



City of

# BURNET • TEXAS



**Annual Comprehensive Financial Report  
For the Fiscal Year Ended  
September 30, 2025**



*Annual Comprehensive Financial Report*

of the



*City of Burnet, Texas*

Prepared by the  
Finance Department  
Year Ended September 30, 2025

**City of Burnet, Texas**

September 30, 2025

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# CITY OF BURNET

P.O. Box 1369 • 1001 Buchanan Drive, Suite 4 • Burnet, TX 78611 • (512) 756-6093

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March 16, 2026

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 annual comprehensive financial report of the City of Burnet, Texas, for the fiscal year ended September 30, 2025.

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, 2025. 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 7,100. 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, Spider Mountain Bike Park, the Highland Lakes Air Museum, the Texas Wine Trail, and Delaware Springs Golf Course.

The City of Burnet is a home-ruled city and operates under the council-manager form of government. The City Council is comprised of the Mayor and six council members, and is responsible for enacting ordinances, resolutions, and regulations governing the City, as well as for appointing the City Manager, Municipal Judge, and members of various statutory and advisory boards. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and appointing heads of various departments. The Mayor and City Council members each serve two-year terms and are elected at large. The City of Burnet is empowered to levy a property tax on both real and personal properties located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

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

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

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

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

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

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

**Local economy.** The City of Burnet is a proactive, business friendly community centrally located fifty-five miles northwest of Austin and ninety-nine miles north of San Antonio near the Highland Lakes which is the largest chain of lakes in Texas. Steady population growth has been experienced for the last five years with a present population estimated in excess of 7,000. Burnet County’s population is estimated at 58,500 which represents a 37% increase in population since 2010. 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 500 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 newly constructed commercial projects in Burnet include the new downtown City Hall building, First Baptist Church building, Commercial National Bank building, Texas Building Center office, Ascencion Cariology Clinic, and a jet hangar at the airport. Completed renovations/expansions include the Airy Mount Coffee shop, Loft meeting space on the square, a new boutique on the square, Storm’s parking lot addition, and the Oaks West Church addition.

Several new commercial projects are currently underway in the City, including Phase V of the Ranch at Delaware Creek (also known as the Trailside Addition) which will include 58 duplex units, a Towne Place Suites extended-stay hotel by Marriott, an Auto Zone store, a Casey’s gas station, South Highway 281 Delaware commercial park with three lots, and the Sunday Drive commercial park. Additional projects under development include Sunset Ridge apartments, a Careflite helicopter hangar, Capital Farm Credit office building, and Silverleaf Assisted Living facility. Remodels currently underway include Burnet County Annex office and the Burnet County Appraisal District office. Future commercial projects include the Honey Rock commercial park, and an office warehouse park.

Current subdivisions under construction include Delaware Springs, Section 25 (26 lots), Highland Oaks Randall Court Phase (24 single-family lots). Future planned subdivisions and expansions include Delaware Springs Section 19 Phase IV (25 single-family lots), Honey Rock Subdivision (299 single-family lots and 2 multifamily lots), Hilltop Oaks (100 single-family lots), Springside Estate Subdivision (58 single-family lots), Reserve at Burnet (86 single-family lots), Creekfall Phase IV (52 single-family lots), Delaware Springs Section 17 (18 lots), and Eagle’s Nest Phase 3 (13 single-family lots).

**Long-term financial planning and major initiatives.** The following major projects have been budgeted for 2025-2026:

### **General Fund Capital Projects**

- \$5,000,000 for new pedestrian walking bridge
- \$2,441,350 for flood damaged projects
- \$1,000,000 in street improvements
- \$800,000 for new City Hall building
- \$409,836 arbitrage payment
- \$275,000 in Galloway Hammond Recreational Center improvements
- \$93,000 for Police shooting range improvements
- \$75,000 for portable stage
- \$55,000 for transportation plan
- \$54,300 for Building Inspector vehicle
- \$30,000 for Fire Department Westnet Paging System
- \$25,000 planning for pickleball courts
- \$25,000 for park improvements
- \$25,000 for Fire Department GPS equipment for CAD
- \$22,500 for Opioid Funding approved project
- \$20,000 for Water Rescue and Safety Gear for Public Safety

### **Electric Fund Capital Projects**

- \$1,367,000 for resiliency grant improvements
- \$300,000 for bucket truck
- \$250,000 for subdivision electrical costs
- \$140,000 for Creekfall offsite improvements
- \$50,000 for Frontier fiber over lashing
- \$35,000 for employee hand tools and equipment
- \$35,000 for equipment for offsite improvement projects
- \$21,800 for flood damaged projects

### **Water/WW Fund Capital Projects**

- \$1,713,600 for new generators for SB3 compliance
- \$700,000 Valley Street Well engineering/evaluation
- \$350,000 for Eagles's Nest water tank upgrade
- \$303,050 flood damaged projects
- \$250,000 in CDBG water line project (Wofford 1 and 2)
- \$125,000 for Creekfall water line oversizing project
- \$100,000 for water and sewer plant maintenance/well and pump upgrades
- \$90,000 for vac trailer
- \$25,000 sewer model calibration

### **Golf Fund Capital Projects**

- \$1,100,000 for golf course land acquisition
- \$350,000 for golf course improvements
- \$233,800 for flood damaged projects

### **Airport Fund Capital Projects**

- \$300,000 for jet hanger
- \$111,111 for Ramp grant improvements
- \$20,000 decel lane into airport

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:

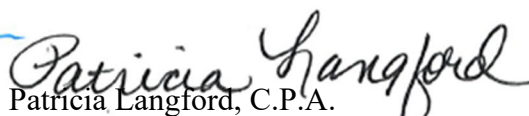
- Maintain 90-day cash reserve balance.
- Maintain a 1.25 debt coverage ratio.
- Maintain a net operating profit of no less than 3% of operating expenses for the General Fund.
- Budget projected net operating profit as fund balance for capital projects.
- Maintain the Self-funded Equipment Fund balance to properly fund equipment needs based on a five-year projection.
- Maintain council authorized capital reserve accounts for the General, Electric, and Water/Wastewater Fund.
- Maintain Enterprise Fund net operating profit of no less than 5% of operating expenses for the Water/Wastewater Fund and 4% of operating expenses for the Electric Fund.
- Delaware Springs is to be operated as a true Enterprise Fund with its own self-funded account, capital account, and operating reserve account and maintain a Net Operating Profit of no less than 5%.

### ***Acknowledgements***

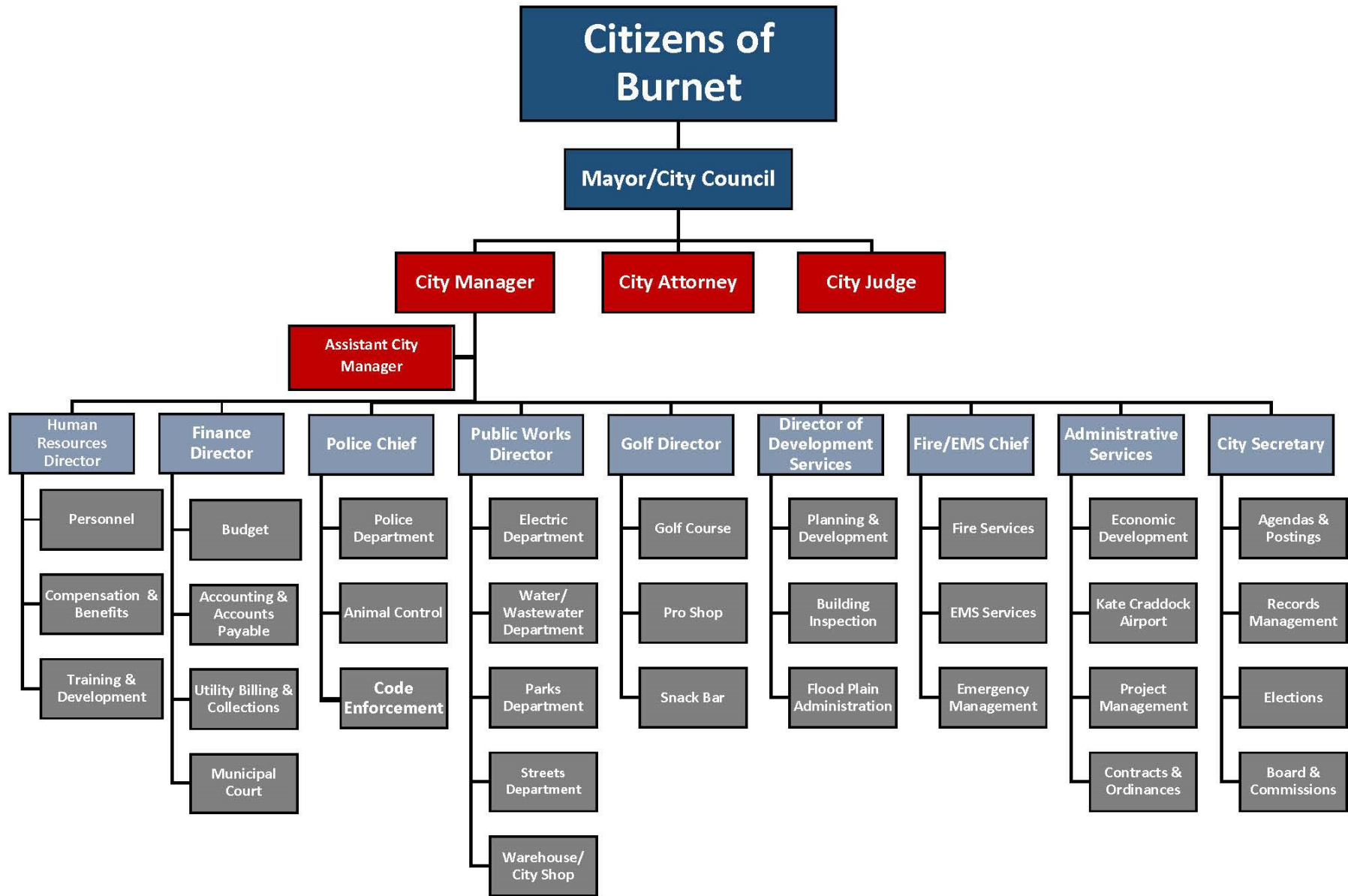
We would like to thank the Mayor and the City Council for their leadership and continued support in planning and conducting the financial operations of the City in a responsible and progressive manner. In addition, we want to thank all the City's departments for their assistance in providing the data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

Respectfully submitted,

  
David Vaughn  
City Manager

  
Patricia Langford, C.P.A.  
Finance Director





**City of Burnet, Texas**  
Elected Officials and City Staff  
September 30, 2025

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**Elected Officials**

**City Council -Two-Year Terms**

<b><u>Name</u></b>	<b><u>Position</u></b>	<b><u>Term</u></b>
Gary Wideman	Mayor	2025-2027
Philip Thurman	Mayor Pro Tem	2024-2026
Vacant	Council Member	2024-2026
Ricky Langley	Council Member	2025-2027
Tommy Gaut	Council Member	2024-2026
Joyce Laudenschlager	Council Member	2025-2027
Cindia Talamantez	Council Member	2024-2026

**City Staff**

<b><u>Name</u></b>	<b><u>Position</u></b>
David Vaughn	City Manager
Keith McBurnett	Assistant City Manager
Maria Gonzalez	City Secretary
Mark Ingram	Fire Chief / Emergency Management
Brian Lee	Police Chief
Tony Nash	Golf Course General Manager
Haley Archer	Director of Human Resources
Patricia Langford	Director of Finance
Jill Disler	Assistant Finance Director
Eric Belaj	City Engineer
Veronica Hernandez	Civil Engineer III
Thad Mercer	Assistant Director of Public Works -W/WW
Andrew Scott	Assistant Director of Public Works - Electric
Jeremy Stewart	Police Captain
John Miller	Deputy Chief - Fire Administration
Curtis Murphy	Deputy Chief - 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
Tracy Shirley	Utility Billing Coordinator
Sonia Tucker	Customer Service Rep/Deputy Court Clerk
Tamara Tinney	Municipal Court Judge
Heather Sutton	Municipal Court Administrator





Government Finance Officers Association

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**City of Burnet  
Texas**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

September 30, 2024

*Christopher P. Morill*

Executive Director/CEO



## INDEPENDENT AUDITOR’S REPORT

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

### *Opinions*

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, 2025, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements as listed in the table of contents.

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, 2025, 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.

### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (“GAAS”) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Responsibilities of Management for the Financial Statements*

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for the twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 16, 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 82 through 92 (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 95 through 102 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 Included in the Annual Comprehensive Financial Report***

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the financial statements or our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based upon the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2026 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*JRBT, PC*

March 16, 2026



## 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, 2025.

### 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 \$80,389,404 (*net position*). Unrestricted net position of the City is \$6,929,670. The City’s total net position increased \$8,614,227 primarily due to the City’s acceptance of developer contributions for infrastructure amounting to \$8,762,078 in the current year.
- At the close of the current fiscal year, the City’s governmental funds reported combined fund balances of \$11,788,179, a decrease of \$11,068,219 in comparison with the prior year primarily due to capital outlay of \$15,538,521 for the ongoing construction of a new City Hall building, street improvements throughout the City, and various other capital projects.
- 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 \$7,133,176, or approximately 50% of total general fund expenditures.
- The City’s general fund total fund balance decreased \$3,899,119 in the current year compared to an increase in the prior year of \$1,596,429 mainly due to a transfer out of \$5,666,293 to the general capital projects fund for ongoing construction of the new City Hall building, street improvements throughout the City, and various other capital projects.
- During the current fiscal year, the Burnet Economic Development Corporation (“BEDC”) sold land and building collectively referred to as “the Badger Building” to an unrelated party, which resulted in the recognition of a loss on the sale of land and building of \$1,529,480. Additionally, the BEDC made a one-time incentive payment of \$522,895 to a retail agriculture supply store once the store reached certain milestones under a Council approved incentive agreement.

### 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 80 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 82 through 92. 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 95 through 102 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 \$ 80,389,404 at the close of the most recent fiscal year.

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

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current assets	\$ 13,928,089	25,422,478	5,242,029	4,797,638	19,170,118	30,220,116
Capital assets, net	59,378,191	47,220,192	42,679,471	37,436,651	102,057,662	84,656,843
Total assets	73,306,280	72,642,670	47,921,500	42,234,289	121,227,780	114,876,959
Total deferred outflows of resources	911,728	1,584,259	335,820	548,890	1,247,548	2,133,149
Current liabilities	1,799,994	2,171,931	1,661,054	992,054	3,461,048	3,163,985
Noncurrent liabilities	21,153,830	22,805,264	16,520,194	17,549,087	37,674,024	40,354,351
Total liabilities	22,953,824	24,977,195	18,181,248	18,541,141	41,135,072	43,518,336
Total deferred inflows of resources	776,233	1,354,098	174,619	362,497	950,852	1,716,595
Net position:						
Net investment in capital assets	43,995,482	38,925,205	27,726,481	22,176,644	71,721,963	61,101,849
Restricted	1,737,771	1,743,714	-	-	1,737,771	1,743,714
Unrestricted	4,754,698	7,226,717	2,174,972	1,702,897	6,929,670	8,929,614
Total net position	\$ 50,487,951	47,895,636	29,901,453	23,879,541	80,389,404	71,775,177

By far, the largest portion of the City's net position (\$71.7 million or 89.2%) 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 (\$1.7 million or 2.2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is \$6,929,670.

The City's overall net position increased \$8,614,227. 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		Business-type		Total	
	Activities		Activities			
	2025	2024	2025	2024	2025	2024
Program revenues:						
Charges for services	\$ 5,556,380	5,563,663	20,512,617	18,855,097	26,068,997	24,418,760
Operating grants and contributions	17,717	14,454	-	-	17,717	14,454
Capital grants and contributions	6,339,899	3,658,614	4,123,852	167,275	10,463,751	3,825,889
General revenues:						
Property taxes	5,507,161	5,251,179	-	-	5,507,161	5,251,179
Sales taxes	3,079,080	2,946,756	-	-	3,079,080	2,946,756
Hotel/motel taxes	187,960	195,554	-	-	187,960	195,554
Franchise and other taxes	191,587	186,183	-	-	191,587	186,183
Unrestricted interest and miscellaneous revenues	1,028,917	1,246,752	119,029	147,631	1,147,946	1,394,383
Total revenues	<u>21,908,701</u>	<u>19,063,155</u>	<u>24,755,498</u>	<u>19,170,003</u>	<u>46,664,199</u>	<u>38,233,158</u>
Expenses:						
General government	\$ 4,035,680	3,209,804	-	-	4,035,680	3,209,804
Public safety	9,362,104	8,563,090	-	-	9,362,104	8,563,090
Highways and streets	1,539,947	1,321,352	-	-	1,539,947	1,321,352
Aviation services	367,256	421,714	-	-	367,256	421,714
Culture and recreation	1,387,444	1,161,995	-	-	1,387,444	1,161,995
Sanitation	1,032,656	1,012,676	-	-	1,032,656	1,012,676
Economic development	94,417	91,308	-	-	94,417	91,308
Interest and other charges on long-term debt	472,286	621,495	-	-	472,286	621,495
Electric	-	-	8,229,941	7,453,086	8,229,941	7,453,086
Water and sewer	-	-	4,334,143	3,828,905	4,334,143	3,828,905
Delaware Springs Golf Course	-	-	2,737,761	2,491,373	2,737,761	2,491,373
Total expenses	<u>18,291,790</u>	<u>16,403,434</u>	<u>15,301,845</u>	<u>13,773,364</u>	<u>33,593,635</u>	<u>30,176,798</u>
Increase in net position before special item and transfers	3,616,911	2,659,721	9,453,653	5,396,639	13,070,564	8,056,360
Special item - release of interest in building	(4,456,337)	-	-	-	(4,456,337)	-
Transfers	<u>3,431,741</u>	<u>4,101,995</u>	<u>(3,431,741)</u>	<u>(4,101,995)</u>	<u>-</u>	<u>-</u>
Increase in net position	2,592,315	6,761,716	6,021,912	1,294,644	8,614,227	8,056,360
Net position, beginning of year	<u>47,895,636</u>	<u>41,133,920</u>	<u>23,879,541</u>	<u>22,584,897</u>	<u>71,775,177</u>	<u>63,718,817</u>
Net position, end of year	<u>\$ 50,487,951</u>	<u>47,895,636</u>	<u>29,901,453</u>	<u>23,879,541</u>	<u>80,389,404</u>	<u>71,775,177</u>

**Governmental Activities.** During the current fiscal year, net position for governmental activities increased \$2,592,315 as compared to an increase of \$6,761,716 in the prior year. Key elements of the changes from the prior year are as follows:

- Capital grants and contributions increased \$2,681,285 in the current year primarily due to the City’s acceptance of developer contributions for infrastructure amounting to \$5,058,126 that was offset by a decrease of \$2,684,972 in federal funding that was primarily used for the current year and prior year construction of the Children’s Advocacy building as further discussed below.
- Overall, governmental expenses increased \$1,888,356 (11.5%) primarily due to City-wide raises that brought salaries up to market rates and the addition of three new positions.

Overall, governmental activities recognized an increase in net position before special item and transfers of \$3.6 million and \$2.7 million in 2025 and 2024, respectively. Under the terms of a Memorandum of Agreement (“MOU”) with the Hill Country Children’s Advocacy Center (the “Center”), the City utilized federal funding from the Community Development Block Grant (“CDBG”) – Community Resiliency Program (“CRP”) under the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act to construct a facility improvements project on behalf of the Center benefiting the clientele served by the Center. The improvements were completed in the current fiscal year, and the City recognized its release of interest in the building of \$4,456,337 as a special item. Transfers in were \$3.4 million and \$4.1 million in 2025 and 2024, respectively.

**Business-Type Activities.** During the current fiscal year, net position for business-type activities increased \$6,021,912 as compared to an increase of \$1,294,644 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 \$1,657,520 or 8.8% from the prior year. Electric consumption was generally flat as compared to prior year; however, there was a net increase in electric revenue of \$704,678 due to an increase in the cost of power which is passed on to the customer. Water and sewer gallons sold increased an average of 15.3%; however, revenue only increased by 11.6% due to graduated water and sewer rates. Golf services and sales of merchandise increased \$384,578 due to an increase in the number of rounds played as compared to prior year and due to price increases based on demand for services.
- Capital contributions increased \$3,956,577 due to developer contributions for water and sewer improvements that were accepted by the City in the current year for the Delaware Springs subdivision - Phases 2 and 3, the Creekfall subdivision - Phases 1 and 2, and the Westfall Village subdivision.

Overall, business-type expenses increased \$1,528,481 (11.1%) primarily due to increases in salaries and benefits as a result of filling positions that were vacant in the prior year. Overall, business-type activities recognized an increase in net position before transfers of \$9.5 million and \$5.4 million in 2025 and 2024, respectively. Transfers out were \$3.4 million and \$4.1 million in 2025 and 2024, 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, 2025, the City's governmental funds reported combined fund balances of \$11,788,179, a decrease of \$11,068,219 in comparison with the prior year. Of this amount, \$7,133,176 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, \$34,606; (2) restricted for particular purposes, \$1,705,714; or (3) assigned for particular purposes, \$2,914,683.

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 \$7,133,176. 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 49.7% of total general fund expenditures.

During the current fiscal year, fund balance for the general fund decreased \$3,899,119 as compared to an increase of \$1,596,429 in the prior year. Key factors in this change are as follows:

- Property and sales taxes increased \$470,498 and \$132,324, respectively, during the year (approximately 11.7% and 4.5%, respectively), which is primarily due to increased property values and new property being added to the tax roll. Additionally, the City continues to see economic development and an increase in tourism.
- Expenses increased \$507,788, approximately 3.7% over the prior year due to annual raises, added positions, and related increases in cost for employee benefits. Annually, the City transfers payments (1) for return on investment from the electric fund and (2) in lieu of taxes from the water and sewer fund to the general fund and makes other transfers in and transfers out at the discretion of management. Transfers in for the current year amounted to \$3,757,503, which was approximately \$505,465 less than the prior year amount of \$4,262,968.
- Transfers out of \$6,565,529 in the current year as compared to \$1,658,851 in the prior year and were primarily for ongoing construction of the new City Hall building, street improvements throughout the City, and various other capital projects.

During the current fiscal year, fund balance for the airport fund decreased \$8,679 as compared to an increase of \$111,747 in the prior year. Transfers out of \$259,241 in the current year as compared to \$24,788 in the prior year and were primarily for (1) an allocation of salaries and wages that are now reported in general fund and (2) the airport box hangar project funded out of the airport capital projects fund (a non-major capital projects fund).

During the current fiscal year, fund balance for the debt service fund increased by \$15,909 as compared to an increase of \$143,977 in the prior year.

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, federal grant awards, and transfers from the general and enterprise funds. Capital expenditures for the current year of \$13,057,624 are discussed in additional detail below.

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

Unrestricted net position of the electric, water and sewer, and Delaware Springs Golf Course funds at the end of the year were \$1,903,805; \$709,307, and \$(438,140), respectively. Net position for the electric, water and sewer, and golf funds increased by \$2,055,850, \$3,654,331, and \$311,731, respectively, primarily due to continued profitability of electric operations and developer contributions of \$679,170 for electric improvements and \$3,024,782 for water and sewer improvements that were accepted by the City in the current year for the Delaware Springs subdivision - Phases 2 and 3, the Creekfall subdivision - Phases 1 and 2, and the Westfall Village subdivision. 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, there were no significant amendments to the general fund budget for expenditures and transfers out.

***Final budget compared to actual results.*** During the year, actual revenues and transfers in were over budget by \$608,774. Actual expenditures were 95.5% of appropriations. Transfers out exceeded budgeted amounts by \$5,666,292 due to additional transfers needed to the general capital project fund for ongoing construction of the new City Hall building, street improvements throughout the City, and various other capital projects that were not originally budgeted.

### **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, 2025, amounts to \$ 102,057,662 (net of accumulated depreciation). This investment in capital assets includes land, buildings, infrastructure, right-of-use assets, machinery and equipment, and construction in progress. The total net increase in the City's investment in capital assets for the current fiscal year was \$ 17,400,819 or 20.6% primarily as a result of \$8,762,078 in developer contributions that were accepted by the City in the current year for infrastructure improvements in the Delaware Springs subdivision - Phases 2 and 3, the Creekfall subdivision - Phases 1 and 2, and the Westfall Village subdivision. Other major capital asset activity is listed below.

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

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	\$ 4,367,883	4,243,707	605,396	605,396	4,973,279	4,849,103
Buildings	7,738,324	8,306,863	90,078	93,428	7,828,402	8,400,291
Right-of-use asset - building	39,454	92,060	-	-	39,454	92,060
Infrastructure	32,002,334	23,522,245	38,403,658	34,709,627	70,405,992	58,231,872
Right-of-use assets - equipment	-	18,699	-	-	-	18,699
Machinery and equipment	4,120,187	4,123,292	2,337,247	1,777,774	6,457,434	5,901,066
Construction in progress	11,110,009	6,913,326	1,243,092	250,426	12,353,101	7,163,752
	<u>\$ 59,378,191</u>	<u>47,220,192</u>	<u>42,679,471</u>	<u>37,436,651</u>	<u>102,057,662</u>	<u>84,656,843</u>

Additional major capital asset activity during the current fiscal year included:

Work was completed on:

Street improvements	\$ 4,243,658
Children's Advocacy facility	265,080
Golf Course improvements	203,645
Infrastructure project	789,011
Airport fence improvements	59,728

Acquisition of water and sewer vehicles and equipment \$ 371,702

Acquisition of golf equipment \$ 105,893

Acquisition of ambulance and other public safety  
vehicles and equipment \$ 1,424,135

Acquisition of various other equipment \$ 563,343

Acquisition of land - Valley Street Property \$ 124,177

Work continued on:

New City Hall facility	\$ 6,519,911
CDBG Wofford Waterline Projects	722,093
Airport Box Hanger	1,516,822
Shooting Range	199,999
Golf Course improvements	173,775
Pedestrian Bridge	104,098

Additional information on the City's capital assets can be found in Note III.C. on pages 49 to 52 of this report.

**Long-Term Debt.** At the end of the current fiscal year, the City had total long-term liabilities of \$37,674,024.

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

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Certificates of obligation	\$ 14,280,000	14,905,000	12,415,000	13,190,000	26,695,000	28,095,000
Refunding bonds	-	-	1,765,000	1,840,000	1,765,000	1,840,000
Premiums	729,712	774,733	218,273	230,007	947,985	1,004,740
<b>Total bonded debt</b>	<b>15,009,712</b>	<b>15,679,733</b>	<b>14,398,273</b>	<b>15,260,007</b>	<b>29,407,985</b>	<b>30,939,740</b>
Lease liabilities	9,047	114,924	-	-	9,047	114,924
Compensated absences	692,495	547,361	221,288	156,632	913,783	703,993
Net pension liability	1,585,470	2,443,764	589,706	850,535	2,175,176	3,294,299
Total OPEB liability - life insurance	332,568	336,275	-	-	332,568	336,275
Total OPEB liability - health insurance	3,524,538	3,683,207	1,310,927	1,281,913	4,835,465	4,965,120
<b>Total</b>	<b>\$ 21,153,830</b>	<b>22,805,264</b>	<b>16,520,194</b>	<b>17,549,087</b>	<b>37,674,024</b>	<b>40,354,351</b>

The City’s total outstanding debt decreased by \$2.7 million during the current fiscal year. This change primarily resulted from the decreases in the net pension and OPEB liabilities of \$1.3 million and scheduled principal payments on bonded debt and lease liabilities of \$1.6 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 2025 is \$0.1187 per \$100 assessed valuation. This represents only 8%, or \$1.3813, 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 53 to 57 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 2026 fiscal year budget:

- Maintaining the current tax rate of \$0.6131.
- Projected increase in property taxes due to increase in assessed property values, growth in the City, and reduction in the I&S rate.
- Funding salary increases and additional positions for public safety to keep up with growth and compete with other agencies for top talent.

- Maintaining a 90-day reserve for the general fund.
- Conservatively projecting revenues for Electric, Water and Golf given that weather has a significant impact on their revenues.
- Adjusting power cost factor calculation for Electric sales to include line loss to help cover rising maintenance and staffing costs of the department.
- Ensuring the City's enterprise funds remain healthy by budgeting a net profit of at least 5% of expenses.
- Establishing an operating reserve, self-funded equipment fund, and capital reserve fund for the Golf fund to maintain its financial health and sustainability.

### **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, 2025

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Burnet Economic Development Corporation, Inc.
<b>Assets</b>				
Cash and cash equivalents	\$ 10,333,274	3,197,229	13,530,503	2,242,431
Receivables (net of allowance for uncollectibles)	2,067,352	1,860,398	3,927,750	168,904
Inventories	34,606	1,647,660	1,682,266	-
Internal balances	1,463,258	(1,463,258)	-	-
Due from component unit	29,599	-	29,599	-
Restricted cash and cash equivalents	-	-	-	26,031
Properties held for resale	-	-	-	3,225,741
Capital assets not being depreciated:				
Land	4,367,883	605,396	4,973,279	-
Construction in progress	11,110,009	1,243,092	12,353,101	-
Capital assets, net of accumulated depreciation:				
Land improvements	-	-	-	240,835
Buildings	7,738,324	90,078	7,828,402	585,738
Right-of-use asset - building	39,454	-	39,454	-
Infrastructure	32,002,334	38,403,658	70,405,992	-
Machinery and equipment	4,120,187	2,337,247	6,457,434	6,315
Total assets	73,306,280	47,921,500	121,227,780	6,495,995
<b>Deferred Outflows of Resources</b>				
Deferred outflows of resources	911,728	335,820	1,247,548	-
<b>Liabilities</b>				
Accounts payable	1,569,051	803,994	2,373,045	13,703
Accrued interest payable	61,189	9,292	70,481	955
Accrued liabilities	107,443	123,746	231,189	-
Due to primary government	-	-	-	29,599
Deposits payable	6,436	596,022	602,458	-
Unearned revenue	55,875	128,000	183,875	-
Noncurrent liabilities:				
Due within one year	1,127,656	1,007,600	2,135,256	138,208
Due in more than one year	20,026,174	15,512,594	35,538,768	726,596
Total liabilities	22,953,824	18,181,248	41,135,072	909,061
<b>Deferred Inflows of Resources</b>				
Deferred inflows of resources	776,233	174,619	950,852	-
<b>Net Position</b>				
Net investment in capital assets	43,995,482	27,726,481	71,721,963	858,919
Restricted for:				
Debt service	437,616	-	437,616	-
Economic development	171,662	-	171,662	-
Aviation services	984,543	-	984,543	-
Public safety	143,950	-	143,950	-
Unrestricted	4,754,698	2,174,972	6,929,670	4,728,015
Total net position	\$ 50,487,951	29,901,453	80,389,404	5,586,934

See accompanying notes to financial statements.

**City of Burnet, Texas**

**Statement of Activities**

Year Ended September 30, 2025

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 4,035,680	515,328	-	-
Public safety	9,362,104	3,403,582	17,717	375,040
Highways and streets	1,539,947	-	-	5,058,126
Aviation services	367,256	314,296	-	684,900
Culture and recreation	1,387,444	70,301	-	221,833
Sanitation	1,032,656	1,252,873	-	-
Economic development	94,417	-	-	-
Interest on long-term debt	472,286	-	-	-
Total governmental activities	18,291,790	5,556,380	17,717	6,339,899
Business-type activities:				
Electric	8,229,941	11,900,437	-	688,123
Water and sewer	4,334,143	5,471,050	-	3,435,729
Delaware Springs Golf Course	2,737,761	3,141,130	-	-
Total business-type activities	15,301,845	20,512,617	-	4,123,852
Total primary government	\$ 33,593,635	26,068,997	17,717	10,463,751
<b>Component unit:</b>				
Burnet Economic				
Development Corporation	\$ 1,069,597	7,346	-	-
General revenues:				
Property taxes				
Sales taxes				
Hotel/motel taxes				
Franchise and other taxes				
Interest				
Gain on disposition of properties held for resale				
Loss on sale of land and building				
Miscellaneous				
Special item:				
Release of interest in building				
Transfers				
Total general revenues, special item, 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.
(3,520,352)	-	(3,520,352)	
(5,565,765)	-	(5,565,765)	
3,518,179	-	3,518,179	
631,940	-	631,940	
(1,095,310)	-	(1,095,310)	
220,217	-	220,217	
(94,417)	-	(94,417)	
(472,286)	-	(472,286)	
<u>(6,377,794)</u>	<u>-</u>	<u>(6,377,794)</u>	
-	4,358,619	4,358,619	
-	4,572,636	4,572,636	
-	403,369	403,369	
<u>-</u>	<u>9,334,624</u>	<u>9,334,624</u>	
<u>(6,377,794)</u>	<u>9,334,624</u>	<u>2,956,830</u>	
			<u>(1,062,251)</u>
\$ 5,507,161	-	5,507,161	-
3,079,080	-	3,079,080	1,026,360
187,960	-	187,960	-
191,587	-	191,587	-
734,643	118,411	853,054	128,751
-	-	-	228,993
-	-	-	(1,529,480)
294,274	618	294,892	-
(4,456,337)	-	(4,456,337)	-
<u>3,431,741</u>	<u>(3,431,741)</u>	<u>-</u>	<u>-</u>
<u>8,970,109</u>	<u>(3,312,712)</u>	<u>5,657,397</u>	<u>(145,376)</u>
2,592,315	6,021,912	8,614,227	(1,207,627)
<u>47,895,636</u>	<u>23,879,541</u>	<u>71,775,177</u>	<u>6,794,561</u>
<u>\$ 50,487,951</u>	<u>29,901,453</u>	<u>80,389,404</u>	<u>5,586,934</u>

**City of Burnet, Texas**

**Balance Sheet  
Governmental Funds**

September 30, 2025

	<u>General</u>	<u>Airport</u>	<u>Debt Service</u>	<u>General Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>						
Cash and cash equivalents	\$ 6,406,954	721,491	732,387	1,161,466	1,310,976	10,333,274
Receivables (net of allowance for uncollectibles)	1,100,057	244,694	32,315	3,940	686,346	2,067,352
Due from other funds	564,418	262,951	3,950	-	1,960,935	2,792,254
Due from component unit	29,599	-	-	-	-	29,599
Inventories	34,606	-	-	-	-	34,606
<b>Total assets</b>	<b>\$ 8,135,634</b>	<b>1,229,136</b>	<b>768,652</b>	<b>1,165,406</b>	<b>3,958,257</b>	<b>15,257,085</b>
<b>Liabilities</b>						
Liabilities:						
Accounts payable	\$ 387,138	2,376	-	1,115,031	64,506	1,569,051
Accrued liabilities	106,126	-	-	-	1,317	107,443
Deposits payable	-	6,436	-	-	-	6,436
Unearned revenue	5,500	-	-	50,375	-	55,875
Due to other funds	335,565	256	331,036	-	662,139	1,328,996
<b>Total liabilities</b>	<b>834,329</b>	<b>9,068</b>	<b>331,036</b>	<b>1,165,406</b>	<b>727,962</b>	<b>3,067,801</b>
<b>Deferred Inflows of Resources</b>						
Unavailable revenue - property taxes	133,523	-	32,057	-	-	165,580
Unavailable revenue - leases	-	235,525	-	-	-	235,525
<b>Total deferred inflow of resources</b>	<b>133,523</b>	<b>235,525</b>	<b>32,057</b>	<b>-</b>	<b>-</b>	<b>401,105</b>
<b>Fund Balances</b>						
Nonspendable	34,606	-	-	-	-	34,606
Restricted	-	984,543	405,559	-	315,612	1,705,714
Assigned	-	-	-	-	2,914,683	2,914,683
Unassigned	7,133,176	-	-	-	-	7,133,176
<b>Total fund balances</b>	<b>7,167,782</b>	<b>984,543</b>	<b>405,559</b>	<b>-</b>	<b>3,230,295</b>	<b>11,788,179</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 8,135,634</b>	<b>1,229,136</b>	<b>768,652</b>	<b>1,165,406</b>	<b>3,958,257</b>	
Amounts reported for governmental activities in the statement of net assets are different because:						
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.						59,378,191
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.						165,580
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>(20,843,999)</u>
Net position of governmental activities						<u>\$ 50,487,951</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, 2025

	General	Airport	Debt Service	General Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
Property taxes	\$ 4,481,870	-	1,071,207	-	-	5,553,077
Sales taxes	3,079,080	-	-	-	-	3,079,080
Hotel/motel taxes	-	-	-	-	187,960	187,960
Franchise and other taxes	191,587	-	-	-	-	191,587
Licenses and permits	239,531	-	-	-	-	239,531
Intergovernmental	1,077,435	-	-	355,105	684,900	2,117,440
Charges for services - sanitation	1,252,873	-	-	-	-	1,252,873
Charges for services - EMS	2,071,179	-	-	-	-	2,071,179
Charges for services - other	70,301	-	-	-	-	70,301
Fines	227,806	-	-	-	27,162	254,968
Interest	278,929	52,789	26,645	313,270	63,010	734,643
Contributions and donations	12,618	-	-	19,935	-	32,553
Fuel sales	-	26,033	-	-	-	26,033
Miscellaneous	275,797	288,263	-	221,833	5,099	790,992
<b>Total revenues</b>	<u>13,259,006</u>	<u>367,085</u>	<u>1,097,852</u>	<u>910,143</u>	<u>968,131</u>	<u>16,602,217</u>
<b>Expenditures:</b>						
<b>Current:</b>						
General government	3,329,876	-	-	231,839	-	3,561,715
Public safety	8,005,089	-	-	12,526	22,411	8,040,026
Highways and streets	790,481	-	-	-	-	790,481
Aviation services	-	71,397	-	-	-	71,397
Culture and recreation	1,048,392	-	-	-	-	1,048,392
Sanitation	1,032,656	-	-	-	-	1,032,656
Economic development	-	-	-	-	94,417	94,417
<b>Debt service:</b>						
Principal	73,590	40,000	585,000	-	-	698,590
Interest and fiscal charges	3,951	19,362	496,943	-	-	520,256
Capital outlay	66,064	-	-	13,057,624	2,414,833	15,538,521
<b>Total expenditures</b>	<u>14,350,099</u>	<u>130,759</u>	<u>1,081,943</u>	<u>13,301,989</u>	<u>2,531,661</u>	<u>31,396,451</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,091,093)</u>	<u>236,326</u>	<u>15,909</u>	<u>(12,391,846)</u>	<u>(1,563,530)</u>	<u>(14,794,234)</u>
<b>Other financing sources (uses):</b>						
Proceeds on sale of capital assets	-	-	-	-	294,274	294,274
Transfers in	3,757,503	14,236	-	5,666,293	938,328	10,376,360
Transfers out	<u>(6,565,529)</u>	<u>(259,241)</u>	<u>-</u>	<u>-</u>	<u>(119,849)</u>	<u>(6,944,619)</u>
<b>Total other financing     sources (uses)</b>	<u>(2,808,026)</u>	<u>(245,005)</u>	<u>-</u>	<u>5,666,293</u>	<u>1,112,753</u>	<u>3,726,015</u>
Net change in fund balances	(3,899,119)	(8,679)	15,909	(6,725,553)	(450,777)	(11,068,219)
Fund balances, beginning of year	<u>11,066,901</u>	<u>993,222</u>	<u>389,650</u>	<u>6,725,553</u>	<u>3,681,072</u>	<u>22,856,398</u>
Fund balances, end of year	<u>\$ 7,167,782</u>	<u>984,543</u>	<u>405,559</u>	<u>-</u>	<u>3,230,295</u>	<u>11,788,179</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, 2025

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

Net change in fund balances - total governmental funds	\$ (11,068,219)
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 (\$14,918,976) exceeded depreciation expense (\$3,362,766) in the current period.	11,556,210
Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	5,058,126
In the statement of activities, special items include the net book value of the City's release of its interest in a building	(4,456,337)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(45,916)
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.	778,847
Certain expenses reported in the statement of activities do not require the uses of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	(145,134)
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 benefit exceeded contributions to the plans in the current year.	<u>914,738</u>
Change in net position of governmental activities	<u><u>\$ 2,592,315</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, 2025

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Property taxes	\$ 4,404,655	4,404,655	4,481,870	77,215
Sales taxes	3,000,000	3,000,000	3,079,080	79,080
Franchise and other taxes	194,000	194,000	191,587	(2,413)
Licenses and permits	153,500	153,500	239,531	86,031
Intergovernmental	1,001,948	1,001,948	984,023	(17,925)
Charges for services - sanitation	1,224,000	1,224,000	1,252,873	28,873
Charges for services - EMS	2,000,000	2,000,000	2,164,591	164,591
Charges for services - other	56,000	56,000	70,301	14,301
Fines	155,000	155,000	227,806	72,806
Interest	300,000	300,000	278,929	(21,071)
Contributions and donations	3,000	3,000	12,618	9,618
Miscellaneous	202,055	202,055	275,797	73,742
<b>Total revenues</b>	<b><u>12,694,158</u></b>	<b><u>12,694,158</u></b>	<b><u>13,259,006</u></b>	<b><u>564,848</u></b>
<b>Expenditures:</b>				
<b>General government:</b>				
Mayor and Council	22,085	47,218	44,462	2,756
Administrative	2,626,689	2,590,054	2,543,341	46,713
Planning and zoning	402,111	402,111	338,903	63,208
Engineering	345,591	345,591	337,690	7,901
City shop	129,483	131,717	137,048	(5,331)
<b>Public safety:</b>				
Police	3,729,788	3,729,788	3,467,183	262,605
Municipal court	156,825	156,825	155,853	972
Fire	5,205,044	5,205,044	5,012,951	192,093
Highways and streets	864,739	846,235	794,326	51,909
<b>Culture and recreation:</b>				
Parks	1,063,199	1,051,780	974,171	77,609
Recreation center	100,000	101,519	101,517	2
Cemetary	-	9,900	9,900	-
Sanitation	1,015,000	1,031,270	1,032,656	(1,386)
<b>Total expenditures</b>	<b><u>15,660,554</u></b>	<b><u>15,649,052</u></b>	<b><u>14,950,001</u></b>	<b><u>699,051</u></b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b><u>(2,966,396)</u></b>	<b><u>(2,954,894)</u></b>	<b><u>(1,690,995)</u></b>	<b><u>1,263,899</u></b>
<b>Other financing sources (uses):</b>				
Transfers in	3,713,577	3,713,577	3,757,503	43,926
Transfers out	(287,833)	(299,335)	(5,965,627)	(5,666,292)
<b>Total other financing sources (uses)</b>	<b><u>3,425,744</u></b>	<b><u>3,414,242</u></b>	<b><u>(2,208,124)</u></b>	<b><u>(5,622,366)</u></b>
<b>Net change in fund balance</b>	<b>459,348</b>	<b>459,348</b>	<b>(3,899,119)</b>	<b>(4,358,467)</b>
<b>Fund balance, beginning of year</b>	<b><u>11,066,901</u></b>	<b><u>11,066,901</u></b>	<b><u>11,066,901</u></b>	<b><u>-</u></b>
<b>Fund balance, end of year</b>	<b><u>\$ 11,526,249</u></b>	<b><u>11,526,249</u></b>	<b><u>7,167,782</u></b>	<b><u>(4,358,467)</u></b>

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, 2025

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
Revenues:				
Rent income and other	\$ 300,788	300,788	288,263	(12,525)
Fuel sales	24,548	24,548	26,033	1,485
Interest	10,000	10,000	52,789	42,789
	<u>335,336</u>	<u>335,336</u>	<u>367,085</u>	<u>31,749</u>
Total revenues				
Expenditures:				
Current:				
Aviation services	82,367	82,309	71,397	10,912
Debt service:				
Principal	-	-	40,000	(40,000)
Interest and fiscal charges	-	-	19,362	(19,362)
	<u>82,367</u>	<u>82,309</u>	<u>130,759</u>	<u>(48,450)</u>
Total expenditures				
Excess of revenues over expenditures	252,969	253,027	236,326	(16,701)
Other financing uses:				
Transfers in	-	-	14,236	14,236
Transfers out	(208,349)	(208,407)	(259,241)	(50,834)
Total other financing sources (uses)	<u>(208,349)</u>	<u>(208,407)</u>	<u>(245,005)</u>	<u>(36,598)</u>
Net change in fund balances	44,620	44,620	(8,679)	(53,299)
Fund balances, beginning of year	<u>993,222</u>	<u>993,222</u>	<u>993,222</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,037,842</u>	<u>1,037,842</u>	<u>984,543</u>	<u>(53,299)</u>

See accompanying notes to financial statements.



**City of Burnet, Texas**  
**Statement of Net Position –**  
**Proprietary Funds**  
**September 30, 2025**

	Business-type Activities - Enterprise Funds			Total
	Electric	Water and Sewer	Delaware Springs Golf Course	
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 1,598,405	113,211	1,485,613	3,197,229
Receivables (net of allowance for uncollectibles)	976,997	883,401	-	1,860,398
Inventories	1,038,494	486,916	122,250	1,647,660
Due from other funds	95,728	496,634	1,593,000	2,185,362
Total current assets	<u>3,709,624</u>	<u>1,980,162</u>	<u>3,200,863</u>	<u>8,890,649</u>
Noncurrent assets:				
Capital assets:				
Land	11,171	357,759	236,466	605,396
Buildings	134,006	-	-	134,006
Infrastructure	10,578,790	51,778,956	4,238,347	66,596,093
Machinery and equipment	3,547,172	2,641,268	3,253,764	9,442,204
Construction in progress	85,707	983,610	173,775	1,243,092
Less accumulated depreciation	<u>(6,667,061)</u>	<u>(23,111,965)</u>	<u>(5,562,294)</u>	<u>(35,341,320)</u>
Total capital assets, net	<u>7,689,785</u>	<u>32,649,628</u>	<u>2,340,058</u>	<u>42,679,471</u>
Total assets	<u>11,399,409</u>	<u>34,629,790</u>	<u>5,540,921</u>	<u>51,570,120</u>
<b>Deferred Outflows of Resources</b>				
Deferred outflows of resources	<u>97,020</u>	<u>139,944</u>	<u>98,856</u>	<u>335,820</u>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	57,078	731,603	15,313	803,994
Accrued interest payable	-	9,292	-	9,292
Accrued liabilities	48,999	10,504	64,243	123,746
Deposits payable	596,022	-	-	596,022
Due to other funds	426,662	259,426	2,962,532	3,648,620
Unearned revenue	128,000	-	-	128,000
Compensated absences - current	23,264	44,941	42,439	110,644
General obligation debt payable - current	-	855,000	-	855,000
Total OPEB liability - health insurance - current	12,121	17,484	12,351	41,956
Total current liabilities	<u>1,292,146</u>	<u>1,928,250</u>	<u>3,096,878</u>	<u>6,317,274</u>
Noncurrent liabilities:				
Compensated absences	23,264	44,941	42,439	110,644
General obligation debt payable	-	13,543,273	-	13,543,273
Net pension liability	170,369	245,745	173,592	589,706
Total OPEB liability - health insurance	366,612	528,812	373,547	1,268,971
Total noncurrent liabilities	<u>560,245</u>	<u>14,362,771</u>	<u>589,578</u>	<u>15,512,594</u>
Total liabilities	<u>1,852,391</u>	<u>16,291,021</u>	<u>3,686,456</u>	<u>21,829,868</u>
<b>Deferred Inflows of Resources</b>				
Deferred inflows of resources	<u>50,448</u>	<u>72,768</u>	<u>51,403</u>	<u>174,619</u>
<b>Net Position</b>				
Net investment in capital assets	7,689,785	17,696,638	2,340,058	27,726,481
Unrestricted	<u>1,903,805</u>	<u>709,307</u>	<u>(438,140)</u>	<u>2,174,972</u>
Total net position	<u>\$ 9,593,590</u>	<u>18,405,945</u>	<u>1,901,918</u>	<u>29,901,453</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, 2025

	Business-type Activities - Enterprise Funds			Total
	Electric	Water and Sewer	Delaware Springs Golf Course	
Operating revenues:				
Charges for sales and services:				
Electric service	\$ 11,740,944	-	-	11,740,944
Water and sewer services	-	5,326,514	-	5,326,514
Golf services	-	-	2,242,146	2,242,146
Sales of merchandise	-	-	804,743	804,743
Other operating revenue	159,493	144,536	94,241	398,270
Total operating revenues	<u>11,900,437</u>	<u>5,471,050</u>	<u>3,141,130</u>	<u>20,512,617</u>
Operating expenses:				
Personnel	1,019,144	1,487,171	1,345,597	3,851,912
Materials and supplies	78,331	265,160	179,838	523,329
Repairs and maintenance	215,229	367,751	163,713	746,693
Purchased services	192,549	559,918	191,219	943,686
Purchases for resale	6,063,023	112,676	463,832	6,639,531
Other operating expenses	181,397	-	-	181,397
Depreciation	480,268	1,475,157	393,562	2,348,987
Total operating expenses	<u>8,229,941</u>	<u>4,267,833</u>	<u>2,737,761</u>	<u>15,235,535</u>
Operating income	<u>3,670,496</u>	<u>1,203,217</u>	<u>403,369</u>	<u>5,277,082</u>
Nonoperating revenues (expenses):				
Gain on disposition of equipment	-	-	618	618
Interest earnings	47,831	29,688	40,892	118,411
Interest expense	-	(66,310)	-	(66,310)
Total nonoperating revenues (expenses)	<u>47,831</u>	<u>(36,622)</u>	<u>41,510</u>	<u>52,719</u>
Income before capital contributions and transfers	3,718,327	1,166,595	444,879	5,329,801
Capital contributions	688,123	3,435,729	-	4,123,852
Transfers in	48,205	190,000	411,917	650,122
Transfers out	<u>(2,398,805)</u>	<u>(1,137,993)</u>	<u>(545,065)</u>	<u>(4,081,863)</u>
Change in net position	2,055,850	3,654,331	311,731	6,021,912
Net position, beginning of year	<u>7,537,740</u>	<u>14,751,614</u>	<u>1,590,187</u>	<u>23,879,541</u>
Net position, end of year	<u>\$ 9,593,590</u>	<u>18,405,945</u>	<u>1,901,918</u>	<u>29,901,453</u>

See accompanying notes to financial statements.

**City of Burnet, Texas**  
**Statement of Cash Flows –**  
**Proprietary Funds**  
Year Ended September 30, 2025

	Business-type Activities - Enterprise Funds			
	Electric	Water and Sewer	Delaware Springs Golf Course	Total
Cash flows from operating activities:				
Receipts from customers and users	\$ 12,084,645	5,048,695	3,141,130	20,274,470
Receipts of customer deposits	113,551	-	-	113,551
Payments to employees for salaries and wages	(813,034)	(579,399)	(996,585)	(2,389,018)
Payments to suppliers and others	(6,594,737)	(1,682,005)	(836,930)	(9,113,672)
Return of customer deposits	(108,926)	-	-	(108,926)
Net cash provided by operating activities	<u>4,681,499</u>	<u>2,787,291</u>	<u>1,307,615</u>	<u>8,776,405</u>
Cash flows from noncapital financing activities:				
Transfers from other funds	48,205	190,000	411,917	650,122
Transfers to other funds	(2,398,805)	(1,137,993)	(545,065)	(4,081,863)
Net cash used in noncapital financing activities	<u>(2,350,600)</u>	<u>(947,993)</u>	<u>(133,148)</u>	<u>(3,431,741)</u>
Cash flows from capital and related financing activities:				
Proceeds from sale of capital assets	-	-	618	618
Capital contributions	-	410,947	-	410,947
Acquisition and construction of capital assets	(1,508,000)	(1,887,589)	(483,313)	(3,878,902)
Principal paid on capital debt	-	(850,000)	-	(850,000)
Interest paid on capital debt	-	(78,574)	-	(78,574)
Net cash used in capital and related financing activities	<u>(1,508,000)</u>	<u>(2,405,216)</u>	<u>(482,695)</u>	<u>(4,395,911)</u>
Cash flows from investing activities:				
Interest on investments	47,831	29,688	40,892	118,411
Net cash provided by investing activities	<u>47,831</u>	<u>29,688</u>	<u>40,892</u>	<u>118,411</u>
Net increase (decrease) in cash and cash equivalents	870,730	(536,230)	732,664	1,067,164
Cash and cash equivalents, beginning of year	<u>727,675</u>	<u>649,441</u>	<u>752,949</u>	<u>2,130,065</u>
Cash and cash equivalents, end of year	<u>\$ 1,598,405</u>	<u>113,211</u>	<u>1,485,613</u>	<u>3,197,229</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 to net cash provided by operating activities:				
Operating income	\$ 3,670,496	1,203,217	403,369	5,277,082
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	480,268	1,475,157	393,562	2,348,987
Decrease (increase) in assets and liabilities:				
Accounts receivable	51,583	(422,355)	-	(370,772)
Due to/from other funds	404,249	104,474	598,990	1,107,713
Inventories	(23,606)	(100,468)	(13,958)	(138,032)
Prepaid expenses	21,506	2,358	-	23,864
Deferred outflows	68,231	92,269	52,570	213,070
Accounts payable	26,697	621,602	(63,049)	585,250
Accrued liabilities	(18,552)	(19,916)	(9,877)	(48,345)
Customer deposits	4,625	-	-	4,625
Unearned revenues	128,000	-	-	128,000
Compensated absences	19,588	21,653	23,415	64,656
Net pension liability	(85,696)	(114,081)	(61,052)	(260,829)
Total OPEB liability	(7,204)	3,971	32,247	29,014
Deferred inflows	(58,686)	(80,590)	(48,602)	(187,878)
Total adjustments	<u>1,011,003</u>	<u>1,584,074</u>	<u>904,246</u>	<u>3,499,323</u>
Net cash provided by operating activities	<u>\$ 4,681,499</u>	<u>2,787,291</u>	<u>1,307,615</u>	<u>8,776,405</u>
<b>Schedule of Noncash capital and related financing activities:</b>				
Contributions of capital assets	<u>\$ 688,123</u>	<u>3,024,782</u>	<u>-</u>	<u>3,712,905</u>

See accompanying notes to financial statements.



## City of Burnet, Texas

### Notes to Financial Statements

September 30, 2025

#### **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 source of revenue for the airport fund is 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 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)

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g. purchase orders, contracts) outstanding at year end do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

There were no material outstanding encumbrances as of September 30, 2025 for the general fund, airport fund, general capital projects fund, and other non-major funds.

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. Additionally, all leases are deemed to be short term leases.

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. Deposits and Investments

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 public funds investment pools. The public funds investment pools operate in accordance with appropriate state laws and regulations, and are reported at amortized cost.

## City of Burnet, Texas

### Notes to Financial Statements (Continued)

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

##### H. Deposits and Investments (continued)

###### Public Funds Investment Pools

The public funds investment pools have been created pursuant to the Interlocal Cooperation Act of the State of Texas. The City has delegated the authority to hold legal title to the public funds investments pools and, as custodian, to make investment purchases with the City's funds.

*TexPool.* In accordance with state law, the Comptroller of Public Accounts (the Comptroller) is the sole officer, director and shareholder of Texas Local Government Investment Pool ("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.

*Texas CLASS.* The Texas Cooperative Liquid Assets Securities System Trust ("Texas CLASS") was created as a local government investment pool pursuant to state law. The Texas CLASS Trust Agreement is an agreement of indefinite term regarding the investment, reinvestment, and withdrawal of local government funds. The parties to the Trust Agreement are Texas local governments that choose to participate in the trust ("participants"), Public Trust Advisors, LLC as program administrator, and UMB Bank, N.A. as custodian. Texas CLASS is overseen by a Board of Trustees ("the Board") comprised of active members of the pool and elected by the participants. The Board is guided by an Advisory Board and is responsible for selecting the program administrator. There are no maximum transaction amounts and withdrawals from Texas CLASS that may be made daily. Texas CLASS uses amortized cost rather than fair value to report net assets share price.

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

##### I. Inventories

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.

**City of Burnet, Texas**

Notes to Financial Statements  
(Continued)

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

J. Capital Assets

Capital assets, which include land, land improvements, buildings, right-of-use asset – building, machinery and equipment, right-of-use assets - 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.

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

<u>Assets</u>	<u>Years</u>
Land improvements	10
Buildings	10 – 40
Right-of-use asset – building	2
Machinery and equipment	5 – 10
Infrastructure	10 – 50

## City of Burnet, Texas

### Notes to Financial Statements (Continued)

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

##### 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.

##### 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.

## City of Burnet, Texas

### Notes to Financial Statements (Continued)

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

##### 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 assets 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 assets 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.

##### 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.

**City of Burnet, Texas**

Notes to Financial Statements  
(Continued)

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

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.

The components and specific purpose details of nonspendable, restricted, and assigned fund balances of governmental funds at September 30, 2025 are as follows:

	<u>General</u>	<u>Airport</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Nonspendable:					
Inventories	\$ 34,606	-	-	-	34,606
Restricted:					
Aviation services	-	984,543	-	-	984,543
General obligation debt service	-	-	405,559	-	405,559
Economic development	-	-	-	171,662	171,662
Public safety	-	-	-	143,950	143,950
Assigned:					
Capital projects	-	-	-	2,914,683	2,914,683
Unassigned	<u>7,133,176</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,133,176</u>
	<u>\$ 7,167,782</u>	<u>984,543</u>	<u>405,559</u>	<u>3,230,295</u>	<u>11,788,179</u>

## City of Burnet, Texas

### Notes to Financial Statements (Continued)

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

##### 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. The liability represents the portion of accumulated leave that is expected to be used or paid in future periods.

##### T. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management of the City to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, and deferred inflows and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include the net pension, total OPEB-life, and total OPEB- health liabilities and related deferred inflows and deferred outflows. Actual results could differ from those estimates.

**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 \$20,843,999 difference are as follows:

General obligation debt	\$ (14,280,000)
Premiums on general obligation debt	(729,712)
Lease liabilities	(9,047)
Compensated absences	(692,495)
Accrued interest payable	(61,189)
Net pension liability, net of related deferred inflows of \$414,250 and deferred outflows of \$811,241	(1,188,479)
Total OPEB liability - life insurance, net of related deferred inflows of \$71,123 and deferred outflows of \$8,846	(394,945)
Total OPEB liability - health insurance, net of related deferred inflows of \$55,235 and deferred outflows of \$91,641	<u>(3,488,132)</u>
	<u>\$ (20,843,999)</u>

**City of Burnet, Texas**

Notes to Financial Statements  
(Continued)

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

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 \$778,847 difference are as follows:

Principal payments on general obligation debt	\$ 625,000
Amortization of premiums	45,021
Principal payments on lease liabilities	105,877
Accrued interest payable	<u>2,949</u>
	<u>\$ 778,847</u>

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

A. Deposits and Investments

Investments of the City at September 30, 2025, consist of investments in Texas Local Government Investment Pool (“TexPool”) of \$9,897,924 and Texas Cooperative Liquid Assets Securities System Trust (“Texas CLASS”) of \$195. See Note I.H. for a discussion of how the shares in TexPool Texas CLASS 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 investments in TexPool and Texas CLASS are rated AAAM by Standard & Poor’s.

**City of Burnet, Texas**

Notes to Financial Statements  
(Continued)

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

A. Deposits and Investments (continued)

*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 and Texas CLASS is 26 days and 36 days, respectively, as of September 30, 2025.

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

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

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

Cash on hand	\$ 2,908
Carrying amount of deposits	5,897,938
Carrying amount of investments	<u>9,898,119</u>
	<u>\$ 15,798,965</u>
Per the statement of net position for the City:	
Cash and cash equivalents	\$ <u>13,530,503</u>
Per the statement of net position for the Burnet Economic Development Corporation:	
Cash and cash equivalents	2,242,431
Restricted cash and cash equivalents	<u>26,031</u>
	<u>2,268,462</u>
	<u>\$ 15,798,965</u>

**City of Burnet, Texas**

Notes to Financial Statements  
(Continued)

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

B. Receivables

*Primary Government*

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, debt service, general capital projects 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>General Capital Projects</u>	<u>Nonmajor Govern- mental</u>	<u>Total</u>
Receivables:						
Property taxes	\$ 133,523	-	32,315	-	-	165,838
Sales taxes	506,713	-	-	-	-	506,713
Hotel/motel taxes	-	-	-	-	22,264	22,264
Intergovernmental	-	-	-	-	664,082	664,082
EMS	1,865,844	-	-	-	-	1,865,844
Lease receivable	-	238,227	-	-	-	238,227
Other	130,453	6,467	-	3,940	-	140,860
	<u>2,636,533</u>	<u>244,694</u>	<u>32,315</u>	<u>3,940</u>	<u>686,346</u>	<u>3,603,828</u>
Less: allowance for uncollectibles	<u>(1,536,476)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,536,476)</u>
	<u>\$ 1,100,057</u>	<u>244,694</u>	<u>32,315</u>	<u>3,940</u>	<u>686,346</u>	<u>2,067,352</u>

*Component Unit*

Below is the detail of receivables for the Burnet Economic Development Corporation, including the applicable allowances for uncollectible accounts:

Receivables:	<u>Burnet Economic Developmen Corporation</u>
Sales taxes	\$ 168,904
Less: allowance for uncollectibles	<u>-</u>
	<u>\$ 168,904</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, 2025, was as follows:

*Primary Government*

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 4,243,707	124,176	-	4,367,883
Construction in progress	<u>6,913,326</u>	<u>8,656,625</u>	<u>(4,459,942)</u>	<u>11,110,009</u>
Total capital assets not being depreciated	<u>11,157,033</u>	<u>8,780,801</u>	<u>(4,459,942)</u>	<u>15,477,892</u>
Capital assets, being depreciated:				
Buildings	15,378,863	36,694	-	15,415,557
Right-of-use asset - building	105,211	-	-	105,211
Infrastructure	36,887,877	9,739,077	-	46,626,954
Right-of-use assets - equipment	86,022	-	(86,022)	-
Machinery and equipment	<u>17,697,705</u>	<u>1,424,135</u>	<u>(465,010)</u>	<u>18,656,830</u>
Total capital assets, being depreciated	<u>70,155,678</u>	<u>11,199,906</u>	<u>(551,032)</u>	<u>80,804,552</u>
Less accumulated depreciation for:				
Buildings	(7,072,000)	(605,233)	-	(7,677,233)
Right-of-use asset - building	(13,151)	(52,606)	-	(65,757)
Infrastructure	(13,365,632)	(1,258,988)	-	(14,624,620)
Right-of-use assets - equipment	(67,323)	(18,699)	86,022	-
Machinery and equipment	<u>(13,574,413)</u>	<u>(1,427,240)</u>	<u>465,010</u>	<u>(14,536,643)</u>
Total accumulated depreciation	<u>(34,092,519)</u>	<u>(3,362,766)</u>	<u>551,032</u>	<u>(36,904,253)</u>
Total capital assets, being depreciated, net	<u>36,063,159</u>	<u>7,837,140</u>	<u>-</u>	<u>43,900,299</u>
	<u>\$ 47,220,192</u>	<u>16,617,941</u>	<u>(4,459,942)</u>	<u>59,378,191</u>

Under the terms of a Memorandum of Agreement (“MOU”) with the Hill Country Children’s Advocacy Center (the “Center”), the City utilized federal funding from the Community Development Block Grant (“CDBG”) – Community Resiliency Program

**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)*

(“CRP”) under the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act to construct a facility improvements project on behalf of the Center benefiting the clientele served by the Center. The improvements were completed in the current fiscal year, and the City recognized its release of interest in the building of \$4,456,337 as a special item in the statement of activities for governmental activities.

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b><i>Business-type activities:</i></b>				
Capital assets, not being depreciated:				
Land	\$ 605,396	-	-	605,396
Construction in progress	<u>250,426</u>	<u>1,140,977</u>	<u>(148,311)</u>	<u>1,243,092</u>
Total capital assets not being depreciated	<u>855,822</u>	<u>1,140,977</u>	<u>(148,311)</u>	<u>1,848,488</u>
Capital assets, being depreciated:				
Buildings	134,006	-	-	134,006
Infrastructure	61,175,936	5,420,157	-	66,596,093
Machinery and equipment	<u>8,307,554</u>	<u>1,178,984</u>	<u>(44,334)</u>	<u>9,442,204</u>
Total capital assets being depreciated	<u>69,617,496</u>	<u>6,599,141</u>	<u>(44,334)</u>	<u>76,172,303</u>
Less accumulated depreciation for:				
Buildings	(40,578)	(3,350)	-	(43,928)
Infrastructure	(26,466,309)	(1,726,126)	-	(28,192,435)
Machinery and equipment	<u>(6,529,780)</u>	<u>(619,511)</u>	44,334	<u>(7,104,957)</u>
Total accumulated depreciation	<u>(33,036,667)</u>	<u>(2,348,987)</u>	<u>44,334</u>	<u>(35,341,320)</u>
Total capital assets, being depreciated, net	<u>36,580,829</u>	<u>4,250,154</u>	<u>-</u>	<u>40,830,983</u>
	<u>\$ 37,436,651</u>	<u>5,391,131</u>	<u>(148,311)</u>	<u>42,679,471</u>

**City of Burnet, Texas**

Notes to Financial Statements  
(Continued)

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

C. Capital Assets (continued)

*Primary Government (continued)*

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

General government	\$ 347,588
Public safety	1,557,472
Highways and streets	794,528
Aviation services	281,957
Culture and recreation	<u>381,221</u>
Total depreciation expense	<u>\$ 3,362,766</u>

At September 30, 2025, the City’s governmental activities construction contract commitments with contractors are as follows:

Project Title	Spent to Date	Remaining Commitment
New City Hall building	\$ 8,662,200	\$ 600,000
Comprehensive plans	58,537	25,000
Airport box hanger	1,851,049	300,000
Airport paving	152,500	10,000
Project Lobby	3,975	100,000
Hamilton Creek extension	49,236	5,000
Shooting Range	199,999	93,000
Pedestrian Bridge	104,098	5,000,000
Transporation Plan	<u>28,415</u>	<u>55,000</u>
	<u>\$ 11,110,009</u>	<u>\$ 6,188,000</u>

The construction contract commitments will be financed with available resources.

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

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

C. Capital Assets (continued)

At September 30, 2025, the City's business-type activities construction contract commitments with contractors are as follows:

Project Title	Spent to Date	Remaining Commitment
Infrastructure 2025	\$ 33,921	\$ 368,000
Generator project	58,000	962,400
CDBG Wofford 1 Waterline Project	615,488	250,000
CDBG Wofford 2 Waterline Project	106,605	160,750
Golf Course improvements	173,775	325,000
Water improvements	203,517	1,050,000
Utility Map Models	51,786	155,000
	<u>\$ 1,243,092</u>	<u>\$ 3,271,150</u>

The construction contract commitments will be financed with available resources.

*Component Unit*

	Beginning Balance	Increases	Decreases	Ending Balance
<b><i>Burnet Economic Development Corporation:</i></b>				
Capital assets, not being depreciated:				
Land	\$ 41,360	-	(41,360)	-
Total capital assets not being depreciated	<u>41,360</u>	<u>-</u>	<u>(41,360)</u>	<u>-</u>
Capital assets, being depreciated:				
Land improvements	321,112	-	-	321,112
Buildings	3,993,538	-	(3,376,976)	616,562
Machinery and equipment	22,200	-	-	22,200
Total capital assets being depreciated	<u>4,336,850</u>	<u>-</u>	<u>(3,376,976)</u>	<u>959,874</u>
Less accumulated depreciation for:				
Land improvements	(48,166)	(32,111)	-	(80,277)
Buildings	(516,823)	(20,548)	506,547	(30,824)
Machinery and equipment	(15,043)	(842)	-	(15,885)
Total accumulated depreciation	<u>(580,032)</u>	<u>(53,501)</u>	<u>506,547</u>	<u>(126,986)</u>
Total capital assets, being depreciated, net	<u>3,756,818</u>	<u>(53,501)</u>	<u>(2,870,429)</u>	<u>832,888</u>
	<u>\$ 3,798,178</u>	<u>(53,501)</u>	<u>(2,911,789)</u>	<u>832,888</u>

**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 13 to 19 years. General obligation debt outstanding at September 30, 2025 is as follows:

	<u>Date</u>	<u>Original Amount</u>	<u>Interest Rates</u>	<u>Final Maturity</u>	<u>Amount Outstanding</u>
<b><i>Governmental Activities</i></b>					
Combination tax and revenue certificates of obligation	2019	2,920,000	2.00%-5.00%	2039	2,230,000
Combination tax and revenue certificates of obligation	2021	5,755,000	1.50%-4.00%	2041	4,820,000
Combination tax and revenue certificates of obligation	2022	3,940,000	3.50%-5.00%	2042	3,530,000
Combination tax and revenue certificates of obligation	2023	3,970,000	3.43%-5.00%	2043	<u>3,700,000</u>
					<u>\$ 14,280,000</u>
<b><i>Business-Type Activities</i></b>					
Combination tax and revenue certificates of obligation	2010	11,425,000	0.00%	2040	\$ 5,895,000
Combination tax and revenue certificates of obligation	2012	9,900,000	0.00%	2042	5,780,000
Combination tax and revenue certificates of obligation	2019	970,000	2.00%-5.00%	2039	740,000
General obligation refunding bonds	2021	2,315,000	3.00%	2045	<u>1,765,000</u>
					<u>\$ 14,180,000</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, 2025 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	\$ 14,905,000	-	(625,000)	14,280,000	650,000
Premiums	<u>774,733</u>	<u>-</u>	<u>(45,021)</u>	<u>729,712</u>	<u>-</u>
Total bonded debt	15,679,733	-	(670,021)	15,009,712	650,000
Lease liabilities	114,924	-	(105,877)	9,047	9,047
Compensated absences	547,361	5,772,454	(5,627,320)	692,495	346,247
Net pension liability	2,443,764	-	(858,294)	1,585,470	-
Total OPEB liability - life insurance	336,275	-	(3,707)	332,568	9,558
Total OPEB liability - health insurance	<u>3,683,207</u>	<u>-</u>	<u>(158,669)</u>	<u>3,524,538</u>	<u>112,804</u>
	<u>\$ 22,805,264</u>	<u>5,772,454</u>	<u>(7,423,888)</u>	<u>21,153,830</u>	<u>1,127,656</u>
Business-type activities:					
General obligation debt	\$ 15,030,000	-	(850,000)	14,180,000	855,000
Premiums	<u>230,007</u>	<u>-</u>	<u>(11,734)</u>	<u>218,273</u>	<u>-</u>
Total bonded debt	15,260,007	-	(861,734)	14,398,273	855,000
Compensated absences	156,632	2,706,604	(2,641,948)	221,288	110,644
Net pension liability	850,535	-	(260,829)	589,706	-
Total OPEB liability - health insurance	<u>1,281,913</u>	<u>29,014</u>	<u>-</u>	<u>1,310,927</u>	<u>41,956</u>
	<u>\$ 17,549,087</u>	<u>2,735,618</u>	<u>(3,764,511)</u>	<u>16,520,194</u>	<u>1,007,600</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)*

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

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

<u>Year Ended</u> <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<b><i>Governmental Activities</i></b>			
2026	\$ 650,000	489,513	1,139,513
2027	675,000	464,975	1,139,975
2028	700,000	439,663	1,139,663
2029	735,000	407,263	1,142,263
2030	765,000	377,663	1,142,663
2031-2035	4,260,000	1,453,161	5,713,161
2036-2040	4,765,000	752,056	5,517,056
2041-2043	<u>1,730,000</u>	<u>108,169</u>	<u>1,838,169</u>
	<u>\$ 14,280,000</u>	<u>4,492,463</u>	<u>18,772,463</u>

<u>Year Ended</u> <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<b><i>Business-Type Activities</i></b>			
2026	\$ 855,000	74,325	929,325
2027	855,000	69,825	924,825
2028	860,000	65,325	925,325
2029	870,000	60,675	930,675
2030	870,000	57,125	927,125
2031-2035	4,395,000	228,450	4,623,450
2036-2040	4,435,000	119,550	4,554,550
2041-2045	<u>1,040,000</u>	<u>24,150</u>	<u>1,064,150</u>
	<u>\$ 14,180,000</u>	<u>699,425</u>	<u>14,879,425</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)*

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

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

The City has pledged net revenues of the water and sewer system to repay \$11,675,000 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 \$11,675,000. Principal and interest paid for the current year and total pledged net revenues for the current year were \$735,000 and \$1,914,535, respectively.

*Primary Government – City as Lessee*

The City leases its City Hall building used in operations. In May 2025, under the terms of the lease agreement, the City provided its six months prior written notice of its intent to terminate the lease effective November 30, 2025. As of September 30, 2025, the principal and interest requirements for the lease to maturity are as follows:

Year Ended September 30,	Principal	Interest	Total
<b><i>Governmental Activities</i></b>			
2026	\$ 9,047	331	9,378
	\$ 9,047	331	9,378

**City of Burnet, Texas**

Notes to Financial Statements  
(Continued)

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

D. Long-Term Liabilities (continued)

*Component Unit*

Changes in the component unit's long-term liabilities for the year ended September 30, 2025 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	\$ 1,385,000	-	(1,385,000)	-	-
Notes payable	<u>2,114,119</u>	<u>-</u>	<u>(1,249,315)</u>	<u>864,804</u>	<u>138,208</u>
	<u>\$ 3,499,119</u>	<u>-</u>	<u>(2,634,315)</u>	<u>864,804</u>	<u>138,208</u>

The Development Corporation has a promissory note payable with a local financial institution that is secured by a pledge of the Development Corporation'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, 2025 is \$864,804.

The debt service requirements for the component unit's note payable are as follows:

<u>Year Ended September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<i>Component Unit</i>			
2026	\$ 138,208	22,931	161,139
2027	142,213	18,926	161,139
2028	146,334	14,805	161,139
2029	150,574	10,565	161,139
2030	154,937	6,201	161,138
2031	<u>132,538</u>	<u>1,744</u>	<u>134,282</u>
	<u>\$ 864,804</u>	<u>75,172</u>	<u>939,976</u>

**City of Burnet, Texas**

Notes to Financial Statements  
(Continued)

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

E. Leases

*Primary Government as Lessor*

The City leases certain easements to individuals for the purpose of moving aircraft from the lessees' real property to the runways, taxiways, and apron of the Burnet Municipal Airport – Kate Craddock Field. The related lease receivable and deferred inflows of resources are presented as amounts equal to the present value of lease payments expected to be received during the lease term. The deferred inflows of resources are amortized as lease revenue on a straight-line basis over the lease term. The total amount of lease revenue and lease related interest revenue recognized in the current year is \$23,672.

Principal and interest payments scheduled to be received from lease receivable are as follows:

<u>Year Ended</u> <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<b><i>Governmental Activities</i></b>			
2026	\$ 8,110	11,822	19,932
2027	8,748	11,184	19,932
2028	9,443	10,489	19,932
2029	10,203	9,729	19,932
2030	11,034	8,898	19,932
2031-2035	39,465	32,815	72,280
2036-2040	25,901	22,572	48,473
2041-2045	20,502	17,604	38,106
2046-2050	23,767	14,339	38,106
2051-2055	27,553	10,553	38,106
2056-2060	31,941	6,165	38,106
2061-2065	21,560	1,305	22,865
	<u>\$ 238,227</u>	<u>157,475</u>	<u>395,702</u>

**City of Burnet, Texas**

Notes to Financial Statements  
(Continued)

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

F. Interfund Receivables and Payables

The composition of interfund balances as of September 30, 2025 is as follows:

Fund	Receivable	Payable
General	\$ 564,418	335,565
Airport	262,951	256
Debt service	3,950	331,036
Other governmental	1,960,935	662,139
Electric	95,728	426,662
Water and sewer	496,634	259,426
Delaware Springs Golf Course	1,593,000	2,962,532
	\$ 4,977,616	4,977,616

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.

G. Interfund Transfers

The composition of interfund transfers for the year ended September 30, 2025 is as follows:

	Transfer out:						Total
	General	Airport	Nonmajor Governmental	Electric	Water and Sewer	Delaware Springs Golf Course	
Transfer in:							
General	\$ -	137,931	57,408	2,356,767	897,703	307,694	3,757,503
Airport		-	14,236				14,236
General capital projects	5,666,293	-	-	-	-	-	5,666,293
Nonmajor governmental	641,542	121,310	-	42,038	50,290	83,148	938,328
Electric	-	-	48,205	-	-	-	48,205
Water and Sewer	-	-	-	-	190,000	-	190,000
Delaware Springs Golf Course	257,694	-	-	-	-	154,223	411,917
	\$ 6,565,529	259,241	119,849	2,398,805	1,137,993	545,065	11,026,482

## City of Burnet, Texas

### Notes to Financial Statements (Continued)

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

##### G. Interfund Transfers (continued)

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

##### H. Employee Benefits

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

*Plan Description* - The City participates as one of 938 plans in the defined benefit cash-balance pension 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 [tmrs.com](http://tmrs.com).

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

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

At retirement, the 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.

**City of Burnet, Texas**

Notes to Financial Statements  
(Continued)

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

H. Employee Benefits (continued)

**Pension Plan** (continued)

*Employees Covered by Benefit Terms* – At the December 31, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	86
Inactive employees entitled to but not yet receiving benefits	131
Active employees	<u>137</u>
	<u>354</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 12.83% and 12.52% in calendar years 2025 and 2024, respectively. The City’s contributions to TMRS for the year ended September 30, 2025 were \$1,333,439, and were equal to the required contributions.

*Net Pension Liability* – The City’s net pension liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions – The total pension liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	2.75% per year, adjusted down for population declines, if any
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

## City of Burnet, Texas

### Notes to Financial Statements (Continued)

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

##### H. Employee Benefits (continued)

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

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with 110% of the Public Safety table used for males and 100% of 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. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale MP-2021 to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and a 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 MP-021 to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2018 to December 31, 2022. The assumptions were adopted in 2023 and first used in the December 31, 2023 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rate (APRs) is 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 to satisfy the short-term and long-term funding needs of TMRS.

**City of Burnet, Texas**

Notes to Financial Statements  
(Continued)

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

H. Employee Benefits (continued)

**Pension Plan** (continued)

The long-term expected rate of return on pension plan investments was determined by best estimate ranges of expected returns for each major asset class. The long-term expected rate of return is determined by weighting the expected return for each major asset class by the respective target asset allocation percentage. The target allocation and best estimates of the expected return for each major asset class in fiscal year 2025 are summarized in the following table:

	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35%	7.1%
Core Fixed Income	6%	5.0%
Non-Core Fixed Income	6%	6.8%
Hedge Funds	5%	6.4%
Private Equity	13%	8.5%
Private Debt	13%	8.2%
Real Estate	12%	6.7%
Infrastructure	6%	6.0%
Other Private Markets	4%	7.3%
Total	100%	

*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 members. 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)

H. 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, 2023	\$ 34,097,302	30,803,003	3,294,299
Changes for the year:			
Service cost	1,654,570	-	1,654,570
Interest	2,299,597	-	2,299,597
Difference between expected and actual experience	33,842	-	33,842
Change in assumptions	-	-	-
Contributions - employer	-	1,257,698	(1,257,698)
Contributions - employee	-	669,497	(669,497)
Net investment income	-	3,200,944	(3,200,944)
Benefit payments, including refunds of employee contributions	(1,712,957)	(1,712,957)	-
Administrative expense	-	(20,526)	20,526
Other changes	-	(481)	481
Net changes	2,275,052	3,394,175	(1,119,123)
Balance at December 31, 2025	\$ 36,372,354	34,197,178	2,175,176

*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 (asset)	\$ 7,603,997	2,175,176	(2,206,392)

*Pension Plan Fiduciary Net Position* – Detailed information about the pension plan’s Fiduciary Net Position is available in the Schedule of Changes in Fiduciary Net Position, by Participating City. The report may be obtained on the Internet at [tmrs.com](http://tmrs.com).

**City of Burnet, Texas**

Notes to Financial Statements  
(Continued)

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

H. 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, 2025, the City recognized pension expense of \$1,116,480. At September 30, 2025, 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	\$ 1,031,781	-
Differences between expected and actual experience	81,195	100,738
Change in assumptions	-	98,225
Difference between projected and actual investment earnings, net	<u>-</u>	<u>369,362</u>
	<u>\$ 1,112,976</u>	<u>568,325</u>

The \$1,031,781 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, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Measurement Year Ended December 31,</u>	
2025	\$ (31,696)
2026	252,209
2027	(483,298)
2028	<u>(224,345)</u>
Total	<u>\$ (487,130)</u>

**City of Burnet, Texas**

Notes to Financial Statements  
(Continued)

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

H. 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 assets accumulated in a trust, 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, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	69
Inactive employees entitled to but not yet receiving benefits	13
Active employees	<u>137</u>
	<u>219</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, 2025 were \$25,806, which equaled the required contributions for the year.

**City of Burnet, Texas**

Notes to Financial Statements  
(Continued)

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

H. 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, 2024, and was determined by an actuarial valuation as of that date.

*Actuarial Assumptions:* The total OPEB liability – life insurance in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Salary increases	3.60% to 11.85% per year, including inflation
Discount rate	4.08% (based on the Bond Buyer "20-bond GO Index" rate closest to, but not later than December 31, 2024)
Administrative expenses	All administrative expenses are paid through the TMRS Pension Trust
Mortality rates - service retirees	2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
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 the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the floor.

The actuarial assumptions used in the December 31, 2024 valuation were based on the results of an actuarial experience study for the period ending December 31, 2022.

**City of Burnet, Texas**

Notes to Financial Statements  
(Continued)

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

H. Employee Benefits (continued)

**OPEB – Life Insurance** (continued)

The changes in the total OPEB liability – life insurance for the measurement period ending December 31, 2024 were as follows:

	<u>Total OPEB Liability - Life Insurance</u>
Balance at December 31, 2023	\$ <u>336,275</u>
Changes for the year:	
Service cost	13,382
Interest	12,750
Differences between expected and actual experience	(2,012)
Changes in assumptions or other inputs	(18,269)
Benefit payments **	<u>(9,558)</u>
Net changes	<u>(3,707)</u>
Balance at December 31, 2024	\$ <u><u>332,568</u></u>

\*\* For the SDBF, no assets are accumulated in a trust.

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 4.08%, 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 (3.08%) or one percentage point higher (5.08%) than the current rate.

	1% Decrease (3.08%)	Current Discount Rate Assumption (4.08%)	1% Increase (5.08%)
Total OPEB liability - life insurance	\$ <u>397,226</u>	<u>332,568</u>	<u>282,294</u>

**City of Burnet, Texas**

Notes to Financial Statements  
(Continued)

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

H. 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, 2025, the City recognized OPEB expense – life insurance of \$11,291.

At September 30, 2025, 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	\$ 8,846	-
Differences between expected and actual experience	-	9,735
Change in assumptions	-	61,488
	<u>\$ 8,846</u>	<u>71,223</u>

The \$8,846 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, 2026. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense – life insurance as follows:

<u>Measurement Year Ended December 31,</u>	
2025	\$ (22,190)
2026	(33,189)
2027	(12,077)
2028	(2,411)
2029	<u>(1,356)</u>
Total	<u>\$ (71,223)</u>

## City of Burnet, Texas

### Notes to Financial Statements (Continued)

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

##### H. 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 assets accumulated in a trust, 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, 2023, rolled forward to December 31, 2024.

###### *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)

##### H. 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)

H. 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, 2024 measurement date, the following employees were covered by the benefit terms:

Retirees and beneficiaries	28
Active members	<u>10</u>
	<u>38</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, 2023, rolled forward to December 31, 2024.

**City of Burnet, Texas**

Notes to Financial Statements  
(Continued)

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

H. Employee Benefits (continued)

**OPEB – Health Insurance** (continued)

*Actuarial Assumptions:* The total OPEB liability – health insurance was measured as of the December 31, 2023 actuarial valuation and rolled forward to December 31, 2024, and was determined using the following actuarial assumptions:

Valuation Date	December 31, 2023
Actuarial Cost Method	Individual Entry-Age Normal
Discount rate	4.08% as of December 31, 2024
Inflation	2.50% per year
Salary increases	3.60% to 11.85% per year, including inflation
Demographic assumptions	Based on the 2023 experience study conducted for the Texas Municipal Retirement System (TMRS).
Mortality	For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used, with male rates multiplied by 103% and female rates multiplied by 105%. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP-2021 table to account for future mortality improvements.
Health care trend rates	Pre-65: Initial rate of 7.20% declining to an ultimate rate of 4.25% after 15 years; Post-65: Initial rate of 5.10% declining to an ultimate rate of 4.25% after 9 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	The discount rate changed from 3.77% as of December 31, 2023 to 4.08% as of December 31, 2024.

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

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

H. Employee Benefits (continued)

**OPEB – Health Insurance** (continued)

The changes in the total OPEB liability – health insurance for the measurement period ending December 31, 2024 were as follows:

	Total OPEB Liability - Health Insurance
Balance at December 31, 2023	\$ <u>4,965,120</u>
Changes for the year:	
Service cost	67,271
Interest	185,536
Differences between expected and actual experience	(7,605)
Changes in assumptions or other inputs	(220,097)
Benefit payments **	<u>(154,760)</u>
Net changes	<u>(129,655)</u>
Balance at December 31, 2024	\$ <u><u>4,835,465</u></u>

\*\* No assets are accumulated in a trust for the retiree health insurance plan. 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.

Total OPEB liabilities recognized for health and life insurance amounted to \$5,168,033 as of September 30, 2025

*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 4.08%, 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 (3.08%) or one percentage point higher (5.08%) than the current rate.

	1% Decrease (3.08%)	Current Discount Rate Assumption (4.08%)	1% Increase (5.08%)
Total OPEB liability - health insurance	\$ <u>5,603,347</u>	<u>4,835,465</u>	<u>4,217,497</u>

**City of Burnet, Texas**

Notes to Financial Statements  
(Continued)

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

H. Employee Benefits (continued)

**OPEB – Health Insurance** (continued)

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

	<u>1% Decrease</u>	Current Healthcare Cost Trend Rate <u>Assumption</u>	<u>1% Increase</u>
Total OPEB liability - health insurance	\$ <u>4,167,055</u>	<u>4,835,465</u>	<u>5,661,981</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, 2025, the City recognized OPEB benefit – health insurance of \$(688,741). Total OPEB benefit recognized for health and life insurance amounted to \$(677,450) for the year ended September 30, 2025.

At September 30, 2025, the City reported deferred outflows of resources related to OPEB – health insurance from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contributions subsequent to the measurement date	\$ 125,726	-
Differences between expected and actual experience	-	2,531
Change in assumptions	<u>-</u>	<u>73,248</u>
	\$ <u>125,726</u>	<u>75,779</u>

**City of Burnet, Texas**

Notes to Financial Statements  
(Continued)

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

H. Employee Benefits (continued)

**OPEB – Health Insurance** (continued)

The \$125,726 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, 2026. Other amounts reported as deferred outflows of resources related to pensions will be recognized in OPEB expense – health insurance as follows:

<u>Measurement Year Ended December 31,</u>	
2025	\$ <u>(75,779)</u>
Total	\$ <u><u>(75,779)</u></u>

I. 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)

J. 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, 2025:

	Statement of Net Position		Balance Sheet		
	Governmental Activities	Business-Type Activities -	General Fund	Airport Fund	Debt Service Fund
Deferred outflows of resources:					
OPEB - life insurance	\$ 8,846	-	-	-	-
OPEB - health insurance	91,641	34,085	-	-	-
Total OPEB related	<u>100,487</u>	<u>34,085</u>	-	-	-
Pension related	811,241	301,735	-	-	-
	<u>\$ 911,728</u>	<u>335,820</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:					
OPEB - life insurance	\$ 71,223	-	-	-	-
OPEB - health insurance	55,235	20,544	-	-	-
Total OPEB related	<u>126,458</u>	<u>20,544</u>	-	-	-
Pension related	414,250	154,075	-	-	-
Unavailable property tax revenue	-	-	133,523	-	32,057
Unavailable lease revenue	<u>235,525</u>	<u>-</u>	<u>-</u>	<u>235,525</u>	<u>-</u>
	<u>\$ 776,233</u>	<u>174,619</u>	<u>133,523</u>	<u>235,525</u>	<u>32,057</u>

*Deferred Outflows of Resources.* 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)

##### K. Short-term Leases

The City leases building space and airport hangers to various individuals and organizations under short-term lease agreements. For the year ended September 30, 2025, the City recognized lease income of \$241,993 under these short-term lease agreements.

##### L. 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, 2025, was \$1,005,466.

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, 2025, was \$6,063,023.

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, 2025, was \$112,676.

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)

##### M. 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, 2025.

##### N. Adoption of Accounting Pronouncement

Effective October 1, 2024, the City adopted the provisions of Governmental Accounting Standards Board (“GASB”) Statement No. 101, *Compensated Absences*. GASB 101 establishes recognition and disclosure requirements for leave for which employees may receive cash payments when leave is used for time off or upon termination, or that may be settled through non-cash payment. The adoption of this accounting pronouncement did not have a material impact on beginning net position for governmental activities, business-type activities, and the proprietary funds.

##### O. Subsequent Event

Subsequent to year end, the City issued a Golf Course Revenue Bond, Series 2025 in the amount of \$500,000 to be used for golf course improvements.

##### P. 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. 103, *Financial Reporting Model Improvements* (issued April 2024) – the objective of this statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. This statement also addresses certain application issues. The requirements of this statement are effective for the City’s financial statements beginning October 1, 2025.

**City of Burnet, Texas**

Notes to Financial Statements  
(Continued)

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

P. Authoritative Pronouncement Not Yet Effective (continued)

GASB Statement No. 104, *Disclosure of Certain Capital Assets* (issued September 2024) – the objective of this statement is to provide users of government financial statements with essential information about certain types of capital assets. This statement requires certain types of capital assets be disclosed separately in the capital assets note disclosures required by GASB Statement No. 34, *Basic Financial Statements – and Management Discussion and Analysis – for State and Local Governments*. The requirements of this statement are effective for financial statements for the City’s financial statements beginning October 1, 2025.

## **Required Supplementary Information**

**City of Burnet, Texas**

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

Last Ten Measurement Dates

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>Total Pension Liability</b>				
Service cost	\$ 1,654,570	1,499,763	1,391,984	1,210,171
Interest (on the Total Pension Liability)	2,299,597	2,182,600	2,030,583	1,933,214
Difference between expected and actual experience	33,842	(185,381)	310,007	(335,760)
Change in assumptions	-	(198,455)	-	-
Benefit payments, including refunds of employee contributions	<u>(1,712,957)</u>	<u>(1,572,328)</u>	<u>(1,496,377)</u>	<u>(1,415,684)</u>
<b>Net change in Total Pension Liability</b>	2,275,052	1,726,199	2,236,197	1,391,941
<b>Total Pension Liability - beginning</b>	<u>34,097,302</u>	<u>32,371,103</u>	<u>30,134,906</u>	<u>28,742,965</u>
<b>Total Pension Liability - ending (a)</b>	<u>\$ 36,372,354</u>	<u>34,097,302</u>	<u>32,371,103</u>	<u>30,134,906</u>
<b>Plan Fiduciary Net Position</b>				
Contributions - employer	\$ 1,257,698	1,191,096	1,099,285	924,916
Contributions - employee	669,497	635,493	582,072	504,238
Net investment income	3,200,944	3,171,485	(2,141,755)	3,384,149
Benefit payments, including refunds of employee contributions	(1,712,957)	(1,572,328)	(1,496,377)	(1,415,684)
Administrative expense	(20,526)	(20,173)	(18,540)	(15,664)
Other	<u>(481)</u>	<u>(140)</u>	<u>22,124</u>	<u>108</u>
<b>Net change in Plan Fiduciary Net Position</b>	3,394,175	3,405,433	(1,953,191)	3,382,063
<b>Plan Fiduciary Net Position - beginning</b>	<u>30,803,003</u>	<u>27,397,570</u>	<u>29,350,761</u>	<u>25,968,698</u>
<b>Plan Fiduciary Net Position - ending (b)</b>	<u>\$ 34,197,178</u>	<u>30,803,003</u>	<u>27,397,570</u>	<u>29,350,761</u>
<b>Net Pension Liability - ending (a) - (b)</b>	\$ 2,175,176	3,294,299	4,973,533	784,145
<b>Plan Fiduciary Net Position as a percentage of Total Pension Liability</b>	94.02%	90.34%	84.64%	97.40%
<b>Covered payroll</b>	\$ 9,558,461	9,078,471	8,315,314	7,203,399
<b>Net Pension Liability as a percentage of covered payroll</b>	22.76%	36.29%	59.81%	10.89%

See accompanying independent auditor's report.

December 31,					
2020	2019	2018	2017	2016	2015
1,128,348	1,061,415	995,287	925,253	924,216	848,679
1,819,990	1,735,099	1,642,995	1,538,815	1,449,752	1,395,492
77,824	(206,289)	(61,582)	93,706	(80,956)	50,376
-	47,523	-	-	-	35,571
<u>(1,363,670)</u>	<u>(1,463,461)</u>	<u>(1,027,072)</u>	<u>(1,071,693)</u>	<u>(876,457)</u>	<u>(774,915)</u>
1,662,492	1,174,287	1,549,628	1,486,081	1,416,555	1,555,203
<u>27,080,473</u>	<u>25,906,186</u>	<u>24,356,558</u>	<u>22,870,477</u>	<u>21,453,922</u>	<u>19,898,719</u>
<u><u>28,742,965</u></u>	<u><u>27,080,473</u></u>	<u><u>25,906,186</u></u>	<u><u>24,356,558</u></u>	<u><u>22,870,477</u></u>	<u><u>21,453,922</u></u>
899,357	854,102	791,829	724,953	710,491	652,621
484,269	457,788	427,686	398,326	404,345	379,117
1,829,197	3,253,250	(644,826)	2,613,821	1,180,461	25,372
(1,363,670)	(1,463,461)	(1,027,072)	(1,071,693)	(876,457)	(774,915)
(11,853)	(18,387)	(12,455)	(13,549)	(13,325)	(15,452)
<u>(463)</u>	<u>(551)</u>	<u>(650)</u>	<u>(688)</u>	<u>(718)</u>	<u>(764)</u>
1,836,837	3,082,741	(465,488)	2,651,170	1,404,797	265,979
<u>24,131,861</u>	<u>21,049,120</u>	<u>21,514,608</u>	<u>18,863,438</u>	<u>17,458,641</u>	<u>17,192,662</u>
<u><u>25,968,698</u></u>	<u><u>24,131,861</u></u>	<u><u>21,049,120</u></u>	<u><u>21,514,608</u></u>	<u><u>18,863,438</u></u>	<u><u>17,458,641</u></u>
2,774,267	2,948,612	4,857,066	2,841,950	4,007,039	3,995,281
90.35%	89.11%	81.25%	88.33%	82.48%	81.38%
6,918,135	6,539,833	6,109,805	5,690,364	5,776,351	5,415,950
40.10%	45.09%	79.50%	49.94%	69.37%	73.77%

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

Fiscal Years Ended

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Actuarially determined contributions	\$ 1,333,439	1,175,976	1,155,435	1,076,480
Contributions in relation to the actuarially determined contributions	<u>1,333,439</u>	<u>1,175,976</u>	<u>1,155,435</u>	<u>1,076,480</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered payroll	\$ 10,451,354	9,370,055	9,037,372	8,201,093
Contributions as a percentage of covered payroll	12.76%	12.55%	12.79%	13.13%

**Notes to Schedule of Contributions**

**Valuation Date:** December 31, 2024

**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	21 years (longest amortization ladder)
Asset Valuation Method	10 year smoothed fair value, 12% soft corridor
Inflation	2.50%
Salary Increases	3.60% to 11.85%, including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).

**Other Information:**

**Notes** There were no benefit changes during the year.

See accompanying independent auditor's report.

September 30,					
<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
916,631	889,655	837,493	771,831	724,651	682,912
<u>916,631</u>	<u>889,655</u>	<u>837,493</u>	<u>771,831</u>	<u>724,651</u>	<u>682,912</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
7,114,710	6,834,933	6,425,991	5,982,896	5,659,002	5,506,318
12.88%	13.02%	13.03%	12.90%	12.81%	12.40%

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

Last Eight Measurement Dates

	<u>2024</u>	<u>2023</u>	<u>2022</u>
<b>Total OPEB Liability - Life Insurance</b>			
Service cost	\$ 13,382	9,986	21,620
Interest (on the Total OPEB Liability - Life Insurance)	12,750	12,583	8,548
Difference between expected and actual experience	(2,012)	(4,628)	1,901
Change in assumptions	(18,269)	18,082	(170,124)
Benefit payments **	<u>(9,558)</u>	<u>(10,894)</u>	<u>(9,147)</u>
<b>Net change in Total OPEB Liability - Life Insurance</b>	(3,707)	25,129	(147,202)
<b>Total OPEB Liability - life insurance - beginning</b>	<u>336,275</u>	<u>311,146</u>	<u>458,348</u>
<b>Total OPEB Liability - life insurance - ending</b>	<u>\$ 332,568</u>	<u>336,275</u>	<u>311,146</u>
<b>Covered-employee payroll</b>	<u>\$ 9,558,461</u>	<u>9,078,471</u>	<u>8,315,314</u>
<b>Total OPEB Liability - Life Insurance as a percentage of covered-employee payroll</b>	3.48%	3.70%	3.74%

\*\* For the TMRS Supplemental Death Benefit Fund ("SDBF"), no assets are accumulated in a trust. 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.

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.

December 31,				
<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
19,449	12,453	10,464	12,831	10,243
8,922	10,092	10,544	9,831	9,579
(17,752)	(4,303)	1,229	(10,286)	-
15,315	62,713	62,243	(21,779)	24,553
<u>(7,924)</u>	<u>(2,767)</u>	<u>(2,616)</u>	<u>(1,833)</u>	<u>(2,276)</u>
18,010	78,188	81,864	(11,236)	42,099
<u>440,338</u>	<u>362,150</u>	<u>280,286</u>	<u>291,522</u>	<u>249,423</u>
<u><u>458,348</u></u>	<u><u>440,338</u></u>	<u><u>362,150</u></u>	<u><u>280,286</u></u>	<u><u>291,522</u></u>
<u><u>7,203,399</u></u>	<u><u>6,918,135</u></u>	<u><u>6,539,833</u></u>	<u><u>6,109,805</u></u>	<u><u>5,690,364</u></u>
6.36%	6.36%	5.54%	4.59%	5.12%

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

	2025	2024	2023
Actuarially determined contributions	\$ 25,806	25,956	24,970
Contributions in relation to the actuarially determined contributions	<u>25,806</u>	<u>25,956</u>	<u>24,970</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>
Covered-employee payroll	<u>\$ 10,451,354</u>	<u>9,370,055</u>	<u>9,037,372</u>
Contributions as a percentage of covered-employee payroll	0.25%	0.28%	0.28%

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

**Valuation Date:** December 31, 2024

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	2.50%
Salary Increases	3.60% to 11.85%, including inflation
Discount rate*	4.08%
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. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
Mortality rates - disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year setforward 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 the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the floor.

**Other Information:**

\*The discount rate was based on the Bond Buyer "20-Bond GO Index" rate closest to, but not later than December 31, 2024.

The actuarial assumptions used in the December 31, 2024 valuation were based on the results of an actuarial experience study for the period ending December 31, 2022.

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.

September 30,				
<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
15,997	12,302	11,121	10,924	10,171
<u>15,997</u>	<u>12,302</u>	<u>11,121</u>	<u>10,924</u>	<u>10,171</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>8,201,093</u>	<u>7,114,710</u>	<u>6,834,933</u>	<u>6,425,991</u>	<u>5,982,896</u>
0.20%	0.17%	0.16%	0.17%	0.17%

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

Last Eight Measurement Dates

	<u>2024</u>	<u>2023</u>	<u>2022</u>
<b>Total OPEB Liability - Health Insurance</b>			
Service cost	\$ 67,271	70,464	152,794
Interest (on the Total OPEB Liability - Health Insurance)	185,536	227,283	143,660
Difference between expected and actual experience of the total OPEB liability	(7,605)	(1,016,047)	(14,373)
Change in assumptions *	(220,097)	185,576	(2,278,336)
Benefit payments **	<u>(154,760)</u>	<u>(157,703)</u>	<u>(158,847)</u>
<b>Net change in Total OPEB Liability - Health Insurance</b>	(129,655)	(690,427)	(2,155,102)
<b>Total OPEB Liability - health insurance - beginning</b>	<u>4,965,120</u>	<u>5,655,547</u>	<u>7,810,649</u>
<b>Total OPEB Liability - health insurance - ending</b>	<u>\$ 4,835,465</u>	<u>4,965,120</u>	<u>5,655,547</u>
<b>Covered-employee payroll</b>	<u>\$ 872,669</u>	<u>1,059,006</u>	<u>1,253,759</u>
<b>Total OPEB Liability - Health Insurance as a percentage of covered-employee payroll</b>	554.10%	468.85%	451.09%

\* Change in assumptions reflects a change in the discount rate from 3.77% as of December 31, 2023 to 4.08% as of December 31, 2024.

\*\* No assets are accumulated in a trust for the retiree health insurance plan. Due to the plan being considered an unfunded OPEB Plan under GASB 75, benefit payments are determined as follows:

a. Explicit benefit payments	\$ 112,799	114,944	114,196
b. Implicit benefit payments	41,961	42,759	44,651
c. Total benefit payments	<u>\$ 154,760</u>	<u>157,703</u>	<u>158,847</u>

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.

(continued)

December 31,				
<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
147,109	176,841	135,278	175,111	150,174
174,500	204,947	266,180	245,548	248,688
(1,293,531)	(3,621)	(573,842)	37,721	-
208,659	1,059,259	568,616	(532,622)	644,918
<u>(155,073)</u>	<u>(145,292)</u>	<u>(132,787)</u>	<u>(166,304)</u>	<u>(163,990)</u>
(918,336)	1,292,134	263,445	(240,546)	879,790
<u>8,728,985</u>	<u>7,436,851</u>	<u>7,173,406</u>	<u>7,413,952</u>	<u>6,534,162</u>
<u>7,810,649</u>	<u>8,728,985</u>	<u>7,436,851</u>	<u>7,173,406</u>	<u>7,413,952</u>
<u>1,557,422</u>	<u>1,502,020</u>	<u>2,097,610</u>	<u>2,087,178</u>	<u>2,001,111</u>
501.51%	581.15%	354.54%	343.69%	370.49%

111,483	104,753	95,737	132,725	130,878
43,590	40,539	37,050	33,579	33,112
<u>155,073</u>	<u>145,292</u>	<u>132,787</u>	<u>166,304</u>	<u>163,990</u>

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

(continued)

<b>Valuation Date:</b>	December 31, 2023, rolled forward to December 31, 2024
<b>Methods and Assumptions:</b>	
Actuarial Cost Method	Individual Entry-Age Normal
Discount Rate	4.08% as of December 31, 2024
Inflation	2.50%
Salary Increases	3.60% to 11.85%, including inflation
Demographic Assumptions	Based on the 2023 experience study conducted for the Texas Municipal Retirement System (TMRS).
Mortality	For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used, with male rates multiplied by 103% and female rates multiplied by 105%. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP-2021 table to account for future mortality improvements.
Health Care Trend Rates	Pre-65: Initial rate of 7.20% declining to an ultimate rate of 4.25% after 15 years; Post-65: Initial rate of 5.10% declining to an ultimate rate of 4.25% after 9 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.
<b>Other Information:</b>	
Notes	The discount rate changed from 3.77% as of December 31, 2023 to 4.08% as of December 31, 2024.

See accompanying independent auditor's report.



## **Supplementary Information**

**City of Burnet, Texas**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**September 30, 2025**

	Special Revenue						Capital Projects			Total Nonmajor Governmental Funds	
	Hotel/ Motel Tax	Police Seizure	Court Security and Technology	FD Community	PD Explorer Program	FD Explorer Program	Total	General Capital Equipment	Airport Capital Project		Total
<b>Assets</b>											
Cash and cash equivalents	\$ 210,813	7,164	110,282	18,349	6,599	3,731	356,938	954,038	-	954,038	1,310,976
Receivables	22,264	-	-	-	-	-	22,264	-	664,082	664,082	686,346
Due from other funds	-	-	-	-	-	-	-	1,960,935	-	1,960,935	1,960,935
<b>Total assets</b>	<b>\$ 233,077</b>	<b>7,164</b>	<b>110,282</b>	<b>18,349</b>	<b>6,599</b>	<b>3,731</b>	<b>379,202</b>	<b>2,914,973</b>	<b>664,082</b>	<b>3,579,055</b>	<b>3,958,257</b>
<b>Liabilities and Fund Balances</b>											
Liabilities:											
Accounts and retainages payable	\$ 252	-	858	-	-	-	1,110	290	63,106	63,396	64,506
Accrued expenses	-	-	1,317	-	-	-	1,317	-	-	-	1,317
Due to other funds	61,163	-	-	-	-	-	61,163	-	600,976	600,976	662,139
<b>Total liabilities</b>	<b>61,415</b>	<b>-</b>	<b>2,175</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>63,590</b>	<b>290</b>	<b>664,082</b>	<b>664,372</b>	<b>727,962</b>
Fund balances:											
Restricted	171,662	7,164	108,107	18,349	6,599	3,731	315,612	-	-	-	315,612
Assigned	-	-	-	-	-	-	-	2,914,683	-	2,914,683	2,914,683
<b>Total fund balances</b>	<b>171,662</b>	<b>7,164</b>	<b>108,107</b>	<b>18,349</b>	<b>6,599</b>	<b>3,731</b>	<b>315,612</b>	<b>2,914,683</b>	<b>-</b>	<b>2,914,683</b>	<b>3,230,295</b>
<b>Total liabilities and fund balances</b>	<b>\$ 233,077</b>	<b>7,164</b>	<b>110,282</b>	<b>18,349</b>	<b>6,599</b>	<b>3,731</b>	<b>379,202</b>	<b>2,914,973</b>	<b>664,082</b>	<b>3,579,055</b>	<b>3,958,257</b>

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, 2025

	Special Revenue						Capital Projects			Total Nonmajor Governmental Funds	
	Hotel/ Motel Tax	Police Seizure	Court Security and Technology	FD Community	PD Explorer Program	FD Explorer Program	Total	General Capital Equipment	Airport Capital Project		Total
Revenues:											
Hotel/motel taxes	\$ 187,960	-	-	-	-	-	187,960	-	-	-	187,960
Intergovernmental	-	-	-	-	-	-	-	-	684,900	684,900	684,900
Fines	-	1,893	25,269	-	-	-	27,162	-	-	-	27,162
Interest	6,460	159	4,823	-	165	93	11,700	27,672	23,638	51,310	63,010
Miscellaneous	2,685	-	-	2,414	-	-	5,099	-	-	-	5,099
Total revenues	<u>197,105</u>	<u>2,052</u>	<u>30,092</u>	<u>2,414</u>	<u>165</u>	<u>93</u>	<u>231,921</u>	<u>27,672</u>	<u>708,538</u>	<u>736,210</u>	<u>968,131</u>
Expenditures:											
Current:											
Public safety	-	-	22,411	-	-	-	22,411	-	-	-	22,411
Economic development	94,417	-	-	-	-	-	94,417	-	-	-	94,417
Capital outlay	-	-	5,691	-	-	-	5,691	718,816	1,690,326	2,409,142	2,414,833
Total expenditures	<u>94,417</u>	<u>-</u>	<u>28,102</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>122,519</u>	<u>718,816</u>	<u>1,690,326</u>	<u>2,409,142</u>	<u>2,531,661</u>
Excess (deficiency) of revenues over (under) expenditures	<u>102,688</u>	<u>2,052</u>	<u>1,990</u>	<u>2,414</u>	<u>165</u>	<u>93</u>	<u>109,402</u>	<u>(691,144)</u>	<u>(981,788)</u>	<u>(1,672,932)</u>	<u>(1,563,530)</u>
Other financing sources (uses):											
Proceeds from disposition of capital assets	-	-	-	-	-	-	-	294,274	-	294,274	294,274
Transfers in	-	-	-	-	-	-	-	817,018	121,310	938,328	938,328
Transfers out	(105,613)	-	-	-	-	-	(105,613)	-	(14,236)	(14,236)	(119,849)
Total other financing sources (uses)	<u>(105,613)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(105,613)</u>	<u>1,111,292</u>	<u>107,074</u>	<u>1,218,366</u>	<u>1,112,753</u>
Net change in fund balances	(2,925)	2,052	1,990	2,414	165	93	3,789	420,148	(874,714)	(454,566)	(450,777)
Fund balances, beginning of year	<u>174,587</u>	<u>5,112</u>	<u>106,117</u>	<u>15,935</u>	<u>6,434</u>	<u>3,638</u>	<u>311,823</u>	<u>2,494,535</u>	<u>874,714</u>	<u>3,369,249</u>	<u>3,681,072</u>
Fund balances, end of year	\$ <u>171,662</u>	<u>7,164</u>	<u>108,107</u>	<u>18,349</u>	<u>6,599</u>	<u>3,731</u>	<u>315,612</u>	<u>2,914,683</u>	<u>-</u>	<u>2,914,683</u>	<u>3,230,295</u>

See accompanying independent auditor's report.

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

Year Ended September 30, 2025

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Hotel/motel taxes	\$ 250,000	250,000	187,960	(62,040)
Interest earned	8,000	8,000	6,460	(1,540)
Miscellaneous	3,000	3,000	2,685	(315)
Total revenues	<u>261,000</u>	<u>261,000</u>	<u>197,105</u>	<u>(63,895)</u>
<b>Expenditures:</b>				
Economic development	124,100	124,100	94,417	29,683
Total expenditures	<u>124,100</u>	<u>124,100</u>	<u>94,417</u>	<u>29,683</u>
Excess (deficiency) of revenues over (under) expenditures	<u>136,900</u>	<u>136,900</u>	<u>102,688</u>	<u>(34,212)</u>
<b>Other financing sources (uses:)</b>				
Transfers in	75,000	75,000	-	(75,000)
Transfers out	(185,534)	(185,534)	(105,613)	79,921
Total other financing uses	<u>(110,534)</u>	<u>(110,534)</u>	<u>(105,613)</u>	<u>4,921</u>
Net change in fund balances	26,366	26,366	(2,925)	(29,291)
Fund balances, beginning of year	<u>174,587</u>	<u>174,587</u>	<u>174,587</u>	<u>-</u>
Fund balances, end of year	<u>\$ 200,953</u>	<u>200,953</u>	<u>171,662</u>	<u>(29,291)</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, 2025

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
Revenues:				
Property taxes	\$ 856,583	857,184	1,071,207	214,023
Interest	18,000	18,600	26,645	8,045
Total revenues	<u>874,583</u>	<u>875,784</u>	<u>1,097,852</u>	<u>222,068</u>
Expenditures:				
Debt service:				
Principal	585,000	585,000	585,000	-
Interest and fiscal charges	495,744	496,945	496,943	2
Total expenditures	<u>1,080,744</u>	<u>1,081,945</u>	<u>1,081,943</u>	<u>2</u>
Excess (deficiency) of revenues over (under) expenditures	(206,161)	(206,161)	15,909	222,070
Other financing sources:				
Transfers in	222,161	222,161	-	(222,161)
Net change in fund balances	16,000	16,000	15,909	(91)
Fund balances, beginning of year	<u>389,650</u>	<u>389,650</u>	<u>389,650</u>	<u>-</u>
Fund balances, end of year	<u>\$ 405,650</u>	<u>405,650</u>	<u>405,559</u>	<u>(91)</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, 2025

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.

Encumbrance accounting is employed in the governmental funds. Encumbrances (e.g. purchase orders, contracts) outstanding at year-end do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored in the subsequent year.

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. Also, all leases are considered to be short-term leases. 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, 2025 and 2024

	2025	2024
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 2,242,431	2,913,983
Receivables (net of allowance for uncollectibles)	168,904	172,273
Properties held for resale	3,225,741	3,395,736
Total current assets	5,637,076	6,481,992
Noncurrent assets:		
Restricted cash and cash equivalents	26,031	59,045
Capital assets:		
Land	-	41,360
Land improvements	321,112	321,112
Buildings	616,562	3,993,538
Machinery and equipment	22,200	22,200
Less accumulated depreciation	(126,986)	(580,032)
Total capital assets, net	832,888	3,798,178
Total noncurrent assets	858,919	3,857,223
Total assets	6,495,995	10,339,215
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	13,703	4,432
Accrued interest payable	955	11,505
Due to primary government	29,599	29,598
General obligation debt payable - current	-	130,000
Long-term notes payable - current	138,208	1,249,315
Total current liabilities	182,465	1,424,850
Noncurrent liabilities:		
General obligation debt payable	-	1,255,000
Long-term notes payable	726,596	864,804
Total noncurrent liabilities	726,596	2,119,804
Total liabilities	909,061	3,544,654
<b>Net Position</b>		
Net investment in capital assets	858,919	2,472,223
Unrestricted	4,728,015	4,322,338
Total net position	\$ 5,586,934	6,794,561

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, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Operating revenues:		
Charges for sales and services	\$ 7,346	61,504
Total operating revenues	<u>7,346</u>	<u>61,504</u>
Operating expenses:		
Purchased services	217,037	201,340
Materials and supplies	173,668	125,873
Repairs and maintenance	8,206	-
Other operating expenses	559,361	12,348
Depreciation	53,501	155,795
Total operating expenses	<u>1,011,773</u>	<u>495,356</u>
Operating loss	<u>(1,004,427)</u>	<u>(433,852)</u>
Nonoperating revenues (expenses):		
Sales taxes	1,026,360	982,252
Interest earnings	128,751	120,732
Interest expense	(57,824)	(97,239)
Gain on sale of properties held for resale	228,993	491,708
Loss on sale of land and building	(1,529,480)	-
Total nonoperating revenues (expenses)	<u>(203,200)</u>	<u>1,497,453</u>
Change in net position	(1,207,627)	1,063,601
Net position, beginning of year	<u>6,794,561</u>	<u>5,730,960</u>
Net position, end of year	<u>\$ 5,586,934</u>	<u>6,794,561</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)

	Fiscal Year			
	2016	2017	2018	2019
Governmental activities				
Net investment in capital assets	\$ 28,741,370	30,231,996	30,869,534	32,264,739
Restricted	1,238,789	1,235,092	1,314,155	1,125,161
Unrestricted	<u>(80,675)</u>	<u>(99,778)</u>	<u>(2,141,612)</u>	<u>(2,772,944)</u>
Total governmental activities net position	<u>\$ 29,899,484</u>	<u>31,367,310</u>	<u>30,042,077</u>	<u>30,616,956</u>
Business-type activities				
Net investment in capital assets	\$ 18,152,400	18,881,590	19,529,455	20,825,955
Unrestricted	<u>2,547,964</u>	<u>2,217,305</u>	<u>962,974</u>	<u>652,130</u>
Total business-type activities net position	<u>\$ 20,700,364</u>	<u>21,098,895</u>	<u>20,492,429</u>	<u>21,478,085</u>
Primary government				
Net investment in capital assets	\$ 46,893,770	49,113,586	50,398,989	53,090,694
Restricted	1,238,789	1,235,092	1,314,155	1,125,161
Unrestricted	<u>2,467,289</u>	<u>2,117,527</u>	<u>(1,178,638)</u>	<u>(2,120,814)</u>
Total primary government net position	<u>\$ 50,599,848</u>	<u>52,466,205</u>	<u>50,534,506</u>	<u>52,095,041</u>

Table 1

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
33,804,992	34,193,243	34,842,074	33,370,477	38,925,205	43,995,482
1,062,536	1,290,949	1,366,394	1,427,252	1,743,714	1,737,771
<u>(2,202,019)</u>	<u>(862,966)</u>	<u>2,275,916</u>	<u>6,336,191</u>	<u>7,226,717</u>	<u>4,754,698</u>
<u>32,665,509</u>	<u>34,621,226</u>	<u>38,484,384</u>	<u>41,133,920</u>	<u>47,895,636</u>	<u>50,487,951</u>
20,380,238	20,347,624	20,684,865	20,677,876	22,176,644	27,726,481
<u>1,813,119</u>	<u>1,251,455</u>	<u>1,712,207</u>	<u>1,907,021</u>	<u>1,702,897</u>	<u>2,174,972</u>
<u>22,193,357</u>	<u>21,599,079</u>	<u>22,397,072</u>	<u>22,584,897</u>	<u>23,879,541</u>	<u>29,901,453</u>
54,185,230	54,540,867	55,526,939	54,048,353	61,101,849	71,721,963
1,062,536	1,290,949	1,366,394	1,427,252	1,743,714	1,737,771
<u>(388,900)</u>	<u>388,489</u>	<u>3,988,123</u>	<u>8,243,212</u>	<u>8,929,614</u>	<u>6,929,670</u>
<u>54,858,866</u>	<u>56,220,305</u>	<u>60,881,456</u>	<u>63,718,817</u>	<u>71,775,177</u>	<u>80,389,404</u>

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

	Fiscal Year			
	2016	2017	2018	2019
<b>Expenses</b>				
Governmental activities:				
General government	\$ 2,128,923	2,230,501	2,332,969	2,288,577
Public safety	5,468,034	5,718,420	5,588,410	6,621,584
Highways and streets	764,824	883,301	868,877	998,227
Aviation services	430,876	633,950	729,812	1,093,963
Culture and recreation	1,001,469	987,084	942,121	998,187
Sanitation	775,516	764,511	801,329	844,095
Economic development	498,496	150,989	360,908	170,345
Interest	87,978	80,111	69,592	56,662
Total governmental activities expenses	<u>11,156,116</u>	<u>11,448,867</u>	<u>11,694,018</u>	<u>13,071,640</u>
Business-type activities:				
Electric	6,035,719	6,057,551	6,457,978	6,547,489
Water and sewer	2,942,937	2,988,463	3,074,170	3,294,198
Delaware Springs Golf Course	1,536,738	1,683,511	1,609,209	1,789,522
Total business-type activities expenses	<u>10,515,394</u>	<u>10,729,525</u>	<u>11,141,357</u>	<u>11,631,209</u>
Total primary government expenses	<u>\$ 21,671,510</u>	<u>22,178,392</u>	<u>22,835,375</u>	<u>24,702,849</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government	\$ 186,002	170,918	218,257	263,089
Public safety	1,884,904	1,751,748	2,065,945	2,061,493
Aviation services	590,356	779,047	847,149	775,946
Culture and recreation	24,058	17,008	16,748	21,013
Sanitation	863,235	925,486	954,670	981,223
Operating grants and contributions	565,044	607,145	690,265	853,397
Capital grants and contributions	6,200,801	1,185,608	85,709	926,587
Total governmental activities program revenues	<u>10,314,400</u>	<u>5,436,960</u>	<u>4,878,743</u>	<u>5,882,748</u>
Business-type activities:				
Charges for services:				
Electric	8,529,957	8,521,053	9,067,840	9,286,346
Water and sewer	4,069,235	4,207,289	4,374,178	4,350,687
Delaware Springs Golf Course	1,313,858	1,389,782	1,456,633	1,363,083
Capital grants and contributions	26,649	166,277	-	189,568
Total business-type activities program revenues	<u>13,939,699</u>	<u>14,284,401</u>	<u>14,898,651</u>	<u>15,189,684</u>
Total primary government program revenues	<u>\$ 24,254,099</u>	<u>19,721,361</u>	<u>19,777,394</u>	<u>21,072,432</u>
Net (expense)/revenue				
Governmental activities	\$ (841,716)	(6,011,907)	(6,815,275)	(7,188,892)
Business-type activities	<u>3,424,305</u>	<u>3,554,876</u>	<u>3,757,294</u>	<u>3,558,475</u>
Total primary government net expense	<u>\$ 2,582,589</u>	<u>(2,457,031)</u>	<u>(3,057,981)</u>	<u>(3,630,417)</u>

Table 2

2020	2021	2022	2023	2024	2025
2,709,203	2,587,631	2,844,286	3,403,779	3,209,804	4,035,680
6,747,415	7,350,318	7,670,549	8,292,785	8,563,090	9,362,104
1,182,772	1,135,566	1,434,226	1,573,757	1,321,352	1,539,947
741,666	930,254	1,382,867	800,680	421,714	367,256
977,788	1,053,829	1,180,523	1,304,946	1,161,995	1,387,444
879,551	920,917	976,671	994,964	1,012,676	1,032,656
145,148	76,457	82,351	493,087	91,308	94,417
182,268	264,949	206,101	459,636	621,495	472,286
<u>13,565,811</u>	<u>14,319,921</u>	<u>15,777,574</u>	<u>17,323,634</u>	<u>16,403,434</u>	<u>18,291,790</u>
6,596,612	6,781,809	6,952,848	7,453,957	7,453,086	8,229,941
3,213,760	3,363,972	3,652,482	3,609,788	3,828,905	4,334,143
1,677,563	1,878,176	1,966,802	2,290,378	2,491,373	2,737,761
<u>11,487,935</u>	<u>12,023,957</u>	<u>12,572,132</u>	<u>13,354,123</u>	<u>13,773,364</u>	<u>15,301,845</u>
<u>25,053,746</u>	<u>26,343,878</u>	<u>28,349,706</u>	<u>30,677,757</u>	<u>30,176,798</u>	<u>33,593,635</u>
297,132	314,654	533,015	596,560	485,697	515,328
2,215,738	2,363,198	3,416,730	3,305,597	3,499,048	3,403,582
613,680	893,683	1,261,086	500,749	305,255	314,296
2,500	20,976	82,596	54,289	49,958	70,301
1,039,547	1,099,224	1,172,398	1,195,371	1,223,705	1,252,873
934,478	1,128,376	1,625,461	13,723	14,454	17,717
645,914	49,504	206,039	1,217,289	3,658,614	6,339,899
<u>5,748,989</u>	<u>5,869,615</u>	<u>8,297,325</u>	<u>6,883,578</u>	<u>9,236,731</u>	<u>11,913,996</u>
9,499,716	9,125,087	10,436,014	10,233,561	11,195,759	11,900,437
4,568,093	4,620,814	4,933,125	4,956,156	4,902,786	5,471,050
1,329,072	1,783,795	2,213,364	2,522,431	2,756,552	3,141,130
1,070,193	70,520	5,892	-	167,275	4,123,852
<u>16,467,074</u>	<u>15,600,216</u>	<u>17,588,395</u>	<u>17,712,148</u>	<u>19,022,372</u>	<u>24,636,469</u>
<u>22,216,063</u>	<u>21,469,831</u>	<u>25,885,720</u>	<u>24,595,726</u>	<u>28,259,103</u>	<u>36,550,465</u>
(7,816,822)	(8,450,306)	(7,480,249)	(10,440,056)	(7,166,703)	(6,377,794)
<u>4,979,139</u>	<u>3,576,259</u>	<u>5,016,263</u>	<u>4,358,025</u>	<u>5,249,008</u>	<u>9,334,624</u>
<u>(2,837,683)</u>	<u>(4,874,047)</u>	<u>(2,463,986)</u>	<u>(6,082,031)</u>	<u>(1,917,695)</u>	<u>2,956,830</u>

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

	Fiscal Year			
	2016	2017	2018	2019
<b>General Revenues and</b>				
<b>Other Changes in Net Position</b>				
Governmental activities:				
Taxes				
Property taxes	\$ 2,245,634	2,276,681	2,709,971	2,803,398
Sales taxes	1,578,655	1,705,022	1,675,298	1,815,467
Franchise taxes	125,361	132,068	133,242	178,949
Hotel/motel taxes	151,168	165,925	172,794	188,403
Unrestricted investment earnings	9,266	15,367	32,468	72,170
Miscellaneous	-	-	-	-
Gain on sale of capital assets	73,141	22,588	100,781	79,741
Special item:				
Release of interest in building	-	-	-	-
Transfers	3,228,848	3,162,082	2,558,930	2,625,643
Total governmental activities	<u>7,412,073</u>	<u>7,479,733</u>	<u>7,383,484</u>	<u>7,763,771</u>
Business-type activities:				
Unrestricted investment earnings	5,326	5,737	21,862	52,149
Miscellaneous	-	-	-	-
Gain on sale of capital assets	-	-	-	675
Transfers	(3,228,848)	(3,162,082)	(2,558,930)	(2,625,643)
Total business-type activities	<u>(3,223,522)</u>	<u>(3,156,345)</u>	<u>(2,537,068)</u>	<u>(2,572,819)</u>
Total primary government	<u>\$ 4,188,551</u>	<u>4,323,388</u>	<u>4,846,416</u>	<u>5,190,952</u>
<b>Change in Net Position</b>				
Governmental activities	\$ 6,570,357	1,467,826	568,209	574,879
Business-type activities	<u>200,783</u>	<u>398,531</u>	<u>1,220,226</u>	<u>985,656</u>
Total primary government	<u>\$ 6,771,140</u>	<u>1,866,357</u>	<u>1,788,435</u>	<u>1,560,535</u>

Table 2  
(Continued)

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
3,036,155	3,306,674	3,630,280	4,433,537	5,251,179	5,507,161
2,158,149	2,426,055	2,704,461	2,775,485	2,946,756	3,079,080
153,535	161,960	180,005	207,682	195,554	191,587
152,756	209,190	211,369	226,860	186,183	187,960
67,975	4,157	117,625	886,668	1,209,077	734,643
-	-	-	264,823	37,675	294,274
-	-	-	-	-	-
-	-	-	-	-	(4,456,337)
<u>4,296,805</u>	<u>4,297,987</u>	<u>4,499,667</u>	<u>4,294,537</u>	<u>4,101,995</u>	<u>3,431,741</u>
<u>9,865,375</u>	<u>10,406,023</u>	<u>11,343,407</u>	<u>13,089,592</u>	<u>13,928,419</u>	<u>8,970,109</u>
32,938	2,790	2,016	124,337	147,607	118,411
-	-	-	-	24	618
-	-	279,381	-	-	-
<u>(4,296,805)</u>	<u>(4,297,987)</u>	<u>(4,499,667)</u>	<u>(4,294,537)</u>	<u>(4,101,995)</u>	<u>(3,431,741)</u>
<u>(4,263,867)</u>	<u>(4,295,197)</u>	<u>(4,218,270)</u>	<u>(4,170,200)</u>	<u>(3,954,364)</u>	<u>(3,312,712)</u>
<u>5,601,508</u>	<u>6,110,826</u>	<u>7,125,137</u>	<u>8,919,392</u>	<u>9,974,055</u>	<u>5,657,397</u>
2,048,553	1,955,717	3,863,158	2,649,536	6,761,716	2,592,315
<u>715,272</u>	<u>(718,938)</u>	<u>797,993</u>	<u>187,825</u>	<u>1,294,644</u>	<u>6,021,912</u>
<u>2,763,825</u>	<u>1,236,779</u>	<u>4,661,151</u>	<u>2,837,361</u>	<u>8,056,360</u>	<u>8,614,227</u>

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

	Fiscal Year			
	2016	2017	2018	2019
General fund				
Nonspendable	\$ 50,566	50,454	36,831	64,178
Unassigned	<u>3,900,868</u>	<u>4,267,005</u>	<u>4,120,481</u>	<u>3,763,630</u>
Total general fund	<u>\$ 3,951,434</u>	<u>4,317,459</u>	<u>4,157,312</u>	<u>3,827,808</u>
All other governmental funds				
Nonspendable	\$ 35,120	34,647	80,641	43,070
Restricted for:				
Debt service	194,298	161,167	172,217	160,286
Capital projects	-	-	-	-
Aviation services	583,320	720,176	811,348	674,307
Public safety	-	-	-	-
Other purposes	405,857	443,014	232,911	185,638
Assigned to:				
Capital projects	245,071	238,148	238,148	-
Other funds	<u>293,272</u>	<u>484,646</u>	<u>916,581</u>	<u>1,422,626</u>
Total all other governmental funds	<u>\$ 1,756,938</u>	<u>2,081,798</u>	<u>2,451,846</u>	<u>2,485,927</u>

Table 3

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
30,388	26,382	33,809	33,218	37,595	34,606
<u>4,007,662</u>	<u>4,935,031</u>	<u>6,089,406</u>	<u>9,437,254</u>	<u>11,029,306</u>	<u>7,133,176</u>
<u><u>4,038,050</u></u>	<u><u>4,961,413</u></u>	<u><u>6,123,215</u></u>	<u><u>9,470,472</u></u>	<u><u>11,066,901</u></u>	<u><u>7,167,782</u></u>
30,355	54,272	85,468	-	3,258	-
186,688	173,805	220,606	245,673	389,650	405,559
-	5,512,394	5,037,081	6,919,882	6,725,553	-
655,053	783,539	705,846	881,475	993,222	984,543
-	82,997	99,964	119,096	137,236	143,950
176,974	180,250	242,726	1,261,560	1,046,043	171,662
15,607	-	4,384,465	2,896,371	2,494,535	2,914,683
<u>2,164,128</u>	<u>2,287,189</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u><u>3,228,805</u></u>	<u><u>9,074,446</u></u>	<u><u>10,776,156</u></u>	<u><u>12,324,057</u></u>	<u><u>11,789,497</u></u>	<u><u>4,620,397</u></u>

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

	Fiscal Year			
	2016	2017	2018	2019
<b>Revenues</b>				
Taxes	\$ 4,094,869	4,308,989	4,653,385	4,976,544
Licenses and permits	43,302	48,375	76,264	96,049
Intergovernmental	466,308	525,335	549,042	691,831
Charges for services	2,628,738	2,517,800	2,876,101	2,918,726
Fines	138,653	171,494	154,334	141,039
Interest	9,266	15,367	32,468	72,170
Contributions and donations	357,735	46,827	55,803	308,274
Fuel Sales	387,664	571,420	645,987	579,980
Miscellaneous	449,548	444,416	521,212	653,649
Total revenues	<u>8,576,083</u>	<u>8,650,023</u>	<u>9,564,596</u>	<u>10,438,262</u>
<b>Expenditures</b>				
General government	1,734,087	1,884,218	2,018,763	1,994,505
Public safety	4,432,456	4,754,902	4,909,014	5,530,537
Highways and streets	404,575	500,807	506,475	500,252
Aviation services	400,793	599,848	680,576	591,772
Culture and recreation	728,381	716,884	730,237	672,571
Solid waste	775,516	764,511	801,329	844,095
Economic development	495,398	147,985	360,908	170,345
Debt service:				
Principal	293,644	295,508	302,373	918,678
Interest	89,366	81,510	71,012	61,730
Bond issuance costs	-	-	-	-
Capital outlay	2,754,235	1,397,635	1,633,719	2,207,471
Total expenditures	<u>12,108,451</u>	<u>11,143,808</u>	<u>12,014,406</u>	<u>13,491,956</u>
Excess of revenues over (under) expenditures	<u>(3,532,368)</u>	<u>(2,493,785)</u>	<u>(2,449,810)</u>	<u>(3,053,694)</u>
<b>Other financing sources (uses)</b>				
Insurance recoveries	73,141	13,104	9,377	125,368
Certificate of obligation issued	-	-	-	-
Sale of assets	-	9,484	91,404	7,260
Transfers in	6,796,823	4,305,350	4,683,078	5,172,297
Other resources	-	-	-	-
Transfers out	(3,478,225)	(1,143,268)	(2,124,148)	(2,546,654)
Total other financing sources (uses)	<u>3,391,739</u>	<u>3,184,670</u>	<u>2,659,711</u>	<u>2,758,271</u>
Net change in fund balances	<u>\$ (140,629)</u>	<u>690,885</u>	<u>209,901</u>	<u>(295,423)</u>
Debt service as a percentage of noncapital expenditures	3.62%	4.43%	3.52%	8.44%

(1) In 2023 report, corrected prior year calculation of 4.34% to 4.48%.

(2) In 2024 report, corrected prior year calculations to exclude bond issuance costs per comments received from Government Finance Officers Association review:

2020 changed from 3.96% to 3.23%, 2021 changed from 12.42% to 11.36%, and 2023 changed from 6.72 to 6.01%.

Table 4

2020	2021	2022	2023	2024	2025
5,533,614	6,058,885	6,728,256	7,624,199	8,534,466	9,011,704
129,465	90,591	232,002	198,420	127,939	239,531
1,016,354	1,238,814	2,555,150	2,346,296	4,509,375	2,117,440
2,810,599	3,109,901	3,599,251	3,139,306	3,464,302	3,394,353
141,993	155,890	170,465	205,884	197,004	254,968
60,051	4,157	89,014	886,668	1,209,077	734,643
281,646	111,118	146,276	88,220	79,264	32,553
403,961	683,989	1,056,314	265,417	23,788	26,033
394,956	479,312	537,867	640,035	686,224	790,992
<u>10,772,639</u>	<u>11,932,657</u>	<u>15,114,595</u>	<u>15,394,445</u>	<u>18,831,439</u>	<u>16,602,217</u>
2,407,351	2,237,383	2,533,513	3,093,980	3,117,219	3,561,715
5,586,519	6,225,567	6,787,298	7,506,817	7,956,116	8,040,026
658,101	623,699	819,645	888,083	785,359	790,481
463,677	642,079	1,034,867	398,861	165,068	71,397
674,580	760,648	842,407	930,073	903,232	1,048,392
879,551	920,917	976,671	994,964	1,012,676	1,032,656
145,060	76,457	82,351	493,087	91,308	94,417
265,000	1,400,000	395,212	559,339	711,565	698,590
105,489	112,985	233,711	368,193	519,200	520,256
83,222	140,076	-	110,371	128,016	-
5,940,047	2,464,697	3,073,686	4,955,084	10,762,487	15,538,521
<u>17,208,597</u>	<u>15,604,508</u>	<u>16,779,361</u>	<u>20,298,852</u>	<u>26,152,246</u>	<u>31,396,451</u>
<u>(6,435,958)</u>	<u>(3,671,851)</u>	<u>(1,664,766)</u>	<u>(4,904,407)</u>	<u>(7,320,807)</u>	<u>(14,794,234)</u>
3,976	-	-	-	-	-
2,920,000	5,755,000	-	3,940,000	3,970,000	-
3,948	-	28,611	1,384,611	37,675	294,274
7,708,438	7,440,115	9,136,607	5,291,335	5,879,537	10,376,360
164,349	387,868	-	180,417	273,006	-
<u>(3,411,633)</u>	<u>(3,142,128)</u>	<u>(4,636,940)</u>	<u>(996,798)</u>	<u>(1,777,542)</u>	<u>(6,944,619)</u>
<u>7,389,078</u>	<u>10,440,855</u>	<u>4,528,278</u>	<u>9,799,565</u>	<u>8,382,676</u>	<u>3,726,015</u>
<u>953,120</u>	<u>6,769,004</u>	<u>2,863,512</u>	<u>4,895,158</u>	<u>1,061,869</u>	<u>(11,068,219)</u>
3.23% (2)	11.36% (2)	4.48% (1)	6.01% (2)	8.04%	7.40%

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
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
2022	3,632,421	2,704,461	180,005	211,369	6,728,256
2023	4,414,172	2,775,485	207,682	226,860	7,624,199
2024	5,205,973	2,946,756	186,183	195,554	8,534,466
2025	5,553,077	3,079,080	191,587	187,960	9,011,704

(1) Includes penalty and interest on delinquent taxes

Table 6

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

<u>Fiscal Year</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Less: Tax Exempt Real Property</u>	<u>Total Assessed Value (1)</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Value</u>	<u>Assessed Value as a Percentage of Actual Value</u>
2016	556,280,640	47,187,181	232,587,695	370,880,126	0.6265	603,467,821	61.46 %
2017	572,728,002	53,172,338	246,284,832	379,615,508	0.6265	625,900,340	60.65 %
2018	626,018,861	56,742,971	244,938,772	437,823,060	0.6237	682,761,832	64.13 %
2019	691,575,136	55,812,105	271,524,447	475,862,794	0.6237	747,387,241	63.67 %
2020	737,114,976	65,495,455	275,852,919	526,757,512	0.6237	802,610,431	65.63 %
2021	765,753,218	63,873,110	269,799,959	559,826,369	0.6181	829,626,328	67.48 %
2022	850,224,222	73,167,479	292,825,435	630,566,266	0.6131	923,391,701	68.29 %
2023	1,052,097,085	86,288,904	372,552,408	765,833,581	0.6131	1,138,385,989	67.27 %
2024	1,292,126,166	93,259,874	457,301,449	928,084,591	0.6131	1,385,386,040	66.99 %
2025	1,312,004,531	92,770,938	426,516,512	978,258,957	0.6131	1,404,775,469	69.64 %

Source: Burnet County Appraisal District

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

Table 7

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

Fiscal Year	City of Burnet			Overlapping Rates				Total Direct and Overlapping Rates
	Operating Rate	Debt Service Rate	Total Rate	Burnet County	Co Special, Road & Bridge	Burnet C.I.S.D.	Central Texas Water Conservation District	
TAX RATES (Per \$100 assessed value)								
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	0.0730	0.6237	0.3483	0.0417	1.2600	0.0080	2.2817
2020	0.5430	0.0807	0.6237	0.3582	0.0417	1.1850	0.0074	2.2160
2021	0.5514	0.0667	0.6181	0.3582	0.0417	1.1463	0.0072	2.1715
2022	0.5216	0.0915	0.6131	0.3530	0.0467	1.0770	0.0067	2.0965
2023	0.5022	0.1109	0.6131	0.3361	0.0405	1.0596	0.0057	2.0550
2024	0.4710	0.1421	0.6131	0.3111	0.0430	0.8742	0.0055	1.8469
2025	0.4979	0.1152	0.6131	0.3091	0.0450	0.8719	0.0055	1.8446

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	2025			2016		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Entegris, Inc	\$ 14,087,847	1	1.00 %	\$		
Entegris, Inc	9,472,885	2	0.67 %			
R&L Partnership, LLC	7,618,086	3	0.54 %	2,340,930	6	0.39 %
Atmos Energy/Mid-Tex Distr	5,419,723	4	0.39 %			
Cox Stephen L	4,344,810	5	0.31 %			
Delaware Springs Ranch Inv, LLC	4,177,183	6	0.30 %	3,798,165	2	0.63 %
Del Mar Management	4,155,983	7	0.30 %			
Judy & Thrasher	4,129,220	8	0.29 %			
Langley Homes	4,042,514	9	0.29 %			
Burnet Hotel LLC`	4,040,864	10	0.29 %			
ATMI				21,389,809	1	3.54 %
MAHADEV LLC				2,434,010	4	0.40 %
Four Cooks Realty LLC				2,549,880	3	0.42 %
BJV Fox Holdings LP				1,699,802	10	0.28 %
Susser Petroleum Property Co				1,840,290	8	0.30 %
Fickett Franklin I Chariable Foundation				1,812,490	9	0.30 %
Hoover Building Supply, Inc				2,366,673	5	0.39 %
First State Bank of Burnet				1,927,237	7	32% %
Totals	\$ <u>61,489,115</u>		<u>4.38 %</u>	\$ <u>42,159,286</u>		<u>6.67 %</u>

Source: Burnet County Appraisal District

Table 9

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

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		*Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2016	2,222,953	2,182,536	98.18	28,646	2,211,182	99.47
2017 <sup>(1)</sup>	2,332,812	2,235,486	95.83	92,918	2,328,404	99.81
2018	2,596,423	2,545,204	98.03	36,957	2,582,161	99.45
2019	2,793,355	2,725,436	97.57	42,906	2,768,342	99.10
2020	3,056,024	3,004,098	98.30	42,346	3,046,444	99.69
2021	3,216,208 <sup>(2)</sup>	3,178,525	98.83	30,931	3,209,456	99.79
2022	3,591,240	3,545,050	98.71	76,230	3,621,280	100.84
2023	4,374,753	4,301,672	98.33	26,475	4,328,147	98.93
2024	5,215,591	5,087,911	97.55	107,739	5,195,650	99.62
2025	5,432,556	5,359,115	98.65	-	5,359,115	98.65

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  
(2) Fiscal Year 2021: Levy amount collected within the fiscal year was adjusted from \$3,276,452 to \$3,178,525

(\*) 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	Premiums	Leases	General Obligation Bonds with Revenue Pledge	Premiums	Leases			
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	156,132	-	18,742,475	51,930	-	23,045,537	15.89 %	1,017
2021	8,450,000	535,783	-	17,725,000	273,571	-	26,984,354	14.42 %	950
2022	8,120,000	508,173	155,617	16,825,000	259,050	-	25,867,840	12.12 %	791
2023	11,570,000	651,959	86,278	15,930,000	244,529	-	28,482,766	11.76 %	800
2024	14,905,000	774,733	114,924	15,030,000	230,007	-	31,054,664	11.50 %	817
2025	14,280,000	729,712	9,047	14,180,000	218,273	-	29,417,032	11.23 %	793

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	Premiums	Less: Amounts Available in Debt Service Fund	Total	Percentage of Taxable Value (1) of Property	Per Capita (2)
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	156,132	186,688	4,064,444	0.77%	622
2021	8,450,000	535,783	173,805	8,811,978	1.57%	1,337
2022	8,120,000	508,173	220,606	8,407,567	1.33%	1,288
2023	11,570,000	651,959	245,673	11,976,286	1.56%	1,761
2024	14,905,000	774,733	389,650	15,290,083	2.00%	2,154
2025	14,280,000	729,712	405,559	14,604,153	1.57%	2,067

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

- (1) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.
- (2) Population data can be found in the Schedule of Demographic and Economic Statistics.

**City of Burnet, Texas**  
**Direct and Overlapping Governmental Activities Debt**  
**General Obligation Bonds and Lease Liabilities**  
(Unaudited)  
September 30, 2025

<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>14,515,354</u> (1)	100.00 %	\$ <u>14,515,354</u>
Total direct	<u>14,515,354</u>		<u>14,515,354</u>
Overlapping:			
Burnet Consolidated Independent School District	37,746,418	19.29 %	7,281,284
Burnet County	<u>22,060,000</u>	6.71 %	<u>1,480,226</u>
Total overlapping	<u>59,806,418</u>		<u>8,761,510</u>
Total direct and overlapping debt	\$ <u><u>74,321,772</u></u>		\$ <u><u>23,276,864</u></u>

Source: City of Burnet, MAC of Texas Report

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, 2025

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 2025 tax roll	\$ 978,258,957
Limit on amount designated for debt service	<u>1.50%</u>
Legal debt limit	<u>\$ 14,673,884</u>
Actual amount expended for general obligation debt service during the year ended September 30, 2025	<u>\$ 2,066,682</u>

Table 14

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

Fiscal Year	Gross Operating Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
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
2022	4,933,125	2,292,954	2,640,171	855,000	88,464	943,464	2.80
2023	4,956,156	2,248,039	2,708,117	845,000	85,125	930,125	2.91
2024	4,902,786	2,419,675	2,483,111	850,000	81,875	931,875	2.66
2025	5,471,050	2,792,676	2,678,374	850,000	78,575	928,575	2.88

Source: Finance Department, City of Burnet, Texas

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

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

Fiscal Year	Gross Operating Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service			
				Principal	Interest	Total	Coverage
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
2022	10,436,014	6,641,456	3,794,558	45,000	4,350	49,350	76.89
2023	10,233,561	7,127,938	3,105,623	50,000	3,000	53,000	58.60
2024	11,195,759	7,105,811	4,089,948	50,000	1,500	51,500	79.42
2025	11,900,437	7,749,673	4,150,764	-	-	-	NA

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

	Fiscal Year			
	2016	2017	2018	2019
Operating and Nonoperating Revenue:				
Charges for Services	\$ 8,463,572	8,457,602	9,007,547	9,069,036
Misc.	67,836	64,632	60,293	217,310
Total	\$ 8,531,408	8,522,234	9,067,840	9,286,346
Operating Expense:				
Electric System (1)	\$ 5,753,913	5,767,554	6,162,992	6,227,594

(1) Excludes depreciation expense

Table 16

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
8,824,263	9,056,485	10,318,679	10,106,828	11,062,536	11,740,944
<u>675,453</u>	<u>70,116</u>	<u>117,335</u>	<u>126,733</u>	<u>133,223</u>	<u>159,493</u>
<u>9,499,716</u>	<u>9,126,601</u>	<u>10,436,014</u>	<u>10,233,561</u>	<u>11,195,759</u>	<u>11,900,437</u>
<u>6,274,068</u>	<u>6,463,795</u>	<u>6,641,456</u>	<u>7,127,938</u>	<u>7,105,811</u>	<u>7,749,673</u>

Table 17

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

Customer	Customer Type	2025			2016		
		Annual Sales	Rank	Percentage of Total Sales	Annual Sales	Rank	Percentage of Total Sales
Entegris	Manufacturing	\$ 1,223,423	1	33.65%	\$ 906,205	1	27.90%
Burnet CISD Schools*	Public Education	810,158	2	22.29%	634,806	2	19.54%
Seton HealthCare	Medical Facility	311,965	3	8.58%	298,211	4	9.18%
H.E.B #433	Grocery	253,850	4	6.98%	241,716	7	7.44%
Burnet Co Correctional Facility	Local Government	238,985	5	6.57%	242,786	6	7.47%
Sure Cast	Manufacturing	218,158	6	6.00%	255,431	5	7.86%
TDCJ-Utilities Energy	State Government	214,951	7	5.91%	428,327	3	13.19%
Burnet County	Local Government	153,547	8	4.22%	-	-	-
Repro-Lon	Manufacturing	110,597	9	3.04%	-	-	-
YMCA of Highland Lakes	NonProfit	99,793	10	2.75%	-	-	-
Creekside Townhome	Apartments	-	-	-	71,717	10	2.21%
Circle K	Convenience Store	-	-	-	95,059	8	2.93%
Country Oaks	Apartments	-	-	-	73,829	9	2.27%
Totals		\$ <u>3,635,427</u>		<u>100.00%</u>	\$ <u>3,248,088</u>		<u>100.00%</u>

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

\*Includes 4 locations - 1000 The Green Mile, 1401 N Main, 504 E Graves, and 111 Shady Grove.

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)
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%
2022	6,526	213,478,512	32,712	3,255	4.10%
2023	6,800	242,229,600	35,622	3,277	6.40%
2024	7,100	269,856,800	38,008	3,262	2.70%
2025	7,065	261,920,745	37,073	3,285	3.40%

Source: (1) (2) (3) (5) US Census Bureau; and Worldpopulationreview.com  
(4) Burnet Consolidated Independent School District

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

Table 19

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

<u>Employer</u>	<u>2025</u>		<u>2016</u>	
	<u>Employees</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
Burnet CISD	500	23.55%	464	28.13%
Burnet County	401	18.88%	302	18.31%
Entegris*	286	13.47%	*	*
City of Burnet	159	7.46%	115.5	7.00%
YMCA of the Highland Lakes	64	3.01%	46.00	2.79%
Stealth Products	122	5.75%	140	8.49%
Seton Highland Lakes	240	11.30%	293	17.76%
Texas Dept. of Criminal Justice	114	5.37%	129	7.82%
H-E-B	199	9.37%	107	6.49%
Sure Cast	39	1.84%	53	3.21%
Total	<u>2,124</u>	<u>100.00%</u>	<u>1,650</u>	<u>100.00%</u>

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

Notes: \*Employer was not able to provide the 2016 information

Table 20

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

Function/Program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Administration	6.25	6.75	7	7.25	7.5	9.5	9.5	9.5	13	13
Engineering	0	0	0	0	0	0	0	2	2	2
Municipal Court	1	1	0.5	1	1	1	1	1	1	1
Planning & Zoning	3.2	3.2	3	4	4	4	4	3	2	3
Economic Development	0.75	1.5	0.75	0	0	0	0	0	0	0
Police Department	18	18	19.5	22	21	25	24	26	25	24
Streets Department	6.25	7.75	7.75	8.75	8.75	10.75	10.75	10.75	10.75	8.75
Parks Department	7.85	7.25	7.25	7.75	7.75	9.75	9.75	9.75	9.75	10.75
Airport	0.8	0.8	1.75	1.5	1.5	1.5	1.5	1.5	0	0
Fire Department	30	30	30	33	33	33	33	33	37	37
Electric Department	11	10	10.5	10.5	10.5	10.75	10.75	11.25	12.25	13.25
Water/Wastewater Department	16	15.75	15.5	15.5	15.5	19.75	18.75	18.25	18.25	20.75
Golf Course	15.9	15	15	17	12	19.2	27	29	23	24
City Shop	0	0	0	0	0	0	0	0	0	1
Total	<u>117.00</u>	<u>117.00</u>	<u>118.50</u>	<u>128.25</u>	<u>122.50</u>	<u>144.2</u>	<u>150</u>	<u>155</u>	<u>154</u>	<u>158.5</u>

Source: City Budget Department - HR

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

Function/Program	Fiscal			
	2016	2017	2018	2019
<b>General government</b>				
Building permits issued	356	297	306	291
Building inspections conducted	1,337	1,066	836	983
<b>Police</b>				
Calls for Service	8,110	7,548	8,024	8,737
Assistance to Citizens	130	213	94	16
Miles Driven	127,933	136,166	151,732	126,866
Offense Reports	1,075	1,035	911	845
Physical arrests	318	484	400	340
Traffic violations	2,637	3,205	3,453	2,677
<b>Fire/EMS</b>				
Fire-Number of Calls City	715	816	844	852
EMS- Total number of Calls	4,893	4,150	4,370	4,321
Inspections	240	240	212	226
<b>Water/Wastewater</b>				
Effluent- Reclaimed Water (millions of gallons)	234.876	216.659	213.790	220.610
Average daily sewage treatment (millions of gallons)	0.64	0.59	0.59	0.60
Total Consumption Lake/Ground Water (millions of gallons)	298.094	324.233	319.341	308.8
Average daily consumption (millions of gallons)	0.817	0.888	0.875	0.846
<b>Golf Course</b>				
Rounds of Golf	19,218	20,605	22,741	20,215

Sources: Various City of Burnet Department's Scorecard Reports

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

\* Is now being figured into the Calls for Service Category

Table 21

2020	2021	2022	2023	2024	2025
309	400	386	365	252	482
1,099	1714	2292	1675	1308	2553
9,940	11667	11221	11973	12084	13797
*	*	261	138	783	749
124,920	156,715	160,000	160,000	160,000	234,829
857	956	1179	852	1195	658
346	330	519	475	657	382
3,004	4668	4401	4715	5639	7226
511	376	338	197	387	430
3,964	4755	4569	4139	1513	4093
63	71	69	52	55	506
190.948	199.434	200.000	209.840	269.200	185.953
0.52	0.518	0.547	0.57	0.608	0.57
354.647	340.091	398	404.3	446.6	435.06
0.972	0.821	1.09	1.1	0.95	1.19
20,514	25,656	27,630	28,679	28,261	29,070

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

Function/Program	Fiscal			
	2016	2017	2018	2019
<b>Public safety:</b>				
Police:				
Stations	1	1	1	1
Patrol units	22	22	22	22
Fire:				
Fire stations	2	2	2	2
<b>Culture and recreation:</b>				
Parks acreage	117	117	117	117
Playgrounds	4	4	4	4
RV Park	1	1	1	1
Splash Park	1	1	1	1
Amphitheaters	1	1	1	1
Community/Meeting centers	2	2	2	2
<b>Water:</b>				
Service connections	2,395	2,435	2,498	2,557
Water mains (miles)	58	60	60	62
Water pump stations	4	4	4	4
Fire hydrants	389	391	394	414
Plant capacity (millions of gallons)	2.88	2.88	2.88	2.88
<b>Sewer:</b>				
Service connections	2,183	2,231	2,273	2,332
Sanitary sewers (miles)	50	50	50	52
Number of lift stations	12	12	12	12
Treatment plant capacity (millions of gallons)	1.7	1.7	1.7	1.7
<b>Electric:</b>				
Service connections	2,934	2,960	3,021	3,073

Source: Various City of Burnet Department's Scorecard Reports

Table 22

2020	2021	2022	2023	2024	2025
1	1	1	1	1	1
20	24	24	23	19	19
2	2	2	2	2	2
117	117	117	117	117	117
4	4	4	4	4	4
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
2	2	2	2	1	1
2,670	2,759	2,771	2,839	2,870	3,427
60	62	64	66	69	71
3	3	3	3	3	3
425	425	450	471	471	505
3.60	3.60	3.60	3.60	3.60	3.60
2,395	2,395	2,487	2,555	2,591	2,679
50	52	54	55	58	60
12	12	12	12	12	13
1.7	1.7	1.7	1.7	1.7	1.7
3,143	3,211	3,287	3,652	3,405	3,463