one year	17,760,872	20,292,780	38,053,652	2,881,509
Total liabilities	<u>19,901,275</u>	<u>22,140,875</u>	<u>42,042,150</u>	<u>3,159,047</u>
Deferred Inflows of Resources				
Deferred inflows of resources	<u>1,050,887</u>	<u>383,844</u>	<u>1,434,731</u>	<u>-</u>
Net Position				
Net investment in capital assets	34,193,243	20,222,964	54,416,207	2,910,484
Restricted for:				
Debt service	189,891	-	189,891	-
Economic development	180,250	-	180,250	-
Aviation services	837,811	-	837,811	-
Public safety	82,997	-	82,997	-
Unrestricted	<u>(862,966)</u>	<u>1,251,455</u>	<u>388,489</u>	<u>1,251,258</u>
Total net position	<u>\$ 34,621,226</u>	<u>21,474,419</u>	<u>56,095,645</u>	<u>4,161,742</u>

See accompanying notes to financial statements.

City of Burnet, Texas

Statement of Activities

Year Ended September 30, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 2,587,631	314,654	-	-
Public safety	7,350,318	2,363,198	1,071,060	-
Highways and streets	1,135,566	-	-	-
Aviation services	930,254	893,683	12,796	49,504
Culture and recreation	1,053,829	20,976	44,520	-
Sanitation	920,917	1,099,224	-	-
Economic development	76,457	-	-	-
Interest and other charges	264,949	-	-	-
Total governmental activities	<u>14,319,921</u>	<u>4,691,735</u>	<u>1,128,376</u>	<u>49,504</u>
Business-type activities:				
Electric	6,781,809	9,125,087	-	70,520
Water and sewer	3,363,972	4,620,814	-	-
Delaware Springs Golf Course	1,878,176	1,783,795	-	-
Total business-type activities	<u>12,023,957</u>	<u>15,529,696</u>	<u>-</u>	<u>70,520</u>
Total primary government	<u>\$ 26,343,878</u>	<u>20,221,431</u>	<u>1,128,376</u>	<u>120,024</u>
Component unit:				
Burnet Economic Development Corporation				
	\$ <u>395,496</u>	<u>238,211</u>	<u>-</u>	<u>-</u>

General revenues:
 Property taxes
 Sales taxes
 Franchise taxes
 Hotel/motel taxes
 Unrestricted interest and miscellaneous revenues
 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.
(2,272,977)	-	(2,272,977)	
(3,916,060)	-	(3,916,060)	
(1,135,566)	-	(1,135,566)	
25,729	-	25,729	
(988,333)	-	(988,333)	
178,307	-	178,307	
(76,457)	-	(76,457)	
(264,949)	-	(264,949)	
(8,450,306)	-	(8,450,306)	
-	2,413,798	2,413,798	
-	1,256,842	1,256,842	
-	(94,381)	(94,381)	
-	3,576,259	3,576,259	
(8,450,306)	3,576,259	(4,874,047)	
			(157,285)
\$ 3,306,674	-	3,306,674	-
2,426,055	-	2,426,055	808,685
161,960	-	161,960	-
209,190	-	209,190	-
4,157	2,790	6,947	697
4,297,987	(4,297,987)	-	-
10,406,023	(4,295,197)	6,110,826	809,382
1,955,717	(718,938)	1,236,779	652,097
32,665,509	22,193,357	54,858,866	3,509,645
\$ 34,621,226	21,474,419	56,095,645	4,161,742

City of Burnet, Texas

**Balance Sheet
Governmental Funds**

September 30, 2021

	<u>General</u>	<u>Airport</u>	<u>Debt Service</u>	<u>General Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets						
Cash and cash equivalents	\$ 4,571,518	778,840	500,633	5,183,569	2,941,891	13,976,451
Receivables (net of allowance for uncollectibles)	1,092,877	43,986	16,344	-	86,120	1,239,327
Due from other funds	255,992	5,000	3,950	-	671,212	936,154
Inventories	23,204	54,272	-	-	-	77,476
Prepaid and other items	<u>3,178</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,178</u>
Total assets	\$ <u>5,946,769</u>	<u>882,098</u>	<u>520,927</u>	<u>5,183,569</u>	<u>3,699,223</u>	<u>16,232,586</u>
Liabilities						
Liabilities:						
Accounts and retainages payable	\$ 213,952	30,784	-	9,386	2,948	257,070
Accrued liabilities	456,955	6,197	-	-	220	463,372
Deposits payable	-	7,050	-	-	-	7,050
Unearned revenue	5,500	-	-	793,658	-	799,158
Due to other funds	<u>175,969</u>	<u>256</u>	<u>331,036</u>	<u>-</u>	<u>13,750</u>	<u>521,011</u>
Total liabilities	<u>852,376</u>	<u>44,287</u>	<u>331,036</u>	<u>803,044</u>	<u>16,918</u>	<u>2,047,661</u>
Deferred Inflows of Resources						
Unavailable revenue - property taxes	<u>132,980</u>	<u>-</u>	<u>16,086</u>	<u>-</u>	<u>-</u>	<u>149,066</u>
Fund Balances						
Nonspendable	26,382	54,272	-	-	-	80,654
Restricted	-	783,539	173,805	4,380,525	1,395,116	6,732,985
Assigned	-	-	-	-	2,287,189	2,287,189
Unassigned	<u>4,935,031</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,935,031</u>
Total fund balances	<u>4,961,413</u>	<u>837,811</u>	<u>173,805</u>	<u>4,380,525</u>	<u>3,682,305</u>	<u>14,035,859</u>
Total liabilities, deferred inflows of resources and fund balances	\$ <u>5,946,769</u>	<u>882,098</u>	<u>520,927</u>	<u>5,183,569</u>	<u>3,699,223</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.						38,089,609
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.						149,066
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>(17,653,308)</u>
Net position of governmental activities						\$ <u>34,621,226</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, 2021

	<u>General</u>	<u>Airport</u>	<u>Debt Service</u>	<u>General Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:						
Property taxes	\$ 2,909,157	-	352,523	-	-	3,261,680
Sales taxes	2,426,055	-	-	-	-	2,426,055
Franchise taxes	161,960	-	-	-	-	161,960
Hotel/motel taxes	-	-	-	-	209,190	209,190
Licenses and permits	90,591	-	-	-	-	90,591
Intergovernmental	802,195	-	-	374,319	62,300	1,238,814
Charges for services - sanitation	1,099,224	-	-	-	-	1,099,224
Charges for services - EMS	1,989,701	-	-	-	-	1,989,701
Charges for services - other	20,976	-	-	-	-	20,976
Fines	134,919	-	-	-	20,971	155,890
Interest	2,091	335	607	129	995	4,157
Contributions and donations	111,118	-	-	-	-	111,118
Fuel sales	-	683,989	-	-	-	683,989
Miscellaneous	224,063	209,694	-	44,520	1,035	479,312
Total revenues	<u>9,972,050</u>	<u>894,018</u>	<u>353,130</u>	<u>418,968</u>	<u>294,491</u>	<u>11,932,657</u>
Expenditures:						
Current:						
General government	2,237,383	-	-	-	-	2,237,383
Public safety	6,153,226	-	-	60,270	12,071	6,225,567
Highways and streets	623,699	-	-	-	-	623,699
Aviation services	-	642,079	-	-	-	642,079
Culture and recreation	760,648	-	-	-	-	760,648
Sanitation	920,917	-	-	-	-	920,917
Economic development	-	-	-	-	76,457	76,457
Debt service:						
Principal	-	-	1,400,000	-	-	1,400,000
Interest and fiscal charges	-	-	112,985	-	-	112,985
Bond issue costs	-	-	-	114,943	25,133	140,076
Capital outlay	7,338	-	-	1,931,508	525,851	2,464,697
Total expenditures	<u>10,703,211</u>	<u>642,079</u>	<u>1,512,985</u>	<u>2,106,721</u>	<u>639,512</u>	<u>15,604,508</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(731,161)</u>	<u>251,939</u>	<u>(1,159,855)</u>	<u>(1,687,753)</u>	<u>(345,021)</u>	<u>(3,671,851)</u>
Other financing sources (uses):						
Issuance of certificates of obligation	-	-	-	4,795,000	960,000	5,755,000
Premiums on certificates of obligation	-	-	-	322,735	65,133	387,868
Transfers in	4,640,530	-	1,146,972	934,936	717,677	7,440,115
Transfers out	<u>(2,986,006)</u>	<u>(99,536)</u>	<u>-</u>	<u>-</u>	<u>(56,586)</u>	<u>(3,142,128)</u>
Total other financing sources (uses)	<u>1,654,524</u>	<u>(99,536)</u>	<u>1,146,972</u>	<u>6,052,671</u>	<u>1,686,224</u>	<u>10,440,855</u>
Net change in fund balances	923,363	152,403	(12,883)	4,364,918	1,341,203	6,769,004
Fund balances, beginning 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>
Fund balances, end of year	\$ <u>4,961,413</u>	<u>837,811</u>	<u>173,805</u>	<u>4,380,525</u>	<u>3,682,305</u>	<u>14,035,859</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, 2021

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

Net change in fund balances - total governmental funds	\$ 6,769,004
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 (\$2,291,272) exceeded depreciation expense (\$2,257,787) in the current period.	33,485
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	44,994
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.	(4,734,651)
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.	(61,931)
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>(95,184)</u>
Change in net position of governmental activities	\$ <u><u>1,955,717</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, 2021

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
Revenues:				
Property taxes	\$ 2,877,000	2,877,000	2,909,157	32,157
Sales taxes	1,997,573	1,997,573	2,426,055	428,482
Franchise taxes	150,000	150,000	161,960	11,960
Licenses and permits	80,200	80,200	90,591	10,391
Intergovernmental	801,713	801,713	802,195	482
Charges for services - sanitation	1,073,927	1,073,927	1,099,224	25,297
Charges for services - EMS	1,620,000	1,620,000	1,989,701	369,701
Charges for services - other	17,500	17,500	20,976	3,476
Fines	118,000	118,000	134,919	16,919
Interest	25,000	25,000	2,091	(22,909)
Contributions and donations	4,200	4,200	111,118	106,918
Miscellaneous	133,300	133,300	224,063	90,763
Total revenues	<u>8,898,413</u>	<u>8,898,413</u>	<u>9,972,050</u>	<u>1,073,637</u>
Expenditures:				
General government:				
Mayor and Council	15,820	15,820	12,321	3,499
Administrative	1,726,471	1,761,471	1,719,197	42,274
Planning and zoning	415,074	415,074	387,126	27,948
City shop	109,614	109,614	122,622	(13,008)
Public safety:				
Police	2,584,053	2,614,653	2,520,554	94,099
Municipal court	59,759	59,759	64,451	(4,692)
Fire	3,897,230	5,042,230	5,205,771	(163,541)
Highways and streets	698,775	698,775	623,699	75,076
Culture and recreation:				
Parks	673,767	673,767	676,157	(2,390)
Recreation center	105,000	105,000	100,281	4,719
Sanitation	901,822	901,822	920,917	(19,095)
Total expenditures	<u>11,187,385</u>	<u>12,397,985</u>	<u>12,353,096</u>	<u>44,889</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,288,972)</u>	<u>(3,499,572)</u>	<u>(2,381,046)</u>	<u>1,118,526</u>
Other financing sources (uses):				
Transfers in	2,936,301	2,961,301	4,701,843	1,740,542
Transfers out	(1,949,474)	(1,971,474)	(1,397,434)	574,040
Total other financing sources (uses)	<u>986,827</u>	<u>989,827</u>	<u>3,304,409</u>	<u>2,314,582</u>
Net change in fund balances	<u>(1,302,145)</u>	<u>(2,509,745)</u>	<u>923,363</u>	<u>3,433,108</u>
Fund balances, beginning of year	<u>4,038,050</u>	<u>4,038,050</u>	<u>4,038,050</u>	<u>-</u>
Fund balances, end of year	<u>\$ 2,735,905</u>	<u>1,528,305</u>	<u>4,961,413</u>	<u>3,433,108</u>

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, 2021

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
Revenues:				
Fuel sales	\$ 380,950	380,950	683,989	303,039
Interest	5,700	5,700	335	(5,365)
Miscellaneous	204,379	204,379	209,694	5,315
Total revenues	591,029	591,029	894,018	302,989
Expenditures:				
Aviation services	466,213	466,213	642,079	(175,866)
Total expenditures	466,213	466,213	642,079	(175,866)
Excess of revenues over expenditures	124,816	124,816	251,939	127,123
Other financing sources (uses):				
Transfers out	(231,457)	(231,457)	(99,536)	131,921
Total other financing sources (uses)	(231,457)	(231,457)	(99,536)	131,921
Net change in fund balances	(106,641)	(106,641)	152,403	259,044
Fund balances, beginning of year	685,408	685,408	685,408	-
Fund balances, end of year	\$ 578,767	578,767	837,811	259,044

See accompanying notes to financial statements.



City of Burnet, Texas
Statement of Net Position –
Proprietary Funds
September 30, 2021

	Business-type Activities - Enterprise Funds			Total
	Electric	Water and Sewer	Delaware Springs Golf Course	
Assets				
Current assets:				
Cash and cash equivalents	\$ 1,115,916	1,811,972	155,668	3,083,556
Receivables (net of allowance for uncollectibles)	1,053,322	455,298	439	1,509,059
Inventories	513,214	338,844	102,041	954,099
Due from other funds	43,315	496,634	1,375	541,324
Total current assets	<u>2,725,767</u>	<u>3,102,748</u>	<u>259,523</u>	<u>6,088,038</u>
Noncurrent assets:				
Capital assets:				
Land	11,171	357,759	208,613	577,543
Buildings	134,006	-	-	134,006
Infrastructure	7,539,218	47,156,378	3,577,064	58,272,660
Machinery and equipment	2,343,621	1,549,397	2,191,938	6,084,956
Construction in progress	-	1,700	22,714	24,414
Less accumulated depreciation	<u>(5,227,719)</u>	<u>(17,769,661)</u>	<u>(3,900,331)</u>	<u>(26,897,711)</u>
Total capital assets, net	<u>4,800,297</u>	<u>31,295,573</u>	<u>2,099,998</u>	<u>38,195,868</u>
Total assets	<u>7,526,064</u>	<u>34,398,321</u>	<u>2,359,521</u>	<u>44,283,906</u>
Deferred Outflows of Resources				
Deferred outflows of resources	<u>251,587</u>	<u>230,919</u>	<u>159,595</u>	<u>642,101</u>
Liabilities				
Current liabilities:				
Accounts payable	37,503	50,522	26,565	114,590
Accrued interest payable	544	11,058	-	11,602
Accrued liabilities	74,616	33,596	49,907	158,119
Deposits payable	564,693	-	-	564,693
Due to other funds	-	154,952	771,917	926,869
Compensated absences - current	34,692	37,332	27,067	99,091
General obligation debt payable - current	45,000	855,000	-	900,000
Total current liabilities	<u>757,048</u>	<u>1,142,460</u>	<u>875,456</u>	<u>2,774,964</u>
Noncurrent liabilities:				
Compensated absences	34,693	37,331	27,067	99,091
General obligation debt payable	108,362	16,990,209	-	17,098,571
Net pension liability	273,573	279,627	193,257	746,457
Total OPEB liability - health insurance	860,774	879,821	608,066	2,348,661
Total noncurrent liabilities	<u>1,277,402</u>	<u>18,186,988</u>	<u>828,390</u>	<u>20,292,780</u>
Total liabilities	<u>2,034,450</u>	<u>19,329,448</u>	<u>1,703,846</u>	<u>23,067,744</u>
Deferred Inflows of Resources				
Deferred inflows of resources	<u>140,677</u>	<u>143,791</u>	<u>99,376</u>	<u>383,844</u>
Net Position				
Net investment in capital assets	4,672,602	13,450,364	2,099,998	20,222,964
Unrestricted	<u>929,922</u>	<u>1,705,637</u>	<u>(1,384,104)</u>	<u>1,251,455</u>
Total net position	<u>\$ 5,602,524</u>	<u>15,156,001</u>	<u>715,894</u>	<u>21,474,419</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, 2021

	Business-type Activities - Enterprise Funds			Total
	Electric	Water and Sewer	Delaware Springs Golf Course	
Operating revenues:				
Charges for sales and services:				
Electric service	\$ 9,056,485	-	-	9,056,485
Water and sewer services	-	4,618,914	-	4,618,914
Golf services	-	-	1,298,393	1,298,393
Sales of merchandise	-	-	471,819	471,819
Other operating revenue	68,602	1,900	13,583	84,085
Total operating revenues	<u>9,125,087</u>	<u>4,620,814</u>	<u>1,783,795</u>	<u>15,529,696</u>
Operating expenses:				
Personnel	1,006,189	970,453	864,175	2,840,817
Materials and supplies	91,461	199,492	118,780	409,733
Repairs and maintenance	64,252	289,046	99,184	452,482
Purchased services	98,209	403,084	101,849	603,142
Purchases for resale	5,129,241	75,756	330,507	5,535,504
Depreciation	295,569	1,189,954	363,681	1,849,204
Other operating expenses	74,443	22,748	-	97,191
Total operating expenses	<u>6,759,364</u>	<u>3,150,533</u>	<u>1,878,176</u>	<u>11,788,073</u>
Operating income (loss)	<u>2,365,723</u>	<u>1,470,281</u>	<u>(94,381)</u>	<u>3,741,623</u>
Nonoperating revenues (expenses):				
Interest earnings	1,514	1,276	-	2,790
Bond issuance costs	(6,188)	(72,990)	-	(79,178)
Interest expense	(16,257)	(140,449)	-	(156,706)
Total nonoperating revenues (expenses)	<u>(20,931)</u>	<u>(212,163)</u>	<u>-</u>	<u>(233,094)</u>
Income (loss) before contributions and transfers	2,344,792	1,258,118	(94,381)	3,508,529
Capital contributions	70,520	-	-	70,520
Transfers in	-	-	462,498	462,498
Transfers out	<u>(3,079,637)</u>	<u>(1,416,741)</u>	<u>(264,107)</u>	<u>(4,760,485)</u>
Change in net position	(664,325)	(158,623)	104,010	(718,938)
Net position, beginning of year	<u>6,266,849</u>	<u>15,314,624</u>	<u>611,884</u>	<u>22,193,357</u>
Net position, end of year	<u>\$ 5,602,524</u>	<u>15,156,001</u>	<u>715,894</u>	<u>21,474,419</u>

See accompanying notes to financial statements.

City of Burnet, Texas
Statement of Cash Flows –
Proprietary Funds
Year Ended September 30, 2021

	<u>Business-type Activities - Enterprise Funds</u>			
	<u>Electric</u>	<u>Water and Sewer</u>	<u>Delaware Springs Golf Course</u>	<u>Total</u>
Cash flows from operating activities:				
Receipts from customers and users	\$ 8,989,702	4,577,256	1,797,587	15,364,545
Receipts of customer deposits	116,840	-	-	116,840
Payments to employees for salaries and wages	(705,503)	(717,746)	(632,431)	(2,055,680)
Payments to suppliers and others	(5,754,831)	(1,371,103)	(855,011)	(7,980,945)
Return of customer deposits	(89,937)	-	-	(89,937)
Net cash provided by operating activities	<u>2,556,271</u>	<u>2,488,407</u>	<u>310,145</u>	<u>5,354,823</u>
Cash flows from noncapital financing activities:				
Transfers from other funds	-	-	462,498	462,498
Transfers to other funds	(3,079,637)	(1,416,741)	(264,107)	(4,760,485)
Net cash provided by (used in) noncapital financing activities	<u>(3,079,637)</u>	<u>(1,416,741)</u>	<u>198,391</u>	<u>(4,297,987)</u>
Cash flows from capital and related financing activities:				
Capital contributions	70,520	-	-	70,520
Acquisition and construction of capital assets	(281,279)	(208,811)	(441,956)	(932,046)
Principal paid on capital debt	(45,000)	(860,000)	-	(905,000)
Interest paid on capital debt	(16,137)	(110,620)	-	(126,757)
Net cash used in capital and related financing activities	<u>(271,896)</u>	<u>(1,179,431)</u>	<u>(441,956)</u>	<u>(1,893,283)</u>
Cash flows from investing activities:				
Interest on investments	1,514	1,276	-	2,790
Net cash provided by investing activities	<u>1,514</u>	<u>1,276</u>	<u>-</u>	<u>2,790</u>
Net increase (decrease) in cash and cash equivalents	(793,748)	(106,489)	66,580	(833,657)
Cash and cash equivalents, beginning of year	<u>1,909,664</u>	<u>1,918,461</u>	<u>89,088</u>	<u>3,917,213</u>
Cash and cash equivalents, end of year	<u>\$ 1,115,916</u>	<u>1,811,972</u>	<u>155,668</u>	<u>3,083,556</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)	\$ 2,365,723	1,470,281	(94,381)	3,741,623
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	295,569	1,189,954	363,681	1,849,204
Decrease (increase) in assets and liabilities:				
Accounts receivables	(45,448)	(31,295)	13,792	(62,951)
Inventories	10,368	(45,550)	18,222	(16,960)
Prepaid and other items	-	-	6,085	6,085
Due from / due to other funds	(162,751)	-	(3,824)	(166,575)
Deferred outflows	(63,056)	(62,071)	(47,992)	(173,119)
Accounts payable	(11,853)	(951)	6,266	(6,538)
Accrued liabilities	9,655	(58,338)	3,609	(45,074)
Customer deposits	26,903	-	-	26,903
Unearned revenues	-	(12,263)	-	(12,263)
Compensated absences	(3,355)	(2,195)	(21,612)	(27,162)
Net pension liability	(3,328)	(26,869)	(9,325)	(39,522)
Total OPEB liability	162,387	106,791	97,124	366,302
Deferred inflows	(24,543)	(39,087)	(21,500)	(85,130)
Total adjustments	<u>190,548</u>	<u>1,018,126</u>	<u>404,526</u>	<u>1,613,200</u>
Net cash provided by operating activities	\$ <u>2,556,271</u>	<u>2,488,407</u>	<u>310,145</u>	<u>5,354,823</u>
Noncash investing, capital and financing activities:				
Proceeds of refunding bonds used for payment to bond escrow agent	\$ <u>193,609</u>	<u>2,288,265</u>	<u>-</u>	<u>2,481,874</u>

See accompanying notes to financial statements.



City of Burnet, Texas

Notes to Financial Statements

September 30, 2021

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, 2021 are as follows:

	<u>General</u>	<u>Airport</u>	<u>Debt Service</u>	<u>General Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Nonspendable:						
Inventories	\$ 23,204	54,272	-	-	-	77,476
Prepaid items	3,178	-	-	-	-	3,178
Restricted:						
Aviation services	-	783,539	-	-	-	783,539
General obligation debt service	-	-	173,805	-	-	173,805
Capital projects	-	-	-	4,380,525	1,131,869	5,512,394
Economic development	-	-	-	-	180,250	180,250
Public safety	-	-	-	-	82,997	82,997
Assigned:						
Capital projects	-	-	-	-	2,287,189	2,287,189
Unassigned	4,935,031	-	-	-	-	4,935,031
	<u>\$ 4,961,413</u>	<u>837,811</u>	<u>173,805</u>	<u>4,380,525</u>	<u>3,682,305</u>	<u>14,035,859</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 \$17,653,308 difference are as follows.

General obligation debt	\$ (8,450,000)
Premiums on general obligation debt	(535,783)
Compensated absences	(513,235)
Accrued interest payable	(27,135)
Net pension liability, net of related deferred inflows of \$602,943 and deferred outflows of \$558,048	(2,072,705)
Total OPEB liability - life insurance, net of related deferred inflows of \$8,145 and deferred outflows of \$97,611	(350,872)
Total OPEB liability - health insurance, net of related deferred inflows of \$439,799 and deferred outflows of \$1,116,545	<u>(5,703,578)</u>
	<u>\$ (17,653,308)</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 \$4,734,651 difference are as follows.

General obligation debt issued	\$ (5,755,000)
Premiums on general obligation debt issued	(387,868)
Principal repayments on general obligation debt	1,400,000
Amortization of premiums	<u>8,217</u>
	<u>\$ (4,734,651)</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, 2021, consist of investments in Texas Local Government Investment Pool (“TexPool”) of \$13,087,987. See Note I.H. for a discussion of how the shares in TexPool are valued.

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

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the City will only invest on a basis which allows liquidity to meet cash flow needs as necessary – the weighted average maturity should be 180 days or less for the general fund and 365 days or less for the debt service fund. The weighted average maturity of TexPool is 34 days as of September 30, 2021.

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	\$	3,221
Carrying amount of deposits		6,374,947
Carrying amount of investments		<u>13,087,987</u>
		<u>\$ 19,466,155</u>
Per the statement of net position for the City:		
Cash and cash equivalents	\$	<u>17,060,007</u>
Per the statement of net position for the Burnet Economic Development Corporation:		
Cash and cash equivalents		1,365,358
Restricted cash and cash equivalents		<u>1,040,790</u>
		<u>2,406,148</u>
		<u>\$ 19,466,155</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:

	<u>General</u>	<u>Airport</u>	<u>Debt Service</u>	<u>Nonmajor Govern- mental</u>	<u>Total</u>
Receivables:					
Property taxes	\$ 132,980	-	16,344	-	149,324
Sales taxes	472,540	-	-	-	472,540
Hotel/motel taxes	-	-	-	35,388	35,388
Intergovernmental	-	-	-	49,504	49,504
EMS	2,408,187	-	-	-	2,408,187
Other	<u>125,716</u>	<u>43,986</u>	<u>-</u>	<u>1,228</u>	<u>170,930</u>
	3,139,423	43,986	16,344	86,120	3,285,873
Less: allowance for uncollectibles	<u>(2,046,546)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,046,546)</u>
	<u>\$ 1,092,877</u>	<u>43,986</u>	<u>16,344</u>	<u>86,120</u>	<u>1,239,327</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, 2021, was as follows:

Primary Government

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<i>Governmental activities:</i>				
Capital assets, not being depreciated:				
Land	\$ 3,924,707	-	-	3,924,707
Construction in progress	<u>4,914,709</u>	<u>1,328,978</u>	<u>(4,845,473)</u>	<u>1,398,214</u>
Total capital assets not being depreciated	<u>8,839,416</u>	<u>1,328,978</u>	<u>(4,845,473)</u>	<u>5,322,921</u>
Capital assets, being depreciated:				
Buildings	9,889,670	5,052,181	-	14,941,851
Infrastructure	30,913,213	310,513	-	31,223,726
Machinery and equipment	<u>12,007,670</u>	<u>445,073</u>	<u>-</u>	<u>12,452,743</u>
Total capital assets, being depreciated	<u>52,810,553</u>	<u>5,807,767</u>	<u>-</u>	<u>58,618,320</u>
Less accumulated depreciation for:				
Buildings	(4,679,686)	(591,135)	-	(5,270,821)
Infrastructure	(9,679,300)	(866,551)	-	(10,545,851)
Machinery and equipment	<u>(9,234,859)</u>	<u>(800,101)</u>	<u>-</u>	<u>(10,034,960)</u>
Total accumulated depreciation	<u>(23,593,845)</u>	<u>(2,257,787)</u>	<u>-</u>	<u>(25,851,632)</u>
Total capital assets, being depreciated, net	<u>29,216,708</u>	<u>3,549,980</u>	<u>-</u>	<u>32,766,688</u>
	<u>\$ 38,056,124</u>	<u>4,878,958</u>	<u>(4,845,473)</u>	<u>38,089,609</u>
<i>Business-type activities:</i>				
Capital assets, not being depreciated:				
Land	\$ 577,543	-	-	577,543
Construction in progress	<u>330,818</u>	<u>24,414</u>	<u>(330,818)</u>	<u>24,414</u>
Total capital assets not being depreciated	<u>908,361</u>	<u>24,414</u>	<u>(330,818)</u>	<u>601,957</u>
Capital assets, being depreciated:				
Buildings	134,006	-	-	134,006
Infrastructure	57,318,851	953,809	-	58,272,660
Machinery and equipment	<u>5,800,315</u>	<u>284,641</u>	<u>-</u>	<u>6,084,956</u>
Total capital assets being depreciated	<u>63,253,172</u>	<u>1,238,450</u>	<u>-</u>	<u>64,491,622</u>

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

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

C. Capital Assets (continued)

Primary Government (continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<i>Business-type activities:</i> (continued)				
Less accumulated depreciation for:				
Buildings	(27,178)	(3,350)	-	(30,528)
Infrastructure	(20,281,781)	(1,523,703)	-	(21,805,484)
Machinery and equipment	<u>(4,739,548)</u>	<u>(322,151)</u>	<u>-</u>	<u>(5,061,699)</u>
Total accumulated depreciation	<u>(25,048,507)</u>	<u>(1,849,204)</u>	<u>-</u>	<u>(26,897,711)</u>
 Total capital assets, being depreciated, net	 <u>38,204,665</u>	 <u>(610,754)</u>	 <u>-</u>	 <u>37,593,911</u>
	<u>\$ 39,113,026</u>	<u>(586,340)</u>	<u>(330,818)</u>	<u>38,195,868</u>

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

General government	\$ 186,267
Public safety	1,007,306
Highways and streets	499,844
Aviation services	285,483
Culture and recreation	<u>278,887</u>
Total depreciation expense	<u>\$ 2,257,787</u>

At September 30, 2021, the City's governmental activities construction contract commitments with contractors are as follows:

<u>Project Title</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
New City Hall building	\$ 1,004,357	\$ 5,000,000
New fire substation	290,281	100,000
New teen center at Recreation Center	40,000	60,000
Hamilton Creek extension	49,236	5,400
Police- ticket writer	<u>14,340</u>	<u>26,000</u>
	<u>\$ 1,398,214</u>	<u>\$ 5,191,400</u>

The construction contract commitments will be financed with remaining bond proceeds and available resources.

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

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

C. Capital Assets (continued)

At September 30, 2021, the City's business-type activities construction contract commitments with contractors are as follows:

Project Title	Spent to Date	Remaining Commitment
New siding for clubhouse	\$ 22,714	\$ 200,000
New sewer lines	1,700	100,000
	\$ 24,414	\$ 300,000

The construction contract commitments will be financed with available resources.

Component Unit

	Beginning Balance	Increases	Decreases	Ending Balance
<i>Burnet Economic Development Corporation:</i>				
Capital assets, not being depreciated:				
Land	\$ 41,360	-	-	41,360
Total capital assets not being depreciated	41,360	-	-	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	3,390,756	-	-	3,390,756
Less accumulated depreciation for:				
Buildings	(56,283)	(112,566)	-	(168,849)
Machinery and equipment	(13,780)	-	-	(13,780)
Total accumulated depreciation	(70,063)	(112,566)	-	(182,629)
Total capital assets, being depreciated, net	3,320,693	(112,566)	-	3,208,127
	\$ 3,362,053	(112,566)	-	3,249,487

City of Burnet, Texas

Notes to Financial Statements
(Continued)

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

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, 2021 is as follows:

	<u>Date</u>	<u>Original Amount</u>	<u>Interest Rates</u>	<u>Final Maturity</u>	<u>Amount Outstanding</u>
<i>Governmental Activities</i>					
Combination tax and revenue certificates of obligation	2019	2,920,000	2.00%-5.00%	2039	2,695,000
Combination tax and revenue certificates of obligation	2021	5,755,000	1.50%-4.00%	2041	<u>5,755,000</u>
					<u>\$ 8,450,000</u>
	<u>Date</u>	<u>Original Amount</u>	<u>Interest Rates</u>	<u>Final Maturity</u>	<u>Amount Outstanding</u>
<i>Business-Type Activities</i>					
Combination tax and revenue certificates of obligation	2010	11,425,000	0.00%	2040	\$ 7,475,000
Combination tax and revenue certificates of obligation	2012	9,900,000	0.00%	2042	7,140,000
Combination tax and revenue certificates of obligation	2012A	110,000	0.00-1.26%	2022	15,000
Combination tax and revenue certificates of obligation	2019	970,000	2.00%-5.00%	2039	895,000
General obligation refunding bonds	2021	2,315,000	3.00%	2045	<u>2,200,000</u>
					<u>\$ 17,725,000</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)

Changes in the City's long-term liabilities for the year ended September 30, 2021 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	\$ 4,095,000	5,755,000	(1,400,000)	8,450,000	330,000
Premiums	<u>156,132</u>	<u>387,868</u>	<u>(8,217)</u>	<u>535,783</u>	<u>-</u>
Total bonded debt	4,251,132	6,142,868	(1,408,217)	8,985,783	330,000
Compensated absences	471,409	245,232	(203,406)	513,235	256,618
Net pension liability	2,162,633	-	(134,823)	2,027,810	-
Total OPEB liability - life insurance	362,150	78,188	-	440,338	-
Total OPEB liability - health insurance	<u>5,454,492</u>	<u>925,832</u>	<u>-</u>	<u>6,380,324</u>	<u>-</u>
	<u>\$ 12,701,816</u>	<u>7,392,120</u>	<u>(1,746,446)</u>	<u>18,347,490</u>	<u>586,618</u>
Business-type activities:					
General obligation debt	\$ 18,742,475	2,315,000	(3,332,475)	17,725,000	900,000
Premiums	<u>51,930</u>	<u>225,730</u>	<u>(4,089)</u>	<u>273,571</u>	<u>-</u>
Total bonded debt	18,794,405	2,540,730	(3,336,564)	17,998,571	900,000
Compensated absences	225,344	159,461	(186,623)	198,182	99,091
Net pension liability	785,979	-	(39,522)	746,457	-
Total OPEB liability - health insurance	<u>1,982,359</u>	<u>366,302</u>	<u>-</u>	<u>2,348,661</u>	<u>-</u>
	<u>\$ 21,788,087</u>	<u>3,066,493</u>	<u>(3,562,709)</u>	<u>21,291,871</u>	<u>999,091</u>

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

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

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

D. Long-Term Liabilities (continued)

Primary Government (continued)

The debt service requirements for the City's general obligation bonds follow:

Year Ended <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<i>Governmental Activities</i>			
2022	\$ 330,000	218,047	548,047
2023	345,000	207,107	552,107
2024	360,000	194,601	554,601
2025	365,000	186,051	551,051
2026	375,000	175,457	550,457
2027 - 2031	2,070,000	686,697	2,756,697
2032 - 2036	2,365,000	387,571	2,752,571
2037 - 2041	2,240,000	130,675	2,370,675
	<u>\$ 8,450,000</u>	<u>2,186,206</u>	<u>10,636,206</u>

Year Ended <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<i>Business-Type Activities</i>			
2022	\$ 900,000	92,814	992,814
2023	895,000	88,125	983,125
2024	900,000	83,375	983,375
2025	850,000	78,575	928,575
2026	855,000	74,325	929,325
2027 - 2031	4,325,000	306,525	4,631,525
2032 - 2036	4,415,000	208,025	4,623,025
2037 - 2041	4,005,000	97,200	4,102,200
2041 - 2045	580,000	13,350	593,350
	<u>\$ 17,725,000</u>	<u>1,042,314</u>	<u>18,767,314</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.

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)

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 \$14,630,000 in combination tax and revenue certificates of obligation issued from 2010 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 \$14,630,189. Principal and interest paid for the current year and total pledged net revenues for the current year were \$755,356 and \$2,061,998, respectively.

Component Unit

	<u>Date</u>	<u>Original Amount</u>	<u>Interest Rates</u>	<u>Final Maturity</u>	<u>Amount Outstanding</u>
Component Unit					
Combination tax and revenue certificates of obligation	2018	2,045,000	4.50%	2033	\$ <u>1,735,000</u>
					\$ <u><u>1,735,000</u></u>

Changes in the component unit’s long-term liabilities for the year ended September 30, 2021 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	\$ 1,845,000	-	(110,000)	1,735,000	110,000
Note payable	<u>-</u>	<u>1,400,000</u>	<u>(20,207)</u>	<u>1,379,793</u>	<u>123,284</u>
	<u>\$ 1,845,000</u>	<u>1,400,000</u>	<u>(130,207)</u>	<u>3,114,793</u>	<u>233,284</u>

In July 2021, the BEDC entered into a \$1,400,000 promissory note payable with a local financial institution that is secured by a pledge of the BEDC’s sales tax revenues. Interest accrues at 2.86%, and principal and interest of \$13,428 are due in monthly installments until maturity in July 2031, at which time all remaining unpaid principal and interest are due. The outstanding note payable balance at September 30, 2021 is \$1,379,793.

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 (continued)

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

<u>Year Ended September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<i>Component Unit</i>			
2022	233,284	115,929	349,213
2023	241,857	107,407	349,264
2024	255,533	98,556	354,089
2025	264,315	89,148	353,463
2026	273,208	79,406	352,614
2027 - 2031	1,491,596	238,316	1,729,912
2032 - 2033	355,000	24,075	379,075
	<u>\$ 3,114,793</u>	<u>752,837</u>	<u>3,867,630</u>

E. Interfund Receivables and Payables

The composition of interfund balances as of September 30, 2021 is as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General	\$ 255,992	175,969
Airport	5,000	256
Debt service	3,950	331,036
Other governmental	671,212	13,750
Electric	43,315	-
Water and sewer	496,634	154,952
Delaware Springs Golf Course	1,375	771,917
Burnet Economic Development Corporation	-	29,598
	<u>\$ 1,477,478</u>	<u>1,477,478</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.

City of Burnet, Texas

Notes to Financial Statements
(Continued)

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

F. Interfund Transfers

The composition of interfund transfers for the year ended September 30, 2021 is as follows:

	Transfer out:						Total
	General	Airport	Nonmajor Governmental	Electric	Water and Sewer	Delaware Springs Golf Course	
Transfer in:							
General	\$ -	42,854	56,586	3,046,638	1,348,237	146,215	4,640,530
Debt service	1,146,972	-	-	-	-	-	1,146,972
General capital projects	934,936	-	-	-	-	-	934,936
Nonmajor governmental	441,600	56,682	-	32,999	68,504	117,892	717,677
Delaware Springs Golf Course	462,498	-	-	-	-	-	462,498
	<u>\$ 2,986,006</u>	<u>99,536</u>	<u>56,586</u>	<u>3,079,637</u>	<u>1,416,741</u>	<u>264,107</u>	<u>7,902,613</u>

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

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

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)

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 member’s benefit is calculated based on the sum of the member’s contributions, with interest, and the City-financed monetary credits with interest. The retiring member may select one of seven monthly benefit payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the total member contributions and interest.

Employees Covered by Benefit Terms – At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	71
Inactive employees entitled to but not yet receiving benefits	69
Active employees	<u>117</u>
	<u>257</u>

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

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rate for the City was 12.84% and 13.00% in calendar years 2021 and 2020, respectively. The City’s contributions to TMRS for the year ended September 30, 2021 were \$916,631 and were equal to the required contributions.

Net Pension Liability – The City’s net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

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)

Actuarial assumptions – The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

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

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with 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

City of Burnet, Texas

Notes to Financial Statements
(Continued)

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

G. Employee Benefits (continued)

Pension Plan (continued)

asset allocation 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 (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 member 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, 2019	\$ 27,080,473	24,131,861	2,948,612
Changes for the year:			
Service cost	1,128,348	-	1,128,348
Interest	1,819,990	-	1,819,990
Difference between expected and actual experience	77,824	-	77,824
Change in assumptions	-	-	-
Contributions - employer	-	899,357	(899,357)
Contributions - employee	-	484,269	(484,269)
Net investment income	-	1,829,197	(1,829,197)
Benefit payments, including refunds of employee contributions	(1,363,670)	(1,363,670)	-
Administrative expense	-	(11,853)	11,853
Other changes	-	(463)	463
Net changes	1,662,492	1,836,837	(174,345)
Balance at December 31, 2020	\$ 28,742,965	25,968,698	2,774,267

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	\$ 7,219,306	2,774,267	(798,208)

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.

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, 2021, the City recognized pension expense of \$569,762. At September 30, 2021, 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	\$ 664,594	-
Differences between expected and actual experience	72,663	134,310
Change in assumptions	26,213	-
Difference between projected and actual investment earnings, net	<u>-</u>	<u>690,582</u>
	<u>\$ 763,470</u>	<u>824,892</u>

The \$664,594 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, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,

2021	\$ (274,749)
2022	(11,303)
2023	(404,651)
2024	<u>(35,313)</u>
Total	<u>\$ (726,016)</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, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	54
Inactive employees entitled to but not yet receiving benefits	13
Active employees	<u>117</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, 2021 were \$12,302, 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, 2020, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions: The total OPEB liability – life insurance in the December 31, 2020 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	2.00% (based on the Fidelity Index's "20-year Municipal GO AA index" rate as of December 31, 2020)
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, 2020 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, 2020 were as follows:

	<u>Total OPEB Liability - Life Insurance</u>
Balance at December 31, 2019	\$ <u>362,150</u>
Changes for the year:	
Service cost	12,453
Interest	10,092
Differences between expected and actual experience	(4,303)
Changes in assumptions or other inputs	62,713
Benefit payments **	<u>(2,767)</u>
Net changes	<u>78,188</u>
Balance at December 31, 2020	\$ <u><u>440,338</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 2.00%, 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 (1.00%) or one percentage point higher (3.00%) than the current rate.

	1% Decrease (1.00%)	Current Rate Assumption (2.00%)	1% Increase (3.00%)
Total OPEB liability - life insurance	\$ <u>547,993</u>	<u>440,338</u>	<u>359,608</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, 2021, the City recognized OPEB expense – life insurance of \$41,482.

At September 30, 2021, 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	\$ 5,694	-
Differences between expected and actual experience	-	8,145
Change in assumptions	<u>91,917</u>	<u>-</u>
	<u>\$ 97,611</u>	<u>8,145</u>

The \$5,694 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, 2022. 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>	
2021	\$ 18,937
2022	18,937
2023	16,337
2024	18,455
2025	<u>11,106</u>
Total	<u>\$ 83,772</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, 2020.

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, 2020 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, 2020.

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, 2020 actuarial valuation was determined using the following actuarial assumptions:

Actuarial Cost Method	Individual Entry-Age
Discount rate	2.00% as of December 31, 2020
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 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 care plan at age 65.
Other information	The discount rate changed from 2.75% as of December 31, 2019 to 2.00% as of December 31, 2020.

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, 2020 were as follows:

	Total OPEB Liability - Health Insurance
Balance at December 31, 2019	\$ <u>7,436,851</u>
Changes for the year:	
Service cost	176,841
Interest	204,947
Differences between expected and actual experience	(3,621)
Changes in assumptions or other inputs	1,059,259
Benefit payments **	<u>(145,292)</u>
Net changes	<u>1,292,134</u>
Balance at December 31, 2020	\$ <u><u>8,728,985</u></u>

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

Sensitivity of the Total OPEB Liability – Health Insurance to Changes in the Discount Rate – The following presents the total OPEB liability – health insurance of the City, calculated using the discount rate of 2.00%, 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 (1.00%) or one percentage point higher (3.00%) than the current rate.

	1% Decrease (1.00%)	Current Rate Assumption (2.00%)	1% Increase (3.00%)
Total OPEB liability - health insurance	\$ <u>10,488,589</u>	<u>8,728,985</u>	<u>7,357,350</u>

City of Burnet, Texas

Notes to Financial Statements
(Continued)

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

G. Employee Benefits (continued)

OPEB – Health Insurance (continued)

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

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
Total OPEB liability - health insurance	\$ <u>7,182,355</u>	<u>8,728,985</u>	<u>10,761,099</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, 2021, the City recognized OPEB expense – health insurance of \$626,680. Total OPEB expense recognized for health and life insurance amounted to \$668,162 for the year ended September 30, 2021.

At September 30, 2021, the City reported deferred outflows of resources related to OPEB – health insurance from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	\$ 127,774	-
Differences between expected and actual experience	18,734	337,152
Change in assumptions	<u>1,381,049</u>	<u>264,542</u>
	<u>\$ 1,527,557</u>	<u>601,694</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 \$127,774 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, 2022. 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>	
2021	\$ 244,892
2022	240,610
2023	140,201
2024	<u>172,386</u>
Total	<u>\$ 798,089</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, 2021:

	Statement of Net Position		Balance Sheet	
	Governmental Activities	Business-Type Activities -	General Fund	Debt Service Fund
Deferred outflows of resources:				
Deferred charge on refunding	\$ -	25,667	-	-
Pension related	558,048	205,422	-	-
OPEB - life insurance	97,611	-	-	-
OPEB - health insurance	<u>1,116,545</u>	<u>411,012</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,772,204</u>	<u>642,101</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:				
Unavailable property tax revenue	\$ -	-	132,980	16,086
Pension related	602,943	221,949	-	-
OPEB - life insurance	8,145	-	-	-
OPEB - health insurance	<u>439,799</u>	<u>161,895</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,050,887</u>	<u>383,844</u>	<u>132,980</u>	<u>16,086</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/OPEB 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 and various temporary buildings for a fire substation. Additionally, the City leases two fuel trucks for the airport and other various equipment. Total cost for these leases was \$112,894 for the year ended September 30, 2021. The future minimum lease payments for the leases are as follows: 2021, \$41,736.

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 2021. 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, 2021, was \$900,371.

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, 2021, was \$5,129,241.

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, 2021, was \$75,756.

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, 2021.

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. 87, *Leases* (issued June 2017) – The objective of this statement is to increase the usefulness of governments’ financial statements by requiring reporting of certain lease liabilities that currently are not reported. It will enhance comparability of financial statements among governments by requiring lessees and lessors to report leases under a single model. The statement will also require notes to financial statements related to the timing, significance, and purpose of a government’s leasing arrangements. The requirements of this statement are effective for the City’s financial statements beginning October 1, 2021.

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 the City’s financial statements beginning October 1, 2021.

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 the City’s financial statements beginning October 1, 2022.

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. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code (“IRC”) Section 457 Deferred Compensation Plans (issued June 2020) – The objectives of this statement are to (1) increase consistency and comparability of the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board; (2) mitigate costs associated with the reporting of certain defined benefit and defined contribution plans as fiduciary component units, and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for IRC section 457 plans. Certain provisions relating to component unit criteria are effective upon issuance. The remaining requirements of this statement are effective for the City’s financial statements beginning October 1, 2021.



Required Supplementary Information

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

Last Seven Measurement Dates

	December 31,			
	2020	2019	2018	2017
Total Pension Liability				
Service cost	\$ 1,128,348	1,061,415	995,287	925,253
Interest (on the Total Pension Liability)	1,819,990	1,735,099	1,642,995	1,538,815
Difference between expected and actual experience	77,824	(206,289)	(61,582)	93,706
Change in assumptions	-	47,523	-	-
Benefit payments, including refunds of employee contributions	<u>(1,363,670)</u>	<u>(1,463,461)</u>	<u>(1,027,072)</u>	<u>(1,071,693)</u>
Net change in Total Pension Liability	1,662,492	1,174,287	1,549,628	1,486,081
Total Pension Liability - beginning	<u>27,080,473</u>	<u>25,906,186</u>	<u>24,356,558</u>	<u>22,870,477</u>
Total Pension Liability - ending (a)	<u>\$ 28,742,965</u>	<u>27,080,473</u>	<u>25,906,186</u>	<u>24,356,558</u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 899,357	854,102	791,829	724,953
Contributions - employee	484,269	457,788	427,686	398,326
Net investment income	1,829,197	3,253,250	(644,826)	2,613,821
Benefit payments, including refunds of employee contributions	(1,363,670)	(1,463,461)	(1,027,072)	(1,071,693)
Administrative expense	(11,853)	(18,387)	(12,455)	(13,549)
Other	<u>(463)</u>	<u>(551)</u>	<u>(650)</u>	<u>(688)</u>
Net change in Plan Fiduciary Net Position	1,836,837	3,082,741	(465,488)	2,651,170
Plan Fiduciary Net Position - beginning	<u>24,131,861</u>	<u>21,049,120</u>	<u>21,514,608</u>	<u>18,863,438</u>
Plan Fiduciary Net Position - ending (b)	<u>\$ 25,968,698</u>	<u>24,131,861</u>	<u>21,049,120</u>	<u>21,514,608</u>
Net Pension Liability - ending (a) - (b)	\$ 2,774,267	2,948,612	4,857,066	2,841,950
Plan Fiduciary Net Position as a percentage of Total Pension Liability	90.35%	89.11%	81.25%	88.33%
Covered payroll	\$ 6,918,135	6,539,833	6,109,805	5,690,364
Net Pension Liability as a percentage of covered payroll	40.10%	45.09%	79.50%	49.94%

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.

<u>2016</u>	<u>2015</u>	<u>2014</u>
924,216	848,679	753,691
1,449,752	1,395,492	1,317,058
(80,956)	50,376	(61,528)
-	35,571	-
<u>(876,457)</u>	<u>(774,915)</u>	<u>(1,097,550)</u>
1,416,555	1,555,203	911,671
<u>21,453,922</u>	<u>19,898,719</u>	<u>18,987,048</u>
<u>22,870,477</u>	<u>21,453,922</u>	<u>19,898,719</u>
710,491	652,621	602,184
404,345	379,117	377,039
1,180,461	25,372	937,360
(876,457)	(774,915)	(1,097,550)
(13,325)	(15,452)	(9,786)
<u>(718)</u>	<u>(764)</u>	<u>(805)</u>
1,404,797	265,979	808,442
<u>17,458,641</u>	<u>17,192,662</u>	<u>16,384,220</u>
<u>18,863,438</u>	<u>17,458,641</u>	<u>17,192,662</u>
4,007,039	3,995,281	2,706,057
82.48%	81.38%	86.40%
5,776,351	5,415,950	5,386,274
69.37%	73.77%	50.24%

City of Burnet, Texas
Schedule of Pension Contributions

Fiscal Years Ended

	September 30,			
	2021	2020	2019	2018
Actuarially determined contributions	\$ 916,631	889,655	837,493	771,831
Contributions in relation to the actuarially determined contributions	916,631	889,655	837,493	771,831
Contribution deficiency (excess)	\$ -	-	-	-
Covered payroll	\$ 7,114,710	6,834,933	6,425,991	5,982,896
Contributions as a percentage of covered payroll	12.88%	13.02%	13.03%	12.90%

Notes to Schedule of Contributions

Valuation Date: December 31, 2020

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	25 years
Asset Valuation Method	10 year smoothed fair value, 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 Tables The rates are projected on a fully generational basis with scale UMP 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.

<u>2017</u>	<u>2016</u>	<u>2015</u>
724,651	682,912	648,053
<u>724,651</u>	<u>682,912</u>	<u>648,053</u>
<u>-</u>	<u>-</u>	<u>-</u>
5,659,002	5,506,318	5,385,452
12.81%	12.40%	12.03%

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

Last Four Measurement Dates

	December 31,			
	2020	2019	2018	2017
Total OPEB Liability - Life Insurance				
Service cost	\$ 12,453	10,464	12,831	10,243
Interest (on the Total OPEB Liability - Life Insurance)	10,092	10,544	9,831	9,579
Difference between expected and actual experience	(4,303)	1,229	(10,286)	-
Change in assumptions	62,713	62,243	(21,779)	24,553
Benefit payments **	<u>(2,767)</u>	<u>(2,616)</u>	<u>(1,833)</u>	<u>(2,276)</u>
Net change in Total OPEB Liability - Life Insurance	78,188	81,864	(11,236)	42,099
Total OPEB Liability - life insurance - beginning	<u>362,150</u>	<u>280,286</u>	<u>291,522</u>	<u>249,423</u>
Total OPEB Liability - life insurance - ending	<u>\$ 440,338</u>	<u>362,150</u>	<u>280,286</u>	<u>291,522</u>
Covered payroll	<u>\$ 6,918,135</u>	<u>6,539,833</u>	<u>6,109,805</u>	<u>5,690,364</u>
Total OPEB Liability - Life Insurance as a percentage of covered payroll	6.36%	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 2017 is not available.

See accompanying independent auditor's report.

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

	September 30,			
	2021	2020	2019	2018
Actuarially determined contributions	\$ 12,302	11,121	10,924	10,171
Contributions in relation to the actuarially determined contributions	<u>12,302</u>	<u>11,121</u>	<u>10,924</u>	<u>10,171</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered payroll	<u>\$ 7,114,710</u>	<u>6,834,933</u>	<u>6,425,991</u>	<u>5,982,896</u>
Contributions as a percentage of covered payroll	0.17%	0.16%	0.17%	0.17%

Notes to Schedule of OPEB - Life Insurance Contributions

Valuation Date: December 31, 2020

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*	2.00%
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, 2020.

Notes The actuarial assumptions used in the December 31, 2020 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 2018 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 Four Measurement Dates

	December 31,			
	2020	2019	2018	2017
Total OPEB Liability - Health Insurance				
Service cost	\$ 176,841	135,278	175,111	150,174
Interest (on the Total OPEB Liability - Health Insurance)	204,947	266,180	245,548	248,688
Difference between expected and actual experience of the total OPEB liability	(3,621)	(573,842)	37,721	-
Change in assumptions *	1,059,259	568,616	(532,622)	644,918
Benefit payments **	<u>(145,292)</u>	<u>(132,787)</u>	<u>(166,304)</u>	<u>(163,990)</u>
Net change in Total OPEB Liability - Health Insurance	1,292,134	263,445	(240,546)	879,790
Total OPEB Liability - health insurance - beginning	<u>7,436,851</u>	<u>7,173,406</u>	<u>7,413,952</u>	<u>6,534,162</u>
Total OPEB Liability - health insurance - ending	<u>\$ 8,728,985</u>	<u>7,436,851</u>	<u>7,173,406</u>	<u>7,413,952</u>
Covered payroll	<u>\$ 1,502,020</u>	<u>2,097,610</u>	<u>2,087,178</u>	<u>2,001,111</u>
Total OPEB Liability - Health Insurance as a percentage of covered payroll	581.15%	354.54%	343.69%	370.49%
* Changes in assumptions reflect a change in the discount rate from 2.75% as of December 31, 2019 to 2.00% as of December 31, 2020.				
** Due to the plan being considered an unfunded OPEB Plan under GASB 75, benefit payments are determined as follows:				
a. Explicit benefit payments	\$ 104,753	95,737	132,725	130,878
b. Implicit benefit payments	<u>40,539</u>	<u>37,050</u>	<u>33,579</u>	<u>33,112</u>
c. Total benefit payments	<u>\$ 145,292</u>	<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, 2020

Methods and Assumptions:

Actuarial Cost Method	Individual Entry-Age Normal
Discount Rate	2.00% as of December 31, 2020
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 2.75% as of December 31, 2019 to 2.00% as of December 31, 2020.

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, 2021

	Special Revenue							Capital Projects			Total Nonmajor Governmental Funds
	Hotel/Motel Tax	Police Seizure	Court Security and Technology	FD Community	PD Explorer Program	FD Explorer Program	Total	General Capital Equipment	Airport Capital Project	Total	
Assets											
Cash and cash equivalents	\$ 158,802	120	61,047	10,516	6,612	4,191	241,288	1,617,103	1,083,500	2,700,603	2,941,891
Receivables	35,388	-	1,228	-	-	-	36,616	-	49,504	49,504	86,120
Due from other funds	-	-	-	-	-	-	-	671,212	-	671,212	671,212
Total assets	\$ 194,190	120	62,275	10,516	6,612	4,191	277,904	2,288,315	1,133,004	3,421,319	3,699,223
Liabilities and Fund Balances											
Liabilities:											
Accounts and retainages payable	\$ 190	-	246	-	-	251	687	1,126	1,135	2,261	2,948
Accrued expenses	-	-	220	-	-	-	220	-	-	-	220
Due to other funds	13,750	-	-	-	-	-	13,750	-	-	-	13,750
Total liabilities	13,940	-	466	-	-	251	14,657	1,126	1,135	2,261	16,918
Fund balances:											
Restricted	180,250	120	61,809	10,516	6,612	3,940	263,247	-	1,131,869	1,131,869	1,395,116
Assigned	-	-	-	-	-	-	-	2,287,189	-	2,287,189	2,287,189
Total fund balances	180,250	120	61,809	10,516	6,612	3,940	263,247	2,287,189	1,131,869	3,419,058	3,682,305
Total liabilities and fund balances	\$ 194,190	120	62,275	10,516	6,612	4,191	277,904	2,288,315	1,133,004	3,421,319	3,699,223

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, 2021

	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	Total			
Revenues:														
Hotel/motel taxes	\$ 209,190	-	-	-	-	-	-	-	-	-	-	-	-	209,190
Intergovernmental	-	-	-	-	-	-	-	-	-	62,300	-	-	62,300	62,300
Fines	-	-	20,971	-	-	-	-	-	-	-	-	-	-	20,971
Interest	118	-	61	-	7	5	191	-	-	804	-	-	804	995
Miscellaneous	-	-	-	500	500	35	1,035	-	-	-	-	-	-	1,035
Total revenues	209,308	-	21,032	500	507	40	231,387	804	-	62,300	-	-	63,104	294,491
Expenditures:														
Current:														
Public safety	-	-	10,366	692	317	696	12,071	-	-	-	-	-	-	12,071
Economic development	76,457	-	-	-	-	-	76,457	-	-	-	-	-	-	76,457
Debt service - bond issuance costs	-	-	-	-	-	-	-	-	-	25,133	-	-	25,133	25,133
Capital outlay	-	-	-	-	-	-	-	406,373	-	119,478	-	-	525,851	525,851
Total expenditures	76,457	-	10,366	692	317	696	88,528	406,373	-	144,611	-	-	550,984	639,512
Excess (deficiency) of revenues over (under) expenditures	132,851	-	10,666	(192)	190	(656)	142,859	(405,569)	-	(82,311)	-	-	(487,880)	(345,021)
Other financing sources (uses):														
Issuance of bonds	-	-	-	-	-	-	-	-	-	960,000	-	-	960,000	960,000
Premiums on bonds	-	-	-	-	-	-	-	-	-	65,133	-	-	65,133	65,133
Transfers in	-	-	-	-	-	-	-	660,995	-	56,682	-	-	717,677	717,677
Transfers out	(56,586)	-	-	-	-	-	(56,586)	-	-	-	-	-	-	(56,586)
Total other financing sources (uses)	(56,586)	-	-	-	-	-	(56,586)	660,995	-	1,081,815	-	-	1,742,810	1,686,224
Net change in fund balances	76,265	-	10,666	(192)	190	(656)	86,273	255,426	-	999,504	-	-	1,254,930	1,341,203
Fund balances, beginning of year	103,985	120	51,143	10,708	6,422	4,596	176,974	2,031,763	-	132,365	-	-	2,164,128	2,341,102
Fund balances, end of year	\$ 180,250	120	61,809	10,516	6,612	3,940	263,247	2,287,189	-	1,131,869	-	-	3,419,058	3,682,305

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, 2021

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
Revenues:				
Hotel/motel taxes	\$ 110,000	110,000	209,190	99,190
Interest earned	<u>1,000</u>	<u>1,000</u>	<u>118</u>	<u>(882)</u>
Total revenues	<u>111,000</u>	<u>111,000</u>	<u>209,308</u>	<u>98,308</u>
Expenditures:				
Economic development	<u>78,200</u>	<u>78,200</u>	<u>76,457</u>	<u>1,743</u>
Total expenditures	<u>78,200</u>	<u>78,200</u>	<u>76,457</u>	<u>1,743</u>
Excess (deficiency) of revenues over (under) expenditures	<u>32,800</u>	<u>32,800</u>	<u>132,851</u>	<u>100,051</u>
Other financing uses:				
Transfers out	<u>(28,991)</u>	<u>(28,991)</u>	<u>(56,586)</u>	<u>(27,595)</u>
Total other financing uses	<u>(28,991)</u>	<u>(28,991)</u>	<u>(56,586)</u>	<u>(27,595)</u>
Net change in fund balances	3,809	3,809	76,265	72,456
Fund balances, beginning of year	<u>103,985</u>	<u>103,985</u>	<u>103,985</u>	<u>-</u>
Fund balances, end of year	<u>\$ 107,794</u>	<u>107,794</u>	<u>180,250</u>	<u>72,456</u>

See accompanying independent auditor's report.

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

Year Ended September 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	287,731	287,731	352,523	64,792
Interest	750	750	607	(143)
Total revenues	<u>288,481</u>	<u>288,481</u>	<u>353,130</u>	<u>64,649</u>
Expenditures:				
Debt service:				
Principal	1,149,000	1,149,000	1,400,000	(251,000)
Interest and fiscal charges	245,547	245,547	112,985	132,562
Total expenditures	<u>1,394,547</u>	<u>1,394,547</u>	<u>1,512,985</u>	<u>(118,438)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,106,066)</u>	<u>(1,106,066)</u>	<u>(1,159,855)</u>	<u>(53,789)</u>
Other financing sources (uses):				
Transfers in	<u>1,106,666</u>	<u>1,106,666</u>	<u>1,146,972</u>	<u>40,306</u>
Net change in fund balances	600	600	(12,883)	(13,483)
Fund balances, beginning of year	<u>186,688</u>	<u>186,688</u>	<u>186,688</u>	<u>-</u>
Fund balances, end of year	<u>\$ 187,288</u>	<u>187,288</u>	<u>173,805</u>	<u>(13,483)</u>

See accompanying independent auditor's report.

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

Year Ended September 30, 2021

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.



City of Burnet, Texas

**Burnet Economic Development Corporation
Discretely Presented Component Unit
Comparative Statement of Net Position**

September 30, 2021 and 2020

	2021	2020
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,365,358	808,089
Receivables (net of allowance for uncollectibles)	157,513	135,281
Properties held for resale	1,507,641	1,094,920
Total current assets	3,030,512	2,038,290
Noncurrent assets:		
Restricted cash and cash equivalents	1,040,790	-
Capital assets:		
Land	41,360	41,360
Buildings	3,376,976	3,376,976
Machinery and equipment	13,780	13,780
Less accumulated depreciation	(182,629)	(70,063)
Total capital assets, net	3,249,487	3,362,053
Total noncurrent assets	4,290,277	3,362,053
Total assets	7,320,789	5,400,343
Liabilities		
Current liabilities:		
Accounts payable	-	6,087
Accrued interest payable	14,656	13,837
Due to primary government	29,598	25,774
General obligation debt payable - current	110,000	110,000
Long-term note payable - current	123,284	-
Total current liabilities	277,538	155,698
Noncurrent liabilities:		
General obligation debt payable	1,625,000	1,735,000
Long-term note payable	1,256,509	-
Total noncurrent liabilities	2,881,509	1,735,000
Total liabilities	3,159,047	1,890,698
Net Position		
Net investment in capital assets	2,910,484	3,362,053
Unrestricted	1,251,258	147,592
Total net position	\$ 4,161,742	3,509,645

See accompanying independent auditor's report.

City of Burnet, Texas
Burnet Economic Development Corporation
Discretely Presented Component Unit
Comparative Statement of Revenues, Expenses and Changes in Net Position
Years Ended September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating revenues:		
Charges for sales and services	\$ 238,211	39,150
Total operating revenues	<u>238,211</u>	<u>39,150</u>
Operating expenses:		
Materials and supplies	84,414	90,923
Purchased services	107,778	89,157
Loan program expense	-	270,152
Depreciation	112,566	56,283
Other operating expenses	245	-
Total operating expenses	<u>305,003</u>	<u>506,515</u>
Operating loss	<u>(66,792)</u>	<u>(467,365)</u>
Nonoperating revenues (expenses):		
Sales taxes	808,685	719,383
Interest earnings	697	7,773
Interest expense	(90,493)	(86,962)
Gain on sale of property	-	22,225
Total nonoperating revenues (expenses)	<u>718,889</u>	<u>662,419</u>
Change in net position	652,097	195,054
Net position, beginning of year	<u>3,509,645</u>	<u>3,314,591</u>
Net position, end of year	<u>\$ 4,161,742</u>	<u>3,509,645</u>

See accompanying independent auditor's report.



Statistical Section



Statistical Section

This part of the City of Burnet's Annual Comprehensive 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 Annual Comprehensive financial reports for the relevant year.

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental activities				
Net investment in capital assets	\$ 17,352,584	18,146,841	20,794,433	21,214,029
Restricted	2,138,064	3,910,159	1,278,648	1,340,997
Unrestricted	<u>614,550</u>	<u>76,892</u>	<u>328,263</u>	<u>774,101</u>
Total governmental activities net position	<u>\$ 20,105,198</u>	<u>22,133,892</u>	<u>22,401,344</u>	<u>23,329,127</u>
Business-type activities				
Net investment in capital assets	\$ 14,160,365	17,150,141	17,877,613	17,511,195
Restricted	173,054	-	-	-
Unrestricted	<u>6,756,309</u>	<u>1,796,453</u>	<u>3,216,317</u>	<u>2,988,386</u>
Total business-type activities net position	<u>\$ 21,089,728</u>	<u>18,946,594</u>	<u>21,093,930</u>	<u>20,499,581</u>
Primary government				
Net investment in capital assets	\$ 31,512,949	35,296,982	38,672,046	38,725,224
Restricted	2,311,118	3,910,159	1,278,648	1,340,997
Unrestricted	<u>7,370,859</u>	<u>1,873,345</u>	<u>3,544,580</u>	<u>3,762,487</u>
Total primary government net position	<u>\$ 41,194,926</u>	<u>41,080,486</u>	<u>43,495,274</u>	<u>43,828,708</u>

Table 1

Fiscal Year					
2016	2017	2018	2019	2020	2021
28,741,370	30,231,996	30,869,534	32,264,739	33,804,992	34,193,243
1,238,789	1,235,092	1,314,155	1,125,161	1,062,536	1,290,949
(80,675)	(99,778)	(2,141,612)	(2,772,944)	(2,202,019)	(862,966)
<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>	<u>34,621,226</u>
18,152,400	18,881,590	19,529,455	20,825,955	20,380,238	20,222,964
-	-	-	-	-	-
2,547,964	2,217,305	962,974	652,130	1,813,119	1,251,455
<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>	<u>21,474,419</u>
46,893,770	49,113,586	50,398,989	53,090,694	54,185,230	54,416,207
1,238,789	1,235,092	1,314,155	1,125,161	1,062,536	1,290,949
2,467,289	2,117,527	(1,178,638)	(2,120,814)	(388,900)	388,489
<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>	<u>56,095,645</u>

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

	2012	2013	2014	2015
Expenses				
Governmental activities:				
General government	\$ 2,330,397	2,045,482	1,832,646	1,935,695
Public safety	4,717,740	4,128,331	4,936,996	5,115,418
Highways and streets	704,438	726,804	743,803	735,677
Aviation services	705,096	695,348	699,167	585,925
Culture and recreation	1,556,160	1,403,848	1,032,949	980,761
Sanitation	775,966	735,846	754,222	785,024
Economic development	339,649	311,833	154,296	236,673
Interest	147,012	139,485	113,603	99,480
Total governmental activities expenses	<u>11,276,458</u>	<u>10,186,977</u>	<u>10,267,682</u>	<u>10,474,653</u>
Business-type activities:				
Electric	7,489,171	6,578,568	6,956,392	7,287,947
Water and sewer	3,208,107	2,557,321	2,499,121	2,679,434
Delaware Springs Golf Course	1,580,914	1,621,800	1,643,559	1,615,377
Total business-type activities expenses	<u>12,278,192</u>	<u>10,757,689</u>	<u>11,099,072</u>	<u>11,582,758</u>
Total primary government expenses	<u>\$ 23,554,650</u>	<u>20,944,666</u>	<u>21,366,754</u>	<u>22,057,411</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 1,319,276	234,253	249,286	208,301
Public safety	1,960,139	1,898,221	1,858,195	2,072,672
Aviation services	947,607	789,316	825,914	652,944
Culture and recreation	796,800	529,659	21,534	21,012
Sanitation	91,365	834,762	845,773	898,728
Operating grants and contributions	-	486,510	372,945	532,971
Capital grants and contributions	201,687	569,961	812,732	767,048
Total governmental activities program revenues	<u>5,316,874</u>	<u>5,342,682</u>	<u>4,986,379</u>	<u>5,153,676</u>
Business-type activities:				
Charges for services:				
Electric	9,356,176	9,170,470	9,570,705	9,895,841
Water and sewer	3,927,976	4,013,509	4,053,284	4,038,239
Delaware Springs Golf Course	1,317,632	1,352,686	1,274,035	1,308,048
Capital grants and contributions	177,829	49,363		161,496
Total business-type activities program revenues	<u>14,779,613</u>	<u>14,586,028</u>	<u>14,898,024</u>	<u>15,403,624</u>
Total primary government program revenues	<u>\$ 20,096,487</u>	<u>19,928,710</u>	<u>19,884,403</u>	<u>20,557,300</u>
Net (expense)/revenue				
Governmental activities	\$ (5,959,584)	(4,844,295)	(5,281,303)	(5,320,977)
Business-type activities	<u>2,501,421</u>	<u>3,828,339</u>	<u>3,798,952</u>	<u>3,820,866</u>
Total primary government net expense	<u>\$ (3,458,163)</u>	<u>(1,015,956)</u>	<u>(1,482,351)</u>	<u>(1,500,111)</u>

Table 2

Fiscal Year					
2016	2017	2018	2019	2020	2021
2,128,923	2,230,501	2,332,969	2,288,577	2,709,203	2,587,631
5,468,034	5,718,420	5,588,410	6,621,584	6,747,415	7,350,318
764,824	883,301	868,877	998,227	1,182,772	1,135,566
430,876	633,950	729,812	1,093,963	741,666	930,254
1,001,469	987,084	942,121	998,187	977,788	1,053,829
775,516	764,511	801,329	844,095	879,551	920,917
498,496	150,989	360,908	170,345	145,148	76,457
87,978	80,111	69,592	56,662	182,268	264,949
<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>	<u>14,319,921</u>
6,035,719	6,057,551	6,457,978	6,547,489	6,596,612	6,781,809
2,942,937	2,988,463	3,074,170	3,294,198	3,213,760	3,363,972
1,536,738	1,683,511	1,609,209	1,789,522	1,677,563	1,878,176
<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>12,023,957</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>	<u>26,343,878</u>
186,002	170,918	218,257	263,089	297,132	314,654
1,884,904	1,751,748	2,065,945	2,061,493	2,215,738	2,363,198
590,356	779,047	847,149	775,946	613,680	893,683
24,058	17,008	16,748	21,013	2,500	20,976
863,235	925,486	954,670	981,223	1,039,547	1,099,224
565,044	607,145	690,265	853,397	934,478	1,128,376
6,200,801	1,185,608	85,709	926,587	645,914	49,504
<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>	<u>5,869,615</u>
8,529,957	8,521,053	9,067,840	9,286,346	9,499,716	9,125,087
4,069,235	4,207,289	4,374,178	4,350,687	4,568,093	4,620,814
1,313,858	1,389,782	1,456,633	1,363,083	1,329,072	1,783,795
26,649	166,277	-	189,568	1,070,193	70,520
<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>15,600,216</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>	<u>21,469,831</u>
(841,716)	(6,011,907)	(6,815,275)	(7,188,892)	(7,816,822)	(8,450,306)
<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>3,576,259</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>	<u>(4,874,047)</u>

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Revenues and				
Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	\$ 1,933,250	2,042,766	2,078,955	2,139,732
Sales taxes	1,660,410	1,336,209	1,432,699	1,475,565
Franchise taxes	113,730	117,988	125,108	139,780
Hotel/motel taxes	84,773	101,431	108,832	136,372
Unrestricted investment earnings	143,865	160,002	86,584	60,127
Miscellaneous	749,745	-	-	-
Gain on sale of capital assets	-	350,000	2,640	3,028
Transfers	549,169	5,007,698	1,713,937	3,792,711
Total governmental activities	<u>5,234,942</u>	<u>9,116,094</u>	<u>5,548,755</u>	<u>7,747,315</u>
Business-type activities:				
Unrestricted investment earnings	8,388	14,753	56,859	59,421
Miscellaneous	81,519	-	-	-
Gain on sale of capital assets	-	-	5,762	-
Transfers	(549,169)	(5,007,698)	(1,713,937)	(3,792,711)
Total business-type activities	<u>(459,262)</u>	<u>(4,992,945)</u>	<u>(1,651,316)</u>	<u>(3,733,290)</u>
Total primary government	<u>\$ 4,775,680</u>	<u>4,123,149</u>	<u>3,897,439</u>	<u>4,014,025</u>
Change in Net Position				
Governmental activities	\$ (724,642)	4,271,799	267,452	2,426,338
Business-type activities	<u>2,042,159</u>	<u>(1,164,606)</u>	<u>2,147,636</u>	<u>87,576</u>
Total primary government	<u>\$ 1,317,517</u>	<u>3,107,193</u>	<u>2,415,088</u>	<u>2,513,914</u>

Table 2
(continued)

Fiscal Year					
2016	2017	2018	2019	2020	2021
2,245,634	2,276,681	2,709,971	2,803,398	3,036,155	3,306,674
1,578,655	1,705,022	1,675,298	1,815,467	2,158,149	2,426,055
125,361	132,068	133,242	178,949	153,535	161,960
151,168	165,925	172,794	188,403	152,756	209,190
9,266	15,367	32,468	72,170	67,975	4,157
-	-	-	-	-	-
73,141	22,588	100,781	79,741	-	-
<u>3,228,848</u>	<u>3,162,082</u>	<u>2,558,930</u>	<u>2,625,643</u>	<u>4,296,805</u>	<u>4,297,987</u>
<u>7,412,073</u>	<u>7,479,733</u>	<u>7,383,484</u>	<u>7,763,771</u>	<u>9,865,375</u>	<u>10,406,023</u>
5,326	5,737	21,862	52,149	32,938	2,790
-	-	-	-	-	-
-	-	-	675	-	-
<u>(3,228,848)</u>	<u>(3,162,082)</u>	<u>(2,558,930)</u>	<u>(2,625,643)</u>	<u>(4,296,805)</u>	<u>(4,297,987)</u>
<u>(3,223,522)</u>	<u>(3,156,345)</u>	<u>(2,537,068)</u>	<u>(2,572,819)</u>	<u>(4,263,867)</u>	<u>(4,295,197)</u>
<u>4,188,551</u>	<u>4,323,388</u>	<u>4,846,416</u>	<u>5,190,952</u>	<u>5,601,508</u>	<u>6,110,826</u>
6,570,357	1,467,826	568,209	574,879	2,048,553	1,955,717
<u>200,783</u>	<u>398,531</u>	<u>1,220,226</u>	<u>985,656</u>	<u>715,272</u>	<u>(718,938)</u>
<u>6,771,140</u>	<u>1,866,357</u>	<u>1,788,435</u>	<u>1,560,535</u>	<u>2,763,825</u>	<u>1,236,779</u>

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General fund				
Nonspendable	\$ 54,016	68,963	26,258	34,715
Unassigned	<u>592,656</u>	<u>3,175,252</u>	<u>1,962,327</u>	<u>4,072,418</u>
Total general fund	<u>\$ 646,672</u>	<u>3,244,215</u>	<u>1,988,585</u>	<u>4,107,133</u>
All other governmental funds				
Nonspendable	\$ 21,377	57,549	31,988	23,382
Restricted for:				
Debt service	241,781	124,490	120,691	174,187
Capital projects	982,167	-	-	-
Aviation services	-	-	825,598	787,609
Public safety	-	1,048,050	-	-
Other purposes	188,571	1,375,796	283,494	335,826
Committed to:				
EMS fund	99,325	-	-	-
Other funds	626,220	-	-	-
Assigned to:				
Capital projects	-	-	-	-
Other funds	-	981,172	727,856	595,825
Unassigned	<u>-</u>	<u>(1,139)</u>	<u>(362,151)</u>	<u>(174,961)</u>
Total all other governmental funds	<u>\$ 2,159,441</u>	<u>3,585,918</u>	<u>1,627,476</u>	<u>1,741,868</u>

Table 3

Fiscal Year					
2016	2017	2018	2019	2020	2021
50,566	50,454	36,831	64,178	30,388	26,382
3,900,868	4,267,005	4,120,481	3,763,630	4,007,662	4,935,031
<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>	<u>4,961,413</u>
35,120	34,647	80,641	43,070	30,355	54,272
194,298	161,167	172,217	160,286	186,688	173,805
-	-	-	-	-	5,512,394
583,320	720,176	811,348	674,307	655,053	783,539
-	-	-	-	-	82,997
405,857	443,014	232,911	185,638	176,974	180,250
-	-	-	-	-	-
-	-	-	-	-	-
245,071	238,148	238,148	-	15,607	-
293,272	484,646	916,581	1,422,626	2,164,128	2,287,189
-	-	-	-	-	-
<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>	<u>9,074,446</u>

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

	2012	2013	2014	2015
Revenues				
Taxes	\$ 3,812,762	3,574,554	3,774,931	3,889,905
Licenses and permits	36,962	38,934	29,124	35,416
Intergovernmental	563,719	309,008	418,804	454,410
Charges for services	5,115,188	3,100,831	2,481,080	2,866,090
Fines	176,710	152,281	109,499	105,213
Interest	143,865	160,002	86,584	60,127
Rents and royalties	19,013	-	-	-
Contributions and donations	7,568	284,860	439,141	13,247
Fuel sales	-	594,681	628,419	450,941
Miscellaneous	125,969	459,050	482,580	461,311
Total revenues	<u>10,001,756</u>	<u>8,674,201</u>	<u>8,450,162</u>	<u>8,336,660</u>
Expenditures				
General government	1,789,184	1,441,336	1,603,151	1,617,461
Public safety	4,262,375	3,784,937	4,126,923	4,349,630
Highways and streets	633,572	474,637	413,237	401,815
Aviation services	705,298	669,973	660,658	546,632
Culture and recreation	1,406,651	1,617,372	1,570,961	756,395
Solid waste	680,070	735,846	754,222	785,024
Economic development	297,673	136,833	154,296	166,347
Debt service	933,325	942,560	1,417,619	412,766
Capital outlay	979,714	1,889,007	2,868,984	821,510
Total expenditures	<u>11,687,862</u>	<u>11,692,501</u>	<u>13,570,051</u>	<u>9,857,580</u>
Excess of revenues over (under) expenditures	<u>(1,686,106)</u>	<u>(3,018,300)</u>	<u>(5,119,889)</u>	<u>(1,520,920)</u>
Other financing sources (uses)				
Insurance recoveries	-	-	340	3,028
Certificate of obligation issued	105,000	2,240,000	-	-
Sale of assets	32,977	175,000	2,300	-
Transfers in	3,506,648	7,145,633	4,660,317	4,999,879
Other resources	-	-	-	-
Transfers out	<u>(2,957,478)</u>	<u>(1,771,290)</u>	<u>(2,757,140)</u>	<u>(1,207,168)</u>
Total other financing sources (uses)	<u>687,147</u>	<u>7,789,343</u>	<u>1,905,817</u>	<u>3,795,739</u>
Net change in fund balances	<u>\$ (998,959)</u>	<u>4,771,043</u>	<u>(3,214,072)</u>	<u>2,274,819</u>
Debt service as a percentage of noncapital expenditures	8.72%	9.61%	12.71%	6.80%

Table 4

Fiscal Year					
2016	2017	2018	2019	2020	2021
4,094,869	4,308,989	4,653,385	4,976,544	5,533,614	6,058,885
43,302	48,375	76,264	96,049	129,465	90,591
466,308	525,335	549,042	691,831	1,016,354	1,238,814
2,628,738	2,517,800	2,876,101	2,918,726	2,810,599	3,109,901
138,653	171,494	154,334	141,039	141,993	155,890
9,266	15,367	32,468	72,170	60,051	4,157
-	-	-	-	-	-
357,735	46,827	55,803	308,274	281,646	111,118
387,664	571,420	645,987	579,980	403,961	683,989
449,548	444,416	521,212	653,649	394,956	479,312
<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>	<u>11,932,657</u>
1,734,087	1,884,218	2,018,763	1,994,505	2,407,351	2,237,383
4,432,456	4,754,902	4,909,014	5,530,537	5,586,519	6,225,567
404,575	500,807	506,475	500,252	658,101	623,699
400,793	599,848	680,576	591,772	463,677	642,079
728,381	716,884	730,237	672,571	674,580	760,648
775,516	764,511	801,329	844,095	879,551	920,917
495,398	147,985	360,908	170,345	145,060	76,457
383,010	377,018	373,385	980,408	453,711	1,653,061
2,754,235	1,397,635	1,633,719	2,207,471	5,940,047	2,464,697
<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>15,604,508</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>	<u>(3,671,851)</u>
73,141	13,104	9,377	125,368	3,976	-
-	-	-	-	2,920,000	5,755,000
-	9,484	91,404	7,260	3,948	-
6,796,823	4,305,350	4,683,078	5,172,297	7,708,438	7,440,115
-	-	-	-	164,349	387,868
<u>(3,478,225)</u>	<u>(1,143,268)</u>	<u>(2,124,148)</u>	<u>(2,546,654)</u>	<u>(3,411,633)</u>	<u>(3,142,128)</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>10,440,855</u>
<u>(140,629)</u>	<u>690,885</u>	<u>209,901</u>	<u>(295,423)</u>	<u>953,120</u>	<u>6,769,004</u>
3.62%	4.43%	3.52%	8.44%	3.96%	12.42%

Table 5

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

Fiscal Year	Property Tax (1)	Sales Tax	Franchise Tax	Hotel/Motel Occupancy Tax	Total
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
2021	3,261,680	2,426,055	161,960	209,190	6,058,885

(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

Fiscal Year	Real Property	Personal Property	Less:		Total Taxable Assessed Value (1)	Total Direct Tax Rate	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
	Property	Property	Tax Exempt Real Property	Real Property	Value (1)	Tax Rate	Actual Value	Actual Value
2012	398,349,549	41,026,304	117,668,563	117,668,563	321,707,290	0.6265	439,375,853	73.22 %
2013	406,227,634	40,243,357	111,833,378	111,833,378	334,637,613	0.6265	446,470,991	74.95 %
2014	406,994,195	42,934,342	111,286,608	111,286,608	338,641,929	0.6265	449,928,537	75.27 %
2015	518,198,357	45,958,625	210,993,313	210,993,313	353,163,669	0.6265	564,156,982	62.60 %
2016	556,280,640	47,187,181	232,587,695	232,587,695	370,880,126	0.6265	603,467,821	61.46 %
2017	572,728,002	53,172,338	246,284,832	246,284,832	379,615,508	0.6265	625,900,340	60.65 %
2018	626,018,861	56,742,971	244,938,772	244,938,772	437,823,060	0.6265	682,761,832	64.13 %
2019	691,575,136	55,812,105	271,524,447	271,524,447	475,862,794	0.6237	747,387,241	63.67 %
2020	737,114,976	65,495,455	275,852,919	275,852,919	526,757,512	0.6237	802,610,431	65.63 %
2021	765,753,218	63,873,110	269,799,959	269,799,959	559,826,369	0.6181	829,626,328	67.48 %

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.

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

Fiscal Year	City of Burnet		Overlapping Rates			Total Direct and Overlapping Rates		
	Operating Rate	Debt Service Rate	Total Rate	Burnet County	Co Special, Road & Bridge		Burnet C.I.S.D.	Central Texas Water Conservation District
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
2021	0.5514	0.0667	0.6181	0.3114	0.0468	0.9513	0.1950	2.1226

TAX RATES (Per \$100 assessed value)

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	2021			2012		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Entegris, Inc	\$ 9,137,259	1	1.27 %	\$ -		0.00 %
Entegris, Inc	8,481,305	2	1.18 %	-		
R & L Partnership LLC	4,364,050	3	0.61 %	2,005,621	4	0.49 %
Judy & Thrasher INC.	3,727,058	4	0.52 %	3,325,478	2	
Burnet Hotel LLC	3,029,489	5	0.42 %			0.00 %
Atmos Energy/Mid-Tex Distribut	2,970,522	6	0.41 %			
Del Mar Management LLC	2,942,157	7	0.41 %			
GAB Rental, LLC	2,939,930	8	0.41 %			0.00 %
Hoover Building Supply INC.	2,663,499	9	0.37 %	2,271,837	3	
LCRA Transmission SRVCS Corp	2,475,984	10	0.34 %	1,732,640	7	
ATMI Materials inc	-		-	19,551,298	1	4.78 %
MAHADEV LLC	-		-	1,893,185	6	0.46 %
First State Bank of Burnet	-		-	1,909,223	5	0.47 %
Sure Cast	-		-	1,722,152	8	0.42 %
HVM O'Donnell LTD	-		-	1,701,685	9	0.42 %
H E Butt Grocery Co #2849-0100	-		-	1,642,394	10	0.23 %
Totals	\$ 42,731,253		5.94 %	\$ 37,755,513		7.27 %

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
2012	1,924,988	1,880,448	97.69	37,603	1,918,051	99.64
2013	2,011,264	1,955,724	97.24	46,279	2,002,003	99.54
2014	2,043,399	2,009,792	98.36	21,187	2,030,979	99.39
2015	2,135,048	2,092,046	97.99	26,795	2,118,841	99.24
2016	2,222,953	2,182,536	98.18	25,788	2,208,324	99.34
2017 ⁽¹⁾	2,332,812	2,235,486	95.83	86,520	2,322,006	99.54
2018	2,596,423	2,545,204	98.03	27,782	2,572,986	99.10
2019	2,793,355	2,725,436	97.57	24,800	2,750,236	98.46
2020	3,056,024	3,004,098	98.30	-	3,004,098	98.30
2021	3,216,208	3,276,452	102	-	3,276,452	101.87

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			
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
2021	8,450,000	-	17,725,000	-	26,175,000	13.98 %	922

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

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

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

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Taxable Value (1) of Property	Per Capita (2)
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%	352
2019	1,440,000	160,286	1,279,714	0.27%	204
2020	4,095,000	186,688	3,908,312	0.74%	599
2020	8,450,000	173,805	8,276,195	1.48%	1,255

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, 2021

<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>8,450,000</u> (1)	100.00 %	\$ <u>8,450,000</u>
Total direct	<u>8,450,000</u>		<u>8,450,000</u>
Overlapping:			
Burnet Consolidated Independent School District	12,307,667	21.82	2,685,533
Burnet County	<u>1,972,760</u>	7.44	<u>146,773</u>
Total overlapping	<u>14,280,427</u>		<u>2,832,306</u>
Total direct and overlapping debt	<u>\$ 22,730,427</u>		<u>\$ 11,282,306</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, 2021

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	\$ 559,826,369
Limit on amount designated for debt service	<u>1.50%</u>
Legal debt limit	\$ <u>8,397,396</u>
Actual amount expended for general obligation debt service during the year ended September 30, 2021	\$ <u>369,224</u>

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

Fiscal Year	Gross Operating Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
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
2021	4,620,814	1,960,579	2,660,235	860,000	110,620	970,620	2.74

Source: Finance Department, City of Burnet, Texas

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

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

Fiscal Year	Gross Operating Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
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
2021	9,125,087	6,463,795	2,661,292	45,000	6,740	51,740	51.44

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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Operating and Nonoperating Revenue:				
Charges for Services	\$ 9,356,176	9,082,153	9,504,832	9,841,737
Rents and Royalties	47,012	-	-	-
Misc.	<u>31,250</u>	<u>88,317</u>	<u>98,262</u>	<u>85,170</u>
Total	<u>\$ 9,434,438</u>	<u>9,170,470</u>	<u>9,603,094</u>	<u>9,926,907</u>
Operating Expense:				
Electric System (1)	<u>\$ 7,147,805</u>	<u>6,297,205</u>	<u>6,671,585</u>	<u>7,011,877</u>

(1) Excludes depreciation expense

Table 16

Fiscal Year					
2016	2017	2018	2019	2020	2021
8,463,572	8,457,602	9,007,547	9,069,036	8,824,263	9,056,485
-	-	-	-	-	-
67,836	64,632	60,293	217,310	675,453	70,116
<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>9,126,601</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>	<u>6,463,795</u>

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

Customer	Customer Type	2021			2012		
		Annual Sales	Rank	Percentage of Total Sales	Annual Sales	Rank	Percentage of Total Sales
Entegris	Manufacturing	\$ 967,030	1	10.74 %	\$ 878,894	1	9.6 %
Burnet CISD Schools	Public Education	674,360	2	7.49	697,133	2	7.62
Burnet Co Correctional Facility	State Government	192,315	4	2.14	258,204	5	2.82
TDCJ-Utilities Energy	State Government	176,473	3	1.96	244,631	6	2.67
Seton HealthCare	Medical Facility	262,444	5	2.91	260,239	4	2.84
H.E.B #433	Grocery	193,106	6	2.14	235,638	7	2.57
Sure Cast	Manufacturing	197,690	7	2.19	462,305	3	5.05
City of Burnet	Local Government	143,857	8	1.6	109,581	10	1.2
Burnet County	Local Government	94,974	9	1.05	89,342	11*	0.98
Stealth Products, Inc.	Manufacturing	80,146	10	0.89	123,659	9	1.35
Totals		\$ 2,982,396		33.11 %	\$ 3,359,626		36.70 %

Source: Finance Department, City of Burnet, Texas
Utility Billing Reports - Consumption - Customer Ranking
Utility Billing Reports - Account Reports - Customer History

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)
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	6,216	142,346,400	22,900	3,183	2.90%
2019	6,266	140,765,690	22,465	3,201	2.90%
2020	6,530	226,610,590	34,703	3,078	2.90%
*2021	6,592	187,166,656	28,393	3,075	3.10%

Source: (1) (2) (3) (5) US Census Bureau; and Worldpopulationreview.com
(4) Burnet Consolidated Independent School District
* Personal Income per U.S Census Bureau, July 1 2021, (V2021)

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	2021		2012	
	Employees	Percentage of Total City Employment	Employees	Percentage of Total City Employment
Burnet CISD*	504	27.16%	285	20.93%
Burnet County*	354	19.07%	250	18.36%
Entegris*	248	13.36%	104	7.64%
City of Burnet	129	6.95%	154	11.31%
YMCA of the Highland Lakes***	150	8.08%	***	***
Stealth Products**	145	7.81%	94	6.90%
Seton Highland Lakes**	241	12.98%	311	22.83%
Texas Dept. of Criminal Justice*	131	7.06%	120	8.81%
H-E-B	136	7.33%	110	8.08%
Sure Cast*	40	2.16%	103	7.56%
Total	2,078	111.96%	1,531	112.41%

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

- Notes: * Employer was unable to provide 2012 information.
Information reported is the same as reported for fiscal year 2010.
** Employer was unable to provide 2012 information.
Information reported is the same as reported for fiscal year 2009.
*** Employer was unable to provide historical information.

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

Function/Program	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Administration	6	5.5	5.2	5.75	6.25	6.75	7	7.25	7.5	9.5
Municipal Court	1	1	1	1	1	1	0.5	1	1	1
Planning & Zoning	4	3.3	3.6	2.8	3.2	3.2	3	4	4	4
Economic Development	0.5	0.5	0.5	0.75	0.75	1.5	0.75	0	0	0
Police Department	17	17	17	18	18	18	19.5	22	21	25
Streets Department	9.25	8.5	6.5	6.5	6.25	7.75	7.75	8.75	8.75	10.75
Parks Department	6.25	7.5	7.5	7.5	7.85	7.25	7.25	7.75	7.75	9.75
Airport	0.7	0.7	0.7	0.7	0.8	0.8	1.75	1.5	1.5	1.5
Fire Department	33	30	30	30	30	30	30	33	33	43
Electric Department	12.25	11.5	10.5	11.5	11	10	10.5	10.5	10.5	10.75
Water/Wastewater Department	15.25	16.5	16.5	15.5	16	15.75	15.5	15.5	15.5	19.75
Golf Course	17	17	15	15.5	15.9	15	15	17	12	19.2
Recreation	6.8	*	*	*	*	*	*	*	*	*
Total	129.00	119.00	114.00	115.50	117.00	117.00	118.50	128.25	122.50	154.2

Source: City Budget Department - HR

* 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	2012	2013	2014	2015
General government				
Building permits issued	233	240	241	282
Building inspections conducted	698	733	870	1,027
Police				
Calls for Service	8,234	7,451	7,129	8,845
Assistance to Citizens	50	51	120	128
Miles Driven	120,630	110,738	152,408	139,734
Offense Reports	1,071	1,078	1,259	1,025
Physical arrests	526	479	512	318
Traffic violations	4,164	4,956	2,672	2,259
Fire/EMS				
Fire-Number of Calls City	833	506	465	557
EMS- Total number of Calls	3,839	4,009	4,142	4,347
Inspections	216	123	113	149
Water/Wastewater				
Effluent- Reclaimed Water (millions of gallons)	226.532	232.445	199.624	195.167
Average daily sewage treatment (millions of gallons)	0.62	0.64	0.55	0.53
Total Consumption Lake/Ground Water (millions of gallons)	339.643	295.619	310.087	351.440
Average daily consumption (millions of gallons)	0.931	0.810	0.850	0.963
Golf Course				
Rounds of Golf	20,040	20,177	18,005	19,069

Sources: Various City of Burnet Department's Scorecard Reports

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

* Is now being figured into the Calls for Service Category

** Down due to COVID 19

Table 21

Fiscal					
2016	2017	2018	2019	2020	2021
356	297	306	291	309	400
1,337	1,066	836	983	1,099	1714
8,110	7,548	8,024	8,737	9,940	11667
130	213	94	16	*	*
127,933	136,166	151,732	126,866	124,920	156,715
1,075	1,035	911	845	857	956
318	484	400	340	346	330
2,637	3,205	3,453	2,677	3,004	4668
715	816	844	852	511	376
4,893	4,150	4,370	4,321	3,964	4755
240	240	212	226	63	**71
234.876	216.659	213.790	220.610	190.948	199.434
0.64	0.59	0.59	0.60	0.52	0.518
298.094	324.233	319.341	308.8	354.647	340.091
0.817	0.888	0.875	0.846	0.972	0.821
19,218	20,605	22,741	20,215	20,514	25,656

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

Function/Program	2012	2013	2014	2015
Public safety:				
Police:				
Stations	1	1	1	1
Patrol units	22	22	22	22
Fire:				
Fire stations	1	1	1	2
Culture and recreation:				
Parks acreage	117	117	117	117
Playgrounds	4	4	4	4
RV Park	1	1	1	1
Splash Park	1	1	1	1
Amphitheaters	1	1	1	1
Community/Meeting centers	2	2	2	2
Water:				
Service connections	2,272	2,272	2,313	2,328
Water mains (miles)	55	56	56	58
Water pump stations	4	4	4	4
Fire hydrants	375	375	375	378
Plant capacity	2.88	2.88	2.88	2.88
(millions of gallons)				
Sewer:				
Service connections	2,045	2,097	2,111	2,123
Sanitary sewers (miles)	50	50	50	50
Number of lift stations	13	13	13	12
Treatment plant capacity	0.726	0.726	0.726	1.7
(millions of gallons)				
Electric:				
Service connections	2,827	2,829	2,867	2,863

Source: Various City of Burnet Department's Scorecard Reports

Table 22

Fiscal						
2016	2017	2018	2019	2020	2021	
1	1	1	1	1	1	1
22	22	22	22	22	20	24
2	2	2	2	2	2	2
117	117	117	117	117	117	117
4	4	4	4	4	4	4
1	1	1	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
2,395	2,435	2,498	2,557	2,670	2,759	
58	60	60	62	60	62	
4	4	4	4	3	3	
389	391	394	414	425	425	
2.88	2.88	2.88	2.88	3.60	3.6	
2,183	2,231	2,273	2,332	2,395	2,466	
50	50	50	52	50	52	
12	12	12	12	12	12	
1.7	1.7	1.7	1.7	1.7	1.7	
2,934	2,960	3,021	3,073	3,143	3,796	