

**CITY OF BURTON
FINANCIAL STATEMENTS
FOR YEAR ENDED MARCH 31, 2024**

CITY OF BURTON

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
City of Burton, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Burton, Texas as of and for the year ended March 31, 2024, 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, and each major fund information of the City of Burton, Texas, as of March 31, 2024, and the respective changes in financial position and, thereof 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. 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 of Burton, 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

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 City of Burton's ability to continue as a going concern for 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 generally accepted 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 generally accepted 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 of Burton'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 of Burton'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 and budgetary comparison on pages 3 – 7 and 28-29 information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Medack & Oltmann, LLP

Medack & Oltmann, LLP

Giddings, Texas

November 6, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the City of Burton's ("City") financial performance provides an overview of the City's financial activities for the fiscal year ended March 31, 2024. Please read it in conjunction with the City's financial statements, which begin on page 8.

FINANCIAL HIGHLIGHTS

- The City's net position increased by \$212,557 as a result of this year's operations.
- The General fund balance at year-end was \$343,933.
- The Debt Service fund balance at year-end was \$164,643.
- The Waste and Sewer Fund net position was \$788,976, including current and capital assets.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 10. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's two funds.

Reporting the City as a Whole

Our analysis of the City as a whole begins on page 8. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and changes in them. You can think of the City's net position – the difference between assets and liabilities – as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating.

In the Statement of Net Position and the Statement of Activities, we report the activities of the City as follows:

- Governmental activities – The City's basic services are reported here. Property, sales, and other taxes finance most of these activities.
- Business-type activities – The City charges a fee to customers to help cover all or most of the cost of services it provides for water, wastewater, and garbage services.

Reporting the City's Most Significant Funds

Our analysis of the City's major funds begins on page 10 and provides detailed information about the most significant funds – not the City as a whole.

- Governmental funds – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation at the bottom of the fund financial statements.
- Proprietary funds – The City reports the activities for which it charges users in proprietary funds using the same accounting methods employed in the Statement of Net Position and the Statement of Activities.
- 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 City as a Whole

The City's net position increased by \$212,557. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the City's activities.

Table 1
Net Position
March 31, 2024

	Governmental Activities		Business-Type Activities		Totals	
	2023	2024	2023	2024	2023	2024
Current assets	\$415,633	\$539,638	\$154,401	\$149,412	\$570,034	\$689,050
Capital assets	212,845	206,706	645,772	746,096	858,617	952,802
Total Assets	628,478	746,344	800,173	895,508	1,428,651	1,641,852
Deferred Outflows of Resources	-	-	-	-	-	-
Current liabilities	77,000	79,000	27,280	106,532	104,280	185,532
Non-current liabilities	284,000	205,000	-	-	284,000	205,000
Total Liabilities	361,000	284,000	27,280	106,532	388,280	390,532
Deferred Inflows of Resources	11,212	9,604	-	-	11,212	9,604
Net Position:						
Net Investment in capital assets	(148,155)	(77,294)	645,772	746,096	497,617	668,802
Restricted	169,592	176,972	-	-	169,592	176,972
Unrestricted	234,829	353,062	127,121	42,880	361,950	395,942
Total Net Position	\$256,266	\$452,740	\$772,893	\$788,976	\$1,029,159	\$1,241,716

Table 2
Changes in Net Position

	Governmental Activities		Business-type Activities		Totals	
	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>
Revenues						
Program Revenues						
Charges for services	\$ -	\$ -	\$ 220,954	\$ 254,975	\$ 220,954	\$ 254,975
Operating grants & contributions	-	-	-	37,900	-	37,900
General Revenues						
Property Tax	138,861	137,924	-	-	138,861	137,924
Sales, Franchise and other taxes	124,354	164,435	-	-	124,354	164,435
Fines and Fees	12	-	-	-	12	-
Investment Income	1,255	4,754	532	2,083	1,787	6,837
Other Revenues	3,659	29,032	-	-	3,659	29,032
Transfers	(5,000)	(11,650)	5,000	11,650	-	-
Total Revenues	263,141	324,495	226,486	306,608	489,627	631,103
Expenses						
General Government	144,249	119,471	-	-	144,249	119,471
Interest and fees	10,438	8,550	-	-	10,438	8,550
Water and Wastewater Expenses	-	-	318,979	290,525	318,979	290,525
Total Expenses	154,687	128,021	318,979	290,525	473,666	418,546
Change in net position	108,454	196,474	(92,493)	16,083	15,961	212,557
Net Position, beginning	147,812	256,266	865,386	772,893	1,013,198	1,029,159
Net Position, ending	\$ 256,266	\$ 452,740	\$ 772,893	\$ 788,976	\$ 1,029,159	\$ 1,241,716

THE CITY'S FUNDS

As the City completed the year on March 31, 2024, its governmental funds (as presented in the balance sheet on page 10) reported a combined fund balance of \$508,576. This is an increase of \$124,393.

General Fund Budgetary Highlights

The City's Council annually adopts an operating budget. Budget amendments made during the current year. In summary for the General Fund, actual revenues exceeded budgeted revenues by \$10,785, and actual expenditures were less than budgeted by \$2,978. In summary for the Water and Sewer Fund, total budgeted revenues were less than actual revenues by \$47,924, and actual expenditures exceeded budgeted expenditures by \$15,553.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of March 31, 2024, the City had \$952,802 invested in capital assets. (See Table 3 below.)

**Table 3
Capital Assets at Year-end**

	Governmental Activities	Business-type Activities	Totals
Furniture & Equipment	\$ 55,461	\$ 59,673	\$ 115,134
Parks	151,738	-	151,738
Buildings	158,870	-	158,870
Vehicles	-	-	-
Land	46,475	6,800	53,275
Construction in progress	-	121,124	121,124
Water and sewer systems	-	1,745,294	1,745,294
Sewer Line Extension	-	-	-
	412,544	1,932,891	2,345,435
Accumulated depreciation	(205,840)	(1,186,793)	(1,392,633)
Net Capital Assets	<u>\$ 206,704</u>	<u>\$ 746,098</u>	<u>\$ 952,802</u>

Long-term Debt

Outstanding Debt at Year-end

Governmental Activities

Burton State Bank	\$ 284,000
Compensated Absences	-
Total	<u>\$ 284,000</u>

Details for outstanding debt can be found in Note 7 to these financial statements.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

Work was not completed on the Inter-local Agreement for street repairs during 2023 due to multiple scheduling conflicts. The city has entered into another Inter-local Agreement with the County to continue its improvements on city streets in 2024. Streets currently being considered for improvement in the 2024-2025 fiscal year are Brandie Lane, Live Oak St., Cedar St. and S. Main ditches.

The City Utility Department was excited to see the Emergency Use Generator installed and operational at Water Well #4. The generator was paid for using Coronavirus Local Fiscal Recovery Funds received by the city. The remainder of the CLFRF money has been used to put a down payment on an emergency generator at the Wastewater Treatment Plant that will most likely be installed in early 2025. The purchase of a mobile generator to service lift stations in emergency situations is also planned to be completed in the near future.

A new lift station located on the West side of town has been added to the city’s wastewater infrastructure to better serve residents down W. Washington Street.

An application was submitted for the 2023-2024 Department of Agriculture Community Development Block Grant with the funds to be used to rebuild the Knittel Lift Station located off of S. Railroad St. The city received notice that the grant was awarded in September 2024.

The 2021-2022 Texas Department of Agriculture Community Development Block Grant that was awarded to the City of Burton for the installation of new 8" water lines down S. Railroad St., S. Brazos St. & S. Main St. is complete and in the Close-out stage regarding final paperwork.

The City was allocated \$596K by the Brazos Valley Council of Governments of General Land Office CDBG Mitigation Method of Distribution funds. The application to use these funds for the installation of a 2nd water well approval was received in November of 2023. The funds were released in October 2024.

After taking office in May of 2023, Mayor Karen Buck has been instrumental in advocating for the city's utility infrastructure and the improvements needed. She continues to seek out how to facilitate healthy growth of the utility systems when taking into consideration the diminishing population of residents living in the Burton city limits which is in contrast to the development and rapid growth of the surrounding Washington County area and the growing attendance and infrastructure needs of Burton ISD.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide the City's citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact City Secretary, P.O. Box 255 Burton, Texas 77835.

City of Burton
Statement of Net Position
March 31, 2024

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash	\$ 466,051	105,622	\$ 571,673
Restricted cash	12,329	-	12,329
Receivables:			
Sales taxes	28,558	-	28,558
Property taxes	21,458	-	21,458
Water and wastewater	-	43,790	43,790
Lease	9,894	-	9,894
Other	1,348	-	1,348
Capital Assets:			
Non-depreciable	46,475	6,800	53,275
Depreciable, net of accumulated depreciation	160,231	739,296	899,527
Total Assets	<u>746,344</u>	<u>895,508</u>	<u>1,641,852</u>
Deferred Outflows of Resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total assets and deferred outflows of resources	<u>\$ 746,344</u>	<u>\$ 895,508</u>	<u>\$ 1,641,852</u>
Liabilities			
Accounts payable	\$ -	\$ 106,532	\$ 106,532
Noncurrent liabilities			
Due within one year	79,000	-	79,000
Due in more than one year	205,000	-	205,000
Total Liabilities	<u>284,000</u>	<u>106,532</u>	<u>390,532</u>
Deferred Inflows of Resources			
Long-term leases	<u>\$ 9,604</u>	<u>\$ -</u>	<u>\$ 9,604</u>
Total liabilities and deferred inflows of resources	<u>\$ 293,604</u>	<u>\$ 106,532</u>	<u>\$ 400,136</u>
Net Position			
Net Investment in Capital Assets	(77,294)	746,096	668,802
Restricted	176,972	-	176,972
Unrestricted	353,062	42,880	395,942
Total Net Position	<u>452,740</u>	<u>\$ 788,976</u>	<u>\$ 1,241,716</u>

See accompanying notes to the basic financial statements

City of Burton
Statement of Activities
For the Year Ended March 31, 2024

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position Primary Government</u>		<u>Total</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	
Governmental activities						
Administration	\$ 119,471	\$ -	\$ -	\$ (119,471)	\$ -	\$ (119,471)
Interest on long-term debt	8,550	-	-	(8,550)	-	(8,550)
Total governmental activities	<u>128,021</u>	<u>-</u>	<u>-</u>	<u>(128,021)</u>	<u>-</u>	<u>(128,021)</u>
Business-type activities						
Water and Wastewater	290,525	254,975	37,900	-	2,350	2,350
Total business-type activities	<u>290,525</u>	<u>254,975</u>	<u>37,900</u>	<u>-</u>	<u>2,350</u>	<u>2,350</u>
Total government	<u>\$ 418,546</u>	<u>\$ 254,975</u>	<u>\$ 37,900</u>	<u>\$ (128,021)</u>	<u>\$ 2,350</u>	<u>\$ (125,671)</u>
General Revenues						
Sales taxes				148,797	-	148,797
Mixed beverage taxes				3,301	-	3,301
Franchise taxes				12,337	-	12,337
Property taxes				137,924	-	137,924
Fines and fees				-	-	-
Investment income				4,754	2,083	6,837
Miscellaneous				29,032	-	29,032
Transfers				(11,650)	11,650	-
Total General Revenues and transfers				<u>324,495</u>	<u>13,733</u>	<u>338,228</u>
Change in net position				196,474	16,083	212,557
Net position - beginning				<u>256,266</u>	<u>772,893</u>	<u>1,029,159</u>
Net position - ending				<u>\$ 452,740</u>	<u>\$ 788,976</u>	<u>\$ 1,241,716</u>

See accompanying notes to the basic financial statements

**City of Burton
Balance Sheet
Governmental Funds
March 31, 2024**

	General Fund	Debt Service Fund	Total Governmental Funds
Assets			
Cash	\$ 301,408	\$ 164,643	\$ 466,051
Restricted Cash	12,329	-	12,329
Receivables:			
Sales taxes	28,558	-	28,558
Property taxes	4,922	16,536	21,458
Lease	9,894	-	9,894
Other	1,348	-	1,348
Total Assets	\$ 358,459	\$ 181,179	\$ 539,638
Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Total Liabilities	-	-	-
Deferred Inflows of Resources			
Property Taxes	\$ 4,922	\$ 16,536	\$ 21,458
Long-term leases	9,604	-	9,604
Total Deferred Inflows of Resources	14,526	16,536	31,062
Fund Balance			
Non-spendable	-	-	-
Restricted	12,329	164,643	176,972
Unassigned	331,604	-	331,604
Total Fund Balances	343,933	164,643	508,576
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 358,459	\$ 181,179	\$ 539,638

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds	206,706
Taxes receivable are offset by deferred revenues in the governmental funds and thus are not included in fund balance.	21,458
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds	
Notes Payable	(284,000)
Net Position of Governmental Activities	\$ 452,740

See accompanying notes to the basic financial statements

City of Burton
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended March 31, 2024

	<u>General</u> <u>Fund</u>	<u>Debt Service</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
REVENUES			
Taxes:			
Sales taxes	\$ 148,797	\$ -	\$ 148,797
Mixed beverage taxes	3,301	-	3,301
Franchise taxes	12,337	-	12,337
Property taxes	32,016	104,687	136,703
Miscellaneous	29,032	-	29,032
Investment income	3,138	1,616	4,754
Total Revenues	<u>228,621</u>	<u>106,303</u>	<u>334,924</u>
EXPENDITURES			
Advertising	\$ 1,502	\$ -	\$ 1,502
Dues and subscriptions	3,590	-	3,590
EMS expense	541	-	541
Equipment rental	1,392	-	1,392
Insurance	3,263	-	3,263
Payroll and benefits	29,450	-	29,450
Police equipment and canine expense	15,000	-	15,000
Professional fees	15,992	-	15,992
Repairs and maintenance	14,364	-	14,364
Security expense	300	-	300
Street lights and repairs	6,154	-	6,154
Supplies	6,957	-	6,957
Tax collection fees	5,228	-	5,228
Telephone and communications	1,078	-	1,078
Utilities	2,139	-	2,139
Miscellaneous	6,381	-	6,381
Debt service			
Principal	-	77,000	77,000
Interest	-	8,550	8,550
Total expenditures	<u>113,331</u>	<u>85,550</u>	<u>198,881</u>
Excess of revenues over expenditures	<u>115,290</u>	<u>20,753</u>	<u>136,043</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 3,880	\$ -	\$ 3,880
Transfers out	(11,650)	(3,880)	(15,530)
Total Other Financing Sources (Uses)	<u>(7,770)</u>	<u>(3,880)</u>	<u>(11,650)</u>
Net change in fund balance	107,520	16,873	124,393
Fund balances - beginning	236,413	147,770	384,183
Fund balances - ending	<u>\$ 343,933</u>	<u>\$ 164,643</u>	<u>\$ 508,576</u>

See accompanying notes to the basic financial statements

City of Burton
Reconciliation of Net Changes in Fund Balances of Governmental Funds to
Change in Net Position of Governmental Activities
For the Year Ended March 31, 2024

Reconciliation of the change in fund balances - total governmental funds
to the change in net position of governmental activities:

Net change in fund balances - total governmental funds	\$ 124,393
Because some property taxes will not be collected for several months after the City's fiscal year-end, they are not considered as "available" revenues in the governmental funds.	
Adjustment for property taxes collected after year-end	\$ 1,221
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets	
Depreciation expense	\$ (6,140)
Repayments of long-term debt is reported as an expenditure for governmental funds but is reported as a reduction of debt in government-wide financial statements	
Note principal payments	<u>\$ 77,000</u>
Change in Net Position of Governmental Activities	<u><u>\$ 196,474</u></u>

See accompanying notes to the basic financial statements

**City of Burton
Statement of Net Position
Proprietary Fund
March 31, 2024**

	<u>Water & Sewer Fund</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 105,622
Receivables	43,790
Total current assets	<u>149,412</u>
Capital Assets	
Water and sewer system property, plant and equipment	\$ 1,932,891
Accumulated Depreciation	<u>(1,186,795)</u>
Net Capital Assets	<u>746,096</u>
Total Assets	<u>\$ 895,508</u>
Liabilities	
Current liabilities:	
Accounts payable	\$ 106,532
Total current liabilities	<u>106,532</u>
Long-Term liabilities:	-
Total Liabilities	<u>\$ 106,532</u>
Net Position	
Net Investment in Capital Assets	\$ 746,096
Restricted	-
Unrestricted	42,880
Total Net Position	<u><u>\$ 788,976</u></u>

See accompanying notes to the basic financial statements

City of Burton
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Year Ended March 31, 2024

	Water & Sewer Fund
Operating revenues:	
Charges for services	\$ 254,975
Grant revenue	37,900
Total operating revenue	\$ 292,875
Operating expenses:	
Insurance	3,937
Supplies	12,464
Utilities	20,308
Repairs and maintenance	75,631
Garbage and Collection Cost	40,249
Fees and Permits	5,919
Testing	8,772
Contract Labor	53,400
Payroll	16,848
Professional Services	1,004
Miscellaneous	2,468
Depreciation	49,525
Total operating expenses	\$ 290,525
Operating income (loss)	\$ 2,350
Non-operating revenues and expenses	
Interest revenues	\$ 2,083
Total Non-operating revenues and expenses	\$ 2,083
Transfers in from / (out to) general fund	\$ 11,650
Increase (decrease) in net position	\$ 16,083
Net position at beginning of year	\$ 772,893
Net position at end of year	\$ 788,976

See accompanying notes to the basic financial statements

City of Burton
Statement of Cash Flows
Proprietary Fund
For the Year Ended March 31, 2024

	Water & Sewer Fund
Cash flows from operating activities:	
Cash received from customers	\$ 298,829
Cash payments to suppliers for goods and services	(161,748)
Net cash provided by (used in) operating activities	\$ 137,081
Cash flows from non-capital financing activities	\$ -
Cash flows from capital and related investing activities	
Purchase of capital assets	\$ (149,849)
Net cash provided (used) by investing activities:	\$ (149,849)
Cash flows from financing activities:	
Interest earned	\$ 2,083
Net cash provided by (used in) financing activities	\$ 2,083
Net increase (decrease) in cash and equivalents	\$ (10,685)
Cash and equivalents at beginning of year	\$ 116,307
Cash and equivalents at end of year	\$ 105,622
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Operating income (loss)	\$ 2,350
Adjustments to reconcile to net cash provided by operating activities:	
Depreciation	49,525
Transfers in	11,650
Changes in assets and liabilities:	
Increase in accounts receivable	(5,696)
Increase in accounts payable	79,252
Net cash provided by (used in) operating activities	\$ 137,081

See accompanying notes to the basic financial statements

City of Burton
Notes to Basic Financial Statements
For the Year Ending March 31, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements for the City of Burton have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. More significant of these accounting policies are described below.

Reporting Entity

The City of Burton (“City”) is a municipality under the provision of the State of Texas. The City operates as a Council government. All powers of the City are vested in the Mayor and elective Council members. This body enacts local legislation, adopts budgets, and determines policies. The City provides the following services to its citizens: public safety, street maintenance, solid waste collection and disposal, community development, public improvements, water and sewer services, and general administrative services.

For financial reporting purposes, in conformance with generally accepted accounting principles, the City’s financial statements include all funds and other organizations over which the Council is financially accountable. In addition, component units which may be included are organizations for which the nature and the significance of their operational or financial relationship with the City is such that exclusion would cause the City’s financial statements to be misleading or incomplete. The City has no component units based on the foregoing criteria.

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 activities of the City. The effect of interfund activity has been eliminated. Governmental activities, which normally are supported by taxes, assessments, and intergovernmental revenues, are reported separately from business-type activities, which primarily rely on fees and charges for support.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide Statement of Activities presents a comparison between expenses, both direct and indirect, and program revenues for each segment of the business-type activities of the City and for each governmental program. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the City.

City of Burton
Notes to Basic Financial Statements
For the Year Ending March 31, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Fund financial statements

Fund financial statements report detailed information about the City's funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures/expenses. The emphasis in fund financial statements is on the major funds in either the governmental or proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund are at least 5 percent of the corresponding total for all governmental funds combined.

Since the City maintains only a few funds, all are considered major and reported in separate columns in the fund financial statements. These governmental funds are described below:

The City reports the following major governmental funds:

General Fund – The General fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of financial resources for the payment of principal, interest and related costs on long term debt paid primarily from property taxes.

The following major proprietary funds are presented:

Water and Sewer Fund – The Water and Sewer Fund is used to account for water and wastewater services. Activities of the fund include administration, operations and maintenance of the water and wastewater system, billing, and collection activities.

All governmental funds are accounted for using modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. The City considers revenue as available if it is collected within 60 days after year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

The City reports the systems fund as a proprietary fund. The City applies all Governmental Accounting Standards Board (GASB) pronouncements. GASB Statement No. 20 *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*, offers the option of following all Financial Accounting Standards Board (FASB) standards issued after November 30, 1989, unless the latter conflict with or contradict GASB pronouncements, or not following FASB standards issued after such date. The City has elected the option to not follow FASB standards after November 30, 1989.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary funds' principal ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

City of Burton
Notes to Basic Financial Statements
For the Year Ending March 31, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Interfund Activity

Interfund activity is reported as transfers. Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are presented on an accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers all revenues as available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred.

In applying the “susceptible to accrual” concept to intergovernmental revenues pursuant to GASB Statement #33, the provider should recognize liabilities and expenses and the recipient should recognize receivables and revenues when the applicable eligibility requirements including time requirements, are met. Resources transmitted before the eligibility requirements are met, under most circumstances, should be reported as advances by the provider and deferred revenue by the recipient.

Budgets

An annual fiscal budget is prepared for all income and expense general ledger accounts. A draft of the budget is populated with the actual income and expense totals incurred in the previous fiscal year by month. The draft is reviewed, and all previous fiscal year one-time extra-ordinary items are identified and removed from the draft, and accommodates the effect of any new price, rate, fee, and salary changes. The resulting revised draft of the budget is presented to the City Council in their annual open meeting Budget Workshop. Any noted changes and the estimated cost for various projects proposed by City Council are then added to the latest budget draft thereby creating the proposed budget.

The City Mayor then submits the proposed budget for all funds to the City Council. The proposed budget with any changes is then approved by City Council. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

All annual appropriations lapse at fiscal year-end.

City of Burton
Notes to Basic Financial Statements
For the Year Ending March 31, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Deferred Outflows and Inflows of Resources

The City complies with GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred inflows of resources and Net Position, which provides guidance for reporting the financial statement elements of deferred outflows of resources, which represent the consumption of the City's net position that is applicable to a future reporting period, and deferred inflows of resources, which represent the City's acquisition of net position applicable to a future reporting period.

The City complies with GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, which establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows or resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Cash, cash equivalents and investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Restricted assets

Amounts in governmental funds which are legally identified for specific purposes either by City ordinance or contractual obligation are reflected as restricted assets.

Revenue Recognition and Receivables

All water and wastewater revenues are recognized on the accrual basis when the related services are provided and the earning process is complete. Services are provided to customers under a rate structure designed to produce revenue sufficient for operating and maintenance costs.

All receivables are reported at their gross value and are reduced when a portion is expected to be uncollectible.

Fair Value Measurements

The City complies with GASB Statement No. 72, *Fair Value Measurement and Application*, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. Fair value accounting requires characterization of the inputs used to measure fair value into a three-level fair value hierarchy as follows:

- Level 1 inputs are based on unadjusted quoted market prices for identical assets or liabilities in an active market the entity has the ability to access
- Level 2 inputs are observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity
- Level 3 inputs are observable inputs that reflect the entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

City of Burton
Notes to Basic Financial Statements
For the Year Ending March 31, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

There are three general valuation techniques that may be used to measure fair value:

- Market approach – uses prices generated by market transactions involving identical or comparable assets or liabilities
- Cost approach – uses the amount that currently would be required to replace the service capacity of an asset (replacement cost)
- Income approach – uses valuation techniques to convert future amounts to present amounts based on current market expectations

Leases

The City complies with GASB Statement No. 87, *Leases*, which requires the recognition of certain lease assets and liabilities. It also establishes a single model for lease accounting based on the principle that leases are financing of the right to use an asset.

The City uses estimates and judgments to determine the lease term and the discount rate it uses to discount the expected lease payments and lease receipts to present value. The City uses the interest rate identified in the contract as the discount rate, unless one is not specified, in which case the City uses its estimated incremental borrowing rate as the discount rate. The lease term includes the noncancelable period of the lease and extensions the City is reasonably certain to exercise. The City continually monitors changes in circumstances that are expected to significantly affect the amount of a lease liability or receivable that may require a remeasurement of its leases.

Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in applicable governmental or business-like activities columns in the government-wide financial statements. The City defines capital assets as assets with an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the time received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are depreciated using the straight-line method over the following useful lives:

Assets	Years
Infrastructure	20-40 years
Buildings & Improvements	20-40 years
Machinery and equipment	10 years
Vehicles	5 years

Lease arrangements assets are amortized over the life of the associated contract.

When capital assets are disposed of, the cost and accumulated depreciation or amortization are removed from the accounts, and any resulting gain or loss is recognized in the government-wide and proprietary fund financial statements.

City of Burton
Notes to Basic Financial Statements
For the Year Ending March 31, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Net Position/ Fund Balances

Government-wide and proprietary fund net position is divided into three components:

- Net investment in capital assets – consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
- Restricted net position – consist of net position that are restricted by the City’s creditors, by the state enabling legislation, by grantors and by other contributors.
- Unrestricted net position – all other net position are reported in this category.

When both restricted and unrestricted resources are available for use it is the City’s policy to use restricted resources first, then unrestricted resources as they are needed.

In the governmental fund financial statements, fund balances are classified as follows:

- Non-spendable – Amounts that cannot be spent either because they are in a non-spendable form or because they are legally or contractually required to be maintained intact.
- Restricted – Amounts that can be spent only for specific purposes because of the City Charter, the City Code, state or federal laws, or externally imposed conditions by grantors or creditors.
- Committed – Amounts that can be used only for specific purposes determined by a formal action by City Council ordinance.
- Assigned – Amounts that are designated by the Mayor for a particular purpose but are not spendable until a budget ordinance is passed or there is a majority vote approval (for capital projects or debt service) by City Council.
- Unassigned – All amounts not included in other spendable classifications.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the City's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the City's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications—committed and then assigned fund balances before using unassigned fund balances.

Property taxes

Property taxes attach as an enforceable lien on property located in the City as of January 1. Taxes are levied on October 1 and are due and payable on or before January 31 of the following year. Washington County Appraisal City’s office bills and collects the City’s property taxes.

Risk Management

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City purchases its insurance through regular commercial companies. As of March 31, 2024, no claims or losses have been incurred that were not covered by insurance. There is no liability due to any claim or suit having ever been filed.

City of Burton
Notes to Basic Financial Statements
For the Year Ending March 31, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and 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. Actual results may differ from those estimates.

Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the City was exposed to the following specific investment risks and certain related disclosures:

Credit Risk. The risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year-end, the City was not exposed to credit risk.

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. Its deposits at year-end were fully covered by depository insurance or by pledged collateral held by the City's agent bank in the City's name. Therefore, at year-end, the City was not exposed to custodial credit risk.

Concentration of Credit Risk. The risk of loss attributed to the magnitude of a government's investment in a single issuer. At year-end, the City was not exposed to concentration of credit risk.

Interest Rate Risk. The risk that changes in interest rates will adversely affect the fair value of an investment. At year-end, the City was not exposed to interest rate risk.

Foreign Currency Risk. The risk that exchange rates will adversely affect the fair value of an investment. At year-end, the City was not exposed to foreign currency risk.

Pensions

For purposes of measuring the net pension 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 additional 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.

Recently Adopted Accounting Pronouncements

In May 2020, the GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements, effective for fiscal years beginning after June 15, 2022. The Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments).

City of Burton
Notes to Basic Financial Statements
For the Year Ending March 31, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The implementation of GASB 96 did not result in a restatement of previously reported fund balance for the year ended March 31, 2024.

NOTE 2: CASH

Deposits were with a contracted depository bank, Citizens State Bank. As of year-end, deposits exceeded FDIC coverage and the City had adequate pledged collateral (Category 2). At March 31, 2024, the carrying amount of the City’s deposits was \$478,380 (General and Debt Service Fund) and \$105,622 (Proprietary) the bank balance was \$480,494 (General and Debt Service Funds) and \$122,118 (Proprietary).

The collateral pledged is represented by specific identifiable investment securities and classified as to credit risk by the three categories described below:

- Category 1 - Insured by FDIC or collateralized with securities held by the City or by its agent in its name.
- Category 2 - Uninsured but collateralized with securities held by the pledging financial institution’s trust department or agent in the City’s name.
- Category 3 - Uncollateralized.

	Carrying Value	Bank Balance
Category 1	\$250,000	\$250,000
Category 2	334,002	352,612
Category 3	-	-
	\$584,002	\$602,612

Restricted Cash. The City had received funds in the current and prior year which were restricted as listed below. The balances of the restricted assets at March 31, 2024, were as follows:

Governmental Funds -BOCC	\$1,849
-Seized Money	<u>10,480</u>
Total	\$12,329

Investment Policy. The funds of the City must be deposited and invested under the terms of a contract, contents of which are set out in the Depository Contract Law. The depository bank places approved pledged securities for safekeeping and trust with the City’s agent bank in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank’s dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

The **Public Funds Investment Act** contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. It requires the City to adopt, implement, and publicize an investment policy. The policy must address the following: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk level, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

City of Burton
Notes to Basic Financial Statements
For the Year Ending March 31, 2024

NOTE 2: CASH - continued

Statutes authorize the City to invest in (1) obligations of the U.S. Treasury, certain U.S. Agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds.

NOTE 3: RECEIVABLES

The following comprise receivable balances at year-end:

	Governmental Activities	Business-Type Activities
Receivables:		
Taxes:		
Sales	\$28,558	-
Property	21,458	-
Wastewater	-	43,790
Other	1,348	-
Leases	9,894	-
Gross Receivable	\$61,258	\$43,790
Less: Allow for Uncollectible	-	-
Net Total Receivables	\$61,258	\$43,790

NOTE 4: PROPERTY TAXES

The City uses the Washington County Tax Assessor Collector to bill and collect its property tax. The City's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the City. An enforceable lien is attached to the property as of January 1. The assessed value of the roll as of January 1, 2023, upon which the 2023 levy was based, was \$42,822,415 as certified by the Washington County Central Appraisal District.

Taxes are due by January 31 following the October 1 levy date. The total 2023 levy was \$137,588 and the tax rate was \$0.3213 per \$100 assessed valuation. Property taxes are considered fully collectible and therefore no allowance for uncollectible taxes is provided.

NOTE 5: INTERFUND TRANSFERS

Operating transfers in/out to other funds consists of the following:

Fund	Transfers In	Transfers Out
General Fund	\$3,880	\$11,650
Debt Service Fund		3,880
Wastewater Enterprise Fund	11,560	
Total	\$15,530	\$15,530

City of Burton
Notes to Basic Financial Statements
For the Year Ending March 31, 2024

NOTE 6: CAPITAL ASSETS

	Balance 3/31/2023	Additions/ Completions	Retirements/ Adjustments	Balance 3/31/2024
<i>Governmental Activities:</i>				
Capital assets not being depreciated:				
Land and Improvement	46,475	-	-	46,475
Total capital assets not being depreciated	46,475	-	-	46,475
Capital assets, being depreciated				
Buildings	158,870	-	-	158,870
Parks	151,738	-	-	151,738
Furnitures and Fixtures	55,461	-	-	55,461
Total capital assets being depreciated	366,069	-	-	366,069
Less accumulated depreciation for:				
Buildings	(42,366)	(3,972)	-	(46,338)
Parks	(101,872)	(2,168)	-	(104,040)
Furnitures and Fixtures	(55,462)	-	-	(55,462)
Total accumulated depreciation	(199,700)	(6,140)	-	(205,840)
Total capital assets, being depreciated, net	166,369	(6,140)	-	160,229
Governmental activities capital assets, net	212,844	(6,140)	-	206,704
<i>Business-type Activities:</i>				
Capital assets not being depreciated:				
Land	6,800	-	-	6,800
Construction in progress	-	121,124	-	121,124
Total capital assets not being depreciated	6,800	121,124	-	127,924
Capital assets, being depreciated				
Equipment	59,673	-	-	59,673
Water and sewer systems	1,716,568	28,726	-	1,745,294
Total capital assets being depreciated	1,776,241	28,726	-	1,804,967
Less accumulated depreciation for:				
Equipment	(5,530)	(5,414)	-	(10,944)
Water and sewer systems	(1,131,738)	(44,111)	-	(1,175,849)
Total accumulated depreciation	(1,137,268)	(49,525)	-	(1,186,793)
Total capital assets, being depreciated, net	638,973	(20,799)	-	618,174
Business activities capital assets, net	645,773	100,325	-	746,098
<i>Total Activities:</i>				
Total capital assets not being depreciated	53,275	121,124	-	174,399
Total capital assets being depreciated	2,142,310	28,726	-	2,171,036
Total capital assets (prior to depreciation)	2,195,585	149,850	-	2,345,435
Total accumulated depreciation	(1,336,968)	(55,665)	-	(1,392,633)
Total capital assets, being depreciated, net	805,342	(26,939)	-	778,403
All Activities capital assets, net	858,617	94,185	-	952,802

Total depreciation for the year was \$6,140 for administration of the governmental activities and \$49,525 was charged to the water and wastewater business-type activities.

City of Burton
Notes to Basic Financial Statements
For the Year Ending March 31, 2024

NOTE 7: LONG-TERM DEBT

The City of Burton had the following long-term debt outstanding as of March 31, 2024:

	Balance March 31, 2023	Additions	Retirements	Balance March 31, 2024	Due Within One Year
<i>Governmental Activities:</i>					
General Obligation Refunding Bonds					
Burton State Bank - 2.5%					
Maturing Sept. 2027	\$ 361,000	\$ -	\$ (77,000)	\$ 284,000	\$ 79,000
<i>Total Governmental Activities</i>	<u>\$ 361,000</u>	<u>\$ -</u>	<u>\$ (77,000)</u>	<u>\$ 284,000</u>	<u>\$ 79,000</u>

The annual debt service requirements to maturity as of March 31, 2024, are as follows:

Year Ended March 31,	<u>Governmental Activities</u>	
	Principal	Interest
2025	79,000	6,613
2026	80,000	4,624
2027	83,000	2,613
2028	42,000	525
2029	-	-
Totals	<u>284,000</u>	<u>14,375</u>

NOTE 8: PENSION PLAN

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

In a prior fiscal year, the City elected to no longer participate in the pension plan for current or future employees. The existing pension liability will continue to be funded by future actuarial valuations.

The amount included in payroll expenditures is \$48.

NOTE 9: MANAGEMENT EVALUATION

Management has evaluated subsequent events through the date of this report, the date of which the financial statements were available to be issued.

City of Burton
Notes to Basic Financial Statements
For the Year Ending March 31, 2024

NOTE 10: GRANTS

In a prior fiscal year, the City applied for and was awarded a \$72,352 grant from the Texas Department of Emergency Management (TDEM) to be used for Water & Sewer Infrastructure Investments or Improvements. As of March 31, 2023, the City has spent \$39,920 with plans to expend the remainder of the grant during fiscal year 2025.

NOTE 11: LEASES

In the fiscal year 2023, the City implemented GASB 87 and has one lease as a lessor.

- In fiscal year 2020, the City entered into a 10-year water tower lease where the City receives monthly lease payments. The lease receivable balance as of March 31, 2024, is \$9,894.

The City recognized \$1,608 in lease revenue and \$165 in interest revenue for governmental activities during the current fiscal year. As of March 31, 2024, the City's lease receivable for lease payments is \$9,894 and the related deferred inflow of resources is \$9,604.

Future minimum lease payments are as follows:

Year	Amount
2025	\$1,800
2026	1,800
2027	1,800
2028	1,800
2029	1,800
2030	1,800
Total	\$10,800

NOTE 12: SUBSEQUENT EVENTS

Subsequent to year end, the City was awarded a Texas Community Development Block Grant in the amount of \$428,922 from the Texas Department of Agriculture to be used for Water & Sewer Infrastructure Improvements. A requirement of this grant is that the City matches 2% or \$8,579.

Subsequent to year end, the City was awarded a grant through the Texas General Land Office's Community Development Block Grant in the amount of \$593,800 to be used to the construction of a new water well.

REQUIRED SUPPLEMENTARY INFORMATION

City of Burton
Budgetary Comparison Schedule
General Fund
For the Year Ended March 31, 2024

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes:				
Sales taxes	\$ 103,766	\$ 139,606	\$ 148,797	\$ 9,191
Mixed beverage taxes	3,426	3,301	3,301	-
Franchise taxes	11,512	12,337	12,337	-
Property taxes	30,373	32,016	32,016	-
Miscellaneous	9,743	28,850	29,032	182
Investment income	835	1,726	3,138	1,412
Total Revenues	<u>159,655</u>	<u>217,836</u>	<u>228,621</u>	<u>10,785</u>
Expenditures				
Advertising	915	1,502	1,502	-
Dues and subscriptions	1,404	3,601	3,590	11
EMS expense	1,818	541	541	-
Equipment Rental	2,088	1,218	1,392	(174)
Insurance	3,167	3,263	3,263	-
Payroll and benefits	26,066	29,450	29,450	-
Police equipment and canine expense	15,000	15,000	15,000	-
Professional Fees	16,143	15,992	15,992	-
Repairs and maintenance	4,766	17,514	14,364	3,150
Security expense	300	300	300	-
Street lights and repairs	40,899	6,154	6,154	-
Supplies	2,950	6,957	6,957	-
Tax collection fees	6,359	5,228	5,228	-
Telephone and communications	1,078	1,078	1,078	-
Utilities	2,340	2,139	2,139	-
Miscellaneous	2,500	6,372	6,381	(9)
Total Expenditures	<u>127,793</u>	<u>116,309</u>	<u>113,331</u>	<u>2,978</u>
Excess of revenues over expenditures	31,862	101,527	115,290	13,763
Other Financing Sources/(Uses)				
Proceeds from the sale of assets	-	-	-	-
Transfers in/(out)	-	-	(7,770)	(7,770)
Total other financing sources/(uses)	<u>-</u>	<u>-</u>	<u>(7,770)</u>	<u>(7,770)</u>
Net change in Fund Balance	<u>31,862</u>	<u>101,527</u>	<u>107,520</u>	<u>5,993</u>
Fund Balance - Beginning			<u>236,413</u>	
Fund Balance - Ending			<u>\$ 343,933</u>	

City of Burton
Budgetary Comparison Schedule
Water and Sewer Fund
For the Year Ended March 31, 2024

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services	\$ 276,831	\$ 246,861	\$ 254,975	\$ 8,114
Grant revenue	-	-	37,900	37,900
Interest revenues	178	173	2,083	1,910
Total Revenues	<u>277,009</u>	<u>247,034</u>	<u>294,958</u>	<u>47,924</u>
Expenditures				
Insurance	3,718	3,937	3,937	-
Supplies	10,586	12,463	12,464	(1)
Utilities	19,993	19,807	20,308	(501)
Repairs and maintenance	87,552	109,810	75,631	34,179
Garbage and collection costs	47,336	40,177	40,249	(72)
Fees and permits	1,765	5,919	5,919	-
Testing	8,016	8,437	8,772	(335)
Contract labor	53,400	53,400	53,400	-
Payroll	17,140	16,848	16,848	-
Professional services	-	1,009	1,004	5
Miscellaneous	4,429	3,165	2,468	697
Depreciation	-	-	49,525	(49,525)
Total expenditures	<u>253,935</u>	<u>274,972</u>	<u>290,525</u>	<u>(15,553)</u>
Operating Income	23,074	(27,938)	4,433	32,371
Non-operating revenues and expenses				
Transfers In/(Out)	<u>-</u>	<u>-</u>	<u>11,650</u>	<u>11,650</u>
Net change in fund balance	<u>23,074</u>	<u>(27,938)</u>	<u>16,083</u>	<u>44,021</u>
Beginning Fund Balance			<u>772,893</u>	
Ending Fund Balance			<u><u>\$ 788,976</u></u>	