



City of Burleson, Texas

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR FISCAL YEAR ENDED
SEPTEMBER 30, 2008**

CITY OF BURLESON, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2008

City Officials

Kenneth Shetter
Mayor

Stuart Gillaspie
Jim Wadlow
Matt Powell
Carter Mahanay
Dan McClendon
Chip Stephens

Mayor Pro Tem
Councilmember
Councilmember
Councilmember
Councilmember

Curtis E. Hawk
City Manager

Paul Cain
Deputy City Manager

David Wynn
Deputy City Manager

Rhett Clark
Director of Finance

Prepared by: Finance Department



CITY OF BURLESON, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2008

Table of Contents

	Exhibit	Page(s)
INTRODUCTORY SECTION		
Transmittal Letter		v-vii
Certificate of Achievement		viii
Organizational Chart		ix
List of Principal Officials		x
FINANCIAL SECTION		
Independent Auditors' Report		1-2
Management's Discussion and Analysis (unaudited)		3-11
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Assets	A-1	13
Statement of Activities	A-2	14-15
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	B-1	16-17
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	B-2	19
Statement of Revenues, Expenditures, and Changes in Fund Balances	B-3	20-21
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	B-4	23
Proprietary Funds:		
Statement of Net Assets	C-1	24-25
Statement of Revenues, Expenses, and Changes in Fund Net Assets	C-2	26-27
Statement of Cash Flows	C-3	28-29
Notes to Basic Financial Statements		31-52

CITY OF BURLESON, TEXAS

Table of Contents, Continued

	Exhibit	Page(s)
Required Supplementary Information (Unaudited):		
Budgetary Comparison Schedules:		
General Fund	D-1	53-54
Major Special Revenue Funds	D-2	55
TMRS Analysis of Funding Progress	D-3	56
Notes to Required Supplementary Information		57
Other Supplementary Information (Unaudited):		
Description of Non-major Governmental Funds		59
Non-major Governmental Funds:		
Combining Balance Sheet	E-1	60-61
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	E-2	62-63
Budgetary Comparison Schedule – Debt Service Funds	E-3	64-65
Budgetary Comparison Schedule – Other Governmental Funds	E-4	66
Internal Service Funds (Unaudited):		
Combining Statement of Net Assets	F-1	67
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets	F-2	68
Combining Statement of Cash Flows	F-3	69
STATISTICAL SECTION (Unaudited)		
Description of Statistical Section		71
Net Assets by Component – Last Six Fiscal Years	1	72
Change in Net Assets – Last Six Fiscal Years	2	73-74
Fund Balances – Governmental Funds – Last Six Fiscal Years	3	75
Changes in Fund Balances – Governmental Funds – Last Six Fiscal Years	4	76
Assessed and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years	5	77
Property Tax Rates – Direct and Overlapping Governments – Last Ten Fiscal Years	6	78-79
Principal Property Tax Payers – Current and Ten Years Ago	7	80
Property Tax Levies and Collections – Last Ten Fiscal Years	8	81

CITY OF BURLESON, TEXAS

Table of Contents, Continued

	Exhibit	Page(s)
Ratio of Outstanding Debt by Type – Last Ten Fiscal Years	9	82-83
Direct and Overlapping Property Tax Levies – Last Ten Fiscal Years	10	84
Computation of Direct and Overlapping Debt – September 30, 2008	11	85
Revenue Bond Coverage – Water and Sewer Revenue Bonds - Last Ten Fiscal Years	12	86
Demographic Statistics –Last Ten Fiscal Years	13	87
Principal Employers – Last Ten Fiscal Years	14	88
Full Time Equipment City Government Employees by Function/Program Last Ten Fiscal Years	15	89
Schedule of Insurance Policies in Force – September 30, 2008	16	90
Operating Indicators by Function/Program –Last Ten Fiscal Years	17	91
Miscellaneous Statistics - September 30, 2008	18	92-93

February 6, 2009

TO: The Honorable Mayor, Members of the City Council, and Citizens of Burleson (the “City”)

Submitted herewith is a copy of the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2008. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operation of the City, on a Government-wide and Fund basis. All disclosures necessary to enable the reader to gain an understanding of the City’s financial activities have been included.

The CAFR is presented in three sections: introductory, financial and statistical. The introductory section includes this transmittal letter and the City’s organizational chart. The financial section includes the MD&A, government-wide and major fund presentations, combining and individual fund statements, notes, as well as the independent auditors’ report on the financial statement and schedules. The statistical section includes selected financial and operational information, generally presented on a multiyear basis.

The Governmental Accounting Standards Board (GASB) requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of management’s discussion and analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City’s MD&A can be found immediately following the independent auditor’s report.

THE REPORTING ENTITY

The City is a political subdivision and municipal corporation of the State, duly organized and existing under the laws of the State and the City’s home rule Charter. Burleson was incorporated in 1912. The City operates under a council-manager form of government and provides a full range of services that include: police and fire protection, sanitation services, library services, construction and maintenance of streets and infrastructure, parks and recreation, code enforcement, planning and zoning, economic development, water and wastewater services, and general administrative services. The accompanying CAFR includes all governmental organizations and functions for which the City is financially accountable as well as its blended component units. Both the Burleson Community Services Development Corporation and the Burleson 4A Economic Development Corporation, although legally separate entities, are in substance part of the primary government’s operations and are included as part of the primary government. Additional information on these component units can be found in the notes to the financial statements.

ECONOMY AND BUSINESS CLIMATE

Burleson is located along the southwestern edge of the Dallas / Fort Worth Metroplex, on Interstate Highway 35W and State Highway 174. Economically, this region is ranked as one of the most robust in

Texas, a state that in recent years has trended well ahead of a strong national economy. The development of the Barnett Shale natural gas reserves has served to help maintain this trend as the national economy has struggled.

Although the City of Fort Worth abuts much of Burleson's northern boundary, the remaining three directions are surrounded by an extensive extra-territorial jurisdiction (ETJ). Under Texas Law, cities maintain important rights and controls within areas designated as part of their ETJ. These include the ability to control the development of land, the right to annex property into their city limits, and perhaps most importantly, the right to prevent other municipalities from incorporating or annexing property designated as belonging in another municipality's ETJ. Burleson's ETJ occupies a landmass more than four times the area contained within the corporate city limits.

Once largely agricultural, these areas have developed into a form of semi-urban, residential use. With little significant retail or commercial development situated in these unincorporated residential communities, many of the individuals residing in these adjacent areas shop, dine, and send their children to schools located in Burleson. Thus, functionally speaking, Burleson's estimated population of over 30,000 belies the true size of the community's economy. The combination of highway accessibility and a population of more than 50,000 persons residing within the City of Burleson's extra-territorial jurisdiction, create a community with a strong and stable trade area.

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal accounting controls. These controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability of assets. The concept of reasonable assurance recognizes that the costs of a control should not exceed the benefits likely to be derived from the control. The evaluation of costs and benefits requires estimates and judgments by management. We believe that the City's current system of internal accounting controls adequately safeguards assets and provides reasonable assurance of proper recording of financial transactions.

In addition to the system of internal controls, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance of legal provisions embodied in the annual appropriation budget adopted by the City Council. Budgetary controls over the General and Water and Wastewater Funds are exercised at the departmental level. This level of control occurs at the fund level for other funds. Activities of the General Fund, Special Revenue Fund (Hotel / Motel Tax Fund), Debt Service Fund, and the Enterprise Funds are closely reviewed at mid-year. If necessary, the original budget is modified and incorporated into a proposed mid-year budget, which is then used as the working budget for the remainder of the fiscal year. The City also maintains an encumbrance accounting system as one technique to help prevent the overspending of authorized appropriations.

CASH MANAGEMENT

The City maintains an active policy of cash management. Funds are authorized to be invested in the form of U.S. Treasury issues, federal government agency issues, and local government investment pools, as authorized by state law and approved by the City Council. All investment transactions involving the City's portfolio were in compliance with applicable state and local regulations.

RISK MANAGEMENT

The City's property and liability coverage and workers' compensation coverage are provided by the Texas Municipal League's Intergovernmental Risk Pool. In addition, the City has various programs designed to control risk and train employees in the prevention of loss and injury.

INDEPENDENT AUDIT

The City Charter requires an audit of all accounts of the City by an independent auditor. Patillo, Brown, and Hill, LLP was selected by the City Council to perform the annual audit.

AWARDS

For the year ended September 30, 2007, the Government Finance Officers Association (GFOA) recognized the City for achievement in the presentation of the annual budget document, the annual financial report (CAFR), as well as the presentation of the City's popular annual financial report (PAFR).

ACKNOWLEDGEMENTS

We would like to thank the staff of the Finance Department, City management, and department directors and managers for their cooperative effort and help in the leadership and support of the City that made this report possible.

Respectfully Submitted,



Rhett Clark
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Burleson
Texas

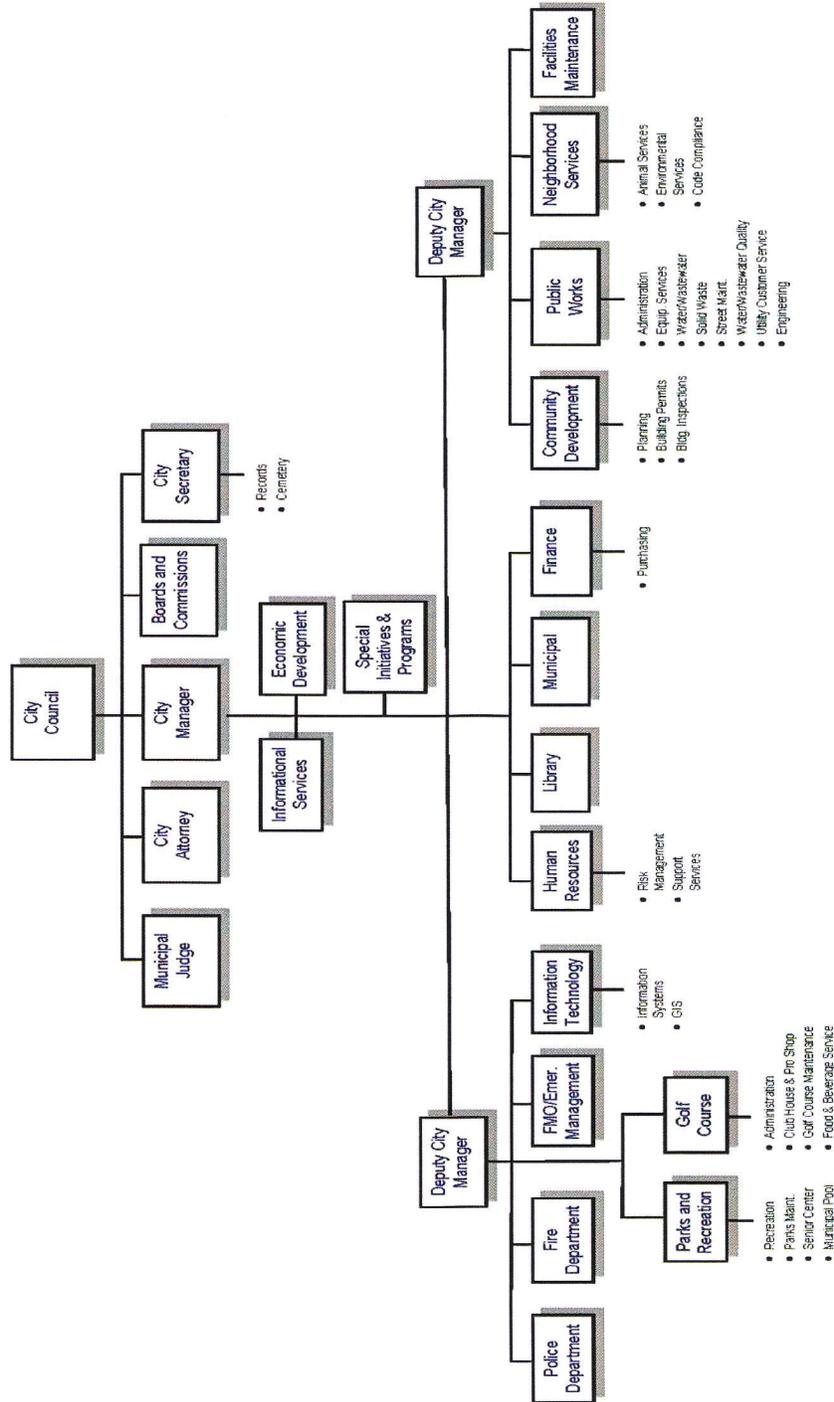
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director



CITY OF BURLESON, TEXAS

List of Principal Officials

September 30, 2008

Elected Officials

Mayor	Kenneth Shetter
Mayor Pro-Tem	Stuart Gillaspie
Councilmember	Jim Wadlow
Councilmember	Matt Powell
Councilmember	Carter Mahanay
Councilmember	Dan McClendon
Councilmember	Chip Stephens

City Officials

City Manager	Curtis E. Hawk
Deputy City Manager	Paul Cain
Deputy City Manager	David Wynn
Director of Finance	Rhett Clark
City Attorney	Allen Taylor
Police Chief	Thomas Cowan
City Secretary	Amanda McCrory
Fire Chief	Gary Wisdom
Parks and Recreation Director	Peter Krause
Director of Human Resources	Maria Reed
Director of Code Enforcement and Fire Prevention	Stacy Singleton
Director of Communication and Environmental Services	Sheri Campbell-Husband
Library Director	Gayla Tennison
Director of Information Technology	Mark Eder
Director of Community Development	Shailaja Roos
Director of Public Works	Aaron Russell
Director of Golf	David White

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor,
City Council and City Manager
City of Burleson, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Burleson, Texas as of and for the year ended September 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Burleson, Texas as of September 30, 2008, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have issued a report dated February 6, 2009, on our consideration of the City's internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts, grants 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis, the analysis of funding progress and budgetary comparison information on pages 3 through 11 and page 53 through 57, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Pattillo, Brown & Hill, L.L.P.

February 6, 2009

CITY OF BURLESON, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

FISCAL YEAR ENDED SEPTEMBER 30, 2008

(Unaudited)

This section of the City of Burleson's (City) annual financial report presents our discussion of the City's financial performance during the fiscal year ended September 30, 2008. Please read it in conjunction with the transmittal letter, which can be found preceding this narrative, and with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The assets of the City of Burleson exceeded its liabilities at the close of the most recent fiscal year by \$149,269,358 (net assets). Of this amount, \$24,567,226 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$16,796,717, due primarily to the contribution of assets from developers.
- As of the close of the current fiscal year, unreserved fund balance for the general fund was \$5,871,057, or 26% of total general fund expenditures.
- The City's total debt increased by \$35,945,000 (37%) during the current fiscal year. The key factor in this increase was the issuance of debt.

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 are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

Government-wide Financial Statements - 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 assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing related to cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. (e.g., earned but unused vacation leave.)

Both of the government-wide statements distinguish functions of the City that are principally supported by taxes and intergovernmental 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, public works, parks and recreation, and community development. The business-type activities include water and wastewater operations, solid waste collection, the City's Hidden Creek Golf Course, and a cemetery.

Fund Financial Statements - The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by state law or bond covenants. The Council establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants. The City has two types of funds:

Governmental Funds - These funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, governmental fund financial statements focus on near term inflows of spendable resources, as well as on balances of spendable resources 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 of Burleson maintains fourteen 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 balances for the general fund, BCDC special revenue fund, 4A Corporation special revenue fund, bond supported capital projects fund, and mineral lease funded capital projects fund, all of which are considered to be major funds. Data from the other nine governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary Funds – The City of Burleson maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Enterprise funds are used to account for water and wastewater, solid waste, golf, and cemetery operations. Internal Service Funds are accounting devices used to accumulate and allocate costs internally among the City's various functions. Burleson uses internal service funds to account for the acquisition and replacement of major components of equipment used throughout the organization, such as the fleet of City vehicles, as well as for the repair and maintenance of significant components of equipment used by the organization.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The water & wastewater, solid waste, and Hidden Creek Golf operations are considered to be major funds of the City. All internal service funds are combined in a single presentation in the proprietary fund financial statements. Individual data for internal service funds is provided in the form of combining statements elsewhere in this report.

Notes to the Basic 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.

Other Information - The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the notes to the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Burleson, assets exceeded liabilities by \$149,269,358 as of September 30, 2008.

The largest portion of the City's net assets (75%) reflects its investments in capital assets (e.g. land, buildings, improvements, construction in progress, and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these assets to provide service to citizens; consequently these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed 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 assets (7%) represents resources that are subject to external restriction on how they may have been used. The remaining balance of unrestricted net assets (18%) may be used to meet the government's ongoing obligation to citizens and creditors.

CITY OF BURLESON, TEXAS – NET ASSETS

	Governmental Activities		Business-Type Activities		Total	
	2007	2008	2007	2008	2007	2008
Current & other assets	\$ 46,971,447	\$ 79,133,836	\$ 6,427,542	\$ 8,226,373	\$ 53,398,989	\$ 87,360,209
Capital & other assets	102,397,516	117,427,465	82,246,530	89,729,302	184,644,046	207,156,767
Total assets	<u>149,368,963</u>	<u>196,561,301</u>	<u>88,674,072</u>	<u>97,955,675</u>	<u>238,043,035</u>	<u>294,516,976</u>
Noncurrent liabilities – due in more than one year	53,800,180	86,299,706	41,148,531	44,429,516	94,948,711	130,729,222
Other liabilities	6,604,690	9,314,567	4,016,993	5,203,829	10,621,683	14,518,396
Total liabilities	<u>60,404,870</u>	<u>95,614,273</u>	<u>45,165,524</u>	<u>49,633,345</u>	<u>105,570,394</u>	<u>145,247,618</u>
Net Assets:						
Invested in capital assets, net of related debt	67,844,305	75,675,895	35,616,520	38,951,118	103,460,825	114,627,013
Restricted	6,127,141	6,902,812	2,800,492	3,172,307	8,927,633	10,075,119
Unrestricted	14,992,647	18,368,321	5,091,536	6,198,905	20,084,183	24,567,226
Total net assets	<u>\$ 88,964,093</u>	<u>\$ 100,947,028</u>	<u>\$ 43,508,548</u>	<u>\$ 48,322,330</u>	<u>\$ 132,472,641</u>	<u>\$ 149,269,358</u>

The following table provides a summary of the City's operations for the year ended September 30, 2008. Governmental activities increased the City's net assets by \$11,982,935. Business-type activities increased the City's net assets by \$4,813,782.

Overall 2008 fiscal year expenses rose by about 14.6% over the prior fiscal year. This increase was largely driven by the rapid growth of the community. Notable increases between 2007 and 2008 fiscal year expenses

in governmental activities may be observed in the public safety and general government categories as well as in interest and long term debt.

Public safety expenses increased by about \$1,880,000 (or about 19%). A significant portion of this figure was commensurate with related increases in the 2008 budget, compared to 2007 expenses.

Adopted 2008 fiscal year budgets for public safety departments funded about \$1,499,000 more than corresponding 2007 fiscal year actual totals and included funds for such purposes as: \$184,000 for the addition of two officers and \$174,000 for the addition of two backup police vehicles. This area was also one of the most affected by the increase in fuel costs experienced this year.

General government expenses increased by about \$1,205,000, over the prior fiscal year (or approximately 30%). About \$220,000 of this total stemmed from planned increases in information technology capital purchases. Other increases this year resulted from mid-year personnel additions (\$247,000) and from the full year impact of the prior year's mid-year additions.

Interest on long term debt increased by about \$834,000 over the prior fiscal year (or about 41%). This increase is attributable to a partial year of interest cost for the \$35,650,000 in tax supported debt issued during the 2008 fiscal year.

CITY OF BURLESON, TEXAS – CHANGES IN NET ASSETS

	Governmental		Business-Type		Total	
	Activities		Activities			
	2007	2008	2007	2008	2007	2008
Revenues:						
Program Revenues:						
Charges for services	\$6,920,756	\$10,850,388	\$12,096,207	\$16,784,496	\$19,016,963	\$27,634,884
Operating grants and contributions	587,515	534,172	751,266	597,780	1,338,781	1,131,952
Capital grants and contributions	7,813,051	4,299,747	2,843,679	2,242,694	10,656,730	6,542,441
General Revenues:						
Taxes:						
Property taxes levied for general purposes	9,910,567	11,564,509	-	-	9,910,567	11,564,509
Tax Increment Financing	547,712	61,730	-	-	547,712	61,730
Sales and use taxes	10,347,816	11,650,147	-	-	10,347,816	11,650,147
Hotel / motel taxes	172,078	199,309	-	-	172,078	199,309
Franchise fees	2,027,326	2,316,229	-	-	2,027,326	2,316,229
Investment income	2,021,700	1,600,937	871,763	714,810	2,893,463	2,315,747
Gain (loss) on sale of assets	-	-	-	55,576	-	55,576
Total revenues	40,348,521	43,077,168	16,562,915	20,395,356	56,911,436	63,472,524
Expenses						
General government	4,060,608	5,265,957	-	-	4,060,608	5,265,957
Public safety	9,784,360	11,664,905	-	-	9,784,360	11,664,905
Public works	6,788,351	7,023,636	-	-	6,788,351	7,023,636
Solid Waste	1,547,740	-	-	-	1,547,740	-
Community development	1,173,452	457,921	-	-	1,173,452	457,921
Culture and recreation	2,494,174	2,851,686	-	-	2,494,174	2,851,686
Interest and other fees	2,035,972	2,870,665	-	-	2,035,972	2,870,665
Water & wastewater	-	-	11,047,187	12,593,338	11,047,187	12,593,338
Hidden Creek Golf course	-	-	1,761,513	1,735,181	1,761,513	1,735,181
Solid Waste	-	-	-	2,211,449	-	2,211,449
Cemetery	-	-	31,572	1,069	31,572	1,069
Total expenses	27,884,657	30,134,770	12,840,272	16,541,037	40,724,929	46,675,807
Change in net assets before transfers	12,463,864	12,942,398	3,722,643	3,854,319	16,186,507	16,796,717
Transfers	(449,595)	(959,463)	449,595	959,463	-	-
Change in net assets	12,014,269	11,982,935	4,172,238	4,813,782	16,186,507	16,796,717
Net assets - beginning	76,949,824	88,964,093	39,336,310	43,508,548	116,286,134	132,472,641
Net assets - ending	\$88,964,093	\$100,947,028	\$43,508,548	\$48,322,330	\$132,472,641	\$149,269,358

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds – The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balances may serve as a useful measure of a government's net resources at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$70,858,583. Ninety-one percent or \$64,357,846 of this total is reserved to indicate that it is not available for spending because it has already been committed (1) to pay for encumbrances \$110,164, (2) for prepaid items \$182,346, (3) to pay debt service \$2,499,838 (4) reserved for economic development \$4,402,974, and (4) reserved for capital projects \$57,162,525. Approximately 9% of the combined ending fund balance or \$6,500,737 constitutes unreserved fund balance.

Of the \$70,858,583 ending fund balance, \$6,651,872 is accounted for in non-major governmental funds. The General Fund balance is \$6,163,567 at year end – a decrease of \$546,904. This decrease was created by a budgeted appropriation of fund balance for capital purchases. The Burleson Community Services Development Corporation (BCSDC) fund balance increased \$1,315,973 to \$3,598,550 at year end. This increase represents the degree to which growth in sales tax revenues is outpacing the current need to use the funds for capital projects or debt service. The Burleson 4A Economic Development (4AEDC) fund balance decreased \$736,885 to a year-end total of \$804,424. This decrease is caused by a large transfer to other governmental funds for pay-as-you-go capital projects. Large bond sales during the period increased fund balances in bond funded capital project funds by \$26,977,285 – finishing the year at \$46,798,421. The Mineral Lease Capital Project fund balance increased \$5,135,490 to \$6,841,749. This increase represents the degree to which mineral income exceeded the current need to supplement capital projects or debt service.

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

Year-end net assets (deficit) in the water and wastewater fund amounted to \$45,778,331, and those for Hidden Creek Golf Course totaled (\$713,956). Net assets in these funds increased \$3,054,534 and \$292,300, respectively. The increase in the water and wastewater fund's net assets is largely the result of capital asset contributions from developers. Hidden Creek has targeted a level of operations under which operating revenues plus an annually declining subsidy from the Burleson Community Development Corporation, offset operating expenditures on a budgetary basis, (depreciation expense is consequently not included in this calculation). Contributions funding items such as principal on debt, capital purchases etc, exceeded non-cash operating expense, resulting in the \$292,300 increase in net assets, when measured on an accrual basis. The increase in Hidden Creek Golf Course net assets reduced the previous period's year-end deficit by about 29%. The existing deficit in this fund is a function of initial start-up losses associated with this (and most) courses during the early years of operations.

Created this year, the Solid Waste fund began the year with no net assets. Year-end net assets amounted to \$699,642. This is due in large part to the asset transfer of \$626,998.

General Fund Budgetary Highlights – The City's revenue projections were revised upward by about 2% (or \$448,470) when compared with the original budget. Budgeted sales tax revenues were revised upward by about \$142,000 as a result of stronger than anticipated retail activity. The budget for fines and forfeitures was

revised upward by about \$225,000 as enforcement efforts were stepped up in various high-traffic areas of the city.

Total actual revenue collections exceeded the revised estimates by an additional \$448,174, or about 2% of the revised estimate.

The general fund's final revised expenditure budget was about \$690,131 greater than the figure originally adopted, (an increase of about 3.1%). Among the more significant increases to the original budget were added personnel costs of about \$250,000 and additional \$385,000 for fuel and electricity.

A variety of issues led to costs not contemplated within the City's original general fund budget. Some of these costs were discretionary outlays, made possible by greater than anticipated revenues. Other expenditures stemmed from circumstances not foreseen prior to the adoption of the original budget. Still, the final sum of greater than initially projected revenues was well in excess of expenditures not contained within the original budget and allowed the City to decrease the fund balance in the general fund by about \$547,000 – \$132,000 less than the budgeted draw-down of \$679,000.

Measured on a GAAP basis, actual year-end expenditures totaled about \$201,000 less than the revised budget total. A significant portion of this difference is attributable to presentation and measurement differences inherent to the GAAP and budgetary basis of accounting. For example, the \$275,000 contribution from the General fund to the Solid Waste fund is presented in the non-departmental line item of the Budgetary Comparison Schedule. On a GAAP basis, the actual transfer is appropriately listed as a transfer in the Other Financing Sources section. The remaining balance of this difference is largely attributable to the varying treatment of encumbrances on a budgetary vs. a GAAP basis. Due largely to a late-year increase in electricity costs, and the transfer of the solid waste function, actual year-end expenditures were approximately \$70,000 (.3%) more than the final budget.

CAPITAL ASSETS

The City of Burleson's investment in capital assets for its governmental and business type activities as of September 30, 2008, amounts to \$185,497,344 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment and roads. Major capital asset events during the current fiscal year included the following:

Approximately \$1,023,000 was spent toward design of the new recreation center.

Purchase of land for construction of a business park for approximately \$3,240,000.

Construction and right-of-way costs related to of an arterial roadways amounted to approximately \$1,648,000.

Construction and right-of-way costs related to rehabilitation of sanitary sewer lines amounted to approximately \$1,430,000.

Approximately \$1,792,000 of drainage improvements were donated by developers.

Approximately \$1,252,000 of water lines were donated by developers.

Approximately \$878,000 of sewer lines were donated by developers.

Streets and sidewalks worth approximately \$2,337,000 were donated by developers.

Additional information on the City's capital assets can be found in Note 4 in the basic financial statements.

DEBT ADMINISTRATION

At the end of the current fiscal year, the City had total bonded debt issues of \$132,828,000. Of this amount, \$36,878,000 comprises bonded debt backed solely by the full faith and credit of the government, \$60,535,000 represent bonds secured by a combination of property taxes and a limited pledge of other revenues, \$10,380,000 represents bonds secured solely by sales tax revenues, and \$25,035,000 secured by revenues generated from the City's water and wastewater utility.

Outstanding Debt at Year End

	Governmental Activities		Business-type Activities		Total	
	2007	2008	2007	2008	2007	2008
General obligation bonds	\$ 18,224,000	\$ 32,162,000	\$ 5,069,000	\$ 4,716,000	\$ 23,293,000	\$ 36,878,000
Certificates of obligation	24,365,000	44,520,000	11,825,000	16,015,000	36,190,000	60,535,000
Utility system revenue bonds	-	-	26,235,000	25,035,000	26,235,000	25,035,000
Sales tax revenue bonds	11,165,000	10,380,000	-	-	11,165,000	10,380,000
Total	\$ 53,754,000	\$ 87,062,000	\$ 43,129,000	\$ 45,766,000	\$ 96,883,000	\$ 132,828,000

The City maintains favorable bond ratings as assigned from the following rating agencies:

	Moody's Investors Service	Standard & Poor's	Fitch
General obligation bonds	A2	AA-	A+
Water & wastewater revenue bonds	A3	A-	A
4A sales tax revenue bonds	Baa1	A	A-
4B sales tax revenue bonds	Baa1	A	A-

During the year, the City issued \$14,750,000 in general obligation bonds and \$25,445,000 in combination tax and revenue certificates of obligation. The general obligation bonds were issued for the purpose of improving transportation infrastructure and recreational facilities. The certificates of obligation were issued for the purpose of improving transportation infrastructure, design of new recreation facilities, and improving and expanding the water and wastewater systems. The aforementioned bond issues are labeled in the notes on governmental activities as general obligation bonds, 2006 serial (\$2,400,000), 2007 serial (\$4,000,000), and 2008 serial (\$14,750,000) and certificates of obligation, 2006 serial (\$2,400,000), 2007 serial (\$4,100,000) and 2008 serial ; and under business-type activities as certificates of obligation, 2006 serial (\$6,125,000), 2007 serial (\$5,700,000), and 2008 serial (\$4,545,000).

Readers desiring more detailed information on long-term debt activity should refer to Note 8 in the Notes to Basic Financial Statements section of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In the fiscal year 2009 budget, general fund revenues and transfers-in are budgeted to increase by 12% from the fiscal year 2008 budget. Increases in both the tax rate and property valuations are responsible for an increase in ad valorem taxes of approximately \$1,197,000, or about 44% of the total increase. The adopted tax rate was increased from the previous fiscal year's figure (69.40 cents per \$100 of taxable value in 2009 vs. 66.1825 cents for 2008). Sales tax revenues are budgeted to increase by about \$392,000. This represents approximately 15% of the total increase. Municipal Court fines are anticipated to increase by about \$237,000 over 2008's budgeted totals; about 9% of the total increase. Franchise fees are anticipated to increase by about \$101,000 over 2008's budget, or about 4% of the total increase. General fund expenditures are budgeted to increase about 9% above prior year totals, or a total of about \$2,0152,000. Approximately 58% of this increase is related to increased public safety expenditures. This additional funding will cover the annual cost of additional police and fire department personnel, either added in 2009 or funded for only a portion of the 2008 fiscal year. An additional 22% of the total increase is attributable to increases in the city secretary's office related to capital purchases.

Projected results should retain undesignated fund balance in the General Fund to a level above the City's policy target, i.e. an amount equal to at least 60 days of operating expenses.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Burleson's finances. Questions concerning any of the information provided in this report or requests for additional information may be obtained by contacting the City of Burleson, Attn: Finance Department, 141 West Renfro Street, Burleson, Texas 76028.

THIS PAGE INTENTIONALLY BLANK

City of Burleson, Texas
Statement of Net Assets
September 30, 2008

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS:			
<u>Current Assets</u>			
Cash and investments	\$ 74,246,144	\$ 5,665,614	\$ 79,911,758
Receivables			
Delinquent taxes, net of allowance for uncollectible accounts	1,132,699	-	1,132,699
Accounts and other	2,031,098	2,317,903	4,349,001
Inventories	68,391	234,688	303,079
Accrued interest	69,096	2,732	71,828
Deposits	186,368	-	186,368
Deferred charges	1,405,477	-	1,405,477
Internal balances	(5,436)	5,436	-
Total Current Assets	<u>79,133,836</u>	<u>8,226,373</u>	<u>87,360,209</u>
<u>Noncurrent Assets</u>			
Reserved cash and investments	-	18,324,861	18,324,861
Reserved accrued interest	-	8,071	8,071
Capital Assets			
Nondepreciable	33,579,141	5,549,760	39,128,901
Depreciable, net of depreciation	83,848,324	62,520,119	146,368,443
Other assets	-	3,326,491	3,326,491
Total Noncurrent Assets	<u>117,427,465</u>	<u>89,729,302</u>	<u>207,156,767</u>
TOTAL ASSETS	<u>196,561,301</u>	<u>97,955,675</u>	<u>294,516,976</u>
LIABILITIES			
<u>Current Liabilities</u>			
Accounts payable and accrued liabilities	3,747,832	2,140,670	5,888,502
Accrued interest payable	975,671	236,934	1,212,605
Deposits	-	455,608	455,608
Current portion of :			
Long-term debt	3,242,000	1,929,000	5,171,000
Obligations under capital lease	100,410	246,842	347,252
Liability for compensated absences	1,248,654	194,775	1,443,429
Total Current Liabilities	<u>9,314,567</u>	<u>5,203,829</u>	<u>14,518,396</u>
<u>Noncurrent Liabilities</u>			
Long-term debt	84,758,629	43,419,212	128,177,841
Obligations under capital lease	448,951	910,434	1,359,385
Liability for compensated absences	1,092,127	99,870	1,191,997
Total Noncurrent Liabilities	<u>86,299,706</u>	<u>44,429,516</u>	<u>130,729,222</u>
TOTAL LIABILITIES	<u>95,614,273</u>	<u>49,633,345</u>	<u>145,247,618</u>
NET ASSETS			
Invested in capital assets, net of related debt	75,675,895	38,951,118	114,627,013
Restricted for:			
Debt service	2,499,838	3,172,307	5,672,145
Economic Development	4,402,974	-	4,402,974
Unrestricted	18,368,321	6,198,905	24,567,226
TOTAL NET ASSETS	<u>\$ 100,947,028</u>	<u>\$ 48,322,330</u>	<u>\$ 149,269,358</u>

The notes to the financial statements are an integral part of this statement.

City of Burleson, Texas
Statement of Activities
Year Ended September 30, 2008

Functions/Programs	Expenses	Program Revenues		
		Charges for services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
General government	\$ 5,265,957	\$ 1,698,669	\$ 309,062	\$ -
Public safety	11,664,905	1,565,693	208,379	-
Public works	7,023,636	133,968	-	4,254,747
Community Development	457,921	1,427,006	8,042	-
Culture and recreation	2,851,686	6,025,052	8,689	45,000
Interest and other fees	2,870,665	-	-	-
Total governmental activities	<u>30,134,770</u>	<u>10,850,388</u>	<u>534,172</u>	<u>4,299,747</u>
Business type activities:				
Water and wastewater	12,593,338	12,320,773	597,780	2,242,694
Hidden Creek Golf Course	1,735,181	1,661,833	-	-
Solid waste	2,211,449	2,429,079	-	-
Cemetery	1,069	372,811	-	-
Total business-type activities	<u>16,541,037</u>	<u>16,784,496</u>	<u>597,780</u>	<u>2,242,694</u>
Total primary government	<u>\$ 46,675,807</u>	<u>\$ 27,634,884</u>	<u>\$ 1,131,952</u>	<u>\$ 6,542,441</u>

General revenues:

- Taxes:
 - Property taxes
 - Tax increment financing
 - Sales taxes
 - Hotel/motel taxes
- Franchise fees
- Unrestricted investment earnings
- Gain on retirement of capital assets
- Transfers between governmental and business type activities
- Total general revenues and transfers

- Change in net assets
- Net assets-beginning
- Net assets-ending

The notes to the financial statements are an integral part of this statement

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business Type Activities	Total
\$ (3,258,226)	\$ -	\$ (3,258,226)
(9,890,833)	-	(9,890,833)
(2,634,921)	-	(2,634,921)
977,127	-	977,127
3,227,055	-	3,227,055
(2,870,665)	-	(2,870,665)
<u>(14,450,463)</u>	<u>-</u>	<u>(14,450,463)</u>
-	2,567,909	2,567,909
-	(73,348)	(73,348)
-	217,630	217,630
-	371,742	371,742
-	<u>3,083,933</u>	<u>3,083,933</u>
<u>(14,450,463)</u>	<u>3,083,933</u>	<u>(11,366,530)</u>
11,564,509	-	11,564,509
61,730	-	61,730
11,650,147	-	11,650,147
199,309	-	199,309
2,316,229	-	2,316,229
1,600,937	714,810	2,315,747
-	55,576	55,576
(959,463)	<u>959,463</u>	<u>-</u>
<u>26,433,398</u>	<u>1,729,849</u>	<u>28,163,247</u>
11,982,935	4,813,782	16,796,717
<u>88,964,093</u>	<u>43,508,548</u>	<u>132,472,641</u>
<u>\$ 100,947,028</u>	<u>\$ 48,322,330</u>	<u>\$ 149,269,358</u>

City of Burleson, Texas
Balance Sheet
Governmental Funds
September 30, 2008

	Major Funds		
	General	BCDC Special Revenue	4A Corp Special Revenue
ASSETS			
Cash and investments	\$ 5,681,392	\$ 3,083,939	\$ 2,357,871
Receivables:			
Delinquent taxes, net	28,000	-	-
Accounts receivable	980,570	-	-
Due from other governmental units	1,047,810	512,885	512,885
Accrued interest	21,516	307	451
Other assets	185,843	-	-
Total Assets	\$ 7,945,131	\$ 3,597,131	\$ 2,871,207
LIABILITIES			
Vouchers payable	\$ 774,919	\$ (1,419)	\$ (1,419)
Accrued liabilities	677,978	-	-
Due to other funds	-	-	2,068,202
Deferred revenue	328,667	-	-
Total Liabilities	1,781,564	(1,419)	2,066,783
FUND BALANCES			
Fund Balances, Reserved for:			
Encumbrances	110,164	-	-
Prepaid Items	182,346	-	-
Debt Service	-	-	-
Economic Development	-	3,598,550	804,424
Capital Expenditures	-	-	-
Fund Balances, Unreserved, reported in:			
General Fund	5,871,057	-	-
Special Revenue Funds	-	-	-
Total Fund Balances	6,163,567	3,598,550	804,424
Total Liabilities and Fund Balances	\$ 7,945,131	\$ 3,597,131	\$ 2,871,207

The notes to the financial statements are an integral part of this statement.

Major Funds			
Bond Funded Capital Projects	Mineral Lease Funded Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 47,866,726	\$ 6,965,882	\$ 7,980,354	\$ 73,936,164
-	-	78,929	106,929
-	-	-	980,570
-	-	-	2,073,580
10,665	16,477	16,080	65,496
-	-	525	186,368
<u>\$ 47,877,391</u>	<u>\$ 6,982,359</u>	<u>\$ 8,075,887</u>	<u>\$ 77,349,106</u>
1,078,970	140,610	155,863	2,147,524
-	-	1,268,152	1,946,130
-	-	-	2,068,202
-	-	-	328,667
<u>1,078,970</u>	<u>140,610</u>	<u>1,424,015</u>	<u>6,490,523</u>
-	-	-	110,164
-	-	-	182,346
-	-	2,499,838	2,499,838
-	-	-	4,402,974
46,798,421	6,841,749	3,522,355	57,162,525
-	-	-	5,871,057
-	-	629,680	629,680
<u>46,798,421</u>	<u>6,841,749</u>	<u>6,651,872</u>	<u>70,858,583</u>
<u>\$ 47,877,391</u>	<u>\$ 6,982,359</u>	<u>\$ 8,075,887</u>	<u>\$ 77,349,106</u>

THIS PAGE INTENTIONALLY BLANK

City of Burleson, Texas
Statement of Net Assets
Reconciliation of the Balance Sheet to the Statement of Net Assets
September 30, 2008

Total fund balances--governmental funds		\$ 70,858,583
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 as assets in governmental funds.		115,504,479
Certain charges related to the issuance of debt were expended in this year, but will be amortized over the life of the debt, and therefore are deferred in the government wide statement.		1,405,477
Internal service funds are used by the City's management for equipment maintenance, and vehicle replacement. The assets and liabilities of the funds are included with governmental activities in the Statement of Net Assets but are not included at the fund level.		4,279,260
Certain receivables will be collected this year, but are not available soon enough to pay for the current period's expenditures and are, therefore, not recognized at the fund level		328,667
Long-term liabilities, including liabilities for compensated absences, bonds payable, accrued interest and obligations under capital lease are not due and payable in the current period and therefore are not reported as liabilities in the funds.		
	Bonds payable	88,000,629
	Obligation under capital lease	549,361
	Accrued interest	796,561
	Compensated absences (net of internal service fund \$55,733)	2,082,886
	Combined adjustment	<u>(91,429,437)</u>
Total net assets--governmental activities		<u>\$ 100,947,028</u>

The notes to the financial statements are an integral part of this statement.

City of Burleson, Texas
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2008

	Major Funds		
	General	BCDC Special Revenue	4A Corp Special Revenue
REVENUES			
Property taxes	\$ 9,071,383	\$ -	\$ -
Sales taxes	5,628,525	2,861,803	2,896,619
Franchise taxes	2,309,467	-	-
Licenses and permits	886,238	-	-
Intergovernmental revenue	154,036	-	-
Fines and forfeitures	1,240,706	-	-
Donations	-	-	-
Charges for service	1,476,841	-	-
Interest income	249,929	59,553	66,165
Mineral lease revenue	-	-	-
Street assessments	-	-	-
Miscellaneous	1,417,323	-	459
Total revenues	<u>22,434,448</u>	<u>2,921,356</u>	<u>2,963,243</u>
EXPENDITURES			
Current:			
General government	4,948,677	-	-
Public safety	10,527,365	-	-
Public works	4,773,860	-	-
Community development	349,238	3,500	35,761
Culture and recreation	2,444,971	-	-
Capital expenditures	-	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal agent charges	-	-	-
Total expenditures	<u>23,044,111</u>	<u>3,500</u>	<u>35,761</u>
Excess(deficiency) of revenues over(under) expenditures	(609,663)	2,917,856	2,927,482
OTHER FINANCING SOURCES (USES)			
Proceeds from bond issuance	-	-	-
Premium	-	-	-
Operating transfers in	337,700	-	-
Operating transfers out	(274,941)	(1,601,883)	(3,664,367)
Total other financing sources (uses)	<u>62,759</u>	<u>(1,601,883)</u>	<u>(3,664,367)</u>
Net change in fund balances	(546,904)	1,315,973	(736,885)
Fund balance - beginning	<u>6,710,471</u>	<u>2,282,577</u>	<u>1,541,309</u>
Fund balance - ending	<u>\$ 6,163,567</u>	<u>\$ 3,598,550</u>	<u>\$ 804,424</u>

The notes to the financial statements are an integral part of this statement.

Major Funds			
Bond Funded Capital Projects	Mineral Lease Funded Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 2,435,437	\$ 11,506,820
-	-	462,510	11,849,457
-	-	-	2,309,467
-	-	-	886,238
-	-	14,508	168,544
-	-	231,829	1,472,535
-	-	19,343	19,343
-	-	-	1,476,841
854,372	114,212	198,045	1,542,276
-	5,760,233	225,550	5,985,783
-	-	126,041	126,041
-	-	183,819	1,601,601
<u>854,372</u>	<u>5,874,445</u>	<u>3,897,081</u>	<u>38,944,946</u>
-	-	69,540	5,018,217
-	-	248,806	10,776,171
-	-	-	4,773,860
-	-	131,152	519,651
-	-	123,865	2,568,836
8,966,758	738,955	5,354,861	15,060,574
-	-	2,342,000	2,342,000
893,456	-	2,350,724	3,244,180
<u>9,860,214</u>	<u>738,955</u>	<u>10,620,948</u>	<u>44,303,489</u>
(9,005,842)	5,135,490	(6,723,867)	(5,358,543)
35,650,000	-	-	35,650,000
275,138	-	-	275,138
57,988	-	4,845,974	5,241,662
-	-	(199,754)	(5,740,945)
<u>35,983,126</u>	<u>-</u>	<u>4,646,220</u>	<u>35,425,855</u>
26,977,285	5,135,490	(2,077,646)	30,067,312
<u>19,821,136</u>	<u>1,706,259</u>	<u>8,729,519</u>	<u>40,791,271</u>
<u>\$ 46,798,421</u>	<u>\$ 6,841,749</u>	<u>\$ 6,651,872</u>	<u>\$ 70,858,583</u>

THIS PAGE INTENTIONALLY BLANK

CITY OF BURLESON, TEXAS

B-4

Governmental Funds

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balance to the Statement of Activities

For the Year Ended September 30, 2008

Net change in fund balances--total governmental funds	\$ 30,067,312
Amounts reported for governmental activities in the statement of activities are different because:	
<p>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 and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>	
Capital Outlay (includes \$325,865 not classified as capital expenditures on the fund statements)	15,386,439
Depreciation (net of internal service \$385,453)	(4,018,311)
	11,368,128
Certain other capital-related amounts result in differences between the government-wide and fund-level statements.	(368,902)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	4,135,750
Certain long-term liabilities are accrued at the government-wide level but not at the fund level. This is the current year change in those liabilities, reported as expense in the statement of activities.	(35,858)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments.	(33,387,221)
A reduction of Internal charges between the governmental activities and the business type activities is not reported at the fund level.	3,715
Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet maintenance, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.	200,011
Change in net assets of governmental activities	<u>\$ 11,982,935</u>

The notes to the financial statements are an integral part of this statement.

City of Burleson, Texas
Statement of Net Assets
All Proprietary Funds
September 30, 2008

	Business-Type Activities		
	Enterprise Funds		
	Water & Wastewater	Hidden Creek Golf Course	Solid Waste
ASSETS			
<u>Current assets</u>			
Cash and investments	\$ 3,898,768	\$ 37,464	\$ 151,648
Receivables:			
Accounts receivable	1,907,397	15,867	392,569
Loan receivable	-	-	-
Accrued interest	-	18	344
Inventories	130,346	34,461	-
Land held for sale of cemetery lots	-	-	-
Total current assets	<u>5,936,511</u>	<u>87,810</u>	<u>544,561</u>
<u>Non-current assets</u>			
Restricted deposits and investments	17,677,022	82,845	564,994
Restricted accrued interest receivable	5,491	-	-
Capital assets:			
Other assets	3,171,467	155,024	-
Property, plant, and equipment, net	62,467,618	4,150,934	534,746
Total noncurrent assets	<u>83,321,598</u>	<u>4,388,803</u>	<u>1,099,740</u>
TOTAL ASSETS	<u>89,258,109</u>	<u>4,476,613</u>	<u>1,644,301</u>
LIABILITIES			
<u>Current liabilities</u>			
Accounts payable	1,876,907	62,876	113,010
Accrued liabilities	34,644	31,487	21,746
Accrued interest payable	219,881	17,053	-
Customer deposits	437,269	-	-
Compensated absences	92,835	45,148	56,792
Current portion of bonds payable	1,755,000	174,000	-
Current portion of capital lease obligation	-	125,398	121,444
Total current liabilities	<u>4,416,536</u>	<u>455,962</u>	<u>312,992</u>
<u>Noncurrent liabilities</u>			
Revenue bonds payable	38,969,272	4,542,000	-
Unamortized premium on bonds payable	70,721	-	-
Unamortized discount on bonds payable	-	(162,781)	-
Capital lease obligation	-	290,239	620,195
Compensated absences	23,249	65,149	11,472
Total noncurrent liabilities	<u>39,063,242</u>	<u>4,734,607</u>	<u>631,667</u>
TOTAL LIABILITIES	<u>43,479,778</u>	<u>5,190,569</u>	<u>944,659</u>
NET ASSETS (LIABILITIES)			
Invested in capital assets, net of related debt	38,904,328	(662,898)	(206,893)
Restricted for debt service and construction	3,172,307	-	-
Unrestricted	3,701,696	(51,058)	906,535
Total net assets (liabilities)	<u>\$ 45,778,331</u>	<u>\$ (713,956)</u>	<u>\$ 699,642</u>

Net assets of business-type activity internal service funds
Adjustment to reflect activity between governmental and business type activities

Net assets of business type activities

The notes to the financial statements are an integral part of this statement.

<u>Enterprise Funds</u>		<u>Governmental Activities</u>
<u>Non-major</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ 862,048	\$ 4,949,928	\$ 1,025,666
1,708	2,317,541	2,718
-	-	2,068,202
2,732	3,094	-
-	164,807	68,391
69,881	69,881	-
<u>936,369</u>	<u>7,505,251</u>	<u>3,171,157</u>
-	18,324,861	-
-	5,491	-
-	3,326,491	-
8,000	67,161,298	2,831,567
<u>8,000</u>	<u>88,818,141</u>	<u>2,831,567</u>
<u>944,369</u>	<u>96,323,392</u>	<u>6,002,724</u>
-	2,052,793	25,721
-	87,877	9,727
-	236,934	-
18,339	455,608	-
-	194,775	5,947
-	1,929,000	-
-	246,842	-
<u>18,339</u>	<u>5,203,829</u>	<u>41,395</u>
-	43,511,272	-
-	70,721	-
-	(162,781)	-
-	910,434	-
-	99,870	49,786
<u>-</u>	<u>44,429,516</u>	<u>49,786</u>
<u>18,339</u>	<u>49,633,345</u>	<u>91,181</u>
8,000	38,042,537	2,831,567
-	3,172,307	-
918,030	5,475,203	3,079,976
<u>\$ 926,030</u>	<u>46,690,047</u>	<u>\$ 5,911,543</u>
	1,626,847	
	<u>5,436</u>	
	<u>\$ 48,322,330</u>	

City of Burleson, Texas
Statement of Revenues, Expenses, and Changes in Fund Net Assets
All Proprietary Funds
For the Year Ended September 30, 2008

	Business-Type Activities Enterprise Funds		
	Water & Wastewater	Hidden Creek Golf Course	Solid Waste
Operating revenues			
Charges for services	\$ 11,872,270	\$ 1,492,503	\$ 2,429,079
Penalties and interest	395,409	-	-
Mineral lease revenue	-	-	-
Miscellaneous	53,096	169,328	-
Impact fee revenue	597,779	-	-
Operating revenues	<u>12,918,554</u>	<u>1,661,831</u>	<u>2,429,079</u>
Operating expenses			
Water and wastewater services	8,049,264	-	-
Golf operations	-	1,498,166	-
Administrative expenses	982,191	-	-
Cemetery operations	-	-	-
Solid waste operations	-	-	2,172,338
Equipment services	-	-	-
Materials, supplies, and cemetery lots	-	-	-
Depreciation	1,570,427	249,123	77,685
Total operating expenses	<u>10,601,882</u>	<u>1,747,289</u>	<u>2,250,023</u>
Net operating income (loss)	2,316,672	(85,458)	179,056
Non-operating revenues (expenses)			
Gain (loss) on disposition of fixed assets	-	-	-
Investment income	654,873	77	6,336
Interest and fiscal agent charges	(1,829,705)	(238,670)	-
Miscellaneous	-	37,464	-
Total non-operating revenue	<u>(1,174,832)</u>	<u>(201,129)</u>	<u>6,336</u>
Income (loss) before capital contributions and transfers	1,141,840	(286,587)	185,392
Transfers in	-	578,887	626,998
Transfer out	(330,000)	-	(112,748)
Capital contributions	<u>2,242,694</u>	<u>-</u>	<u>-</u>
Net Income	3,054,534	292,300	699,642
Net assets (liabilities) at beginning of year	42,723,797	(1,006,256)	-
Net assets at end of year	<u>\$ 45,778,331</u>	<u>\$ (713,956)</u>	<u>\$ 699,642</u>

Change in net assets of business type internal service funds
Change in net assets of business-type activities

The notes to the financial statements are an integral part of this statement.

<u>Enterprise Fund</u> <u>Non-major</u>	<u>Total</u>	<u>Governmental</u> <u>Activities</u> <u>Internal Service</u> <u>Funds</u>
\$ 5,029	\$ 15,798,881	\$ 1,605,892
-	395,409	-
367,782	367,782	-
-	222,424	60,526
-	597,779	-
<u>372,811</u>	<u>17,382,275</u>	<u>1,666,418</u>
-	8,049,264	404,198
-	1,498,166	-
-	982,191	-
325	325	-
-	2,172,338	-
-	-	222,480
745	745	-
-	1,897,235	540,948
<u>1,070</u>	<u>14,600,264</u>	<u>1,167,626</u>
371,741	2,782,011	498,792
-	-	(11,229)
27,105	688,391	84,623
-	(2,068,375)	-
-	37,464	-
<u>27,105</u>	<u>(1,342,520)</u>	<u>73,394</u>
398,846	1,439,491	572,186
-	1,205,885	196,326
-	(442,748)	(196,326)
-	2,242,694	-
398,846	4,445,322	572,186
527,184		5,339,357
<u>\$ 926,030</u>		<u>\$ 5,911,543</u>
	<u>368,460</u>	
	<u>\$ 4,813,782</u>	

City of Burleson, Texas
Statement of Cash Flows
All Proprietary Funds
For the Year Ended September 30, 2008

	Business-Type Activities		
	Enterprise Funds		
	Water and Wastewater	Hidden Creek Golf Course	Solid Waste
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 12,547,534	\$ 1,478,275	\$ 2,036,166
Cash received for deposits	28,795	-	-
Cash received from interfund services provided	-	37,464	-
Cash payments (loan receivable) to other funds	-	-	-
Cash payments to suppliers for goods and services	(6,530,224)	(851,062)	(988,491)
Payments to employees for services	(1,630,657)	(710,140)	(900,828)
Payments to other funds	(450,000)	-	(80,000)
Other operating cash receipts (payments)	472,642	168,836	-
Net cash provided by (used for) operating activities	<u>4,438,091</u>	<u>123,373</u>	<u>66,847</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfer from other funds	-	578,887	626,998
Transfer to other funds	(330,000)	-	(112,748)
Net cash provided by (used for) noncapital financing activities	<u>(330,000)</u>	<u>578,887</u>	<u>514,250</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital contributions	97,521	-	-
Proceeds from disposal of capital assets	-	-	-
Principal paid on bonds	(1,555,000)	(353,000)	-
Interest payments on long-term debt	(1,680,391)	(311,874)	741,639
Proceeds of bond issuance	4,545,000	-	-
Cost of bond issuance	(83,124)	-	-
Acquisition and construction of capital assets	(3,031,986)	-	(612,431)
Net cash provided by (used for) capital and related financing activities	<u>(1,707,980)</u>	<u>(664,874)</u>	<u>129,208</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	691,322	78	6,337
Proceeds from sale of investments	5,499,669	-	24,736
Purchase of investments	(4,473,782)	-	(24,736)
Net cash provided by investing activities	<u>1,717,209</u>	<u>78</u>	<u>6,337</u>
Net increase (decrease) in cash and cash equivalents	4,117,320	37,464	716,642
Cash and cash equivalents--beginning of year	<u>13,330,913</u>	<u>82,845</u>	<u>-</u>
Cash and cash equivalents--end of year	17,448,233	120,309	716,642
Investments	<u>4,127,557</u>	<u>-</u>	<u>-</u>
Total cash and investments	<u>\$ 21,575,790</u>	<u>\$ 120,309</u>	<u>\$ 716,642</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 2,316,672	\$ (85,458)	\$ 179,056
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	1,570,427	249,123	77,685
Change in assets and liabilities:			
(Increase) decrease in other AR and prepaid assets	(317,923)	(14,228)	(392,913)
(Increase) decrease in inventories	(5,415)	5,627	-
Increase in due from other funds	-	-	-
Increase (decrease) in vouchers and accounts payable	559,188	(90,543)	113,011
Increase in accrued liabilities	286,347	58,852	90,008
Increase (decrease) in deposits payable	28,795	-	-
Net cash provided by operating activities	<u>\$ 4,438,091</u>	<u>\$ 123,373</u>	<u>\$ 66,847</u>
Noncash Capital and related financing activities			
Borrowing under capital lease	\$ -	\$ 88,721	\$ 872,990
Contributions from developers	2,145,173	-	-
Total noncash capital and related financing activities	<u>\$ 2,145,173</u>	<u>\$ 88,721</u>	<u>\$ 872,990</u>

The notes to the financial statements are an integral part of this statement.

Business-Type Activities		Governmental Activities	
Enterprise Fund	Total Enterprise Funds	Internal Service Funds	
Non-major			
\$ 7,922	\$ 16,069,897	\$ -	
-	28,795	-	
-	37,464	1,607,232	
-	-	(2,068,202)	
(7,818)	(8,377,594)	(208,972)	
-	(3,241,625)	(380,243)	
-	(530,000)	-	
367,782	1,009,260	60,526	
<u>367,886</u>	<u>4,996,197</u>	<u>(989,659)</u>	
-	1,205,885	196,326	
-	(442,748)	(196,326)	
-	<u>763,137</u>	-	
-	97,521	-	
-	-	(11,229)	
-	(1,908,000)	-	
-	(1,250,626)	-	
-	4,545,000	-	
-	(83,124)	-	
-	<u>(3,644,417)</u>	<u>(724,529)</u>	
-	<u>(2,243,646)</u>	<u>(735,758)</u>	
27,270	725,007	90,051	
555,576	6,079,981	1,772,086	
(451,941)	(4,950,459)	(1,441,528)	
<u>130,905</u>	<u>1,854,529</u>	<u>420,609</u>	
498,791	5,370,217	(1,304,808)	
<u>70,499</u>	<u>13,484,257</u>	<u>758,174</u>	
569,290	18,854,474	(546,634)	
<u>292,758</u>	<u>4,420,315</u>	<u>1,572,300</u>	
<u>\$ 862,048</u>	<u>\$ 23,274,789</u>	<u>\$ 1,025,666</u>	
\$ 371,741	\$ 2,782,011	\$ 498,792	
-	1,897,235	540,948	
2,967	(722,097)	1,340	
209	421	4	
-	-	(2,068,202)	
(6,956)	574,700	13,504	
-	435,207	3,396	
(75)	28,720	20,559	
<u>\$ 367,886</u>	<u>\$ 4,996,197</u>	<u>\$ (989,659)</u>	
\$ -	\$ 961,711	\$ -	
-	2,145,173	-	
<u>\$ -</u>	<u>\$ 3,106,884</u>	<u>\$ -</u>	

THIS PAGE INTENTIONALLY BLANK

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City's major operations include public safety, public works, culture, recreation and community development. In addition, the City owns and operates a water and wastewater system, solid waste system, a golf course and a cemetery.

The accounting policies of the City conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies:

A. Reporting Entity

The City of Burleson ("City") Home Rule Charter was adopted by the voters at an election held on April 5, 1969. The City operates under a Council-Manager form of government. As required by accounting principles generally accepted in the United States of America, the basic financial statements present the City (primary government) and its component units.

The Burleson Community Service Development Corporation ("BCDC") was incorporated June 25, 1993 as a nonprofit industrial development corporation under the Development Corporation Act of 1979 ("Act"). The Corporation is organized exclusively for the purposes of benefiting and accomplishing public purposes of, and to act on behalf of, the City, and the specific purposes for which the Corporation is organized. This includes the construction and renovation of the municipal buildings and other facilities. Although it is legally separate from the City, the BCDC is reported as if it were part of the primary government (blended) because its Board of Directors is substantially the same as the City Council and the City is the primary beneficiary of the financing services provided. Separate financial statements for the BCDC are not available.

The Burleson 4A Economic Development Corporation (the "4A Corporation") was incorporated September 28, 2000. The Corporation as organized is to promote and provide for the economic development within the city and the State of Texas in order to eliminate unemployment and underemployment, and to promote and encourage employment and the public welfare of, for, and on behalf of the City by developing, implementing, providing, and financing projects under the Act and as defined in Section 4A of the Act. Although it is legally separate from the City, the 4A Corporation is reported as a blended component unit because its Board of Directors is substantially the same as the City Council and the City is the primary beneficiary of the services it provides. Separate financial statements for the 4A Corporation are not available.

B. Basic Financial Statements

The basic financial statements include both government-wide financial statements (based on the City as a whole) and fund financial statements. The focus is on either the City as a whole or major individual funds (within the fund financial statements). Both the government-wide and fund financial statements categorize activities as either governmental activities or business-type activities. In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reflected on a full accrual economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The government-wide Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function or segment. Program revenues include 1) charges to customers or

applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus refers to what is being measured and basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the time 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.

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. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. Debt service expenditures and expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property, franchise, sales and hotel occupancy taxes and investment income (including unrealized gains and losses) are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

The *General Fund* is the primary operating fund of the City. It accounts for all financial resources of the City except those required to be accounted for in another fund.

The *BCDC Special Revenue fund* is used to account for the half cent sales tax collected to fund the activities of Burleson Community Service Development Corporation.

The *4A Corp Special Revenue fund* accounts for the half cent sales tax collected to fund the activities of Burleson 4A Economic Development Corporation.

The *Bond-Funded Capital Projects fund* is used to account for the acquisition and construction of various capital facilities and is funded by various sales tax revenue and general obligation bonds.

The *Mineral Lease-Funded Capital Projects fund* is used to account for the acquisition and construction of various capital facilities and is funded by royalties and other revenues generated by the City's mineral producing properties.

The City reports the following major enterprise funds:

The *Water and Wastewater fund* is used to account for the provision of water and sewer services to residents of the City and certain nonresidents. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service and billing and collection.

The *Golf Course fund* accounts for the operations of the City's golf course, Hidden Creek Golf Course.

The *Solid Waste fund* accounts for the operation of the City's solid waste collection utility.

The *Cemetery* enterprise fund, which is not a major fund, is used to the account for the operations of the City's cemetery.

The internal service funds are used to account for the financing of goods and services provided by the Equipment Services department to other City departments and for the purchase of City vehicles not budgeted for in other funds.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's water and wastewater fund and various other funds of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various funds concerned.

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, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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 enterprise fund and the government's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service 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.

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

D. Assets, Liabilities, and Net Assets or Equity

- 1) Deposits and Investments – Substantially all operating deposits and investments are maintained in pooled deposits and investment accounts. Investment income relating to consolidated deposits and investments is allocated to the individual funds primarily based on each fund's pro rata share of total consolidated deposits and investments. For purposes of cash flows, the City considers cash on

hand, demand deposits, and investments with original maturities of three months or less to be cash equivalents.

Legal provisions generally permit the City to invest in direct obligations of the Federal government, municipal investment pools and interest-bearing deposit accounts. During the year ended September 30, 2008, the City did not own any types of securities other than those permitted by state law.

Investments maturing within one year of date of purchase are stated at cost or amortized cost. All other investments are stated at fair value, which is based on quoted market prices.

- 2) Receivables and Payables – Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds” (i.e., the current portion of inter-fund loans) or “advances to/from other funds” (i.e., the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Advances between funds, as reported in the fund financial statements are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 60 days comprise the trade accounts receivable allowance for uncollectibles. The net property tax receivable is comprised of the property tax revenues collected within 60 days after year end. The City believes that amounts remaining uncollected at sixty days after year-end are generally uncollectible and have been reserved in total.

The City’s property taxes are levied on October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the City. Assessed values are established at 100% of estimated market value. The assessed value, net of exemptions, upon which the fiscal 2008 levy was based, was approximately \$1,797,526,269. Property taxes attach as an enforceable lien on property as of January 1. Taxes are due by January 31 following the October 1 levy date and are considered delinquent after January 31 of each year.

General property taxes are limited by the Texas Constitution to \$2.50 per \$100 of assessed valuation. The City’s Home Rule Charter authorizes assessment, levy and collection of property taxes: a) at a rate not exceeding \$1.00 per \$100 of assessed valuation for the purpose of paying the general governmental operating costs of the City; b) at a rate not exceeding six cents per \$100 of assessed valuation for the purpose of maintaining the public libraries of the City; and c) at a rate sufficient to pay the principal and interest on bonds of the City. The City’s combined tax rate for the year ended September 30, 2008 was \$0.661825 per \$100 of assessed valuation.

- 3) Inventories – Inventories, which are expended as they are consumed, are stated at the lower of cost or market on a first-in, first-out basis.
- 4) Restricted Assets – Certain bond proceeds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.
- 5) Capital assets – Capital assets, which include land, buildings, improvements, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), purchased or acquired, are carried at

historical cost or estimated historical cost if historical cost is not available. Contributed assets are recorded at fair market value as of the date of donation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed. A capitalization threshold of \$5,000 is used for all capital assets. Depreciation on capital assets is calculated on the straight-line basis over the following estimated useful lives:

Buildings	30 - 50 years
Machinery and equipment	5 - 30 years
Vehicles	5 - 30 years
Water & sewer system	50 years
Improvements other than buildings	20 years
Infrastructure	15 - 40 years

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest accrued during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the City during the current year was \$ 4,939,040. Of this amount, none was included as part of the cost of capital assets under construction in connection with electric, water, and sewer construction projects.

- 6) Compensated absences – Vacation and sick leave are granted to City employees in varying amounts. The City accrues vacation benefits as they are earned. In the event of termination, an employee is reimbursed for accumulated unused vacation days if the employee has at least six months service. The City’s policy regarding unused sick leave allows terminated employees with at least five years of service to receive reimbursement of accumulated unused sick leave.
- 7) Fund equity – In the fund financial statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balances represent tentative management plans that are subject to change.

E. Budgetary Information

Budget Policy – Prior to September 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing October 1. The operating budget includes proposed expenditures and the means of financing them. The proposed budget and all supporting schedules are filed with the City Clerk when submitted to the City Council. Public hearings are conducted to obtain taxpayer comments. Prior to September 30, the budget is adopted by affirmative vote of a majority of the members of the City Council.

Annual operating budgets are prepared on a budgetary basis for all governmental funds except for two special revenue funds (i.e., Public Safety Grant Fund and Other Grant Special Revenue Fund). Budgetary data for Capital Projects Funds have not been presented as such funds are budgeted over the life of the respective project and not on an annual basis.

Budgetary Data – Budget amounts presented in the required supplementary information reflect the original budget and the amended budget (which has been adjusted for legally authorized revisions to the annual budget during the year). Appropriations, except remaining project appropriations and encumbrances, lapse at the end of each fiscal year.

Excess of Expenditures over Appropriations – For the year ended September 30, 2008, expenditures exceeded appropriations in the city council, legal, communications, human resources, non-

departmental, municipal court, police, engineering/capital, engineering/development, parks administration, senior center, and municipal pool departments (the legal level of budgeting control) of the general fund by \$14,871, \$13,022, \$2,115, \$2,391, \$195,844, \$3,820, \$66,985, \$8,767, \$21,426, \$18,221, \$3,375, and \$4,273, respectively. These overexpenditures were funded by greater than anticipated revenues. Operating transfers out exceeded appropriations in the BCDC special revenue fund by \$593,242, and in the 4A Corporation special revenue fund by \$123,437. These overexpenditures were funded by available fund balance in the BCDC special revenue fund, and by greater than anticipated revenues in the case of the 4A Corporation special revenue fund.

F. Accounting Pronouncements

During fiscal year 2008, the City adopted the following Governmental Accounting Standards Board ("GASB") Statements:

Statement No. 48, *Sales and Pledges of Receivables and Future Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*. This Statement establishes criteria that governments will use to ascertain whether certain transactions should be regarded as a sale or a collateralized borrowing. The Statement also requires enhanced disclosures pertaining to future revenues that have been pledged or sold, provides guidance on sales of receivables and future revenues within the same financial reporting entity, and provides guidance on recognizing other assets and liabilities arising from the sale of specific receivables or future revenues. During the year, the City did not have any such sales or pledges of receivables or future revenues.

Statement No. 50, *Pension Disclosures-An Amendment of GASB Statements No. 25 and No. 27*. This statement will be effective for the City in the fiscal year ending September 30, 2008. This Statement more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB), and in doing so, enhances information disclosed in notes to financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits. The reporting changes required by this Statement amend applicable note disclosure and RSI requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No.27, *Accounting for Pensions by State and Local governmental Employers*, to conform with requirements of Statements No. 43, *Financial Reporting for Postemployment Benefits Plans Other Than Pension Plans*, and No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

The GASB has issued the following statements which will be effective in future years as described below:

Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, effective in fiscal year 2009, which establishes standards for the measurement, recognition, and display of other post employment benefits expense/expenditures, related liabilities and note disclosures in the financial statements.

Statement No. 47, *Accounting for Termination Benefits*. This is effective for the City in two parts: (1) for those benefits that relate to other post-employment benefits, the City is to implement at the same time as GASB 45 and (2) for other termination benefits, the effective date was fiscal 2006. This statement defines the accounting for voluntary and involuntary termination benefits (i.e. early retirement incentives). For voluntary termination benefits, an accrual of these costs is warranted when the termination terms have been accepted by the employee and the costs can be estimated. For involuntary termination occurrences, the liability should be recorded when the termination costs, such as severance, can be estimated and a plan for involuntary termination has been approved by the

City. The plan for involuntary termination should include the number and classes of employees affected, employee location, date of proposed termination, and types of benefits that are expected to be paid to terminated employees.

Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, which identifies the circumstances under which a governmental entity is required to report a liability related to pollution remediation. A government is required to estimate expected outlays for pollution remediation using an “expected cash flows” measurement technique if it knows a site is polluted and if any of the predefined recognition triggers occur. Information about pollution obligations associated with clean up efforts should also be disclosed in the notes to the financial statements.

Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, which is effective for the City fiscal year 2010. This Statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. This statement also provides authoritative guidance that specifically addresses the nature of these intangible assets. Such guidance should be applied in addition to the existing authoritative guidance for capital assets.

Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, was also issued and is effective for the City fiscal year 2009. This Statement establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. Governments also are required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value, and other information that they currently report for other investments reported at fair value.

Statement No. 53, *Accounting and Reporting for Derivative Instruments*, is intended to improve how state and local governments report information about derivative instruments which are financial arrangements used by governments to manage specific risks or make investments, in their financial statements. The Statement specifically requires governments to measure most derivative instruments at fair value in their financial statements that are prepared using the economic resources measurement focus and the accrual basis of accounting. The guidance in this Statement also addresses hedge accounting requirements and is effective for fiscal year 2010.

The City has not yet determined the impact of implementation of the new standards.

G. Deficit Net Assets

At September 30, 2008, The Hidden Creek Golf Course Fund had an accumulated deficit of \$713,956. Of this net deficit, \$662,898 is reported as invested in capital assets net of related debt. This deficit is caused by depreciation in excess of debt reduction. Future operating revenues coupled with increasing principal retirements are expected to eliminate this deficit.

H. Oil and Gas Royalties

The City receives royalties related to various oil and gas leases for which the City acts as lessor. The royalties are generally payable to the City when production begins at the lease site, and revenue is recognized at the time the royalty is earned and considered measurable and available if received within 60 days of year-end

2. CASH AND INVESTMENTS

Cash and investments as of September 30, 2008, are classified in the statement of net assets as cash and investments and restricted cash and investments. The cash and investments include the following:

Cash on hand	\$	9,043
Demand deposits		158,067
Money market mutual funds		565,487
TexPool (State of Texas Treasurer's Investment Pool)		7,744,156
TexPool Prime (State of Texas Treasurer's Investment Pool)		309,800
Lone Star Investment Pool - Liquidity Plus Fund		5,545,355
TexSTAR Investment Pool		72,022,258
U.S. government agency securities		11,882,453
		<hr/>
Total cash and investments	\$	<u>98,236,619</u>

Deposits

State statutes authorize the City's cash to be deposited in demand deposits, time deposits, or certificates of deposit, and require that all deposits be fully collateralized or insured.

Custodial credit risk

Custodial credit risk for deposits is the risk that, in the event of failure of a depository financial institution, the City will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The City's policy requires that all deposits with financial institutions must be collateralized to the extent not protected by F.D.I.C. insurance.

At September 30, 2008, the carrying amount of the City's deposits was \$158,067. The bank balances were entirely covered either by Federal Depository Insurance or by collateral held by the City's agent in the City's name.

Investments

In accordance with the Texas Public Funds Investment Act and the City of Burleson investment policy, the City invests in:

- a. Obligations of the United States or its agencies or instrumentalities;
- b. Fully insured or collateralized certificates of deposit at commercial banks and savings and loan associations;
- c. SEC registered, no load money market funds in accordance with state law;
- d. Eligible statewide investment pools authorized by the City Council;
- e. Repurchase Agreements (direct security repurchase agreements and reverse repurchase agreements in accordance with state law) collateralized by U.S. Treasury or U.S. Government Agency Securities.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. It is the City's policy to manage its exposure to interest rate risk by purchasing a combination of shorter term and longer term investments and by timing cash

flows from maturities so that a portion of it matures evenly over time as necessary to provide the cash flow and liquidity needed for operations. The maximum maturity allowed is two years.

Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity.

	Total Amounts	Remaining Maturity		
		12 months or Less	13 to 24 months	25 to 30 months
Money market mutual funds	\$ 565,487	\$ 565,487	-	-
TexPool (State of Texas Treasurer's Investment Pool)	7,744,156	7,744,156	-	-
TexPool Prime (State of Texas Treasurer's Investment Pool)	309,800	309,800	-	-
Lone Star Investment Pool - Liquidity Plus Fund	5,545,355	5,545,355	-	-
TexSTAR Investment Pool	72,022,258	72,022,258	-	-
U.S. government agency securities	11,882,453	9,384,467	\$ 2,497,986	-
	<u>\$ 98,069,509</u>	<u>\$ 95,571,523</u>	<u>\$ 2,497,986</u>	<u>\$ -</u>

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized rating agency.

In compliance with the City's Investment Policy, as of September 30, 2008, the City minimized credit risk losses due to default of a security issuer or backer by limiting investments to the safest types of securities; pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the City will do business; and diversifying the investment portfolio so that potential losses on individual securities were minimized. As of September 30, 2008, 12% of the City's portfolio was comprised of obligations of the United States or its agencies rated Aaa by Moody's and AAA by Standard and Poor's. The remainder of the portfolio was invested in AAAM rated local government investment pools or AAA rated money market mutual funds.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. It is the policy of the City of Burleson to diversify its investment portfolios. Whenever practical, assets held in the common investment portfolio shall be diversified to minimize the risk of loss resulting from one concentration of assets in a specific maturity, a specific issuer, or a specific class of securities. Investments in any one issuer that represent 5% or more of the City's total investment portfolio as of September 30, 2008, are as follows:

Investment Type	Issuer	Reported Amount	Percentage of total Portfolio
Federal Agency Securities	Federal National Mortgage Association	5,207,038	5.31%
Local Government Investment Pools	TexPool	8,053,956	8.21%
	Lone Star - Liquidity Plus Fund	5,545,355	5.65%
	TexSTAR Investment Pool	72,022,258	73.44%

Custodial Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, the City will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The City follows the practice of registering all of its investments in its name. All of the City's investments, other than pools, are registered in the City of Burlison's name as of September 30, 2008 and are not exposed to custodial credit risk.

3. RECEIVABLES AND DEFERRED REVENUES

Receivables as of September 30, 2008 for the government's individual major funds, and non-major funds in the aggregate, including the applicable allowances for uncollectible amounts, are as follows:

	General	BCDC Special Revenue	4A Corp Special Revenue	Bond- Funded Capital Projects	Mineral Lease Funded Capital Projects	Other Nonmajor Governmental Funds	Governmental Funds Total
Receivables:							
Property tax	\$ 267,276	\$ -	\$ -	\$ -	\$ -	\$ 12,000	\$ 279,276
Other taxes	-	-	-	-	-	66,929	66,929
Interest	21,516	307	451	10,665	16,477	16,080	65,496
Accounts	980,570	-	-	-	-	-	980,570
Intergovernmental	1,047,810	512,885	512,885	-	-	-	2,073,580
Gross receivables	2,317,172	513,192	513,336	10,665	16,477	95,009	3,465,851
Less: Allowance for uncollectibles	(239,276)	-	-	-	-	-	(239,276)
Net total receivables	<u>2,077,896</u>	<u>513,192</u>	<u>513,336</u>	<u>10,665</u>	<u>16,477</u>	<u>95,009</u>	<u>3,226,575</u>
Deferred Revenues							
Mowing Liens	35,417	-	-	-	-	-	35,417
Franchise Fees	293,250	-	-	-	-	-	293,250
Total deferred revenues	<u>\$ 328,667</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 328,667</u>

	Water and Wastewater	Golf Course	Solid Waste	Non-major	Business-Type Activities Total
Receivables:					
Interest	\$ -	\$ 18	\$ 344	\$ 2,732	\$ 3,094
Accounts	1,048,365	15,867	237,328	18,562	1,320,122
Unbilled accounts	881,754	-	164,889	-	1,046,643
Gross receivables	1,930,119	15,885	402,561	21,294	2,369,859
Less: Allowance for uncollectibles	(22,721)	-	(9,648)	(16,854)	(49,223)
Net total receivables	<u>\$ 2,811,873</u>	<u>\$ 15,885</u>	<u>\$ 567,450</u>	<u>\$ 21,294</u>	<u>\$ 3,416,502</u>

4. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2008, was as follows:

<u>Governmental activities:</u>	<u>Beginning Balance</u>	<u>Transfers/ Additions</u>	<u>Transfers/ Deletions</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 17,490,671	\$ 4,136,221	\$ (10,000)	\$ 21,616,892
Construction in progress	<u>4,241,308</u>	<u>10,008,560</u>	<u>(2,287,619)</u>	<u>11,962,249</u>
Total capital assets not being depreciated	<u>21,731,979</u>	<u>14,144,781</u>	<u>(2,297,619)</u>	<u>33,579,141</u>
Capital assets being depreciated:				
Buildings	13,882,859	70,130	(218,147)	13,734,842
Improvements other than buildings	6,830,082	514,691	(42,896)	7,301,877
Infrastructure	81,365,252	6,030,137	-	87,395,389
Vehicles	3,701,000	499,529	(808,313)	3,392,216
Machinery and equipment	<u>9,135,371</u>	<u>1,043,027</u>	<u>(898,608)</u>	<u>9,279,790</u>
Total capital assets being depreciated	<u>114,914,564</u>	<u>8,157,513</u>	<u>(1,967,964)</u>	<u>121,104,114</u>
Less accumulated depreciation for:				
Buildings	(2,613,494)	(274,854)	107,754	(2,780,594)
Improvements other than buildings	(2,309,408)	(275,056)	13,288	(2,571,176)
Infrastructure	(22,500,177)	(2,511,772)	-	(25,011,949)
Vehicles	(1,689,011)	(383,091)	596,252	(1,475,850)
Machinery and equipment	<u>(5,136,937)</u>	<u>(958,991)</u>	<u>679,707</u>	<u>(5,416,221)</u>
Total accumulated depreciation	<u>(34,249,027)</u>	<u>(4,403,764)</u>	<u>1,397,001</u>	<u>(37,255,790)</u>
Total capital assets being depreciated, net	<u>80,665,537</u>	<u>3,753,750</u>	<u>(570,963)</u>	<u>83,848,324</u>
Governmental activities capital assets, net	<u>\$ 102,397,516</u>	<u>\$ 17,898,530</u>	<u>\$ (2,868,582)</u>	<u>\$ 117,427,465</u>

<u>Business-type activities:</u>	<u>Beginning Balance</u>	<u>Transfers/ Additions</u>	<u>Transfers/ Deletions</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 3,197,310	\$ 10,000	\$ -	\$ 3,207,310
Construction in progress	<u>2,440,042</u>	<u>5,272,832</u>	<u>(5,370,423)</u>	<u>2,342,451</u>
Total capital assets not being depreciated	<u>5,637,352</u>	<u>5,282,832</u>	<u>(5,370,423)</u>	<u>5,549,760</u>
Capital assets, being depreciated:				
Water systems	34,337,675	2,216,379	-	36,554,054
Wastewater systems	27,373,066	3,056,301	-	30,429,367
Building and improvements	5,636,008	261,043	-	5,897,051
Machinery and equipment	1,435,556	1,012,072	(25,000)	2,422,628
Vehicles	1,121,638	935,950	(12,979)	2,044,609
Capitalized interest	<u>338,852</u>	<u>-</u>	<u>-</u>	<u>338,852</u>
Total capital assets being depreciated	<u>70,242,795</u>	<u>7,481,744</u>	<u>(37,979)</u>	<u>77,686,560</u>
Less accumulated depreciation for:				
Water systems	(5,672,359)	(766,805)	-	(6,439,165)
Wastewater systems	(3,486,070)	(582,083)	-	(4,068,153)
Building and improvements	(1,656,964)	(329,777)	-	(1,986,738)
Machinery and equipment	(801,916)	(690,327)	25,000	(1,467,244)
Vehicles	(494,619)	(653,186)	11,779	(1,136,026)
Capitalized interest	<u>(60,995)</u>	<u>(8,121)</u>	<u>-</u>	<u>(69,117)</u>
Total accumulated depreciation	<u>(12,172,923)</u>	<u>(3,030,299)</u>	<u>36,779</u>	<u>(15,166,442)</u>
Total capital assets being depreciated, net	<u>58,069,872</u>	<u>4,451,446</u>	<u>(1,200)</u>	<u>62,520,119</u>
Business-type activities capital assets, net	<u>\$ 63,707,224</u>	<u>\$ 9,734,278</u>	<u>\$ (5,371,623)</u>	<u>\$ 68,069,879</u>

Because the City maintains an internal service fund solely for the purpose of servicing business-type activities of the City, capital assets in this schedule are not equal to those reported in the statement of net assets for proprietary funds.

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 161,912
Public safety	971,507
Public works, which includes the depreciation of general infrastructure assets	2,893,180
Culture and recreation	<u>377,165</u>
Total depreciation expense - governmental activities	<u>\$ 4,403,764</u>
Business-type activities:	
Water and wastewater	\$ 1,472,491
Golf course	246,973
Solid waste	77,685
Vehicle replacement fund	<u>155,495</u>
Total depreciation expense - business-type activities	<u>\$ 1,952,645</u>

Additions to accumulated depreciation includes \$1,077,654 for transfers of assets related to the reporting of the Solid Waste function as a separate enterprise fund rather than as a part of the General fund.

Construction commitments

Currently, the City has made commitments to participate in construction projects with other governmental entities. These commitments include approximately \$405,000 with the Burleson Independent School District for new road and sidewalk construction, and \$240,000 with the City of Fort Worth for the construction of a portion of McAlister road in the northern reaches of the City.

The City continues to participate with the Texas Department of Transportation for purchase of ROW parcels necessary for the construction of State Highway 121. It is anticipated that the City will expend the remaining \$6,000 toward this endeavor next fiscal year.

The City has commitments in the amount of \$211,615 in change orders for the on-going construction of capital improvement projects and \$20,000 in obtaining necessary easements for sanitary sewer projects.

All these commitments will be financed from the proceeds of previous year bond issues and are fully funded.

The City also has committed to spend approximately \$423,000 in matching funds for grant-funded trails projects. These commitments will be financed from 4B sales tax revenue, or future bond issuance.

5. LEASES

The City has entered into a lease agreement as lessee for financing the acquisition of a brush truck for the Solid Waste department with a down payment of \$30,000 and for other solid waste equipment with no down payment. The City also has financed Wi-Fi computer network equipment with a down payment of \$130,000, two solid waste collection trucks by means of leases with down payments of \$30,000 each; and fire department protective equipment with a down payment of \$3,012. The City has also financed the purchase of certain course maintenance equipment for Hidden Creek Golf Course by means of a capital lease with no down payment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

See Note 8 to the basic financial statements for the future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2008.

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Asset:		
Machinery & Equipment	\$ 900,124	\$ 940,441
Less: Accumulated depreciation	<u>(456,087)</u>	<u>(52,975)</u>
Total	<u>\$ 444,037</u>	<u>\$ 887,467</u>

6. OTHER ASSETS

Included in business-type activities other assets are the following:

Water and Sewer Fund:

Deferred bond issuance costs resulting from the 2002 water and sewer revenue bonds. The costs are being amortized over the life of the bond issue.	\$ 204,588
Deferred bond issuance costs resulting from the 2005 water and sewer revenue bonds. The costs are being amortized over the life of the bond issue.	179,259
Deferred bond issuance costs resulting from the 2006 water and sewer CO bonds. The costs are being amortized over the life of the bond issue.	78,238
Deferred bond issuance costs resulting from the 2006 water and sewer revenue bonds. The costs are being amortized over the life of the bond issue.	126,388
Deferred bond issuance costs resulting from the 2007 water and sewer CO bonds. The costs are being amortized over the life of the bond issue.	125,768
Deferred bond issuance costs resulting from the 2008 water and sewer CO bonds. The costs are being amortized over the life of the bond issue.	105,577
Purchase of water rights in Mountain Valley estates, a residential housing development. The costs are being amortized over 40 years.	530,143
Costs incurred in the construction of a water line which is owned by the City of Fort Worth. The costs are being amortized over 50 years, or the estimated life of the water line.	1,579,964
Prepaid arbitrage liability	38,143
Costs incurred in the development of a long-term master infrastructure plan. The costs are being amortized over 20 years.	108,238
Costs incurred in the construction of a water meter station which is owned by the City of Fort Worth. The costs are being amortized over the life of a nine year contract with the City of Fort Worth.	95,162
	<u>\$ 3,171,467</u>

The amounts above are net of accumulated amortization of \$1,036,013.

Golf Course Fund:

Cost of a market viability study performed prior to the construction of the golf course. The costs are being amortized over 20 years.	\$ 18,275
Deferred bond issuance costs resulting from the 2004 golf course revenue bonds. The costs are being amortized over the life of the bond issue.	<u>136,749</u>
	<u>\$ 155,024</u>

The amounts above are net of accumulated amortization of \$96,146.

7. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of September 30, 2008, is as follows:

Advances from / to other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Equipment Replacement	4A Special Revenue Fund	\$2,068,202

The amount payable to the equipment replacement fund is related to a loan made to the 4A special revenue fund for the purchase of property to be used as a commercial business park. This amount is scheduled to be repaid by the end of the 2009-2010 fiscal year.

Inter-fund transfers during the year ended September 30, 2008, were as follows:

<u>Transfers From:</u>	<u>Transfers To:</u>						<u>Total</u>
	<u>General</u>	<u>Golf</u>	<u>Bond Funded</u>	<u>Solid</u>	<u>Proprietary</u>	<u>Non-major</u>	<u>Total</u>
	<u>Fund</u>	<u>Course</u>	<u>Capital Proj</u>	<u>Waste</u>	<u>Equipment</u>	<u>Governmental</u>	<u>Transfers</u>
			<u>Projects</u>		<u>Replacement</u>		<u>From</u>
Water & Wastewater Fund	\$ 330,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (330,000)
Gov Equip Replacement Fund	-	-	-	-	196,326	-	(196,326)
BCDC Special Revenue	-	562,042	-	-	-	1,039,841	(1,601,883)
4A Corp Special Revenue	-	-	-	-	-	3,664,367	(3,664,367)
Solid Waste Fund	7,700	-	-	-	-	-	(7,700)
Non-Major Governmental	-	-	57,988	-	-	141,766	(199,754)
General Fund	-	16,845	-	258,096	-	-	(274,941)
Total	<u>\$ 337,700</u>	<u>\$ 578,887</u>	<u>\$ 57,988</u>	<u>\$ 258,096</u>	<u>\$ 196,326</u>	<u>\$ 4,845,974</u>	<u>\$ (6,274,971)</u>

Inter-fund transfers are reported in the governmental activities and proprietary fund financial statements. In the government-wide statements, inter-fund transfers are eliminated within the governmental activities column and business-type column, as appropriate.

Transfers are used to (1) move revenues collected in the special revenue funds to finance various programs in accordance with budgetary authorizations, (2) move receipts restricted for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, (3) reimburse one fund for services provided to another fund (4) transfer additional funds to the Golf Course (5) pay for property purchased in advance of bond issuance (6) and pay the water and solid waste utilities' payments in lieu of taxes.

In previous years, the Solid Waste fund was reported as part of the General fund, however in the current year the Solid Waste fund is reported as a proprietary fund. As a result of this change, assets totaling \$368,902 and liabilities totaling \$105,048 both of which relate to Solid Waste were transferred in order to properly report Solid Waste as a proprietary fund. These transfers are not reflected in the table above, but are included in the financial statements.

8. LONG-TERM DEBT AND OBLIGATIONS

Long-term debt transactions, including current portion, for the year ended September 30, 2008, are summarized as follows:

	Balance at October 1, 2007	Increased	Retired	Balance at September 30, 2008	Due within one year
<i>Governmental activities:</i>					
General obligation bonds	\$ 18,224,000	\$ 14,750,000	\$ 812,000	\$ 32,162,000	\$ 1,227,000
Certificates of Obligation	24,365,000	20,900,000	745,000	44,520,000	1,195,000
Sales tax revenue bonds	11,165,000	-	785,000	10,380,000	820,000
Compensated absences	1,919,032	1,670,403	1,248,654	2,340,781	1,248,654
Capital leases	713,838	-	164,477	549,361	100,410
Premium on Debt	741,260	278,747	81,378	938,629	-
Governmental activities long-term debt	\$ 57,128,130	\$ 37,599,150	\$ 3,836,509	\$ 90,890,772	\$ 4,591,064
<i>Business-type activities:</i>					
General obligation bonds	\$ 5,069,000	\$ -	\$ 353,000	\$ 4,716,000	\$ 174,000
Certificates of Obligation	11,825,000	4,545,000	355,000	16,015,000	505,000
Water & Sewer revenue bonds	26,235,000	-	1,200,000	25,035,000	1,250,000
Compensated absences	214,871	274,549	194,775	294,645	194,775
Capital leases	429,979	961,711	234,413	1,157,276	246,842
Premium on Debt	40,393	37,616	7,288	70,721	-
Deferred loss on refunding	(560,538)	-	(72,029)	(488,509)	-
Business-type activities long-term debt	\$ 43,253,705	\$ 5,818,876	\$ 2,272,448	\$ 46,800,133	\$ 2,370,617

Premium on debt is amortized over the life of the debt using the effective interest method.

Bonds payable at September 30, 2008, are comprised of the following individual issues:

	Interest Rate (%)	Issue Date	Maturity Date	Original Issue	Net Retirement	Amount Outstanding
<i>Governmental activities:</i>						
General obligation bonds:						
2001 Series	4.25 - 5.25	6/1/2001	3/1/2021	\$ 3,518,000	\$ 835,000	\$ 2,683,000
2002 Series	3.00 - 5.00	8/15/2002	3/1/2023	5,770,000	1,795,000	3,975,000
2004 Refunding	2.50 - 5.00	4/15/2004	3/1/2025	875,000	186,000	689,000
2005 Series	3.00 - 4.25	2/1/2005	3/1/2025	3,970,000	305,000	3,665,000
2006 Series	4.00 - 4.25	11/15/2006	3/1/2026	2,400,000	-	2,400,000
2007 Series	4.00 - 4.625	6/15/2007	3/1/2024	4,100,000	100,000	4,000,000
2008 Series	4.00 - 4.625	4/15/2008	3/1/2028	14,750,000	-	14,750,000
Total general obligation bonds				<u>35,383,000</u>	<u>3,221,000</u>	<u>32,162,000</u>
Certificates of obligation:						
2005 Tax and Revenue	3.00 - 5.00	2/1/2005	3/1/2025	14,965,000	1,100,000	13,865,000
2006 Tax and Revenue	4.00 - 4.25	11/15/2006	3/1/2026	3,440,000	-	3,440,000
2006 Tax and Revenue	4.00 - 4.25	11/15/2006	3/1/2026	2,400,000	85,000	2,315,000
2007 Tax and Revenue	4.00 - 4.625	6/15/2007	3/1/2024	4,100,000	100,000	4,000,000
2008 Tax and Revenue	4.00 - 4.625	4/15/2008	3/1/2028	20,900,000	-	20,900,000
Total certificates of obligation				<u>45,805,000</u>	<u>1,285,000</u>	<u>44,520,000</u>
Sales tax revenue bonds:						
2001 Sales Tax Revenue bond	4.00 - 5.13	9/1/2001	3/1/2021	5,950,000	1,365,000	4,585,000
2001 Sales Tax Revenue bond	4.00 - 5.13	9/1/2001	3/1/2021	5,420,000	1,340,000	4,080,000
2003 Sales Tax Revenue bond	2.50 - 3.15	5/15/2003	3/1/2013	3,220,000	1,505,000	1,715,000
Total sales tax revenue bonds				<u>14,590,000</u>	<u>4,210,000</u>	<u>10,380,000</u>
Total governmental activities				<u>\$ 95,778,000</u>	<u>\$ 8,716,000</u>	<u>\$ 87,062,000</u>

	Interest Rate (%)	Issue Date	Maturity Date	Original Issue	Net Retirement	Amount Outstanding
<i>Business-type activities:</i>						
General obligation bonds:						
2004 Golf Course refunding	2.50 - 5.00	4/15/2004	3/1/2025	\$ 5,985,000	\$ 1,269,000	\$ 4,716,000
Certificates of Obligation						
2006 Tax and Revenue	4.00 - 4.25	11/15/2006	3/1/2026	6,125,000	220,000	5,905,000
2007 Tax and Revenue	4.00 - 4.625	6/15/2007	3/1/2024	5,700,000	135,000	5,565,000
2008 Tax and Revenue	4.00 - 4.625	4/15/2008	3/1/2028	4,545,000	-	4,545,000
Total certificates of obligation				<u>16,370,000</u>	<u>355,000</u>	<u>16,015,000</u>
Water and sewer revenue bonds						
2001 Improvement	4.00 - 5.00	6/1/2001	3/1/2021	6,475,000	4,725,000	1,750,000
2002 Improvement	3.00 - 5.05	8/15/2002	3/1/2027	10,850,000	180,000	10,670,000
2005 Improvement	3.00 - 4.40	5/15/2005	9/1/2025	5,370,000	205,000	5,165,000
2006 Refunding	4.00 - 4.50	4/1/2006	3/1/2021	8,995,000	1,545,000	7,450,000
Total sales tax revenue bonds				<u>31,690,000</u>	<u>6,655,000</u>	<u>25,035,000</u>
Total business-type activities				<u>\$ 54,045,000</u>	<u>\$ 8,279,000</u>	<u>\$ 45,766,000</u>

The above referenced bonds were issued for the following purposes:

	Original Issue	Net Retirement	Amount Outstanding	Purpose
<i>Governmental activities:</i>				
General obligation bonds:				
2001 Series	\$ 3,518,000	\$ 835,000	\$ 2,683,000	Fire station 1 and street rehab
2002 Series	5,770,000	1,795,000	3,975,000	Drainage improvements
2004 Refunding	875,000	186,000	689,000	Refunding
2005 Series	3,970,000	305,000	3,665,000	Public safety communications, fire truck, new & rehab streets
2006 Series	2,400,000	-	2,400,000	Street rehab, fire truck, Hemphill Street
2007 Series	4,100,000	100,000	4,000,000	Drainage improvements, road improvements, sports complex
2008 Series	<u>14,750,000</u>	<u>-</u>	<u>14,750,000</u>	Chisenhall sports complex, street improvements
Total general obligation bonds	<u>35,383,000</u>	<u>3,221,000</u>	<u>32,162,000</u>	
Certificates of obligation:				
2005 Tax and Revenue	14,965,000	1,100,000	13,865,000	Hidden Creek Parkway, Old Town streets, street rehab
2006 Tax and Revenue	3,440,000	-	3,440,000	Street rehab
2006 Tax and Revenue	2,400,000	85,000	2,315,000	Community recreation center
2007 Tax and Revenue	4,100,000	100,000	4,000,000	Drainage improvements
2008 Tax and Revenue	<u>20,900,000</u>	<u>-</u>	<u>20,900,000</u>	Recreation Center, neighborhood streets and drainage
Total certificates of obligation	<u>45,805,000</u>	<u>1,285,000</u>	<u>44,520,000</u>	
Sales tax revenue bonds:				
2001 Sales Tax Revenue bonds	5,950,000	1,365,000	4,585,000	Service and Senior Citizens Centers, park expansion
2001 Sales Tax Revenue bonds	5,420,000	1,340,000	4,080,000	Hidden Creek Parkway, South Hurst Road, Fire Station
2003 Sales Tax Revenue bonds	<u>3,220,000</u>	<u>1,505,000</u>	<u>1,715,000</u>	Refunding - City Hall, Library, Police Station
Total sales tax revenue bonds	<u>14,590,000</u>	<u>4,210,000</u>	<u>10,380,000</u>	
Total governmental activities	<u>\$ 95,778,000</u>	<u>\$ 8,716,000</u>	<u>\$ 87,062,000</u>	
	Original Issue	Net Retirement	Amount Outstanding	
<i>Business-type activities:</i>				
General obligation bonds:				
2004 Golf Course refunding	\$ 5,985,000	\$ 1,269,000	\$ 4,716,000	Refunding - Golf course construction
Certificates of obligation:				
2006 Tax and Revenue	6,125,000	220,000	5,905,000	Various Relief Lines, Valley View Outfall Sewer, waterline
2007 Tax and Revenue	5,700,000	135,000	5,565,000	Water system rehab, waterline, pump stations, elevated storage
2008 Tax and Revenue	<u>4,545,000</u>	<u>-</u>	<u>4,545,000</u>	Water and sewer system rehab, tank replacement
Total certificates of obligation	<u>16,370,000</u>	<u>355,000</u>	<u>16,015,000</u>	
Water and sewer revenue bonds				
2001 Improvement	6,475,000	4,725,000	1,750,000	System improvements and extensions
2002 Improvement	10,850,000	180,000	10,670,000	System improvements and extensions
2005 Improvement	5,370,000	205,000	5,165,000	System improvements and extensions
2006 Refunding	<u>8,995,000</u>	<u>1,545,000</u>	<u>7,450,000</u>	Refunding - system improvements and extensions
Total sales tax revenue bonds	<u>31,690,000</u>	<u>6,655,000</u>	<u>25,035,000</u>	
Total business-type activities	<u>\$ 54,045,000</u>	<u>\$ 8,279,000</u>	<u>\$ 45,766,000</u>	

The City currently has \$11,008,079 of authorized, but unissued, general obligation bonds.

The annual requirements to amortize all debt outstanding as of September 30, 2008, are as follows:

Years Ending September 30,	Governmental Activities							
	General Obligation	GO Interest	Certificates of Obligation	CO Interest	Sales Tax Revenue	STR Interest	Capital Leases	Capital Lease Interest
2009	\$ 1,227,000	\$ 1,555,121	\$ 1,195,000	\$ 2,216,154	\$ 820,000	\$ 474,278	\$ 100,410	\$ 34,710
2010	1,585,000	1,275,289	1,715,000	1,839,608	855,000	444,619	106,706	28,414
2011	1,654,000	1,214,441	1,785,000	1,773,656	890,000	412,527	107,138	21,722
2012	1,699,000	1,150,650	1,855,000	1,703,682	915,000	378,084	113,938	14,922
2013	1,757,000	1,084,167	1,915,000	1,635,598	955,000	341,454	121,169	7,691
2014-2018	7,398,000	4,539,859	10,820,000	6,948,425	3,435,000	1,183,678	-	-
2019-2023	8,559,000	2,815,566	13,485,000	4,287,695	2,510,000	261,632	-	-
2024-2028	7,813,000	939,355	11,750,000	1,143,767	-	-	-	-
2029-2034	470,000	48,250	-	-	-	-	-	-
Total	\$ 32,162,000	\$ 14,622,698	\$ 44,520,000	\$ 21,548,585	\$ 10,380,000	\$ 3,496,272	\$ 549,361	\$ 107,459

Years Ending September 30,	Business-type Activities							
	General Obligation	GO Interest	Certificates of Obligation	CO Interest	Water and Wastewater Revenue	Water and Wastewater Interest	Capital Leases	Capital Lease Interest
2009	\$ 174,000	\$ 202,025	\$ 505,000	\$ 739,920	\$ 1,250,000	\$ 1,085,987	\$ 246,842	\$ 48,030
2010	179,000	196,621	600,000	647,306	1,310,000	1,033,372	255,813	39,321
2011	188,000	190,649	620,000	622,481	1,360,000	977,872	174,278	27,383
2012	196,000	184,045	650,000	596,694	1,405,000	919,697	234,014	16,864
2013	201,000	176,846	675,000	571,082	1,420,000	860,273	246,329	13,904
2014-2018	1,286,000	738,669	3,810,000	2,366,600	8,110,000	3,322,715	-	-
2019-2023	1,675,000	411,485	4,700,000	2,239,599	6,795,000	1,648,798	-	-
2024-2028	817,000.00	41,428.00	4,455,000	2,102,583	3,385,000.00	261,975.00	-	-
Total	\$ 4,716,000	\$ 2,141,768	\$ 16,015,000	\$ 9,886,265	\$ 25,035,000	\$ 10,110,689	\$ 1,157,276	\$ 145,502

In prior years, the City defeased certain Sales Tax Revenue Bonds, Water and Sewer System Revenue Bonds and General Obligation Bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts and defeased bonds are not included in the City's financial statements. At September 30, 2008, the unpaid amount of the defeased bonds total \$19,025,000.

The ordinances authorizing the issuance of Water and Sewer serial bonds created the revenue bond debt service and retirement funds. The gross revenues of the waterworks system, after deduction of reasonable expenses of operation and maintenance, are pledged to such funds in amounts equal to the total annual principal and interest requirements of the bonds and amounts required to maintain the revenue bond and emergency funds. At September 30, 2008, the minimum amount required by the ordinances for the revenue bond debt service and retirement funds had been accumulated.

The revenue bond ordinances also require that the City charge for services sufficient to produce net revenues, as defined, in an amount not less than 1.25 times the average annual principal and interest requirements. At September 30, 2008, this requirement had been met.

The ordinance authorizing the issuance of General Obligation Bonds created the Debt Service Fund. All taxes levied and collected for and on account of said bonds are pledged to the Debt Service Fund in amounts authorized by the City Council, but never less than annual maturing interest and principal requirements with the provision that the principal portion will never be less than 2% of the outstanding principal amount. At September 30, 2008, this requirement had been met.

The City has several capital leases for various equipment. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, *Accounting for Leases*, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee.

Compensated absences are typically liquidated by the fund to which they relate.

At the end of the fiscal period, there is no short-term debt outstanding.

9. CONTINGENT ARBITRAGE

The City has invested a portion of revenue bond proceeds as a reserve for the retirement of the bonds. Any excess of interest revenue earned on invested proceeds over interest paid on the bonds must be rebated to the federal government every five years.

10. WATER AND SEWER CONTRACT

In 1989 the City entered into a contract with the City of Fort Worth, Texas for the purchase of water which will expire on December 31, 2010. The contract requires the City to pay varying amounts based on annual consumption rates established under the terms of the contract. During 2008 approximately 1,605,385,000 gallons of water were purchased under the contract at a cost of approximately \$2,749,486.

11. EMPLOYEES' RETIREMENT SYSTEM

Texas Municipal Retirement System

Plan Description – The City provides pension benefits for all of its full-time employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of 827 administered by TMRS, an agent multiple-employee retirement system. The Texas Municipal Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for TMRS. That report may be obtained by writing to TMRS, P. O. Box 149153, Austin, Texas 78714-9153.

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are 100% of the employee's accumulated contributions. In addition, the City can grant, as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

Members can retire at ages 60 and above with 5 or more years of service or with 20 years of service regardless of age. A member is vested after 5 years. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

Funding Policy – Cities are required to contribute at an actuarially determined rate; these rates are provided to the City on an annual basis, following the completion of the actuarial valuation. Note that there is a time

delay in the valuation and when the rate becomes effective – for example, the January 1, 2007 contribution rate is based on the 12/31/2005 valuation results; if a change in plan provisions is elected by the city, this rate can change. The actuary determines contribution rates on a calendar-year basis; the city discloses the annual pension costs (which equal the required contributions) based on the calculated rate(s) for the city’s fiscal year.

Annual Pension Cost – For 2008, the City’s annual pension cost of \$1,575,896 was equal to the City’s required and actual contributions. The required contribution was determined as part of the December 31, 2007 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.0% investment rate of return, (b) projected salary increases of 3% and (c) 2.1% per year cost-of-living adjustments.

Contributions – The contribution rate for the employees is 7%, and the City matching ratio is currently 2 to 1, both as adopted by the governing body of the City. Under the state law governing TMRS, the actuary annually determines the City contribution rate. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to the City matching percent, which are the obligation of the City as of an employee’s retirement date, not at the time the employee’s contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the remainder of the plan’s 30-year amortization period. The projected unit credit actuarial cost method is used for determining the City contribution rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect (i.e., December 31, 2007 valuation is effective for rates beginning January 2008).

Three-Year Trend Information for TMRS

Fiscal Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed	Net Pension Obligation
9/30/2006	\$ 1,226,098	100%	\$ -
9/30/2007	1,377,189	100%	-
9/30/2008	1,575,896	100%	-

Future Funding Requirements – In early December 2007, the TMRS Board of Trustees adopted actuarial changes that include a change from the Unit Credit actuarial cost method to the Projected Unit Credit actuarial cost method for all TMRS city plans as well as a closed amortization period of 30 years. The effect of these changes will result in an increase in city contribution rates for most Texas cities. Cities will have the option to gradually increase their contributions over an eight year phase-in period.

If the changes in actuarial funding method and assumptions had not been adopted for the 2007 valuation, the city’s unfunded actuarial accrued liability would have been \$6,689,628 and the funded ratio would have been 75.7%.

In addition, TMRS is currently preparing its legislative package for 2009. There is a possibility that the investment rate of return (IRR) assumption of 7% would need to be lowered if desired legislation for the 2009 session is unsuccessful. Maintaining a 7% IRR assumption is contingent in part on the continued diversification of the TMRS portfolio, from an almost exclusive bond portfolio to a portfolio that includes

equities as well. If needed state legislation is not enacted, TMRS may have to revisit the continued diversification of the portfolio and consider reducing the assumed IRR. A reduction in the IRR would result in increased actuarial accrued liabilities, thus causing further increases in city contribution rates, following the December 1, 2009 actuarial valuation.

12. DEFERRED COMPENSATION PLAN

The City participates in a deferred compensation plan which falls under Internal Revenue code Section 457. Virtually all employees are eligible to participate in the plan. The deferred compensation plan allows the deferral of individual Federal income taxes until funds are withdrawn. Funds may be withdrawn at termination, retirement, death or unforeseeable emergency. Employees may contribute a maximum of \$15,000 of compensation.

13. COMMITMENTS AND CONTINGENCIES

The City is a defendant in certain pending litigation. In the opinion of management, the potential claims against the City not covered by insurance would not materially affect the basic financial statements of the City.

The City has participated in a number of state and federally assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

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 purchased commercial insurance to cover these general liabilities from the Texas Municipal League, a non-public entity risk pool. As an insured, the City is not obligated to reimburse the pool for losses. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage in each of the past three fiscal years. Any losses reported, but unsettled or incurred and not reported, are believed to be insignificant to the City's financial statements.

14. OTHER POSTEMPLOYMENT BENEFITS

During 2007-2008, the City provided eligible retired employees with the following post-employment benefits: Eligible retirees were allowed to purchase health insurance from the City's healthcare provider at the City's cost to cover current employees. Eligible retirees could purchase health insurance from the City's healthcare provider at the City's cost to cover current employees for dependents if the dependents were covered at the point of retirement. This benefit is no longer available to City retirees.

The City recognized its share of the costs of providing these benefits, when paid, on a "pay-as-you-go" basis. These payments are budgeted annually. The cost for the fiscal year ended September 30, 2008 was \$16,009. At September 30, 2008, there were five employees receiving these benefits.

* * * * *

City of Burleson, Texas
 General Fund
 Budgetary Comparison Schedule
 For the Year Ended September 30, 2008

D-1

	Budgeted Amounts		Actual Amounts GAAP Basis	Adjustments Budget Basis	Actual Amounts Budget Basis	Variance - Positive (Negative)
	Original	Final				
Property taxes	\$ 9,500,854	\$ 9,501,154	\$ 9,071,383	\$ 337,700	\$ 9,409,083	\$ (92,071)
Sales taxes	5,133,000	5,275,000	5,628,525	-	5,628,525	353,525
Franchise fees	2,238,000	2,273,500	2,309,467	-	2,309,467	35,967
Licenses and permits	1,123,500	921,300	886,238	-	886,238	(35,062)
Intergovernmental	110,500	111,250	154,036	-	154,036	42,786
Charges for services	1,517,100	1,474,600	1,476,841	-	1,476,841	2,241
Fines and forfeitures	1,010,000	1,235,000	1,240,706	-	1,240,706	5,706
Investment income	310,000	310,000	249,929	-	249,929	(60,071)
Miscellaneous and other	932,550	1,222,170	1,417,323	-	1,417,323	195,153
Total revenues	<u>21,875,504</u>	<u>22,323,974</u>	<u>22,434,448</u>	<u>337,700</u>	<u>22,772,148</u>	<u>448,174</u>
General government						
City Council	54,508	40,240	55,111	-	55,111	(14,871)
City Manager's Office	596,223	834,370	827,947	1,892	829,839	4,531
Legal	177,302	206,805	219,827	-	219,827	(13,022)
Communications	70,736	84,990	86,670	434	87,105	(2,115)
City Secretary's Office	184,751	196,550	193,179	(4)	193,175	3,375
Support Services	206,369	205,795	196,713	(1,050)	195,663	10,132
Records and Information Services	87,519	85,492	82,709	43	82,752	2,740
Information Technology	789,047	793,496	856,285	(89,353)	766,932	26,564
Human Resources	365,189	375,674	376,492	1,573	378,065	(2,391)
Finance	792,285	775,488	760,704	1,741	762,445	13,043
Tax	175,523	169,035	169,034	-	169,034	1
Purchasing	96,747	97,318	97,343	-	97,343	(25)
Non-Departmental	625,241	573,996	494,899	274,941	769,840	(195,844)
Municipal Court	353,433	421,798	422,576	3,042	425,618	(3,820)
Neighborhood Services	104,496	110,597	109,188	9.38	109,197	1,400
	<u>4,679,369</u>	<u>4,971,644</u>	<u>4,948,677</u>	<u>193,269</u>	<u>5,141,946</u>	<u>(170,302)</u>
Public safety						
Police	6,429,260	6,788,268	6,837,940	17,313	6,855,253	(66,985)
Fire	2,846,658	2,922,775	2,848,517	7,349	2,855,866	66,909
Fire Prevention	272,864	280,163	275,029	3,205	278,235	1,928
Emergency Services	102,139	104,689	100,553	3,040	103,593	1,096
Animal Control	374,905	321,425	305,892	(3,280)	302,612	18,813
Code Enforcement	157,738	160,789	159,434	1,318.28	160,753	36
	<u>10,183,564</u>	<u>10,578,109</u>	<u>10,527,365</u>	<u>28,945</u>	<u>10,556,310</u>	<u>21,799</u>
Public works						
Public Works Administration	449,330	529,117	500,196	3,532	503,728	25,389
Pavement Maintenance	2,065,392	2,119,448	2,106,306	(10,637)	2,095,669	23,779
Drainage Maintenance	261,249	267,540	252,005	382	252,387	15,153
Traffic Control Maintenance	200,141	204,314	193,177	2,944	196,121	8,193
Facilities Maintenance	617,920	622,030	582,401	(1,384)	581,017	41,013
Environmental Services	112,212	103,388	98,753	706	99,459	3,929
Engineering/Capital	68,268	94,407	104,213	(1,039)	103,174	(8,767)
Engineering/Development	702,621	483,703	498,484	6,645	505,129	(21,426)
Building Inspections	429,898	439,226	438,323	2,053.64	440,377	(1,151)
	<u>4,907,031</u>	<u>4,863,173</u>	<u>4,773,860</u>	<u>3,203</u>	<u>4,777,063</u>	<u>86,110</u>

(Continued)

City of Burleson, Texas
 General Fund
 Budgetary Comparison Schedule
 For the Year Ended September 30, 2008

D-1

	Budgeted Amounts		Actual Amounts	Adjustments	Actual Amounts	Variance -
	Original	Final	GAAP Basis	Budget Basis	Budget Basis	Positive (Negative)
Culture and recreation						
Library	\$ 673,042	\$ 694,981	\$ 684,657	\$ 2,779	\$ 687,435	\$ 7,546
Parks and Recreation Administration	206,513	213,807	230,663	1,364	232,028	(18,221)
Recreation	405,192	390,569	391,322	(1,152)	390,170	399
Parks Maintenance	913,987	972,953	984,821	(20,350)	964,471	8,482
Senior Center	80,986	74,343	77,589	129	77,718	(3,375)
Municipal Pool	83,785	71,646	75,919	-	75,919	(4,273)
	<u>2,363,505</u>	<u>2,418,299</u>	<u>2,444,971</u>	<u>(17,229)</u>	<u>2,427,742</u>	<u>(9,443)</u>
Community development						
Economic Development	114,442	34,624	21,972	12,500	34,472	152
Community development	306,617	378,810	327,266	49,366	376,633	2,177
	<u>421,059</u>	<u>413,434</u>	<u>349,238</u>	<u>61,866</u>	<u>411,105</u>	<u>2,329</u>
Total expenditures	<u>22,554,528</u>	<u>23,244,659</u>	<u>23,044,111</u>	<u>270,054</u>	<u>23,314,166</u>	<u>(69,507)</u>
Excess of revenues over expenditures	(679,024)	(920,685)	(609,663)	67,646	(542,018)	378,667
Operating transfers in	-	-	337,700	(337,700)	-	-
Operating transfers out	-	-	(274,941)	274,941	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>62,759</u>	<u>(62,759)</u>	<u>-</u>	<u>-</u>
Excess of revenues and other sources over expenditures and other uses	(679,024)	(920,685)	(546,904)	4,887	(542,018)	378,667
Fund balances - beginning	<u>6,710,471</u>	<u>6,710,471</u>	<u>6,710,471</u>	-	<u>6,710,471</u>	-
Fund balances - ending	<u>\$ 6,031,447</u>	<u>\$ 5,789,786</u>	<u>\$ 6,163,567</u>	<u>\$ 4,887</u>	<u>\$ 6,168,453</u>	<u>\$ 378,667</u>

Explanation of differences:

Reserved (GAAP) for encumbrances at September 30, 2007 but recognized as expenditures for budget purposes	\$ (110,165)
Prior year encumbrances	175,703
Non-cash GAAP items not included in budget	(60,651)
Net decrease in fund balance - GAAP to budget	<u>\$ 4,887</u>

(Concluded)

	BCDC Special Revenue				4A Corp Special Revenue			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES								
Sales taxes	\$ 2,596,000	\$ 2,664,000	\$ 2,861,803	\$ 197,803	\$ 2,649,000	\$ 2,718,000	\$ 2,896,619	\$ 178,619
Interest revenue	25,000	62,000	59,553	(2,447)	150,000	60,000	66,165	6,165
Miscellaneous	-	-	-	-	-	-	459	459
Total Revenues	2,621,000	2,726,000	2,921,356	195,356	2,799,000	2,778,000	2,963,243	185,243
EXPENDITURES								
Current								
Community development	-	-	3,500	(3,500)	-	-	35,761	(35,761)
Total Expenditures	-	-	3,500	(3,500)	-	-	35,761	(35,761)
Excess (deficiency) of revenues over (under) expenditures	2,621,000	2,726,000	2,917,856	191,856	2,799,000	2,778,000	2,927,482	149,482
OTHER FINANCING USES								
Operating transfers out	(1,597,802)	(1,008,641)	(1,601,883)	(593,242)	(3,540,930)	(3,540,930)	(3,664,367)	(123,437)
Total Other Financing Uses	(1,597,802)	(1,008,641)	(1,601,883)	(593,242)	(3,540,930)	(3,540,930)	(3,664,367)	(123,437)
Net change in fund balances	1,023,198	1,717,359	1,315,973	(401,386)	(741,930)	(762,930)	(736,885)	26,045
Fund balance - beginning	2,282,577	2,282,577	2,282,577	-	1,541,309	1,541,309	1,541,309	-
Fund balance - ending	\$ 3,042,849	\$ 3,658,059	\$ 3,598,550	\$ (401,386)	\$ 496,475	\$ 475,475	\$ 804,424	\$ 26,045

City of Burleson, Texas
 TMRS Analysis of Funding Progress
 For the Year Ended September 30, 2008

D-3

Actuarial Valuation Date	December 31, 2007	December 31, 2006	December 31, 2005
Actuarial Value of Assets	\$ 20,864,139	\$ 19,173,866	\$ 17,453,183
Actuarial Accrued Liability	\$ 33,207,678	\$ 24,817,463	\$ 22,307,237
Percentage Funded	62.80%	77.26%	78.2%
Unfunded (over-funded) Actuarial Accrued Liability (UAAL)	\$ 12,343,539	\$ 5,643,597	\$ 4,854,054
Annual Covered Payroll	\$ 13,484,939	\$ 11,292,031	\$ 10,873,906
UAAL as a Percentage of Covered Payroll	91.50%	49.98%	44.6%
Actuarial Assumptions	2007	2006	2005
Actuarial Cost Method	Projected Unit Credit	Unit Credit	Unit Credit
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
Remaining Amortization Period	30 Years -- Closed Period	25 Years -- Open Period	25 Years -- Open Period
Asset Valuation Method	Amortized Cost	Amortized Cost	Amortized Cost
Investment Rate of Return	7.0%	7.0%	7.0%
Projected Salary Increases	Varies by age and service	None	None
Includes Inflation At	3.0%	3.5%	3.5%
Cost-of-Living Adjustments	2.1% (3.0% CPI)	None	None

CITY OF BURLESON, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2008

(Unaudited)

BUDGETARY INFORMATION - The City follows these procedures annually in establishing the budgetary data reflected in the budgetary comparison schedules:

1. The City Manager submits to the City Council a proposed budget for the fiscal year commencing the following October 1. The budget includes proposed expenditures and the means of financing them.
2. The City Council reviews the proposed budget at specially scheduled sessions, which are open to the public. The Council also conducts a public hearing on the proposed budget to obtain comments from interested persons.
3. Prior to October 1, the budget is legally adopted through passage of an ordinance. This budget is reported as the Original Budget in the budgetary comparison schedules.
4. During the fiscal year, changes to the adopted budget may be authorized, as follows:
 - a. Items requiring City Council action - appropriation of fund balance reserves; transfers of appropriations between funds; transfers between departments within funds; new inter-fund loans or advances; and creation of new capital projects or increases to existing capital projects.
 - b. Items delegated to the City Manager - transfers within departments
5. Annual budgets are legally adopted and amended as required for the general, the following special revenue funds: BCDC Special Revenue, 4A Corp Special Revenue and Hotel/Motel Tax Fund, enterprise and internal service funds. Project length budgets are adopted for the capital projects funds. All budgets are prepared on a budgetary basis, and budgetary comparisons for the general and major special revenue funds are presented on this basis in the required supplementary information. A debt service payment schedule for the debt service funds is also approved as part of the budget process. The budget is based on the modified accrual basis of accounting with the exception of certain non-cash expenditure accruals which are not budgeted.
6. Budget amounts are reflected after all authorized amendments and revisions. This budget is reported as the Final Budget in the budgetary comparison schedules.
7. For each legally adopted operating budget, expenditures should not exceed budgeted appropriations at the fund level. The BCDC and 4A Corporations exceed their adjusted budget because the City did not formally amend the budget for expenditures lawfully approved by the governing boards of the corporations. This step will be incorporated in the budget process for future years.
8. The legal appropriation basis in the General Fund is at the department level. Other governmental funds are appropriated at the fund level. Encumbrance accounting, under which purchase orders, contracts and other commitments are recorded to reserve the applicable appropriations, is employed in the governmental funds. The City does, however, honor the contracts represented by year-end encumbrances and the subsequent year's appropriations provide authority to complete these transactions.

THIS PAGE INTENTIONALLY BLANK

**COMBINING FINANCIAL STATEMENTS
NON-MAJOR GOVERNMENTAL FUNDS**

Special Revenue Funds

Special Revenue Funds are used by the city to account for revenues derived from specific taxes, fees, donations, and grants which are designated to finance particular functions or activities of the city. The city has nine non-major special revenue funds which include:

- Hotel/Motel Tax Fund - accounts for the receipts and allocation of the city's 7% room occupancy tax imposed on the rental of hotel-motel rooms located within the corporate city limits and extraterritorial jurisdiction of the city. These funds are used to promote tourism, conventions, and related activities within the city.
- Other Special Revenue Funds - accounts for various miscellaneous grants from the federal, state, or local governments. In addition, other separately funded projects are included. Tax Increment Financing Districts (TIF), Traffic Safety, General Government, Public Safety, Public Works, Culture and Recreation, and Economic Incentive Funds are included under this heading.

Non-major Capital Project Funds

The Non-major Capital Project Funds are used to account for capital improvements which are financed by designated resources other than city obligation bonds.

- The Burleson 4A Economic Development Corporation is a component unit of the city. The 4A Corporation administers a 1/2 cent sales tax. The proceeds of this tax are used to pay debt service on bonds issued for various capital improvements. The special revenue fund accounts for the receipts of the sales tax revenue, and subsequent transfers to the debt service fund. Funds in excess of debt service requirements are utilized on authorized capital projects.
- The Burleson Community Services Development Corporation (4B) is another component unit of the city. The BCSDC administers a 1/2 cent sales tax. The proceeds of this tax are used to pay debt service on bond issues for various capital improvements. The special revenue fund accounts for the receipt of the sales tax revenue, and subsequent transfer of the debt service fund. Funds in excess of debt service requirements are utilized on authorized capital projects.
- The Street Paving Trust Fund is used to account for funds deposited by developers in lieu of constructing public facilities such as streets and drainage.
- The Miscellaneous Capital Project Fund includes the Park Dedication Fund and the Miscellaneous Non-bond funded Capital Project Fund. These funds account for the proceeds of other sources of revenue and expenditures for authorized projects.

Debt Service Funds

The City's Debt Service Funds account for the accumulation of financial resources for the payment of principal and interest on the City's general obligation (property and sales tax supported) debt.

- The General Debt Service Fund is used to pay principal and interest on General Obligation Bonds.
- The Burleson 4A Economic Development Corporation debt service fund accounts for receipt of sales tax revenue transfer and payment of the debt service.
- The Burleson Community Services Development Corporation (4B) debt service fund accounts for the receipt of sales tax revenue transfer and payment of the debt service.

City of Burleson, Texas
 Nonmajor Governmental Funds
 Combining Balance Sheet
 September 30, 2008

	Special Revenue Funds		Capital Project Funds		
	Hotel/Motel	Other Special Revenue Funds	4A REVENUE	4B REVENUE	STREET PAVING TRUST FUND
ASSETS					
<u>Current assets</u>					
Cash and investments	\$ 245,645	\$ 1,450,953	\$ 1,888,855	\$ 25,269	\$ 1,068,799
Receivables:					
Accrued interest	-	-	8,631	481	3,588
Taxes receivable	66,929	-	-	-	-
Other assets	-	525	-	-	-
Total assets	<u>\$ 312,574</u>	<u>\$ 1,451,478</u>	<u>\$ 1,897,486</u>	<u>\$ 25,750</u>	<u>\$ 1,072,387</u>
LIABILITIES					
<u>Current liabilities:</u>					
Accounts payable	\$ 11,894	\$ 33,434	\$ 75,478	\$ 25,750	\$ -
Accrued liabilities	-	1,089,044	-	-	-
Total liabilities	<u>11,894</u>	<u>1,122,478</u>	<u>75,478</u>	<u>25,750</u>	<u>-</u>
FUND BALANCES					
Fund balance, reserved for:					
Capital projects	-	-	1,822,008	-	1,072,387
Debt service	-	-	-	-	-
Fund balance, unreserved, reported in:					
Special revenue funds	300,680	329,000	-	-	-
Total fund balances	<u>300,680</u>	<u>329,000</u>	<u>1,822,008</u>	<u>-</u>	<u>1,072,387</u>
Total liabilities and fund balances	<u>\$ 312,574</u>	<u>\$ 1,451,478</u>	<u>\$ 1,897,486</u>	<u>\$ 25,750</u>	<u>\$ 1,072,387</u>

MISCELLANEOUS CAPITAL PROJ FUND	Debt Service Funds			Total Other Governmental Funds
	GENERAL DEBT SERVICE	4A DEBT SERVICE	4B DEBT SERVICE	
\$ 633,887	\$ 786,227	\$ 717,883	\$ 1,162,836	\$ 7,980,354
3,380	-	-	-	16,080
-	12,000	-	-	78,929
-	-	-	-	525
<u>\$ 637,267</u>	<u>\$ 798,227</u>	<u>\$ 717,883</u>	<u>\$ 1,162,836</u>	<u>\$ 8,075,887</u>
\$ 9,307	\$ -	\$ -	\$ -	\$ 155,863
-	91,095	28,343	59,670	1,268,152
<u>9,307</u>	<u>91,095</u>	<u>28,343</u>	<u>59,670</u>	<u>1,424,015</u>
627,960	-	-	-	3,522,355
-	707,132	689,540	1,103,166	2,499,838
-	-	-	-	629,680
<u>627,960</u>	<u>707,132</u>	<u>689,540</u>	<u>1,103,166</u>	<u>6,651,872</u>
<u>\$ 637,267</u>	<u>\$ 798,227</u>	<u>\$ 717,883</u>	<u>\$ 1,162,836</u>	<u>\$ 8,075,887</u>

City of Burleson, Texas
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2008

	Special Revenue Funds		Capital Project Funds		
	Hotel/Motel	Other Special Revenue Funds	4A REVENUE	4B REVENUE	STREET PAVING TRUST FUND
REVENUES					
Property taxes and assessments	\$ -	\$ 61,730	\$ -	\$ -	\$ -
Sales taxes	199,310	263,200	-	-	-
Intergovernmental revenue	-	14,508	-	-	-
Red light camera revenue	-	231,829	-	-	-
Donations	-	19,343	-	-	-
Investment income	-	-	106,783	8,017	38,549
Street assessments	-	-	-	-	126,041
Mineral lease revenue	-	-	225,550	-	-
Miscellaneous	-	138,819	-	-	-
Total revenues	199,310	729,429	332,333	8,017	164,590
EXPENDITURES					
Current					
General government	-	69,540	-	-	-
Community development	-	131,152	-	-	-
Public safety	-	248,806	-	-	-
Culture and recreation	107,134	16,731	-	-	-
Principal retirement	-	-	-	-	-
Interest and fiscal agent charges	-	-	-	-	-
Capital expenditures	-	-	4,311,197	524,360	40,735
Total expenditures	107,134	466,229	4,311,197	524,360	40,735
Excess (deficiency) of revenues over (under) expenditures	92,176	263,200	(3,978,864)	(516,343)	123,855
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	2,200,000	5,079	-
Transfers out	-	-	-	-	(141,766)
Total other financing sources (uses)	-	-	2,200,000	5,079	(141,766)
Net change in fund balances	92,176	263,200	(1,778,864)	(511,264)	(17,911)
Fund balance - beginning	208,504	65,800	3,600,872	511,264	1,090,298
Fund balance - ending	\$ 300,680	\$ 329,000	\$ 1,822,008	\$ -	\$ 1,072,387

MISCELLANEOUS CAPITAL PROJECTS FUND	Debt Service Funds			Total Other Governmental Funds
	GENERAL DEBT SERVICE	4A DEBT SERVICE	4B DEBT SERVICE	
\$ -	\$ 2,373,707	\$ -	\$ -	\$ 2,435,437
-	-	-	-	462,510
-	-	-	-	14,508
-	-	-	-	231,829
-	-	-	-	19,343
28,225	-	42	16,429	198,045
-	-	-	-	126,041
-	-	-	-	225,550
45,000	-	-	-	183,819
<u>73,225</u>	<u>2,373,707</u>	<u>42</u>	<u>16,429</u>	<u>3,897,082</u>
-	-	-	-	69,540
-	-	-	-	131,152
-	-	-	-	248,806
-	-	-	-	123,865
-	990,120	706,880	645,000	2,342,000
-	1,201,732	758,181	390,811	2,350,724
478,569	-	-	-	5,354,861
<u>478,569</u>	<u>2,191,852</u>	<u>1,465,061</u>	<u>1,035,811</u>	<u>10,620,948</u>
<u>(405,344)</u>	<u>181,855</u>	<u>(1,465,019)</u>	<u>(1,019,382)</u>	<u>(6,723,866)</u>
141,766	-	1,464,367	1,034,762	4,845,974
(57,988)	-	-	-	(199,754)
<u>83,778</u>	<u>-</u>	<u>1,464,367</u>	<u>1,034,762</u>	<u>4,646,220</u>
(321,566)	181,855	(652)	15,380	(2,077,646)
<u>949,526</u>	<u>525,277</u>	<u>690,192</u>	<u>1,087,786</u>	<u>8,729,519</u>
<u>\$ 627,960</u>	<u>\$ 707,132</u>	<u>\$ 689,540</u>	<u>\$ 1,103,166</u>	<u>\$ 6,651,872</u>

City of Burleson, Texas
 Debt Service Funds
 Budgetary Comparison Schedule
 For the Year Ended September 30, 2008

	General Debt Service Fund			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Property taxes and assessments	\$ 2,155,685	\$ 2,305,486	\$ 2,373,707	\$ 68,221
Investment income	-	-	-	-
Total Revenues	<u>2,155,685</u>	<u>2,305,486</u>	<u>2,373,707</u>	<u>68,221</u>
EXPENDITURES				
Principal retirement	990,120	990,120	990,120	-
Interest and fiscal agent charges	<u>1,251,362</u>	<u>1,251,362</u>	<u>1,201,732</u>	<u>49,630</u>
Total Expenditures	<u>2,241,482</u>	<u>2,241,482</u>	<u>2,191,852</u>	<u>49,630</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(85,797)</u>	<u>64,004</u>	<u>181,855</u>	<u>117,851</u>
OTHER FINANCING SOURCES				
Operating transfers in	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(85,797)	64,004	181,855	117,851
Fund balance - beginning	<u>525,277</u>	<u>525,277</u>	<u>525,277</u>	<u>-</u>
Fund balance - ending	<u>\$ 439,480</u>	<u>\$ 589,281</u>	<u>\$ 707,132</u>	<u>\$ 117,851</u>

4A Debt Service Fund				4B Debt Service Fund			
Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10,000	34	42	8	5,000	30,620	16,429	(14,191)
10,000	34	42	8	5,000	30,620	16,429	(14,191)
838,678	838,678	706,880	131,798	645,000	645,000	645,000	-
626,390	626,390	758,181	(131,791)	390,761	390,761	390,811	(50)
1,465,068	1,465,068	1,465,061	7	1,035,761	1,035,761	1,035,811	(50)
(1,455,068)	(1,465,034)	(1,465,019)	15	(1,030,761)	(1,005,141)	(1,019,382)	(14,241)
1,465,068	1,465,068	1,464,367	(701)	1,035,761	1,005,141	1,034,762	29,621
1,465,068	1,465,068	1,464,367	(701)	1,035,761	1,005,141	1,034,762	29,621
10,000	34	(652)	(686)	5,000	-	15,380	15,380
690,192	690,192	690,192	-	1,087,786	1,087,786	1,087,786	-
\$ 700,192	\$ 690,226	\$ 689,540	\$ (686)	\$ 1,092,786	\$ 1,087,786	\$ 1,103,166	\$ 15,380

City of Burleson, Texas
 Other Governmental Funds
 Budgetary Comparison Schedule
 For the Year Ended September 30, 2008

E-4

	<u>Hotel/Motel Fund</u>			Variance Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
REVENUES				
Sales taxes	\$ 150,000	\$ 150,000	\$ 199,310	\$ 49,310
Total Revenues	<u>150,000</u>	<u>150,000</u>	<u>199,310</u>	<u>49,310</u>
EXPENDITURES				
Current				
Culture and recreation	<u>107,770</u>	<u>118,423</u>	<u>107,134</u>	<u>11,289</u>
Total Expenditures	<u>107,770</u>	<u>118,423</u>	<u>107,134</u>	<u>11,289</u>
Excess (deficiency) of revenues over (under) expenditures	<u>42,230</u>	<u>31,577</u>	<u>92,176</u>	<u>60,599</u>
Net change in fund balances	42,230	31,577	92,176	60,599
Fund balance - beginning	<u>208,504</u>	<u>208,504</u>	<u>208,504</u>	<u>-</u>
Fund balance - ending	<u>\$ 250,734</u>	<u>\$ 240,081</u>	<u>\$ 300,680</u>	<u>\$ 60,599</u>

City of Burleson, Texas
Combining Statement of Net Assets
Internal Service Funds
September 30, 2008

F-1

	<u>Equipment Services</u>	<u>Vehicle Replacement - Governmental</u>	<u>Vehicle Replacement - Business-Type</u>	<u>Total Internal Service Funds</u>
ASSETS:				
<u>Current assets</u>				
Cash, cash equivalents, and temporary investments	\$ 216,166	\$ 93,814	\$ 715,686	\$ 1,025,666
Receivables:				
Accounts receivable	2,718	-	-	2,718
Accrued interest receivable	950	2,650	2,580	6,180
Loan receivable	-	2,068,202	-	2,068,202
Inventories	68,391	-	-	68,391
Total current assets	<u>288,225</u>	<u>2,164,666</u>	<u>718,266</u>	<u>3,171,157</u>
Noncurrent assets:				
Property, plant, and equipment, net	6,619	1,916,367	908,581	2,831,567
Total noncurrent assets	<u>6,619</u>	<u>1,916,367</u>	<u>908,581</u>	<u>2,831,567</u>
Total assets	<u>294,844</u>	<u>4,081,033</u>	<u>1,626,847</u>	<u>6,002,724</u>
LIABILITIES				
<u>Current liabilities</u>				
Accounts payable	20,774	4,947	-	25,721
Current compensated absences	5,947	-	-	5,947
Accrued liabilities	9,727	-	-	9,727
Total current liabilities	<u>36,448</u>	<u>4,947</u>	<u>-</u>	<u>41,395</u>
<u>Noncurrent liabilities</u>				
Long-term compensated absences	49,786	-	-	49,786
Total liabilities	<u>86,234</u>	<u>4,947</u>	<u>-</u>	<u>91,181</u>
NET ASSETS (LIABILITIES)				
Invested in capital assets, net of related debt	6,619	1,916,367	908,581	2,831,567
Unrestricted	201,991	2,159,719	718,266	3,079,976
Total net assets (liabilities)	<u>\$ 208,610</u>	<u>\$ 4,076,086</u>	<u>\$ 1,626,847</u>	<u>\$ 5,911,543</u>

City of Burleson, Texas
 Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
 Internal Service Funds
 For the Year Ended September 30, 2008

F-2

	Equipment Services	Vehicle Replacement - Governmental	Vehicle Replacement - Business-Type	Total Internal Service Funds
OPERATING REVENUE				
Charges for services	\$ 533,943	\$ 781,171	\$ 290,778	\$ 1,605,892
Miscellaneous	-	42,414	18,112	60,526
Total operating revenue	<u>533,943</u>	<u>823,585</u>	<u>308,890</u>	<u>1,666,418</u>
OPERATING EXPENSE				
Personal services	404,198	-	-	404,198
Repairs and maintenance	53,371	-	-	53,371
Materials and supplies	87,784	78,163	3,162	169,109
Depreciation	2,361	383,092	155,495	540,948
Total operating expense	<u>547,714</u>	<u>461,255</u>	<u>158,657</u>	<u>1,167,626</u>
Net operating income (loss)	<u>(13,771)</u>	<u>362,330</u>	<u>150,233</u>	<u>498,792</u>
NONOPERATING REVENUES				
Gain (loss) on disposition of fixed assets	-	(10,424)	(805)	(11,229)
Investment income	6,561	51,641	26,421	84,623
Total nonoperating revenue	<u>6,561</u>	<u>41,217</u>	<u>25,616</u>	<u>73,394</u>
Income (loss) before transfers	<u>(7,210)</u>	<u>403,547</u>	<u>175,849</u>	<u>572,186</u>
Other Sources (Uses)				
Transfers in	-	-	196,326	196,326
Transfers out	-	(196,326)	-	(196,326)
Change in net assets	<u>(7,210)</u>	<u>207,221</u>	<u>372,175</u>	<u>572,186</u>
Net assets - beginning of the year	<u>215,820</u>	<u>3,868,865</u>	<u>1,254,672</u>	<u>5,339,357</u>
Net assets - end of the year	<u>\$ 208,610</u>	<u>\$ 4,076,086</u>	<u>\$ 1,626,847</u>	<u>\$ 5,911,543</u>

City of Burleson, Texas
Statement of Cash Flows
All Internal Service Funds
For the Year Ended September 30, 2008

F-3

	Equipment Services	Vehicle Replacement - Governmental	Vehicle Replacement - Business-Type	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received for equipment replacement	\$ -	\$ 781,171	\$ 290,778	\$ 1,071,949
Cash received for fleet maintenance services	535,283	-	-	535,283
Cash payments (loan receivable) to other funds	-	(2,068,202)	-	(2,068,202)
Payments to vendors, suppliers and contractors	(132,594)	(73,216)	(3,162)	(208,972)
Payments to employees for services	(380,243)	-	-	(380,243)
Other operating cash receipts (payments)	-	42,414	18,112	60,526
Net cash provided by (used for) operating activities	<u>22,446</u>	<u>(1,317,833)</u>	<u>305,728</u>	<u>(989,659)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfer to other funds	-	(196,326)	-	(196,326)
Transfer from other funds	-	-	196,326	196,326
Net cash provided by (used for) noncapital financing activities	<u>-</u>	<u>(196,326)</u>	<u>196,326</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from disposal of capital assets	-	(10,424)	(805)	(11,229)
Acquisition and construction of capital assets	-	(287,470)	(437,059)	(724,529)
Net cash used for capital and related financing activities	<u>-</u>	<u>(297,894)</u>	<u>(437,864)</u>	<u>(735,758)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	5,823	58,177	26,051	90,051
Proceeds from sale of investments	140,065	1,068,717	563,304	1,772,086
Purchase of investments	(113,938)	(869,363)	(458,227)	(1,441,528)
Net cash provided by investing activities	<u>31,950</u>	<u>257,531</u>	<u>131,128</u>	<u>420,609</u>
Net increase (decrease) in cash and cash equivalents	54,396	(1,554,522)	195,318	(1,304,808)
Cash and cash equivalents--beginning of the year	<u>120,237</u>	<u>427,214</u>	<u>210,723</u>	<u>758,174</u>
Cash and cash equivalents--end of the year	174,633	(1,127,308)	406,041	(546,634)
Investments	<u>41,533</u>	<u>1,221,122</u>	<u>309,645</u>	<u>1,572,300</u>
Total cash and investments	<u>\$ 216,166</u>	<u>\$ 93,814</u>	<u>\$ 715,686</u>	<u>\$ 1,025,666</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (13,771)	\$ 362,330	\$ 150,233	\$ 498,792
Depreciation	2,361	383,092	155,495	540,948
Change in operating assets and liabilities:				
Decrease in inventories	4	-	-	4
Decrease in accounts receivable	1,340	-	-	1,340
Increase in due from other funds	-	(2,068,202)	-	(2,068,202)
Increase in accrued compensated absences	20,559	-	-	20,559
Increase in accounts payable	8,557	4,947	-	13,504
Increase in accrued liabilities	3,396	-	-	3,396
Net cash provided by (used for) operating activities	<u>\$ 22,446</u>	<u>\$ (1,317,833)</u>	<u>\$ 305,728</u>	<u>\$ (989,659)</u>

THIS PAGE INTENTIONALLY BLANK

CITY OF BURLESON, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2008
STATISTICAL SECTION INDEX
(Unaudited)

This part of the City of Burleson's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents	Tables
Financial Trends These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	1-4
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	5-8
Debt Capacity These schedules present information to help the reader assess the affordability of the government's current level of outstanding debt and the government's ability to issue additional debt in the future.	9-12
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	13-14
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	15-18

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**CITY OF BURLESON
NET ASSETS BY COMPONENT
LAST SIX FISCAL YEARS
(accrual basis of accounting)
(Unaudited)**

TABLE 1

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Governmental activities:						
Invested in capital assets, net of related debt	\$ 43,166,286	\$ 41,788,733	\$ 51,316,982	\$ 59,064,614	\$ 67,844,305	\$ 75,675,895
Restricted	1,700,826	5,610,990	7,024,586	7,685,387	6,127,141	6,902,812
Unrestricted	6,900,733	6,949,533	7,186,975	10,199,823	14,992,647	18,368,321
Total governmental activities net assets	<u>\$ 51,767,845</u>	<u>\$ 54,349,256</u>	<u>\$ 65,528,543</u>	<u>\$ 76,949,824</u>	<u>\$ 88,964,093</u>	<u>\$ 100,947,028</u>
Business-type activities:						
Invested in capital assets, net of related debt	\$ 23,395,202	\$ 24,558,080	\$ 28,902,546	\$ 33,820,175	\$ 35,616,520	\$ 38,951,118
Restricted	2,157,853	2,157,853	2,800,492	2,601,200	2,800,492	3,172,307
Unrestricted	1,804,296	1,628,308	1,040,549	2,914,935	5,091,536	6,198,905
Total business-type activities net assets	<u>\$ 27,357,351</u>	<u>\$ 28,344,241</u>	<u>\$ 32,743,587</u>	<u>\$ 39,336,310</u>	<u>\$ 43,508,548</u>	<u>\$ 48,322,330</u>
Primary government:						
Invested in capital assets, net of related debt	\$ 66,561,488	\$ 66,346,813	\$ 80,219,528	\$ 92,884,789	\$ 103,460,825	\$ 114,627,013
Restricted	3,858,679	7,768,843	9,825,078	10,286,587	8,927,633	10,075,119
Unrestricted	8,705,029	8,577,841	8,227,524	13,114,758	20,084,183	24,567,226
Total primary government activities net assets	<u>\$ 79,125,196</u>	<u>\$ 82,693,497</u>	<u>\$ 98,272,130</u>	<u>\$ 116,286,134</u>	<u>\$ 132,472,641</u>	<u>\$ 149,269,358</u>

Note: The city began to report accrual information when it implemented GASB Standard 34 in fiscal year 2003.

CITY OF BURLESON
CHANGE IN NET ASSETS (Unaudited)
LAST SIX FISCAL YEARS
(accrual basis of accounting)

TABLE 2

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Expenses						
Governmental activities:						
General government	\$ 3,135,534	\$ 3,298,510	\$ 3,424,919	\$ 3,727,261	\$ 4,060,608	\$ 5,265,957
Public safety	5,193,712	6,321,200	7,203,194	8,100,853	9,784,360	11,664,905
Public works	4,345,649	5,246,994	5,305,779	6,026,802	6,788,351	7,023,636
Community Development	485,422	766,423	1,213,921	1,254,161	1,173,452	457,921
Culture and recreation	1,769,612	1,798,391	2,167,841	2,359,258	2,494,174	2,851,686
Interest and other fees	1,163,511	1,070,503	1,385,277	1,716,670	2,035,972	2,870,665
Total governmental activities expenses	<u>16,093,440</u>	<u>18,502,021</u>	<u>20,700,931</u>	<u>23,185,005</u>	<u>26,336,917</u>	<u>30,134,770</u>
Business-type activities:						
Water and wastewater	8,644,282	9,084,086	9,896,012	10,287,872	11,047,187	12,593,338
Hidden Creek Golf Course	1,967,941	2,211,168	1,901,480	1,773,118	1,761,513	1,735,181
Solid Waste	990,101	1,106,306	1,355,240	1,381,597	1,547,740	2,211,449
Cemetery	19,379	18,302	20,983	26,183	31,572	1,069
Total business-type activities expenses	<u>11,621,703</u>	<u>12,419,862</u>	<u>13,173,715</u>	<u>13,468,770</u>	<u>14,388,012</u>	<u>16,541,037</u>
Total primary government expenses	<u>\$27,715,143</u>	<u>\$ 30,921,883</u>	<u>\$ 33,874,646</u>	<u>\$ 36,653,775</u>	<u>\$ 40,724,929</u>	<u>\$ 46,675,807</u>
Program Revenues:						
Governmental activities:						
Charges for services	\$ 3,719,196	\$ 4,831,891	\$ 5,050,465	\$ 7,010,601	\$ 6,920,756	\$ 10,850,388
Operating grants and contributions	570,815	535,164	727,842	646,304	587,515	534,172
Capital grants and contributions	6,513,129	1,936,102	8,378,946	6,812,544	7,813,051	4,299,747
Total governmental activities program revenues	<u>10,803,140</u>	<u>7,303,157</u>	<u>14,157,253</u>	<u>14,469,449</u>	<u>15,321,322</u>	<u>15,684,307</u>
Business-type activities:						
Charges for services	9,905,706	9,610,972	11,506,324	13,949,581	12,096,207	16,784,496
Operating grants and contributions	-	-	-	154,156	751,266	597,780
Capital grants and contributions	2,673,323	962,513	3,350,613	3,449,995	2,843,679	2,242,694
Total business-type activities program revenues	<u>12,579,029</u>	<u>10,573,485</u>	<u>14,856,937</u>	<u>17,553,732</u>	<u>15,691,152</u>	<u>19,624,970</u>
Total primary government program revenues	<u>\$23,382,169</u>	<u>\$ 17,876,642</u>	<u>\$ 29,014,190</u>	<u>\$ 32,023,181</u>	<u>\$ 31,012,474</u>	<u>\$ 35,309,277</u>
Net (expense)/revenue						
Governmental activities	\$ (5,290,300)	\$(11,198,864)	\$ (6,543,678)	\$ (8,715,556)	\$(11,015,595)	\$(14,450,463)
Business-type activities	957,326	(1,846,377)	1,683,222	4,084,962	1,303,140	3,083,933
Total primary government net expense	<u>\$ (4,332,974)</u>	<u>\$(13,045,241)</u>	<u>\$ (4,860,456)</u>	<u>\$ (4,630,594)</u>	<u>\$ (9,712,455)</u>	<u>\$(11,366,530)</u>

(continued)

Note: The city began to report accrual information when it implemented GASB Standard 34 in fiscal year 2003.

CITY OF BURLESON
CHANGE IN NET ASSETS (Unaudited)
LAST SIX FISCAL YEARS
(accrual basis of accounting)

TABLE 2

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
General Revenues and Other Changes in Net Assets						
Governmental activities:						
Taxes						
Property taxes	\$ 5,969,750	\$ 6,987,204	\$ 7,752,303	\$ 8,625,863	\$ 9,910,567	\$ 11,564,509
Tax Increment Financing	80,470	162,966	412,423	497,436	547,712	61,730
Sales and use taxes	6,252,339	7,125,534	8,299,061	9,154,752	10,347,816	11,650,147
Hotel/motel taxes	87,501	96,928	119,270	159,321	172,078	199,309
Franchise fees	1,576,954	1,763,792	1,768,708	2,090,773	2,027,326	2,316,229
Investment income	298,162	244,511	829,175	1,520,814	2,021,700	1,600,937
Lawsuit settlement	-	-	970,000	-	-	-
Transfers	(1,712,074)	(1,494,354)	(1,072,735)	(530,525)	(449,595)	(959,463)
Total governmental activities	<u>12,553,102</u>	<u>14,886,581</u>	<u>19,078,205</u>	<u>21,518,434</u>	<u>24,577,604</u>	<u>26,433,398</u>
Business-type activities:						
Investment income	252,557	232,607	285,489	639,421	871,763	714,810
Gain on sale of assets	-	-	2,660	(43,782)	-	55,576
Transfers	1,712,074	1,494,354	1,072,735	530,525	449,595	959,463
Total business-type revenues	<u>1,964,631</u>	<u>1,726,961</u>	<u>1,360,884</u>	<u>1,126,164</u>	<u>1,321,358</u>	<u>1,729,849</u>
Total primary government	<u>\$ 14,517,733</u>	<u>\$ 16,613,542</u>	<u>\$ 20,439,089</u>	<u>\$ 22,644,598</u>	<u>\$ 25,898,962</u>	<u>\$ 28,163,247</u>
Change in Net Assets						
Governmental activities	\$ 5,550,728	\$ 2,193,363	\$ 11,461,792	\$ 12,272,353	\$ 13,112,414	\$ 11,982,935
Business-type activities	4,634,031	1,374,938	4,116,841	5,741,651	3,074,093	4,813,782
Total primary government	<u>\$ 10,184,759</u>	<u>\$ 3,568,301</u>	<u>\$ 15,578,633</u>	<u>\$ 18,014,004</u>	<u>\$ 16,186,507</u>	<u>\$ 16,796,717</u>

(concluded)

**CITY OF BURLESON
 FUND BALANCES
 GOVERNMENTAL FUNDS
 LAST SIX FISCAL YEARS
 (modified accrual basis of accounting)
 (Unaudited)**

TABLE 3

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
General Fund						
Reserved	\$ 207,342	\$ 148,578	\$ 403,425	\$ 295,535	\$ 236,359	\$ 292,510
Unreserved	2,753,915	3,213,330	4,045,566	4,716,008	6,474,112	5,871,057
Total general fund	<u>\$ 2,961,257</u>	<u>\$ 3,361,908</u>	<u>\$ 4,448,991</u>	<u>\$ 5,011,543</u>	<u>\$ 6,710,471</u>	<u>\$ 6,163,567</u>
All Other Governmental Funds						
Reserved	\$10,281,340	\$12,192,140	\$ 27,994,603	\$21,439,770	\$ 33,802,921	\$ 64,065,336
Unreserved, reported in:						
Special Revenue Funds	2,264,791	97,635	131,960	195,320	274,192	629,680
Total all other governmental funds	<u>\$12,546,131</u>	<u>\$12,289,775</u>	<u>\$ 28,126,563</u>	<u>\$21,635,090</u>	<u>\$ 34,077,113</u>	<u>\$ 64,695,016</u>

Note: The city began to report accrual information when it implemented GASB Standard 34 in fiscal year 2003.

**CITY OF BURLESON
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
LAST SIX FISCAL YEARS
(modified accrual basis of accounting)
(Unaudited)**

TABLE 4

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Revenues						
Property taxes	\$ 6,038,027	\$ 7,237,262	\$ 8,032,127	\$ 8,704,379	\$ 10,027,181	\$ 11,506,820
Sales taxes	6,339,841	7,222,465	8,645,430	9,636,872	10,842,693	11,849,457
Franchise fees	1,569,413	2,284,489	1,766,863	1,935,224	2,020,661	2,309,467
Licenses and permits	456,897	967,012	979,855	1,098,670	1,106,496	886,238
Intergovernmental revenue	475,016	422,522	1,047,760	513,197	471,632	168,544
Fines and forfeitures	2,421,255	2,770,736	689,554	767,477	1,149,028	1,472,535
Donations	534,268	700,254	23,343	10,255	25,547	19,343
Charges for service	23,614	6,297	2,995,429	2,965,190	3,169,601	1,476,841
Interest income	235,544	155,835	757,743	1,415,646	1,904,919	1,542,276
Mineral lease revenue	-	-	-	-	-	5,985,783
Street Assessments	274,976	209,175	206,800	152,561	112,377	126,041
Miscellaneous	697,076	837,603	1,944,829	2,623,800	1,918,118	1,601,601
Total revenues	<u>19,065,927</u>	<u>22,813,650</u>	<u>27,089,733</u>	<u>29,823,271</u>	<u>32,748,253</u>	<u>38,944,946</u>
Expenditures						
Current Operations:						
General government	2,907,091	3,148,653	3,471,402	4,562,259	3,919,724	5,018,217
Public safety	5,069,733	6,149,309	7,582,937	7,829,789	8,721,159	10,776,171
Public works	2,717,371	3,229,684	3,298,247	3,900,009	4,319,240	4,773,860
Sanitation	1,156,491	1,290,101	1,579,916	1,453,661	1,656,198	-
Community Development	502,223	929,389	1,399,244	1,429,007	1,400,905	519,651
Culture and recreation	1,568,243	1,669,393	1,907,963	2,136,713	2,219,504	2,568,836
Capital Outlay	6,005,850	2,353,372	6,995,910	12,366,481	7,829,247	15,060,574
Debt Service:						
Principal	1,232,000	1,302,000	1,208,000	1,228,000	1,966,000	2,342,000
Interest and fiscal agent charges	1,276,415	1,066,476	1,340,153	1,741,133	1,961,697	3,244,180
Total expenditures	<u>22,435,417</u>	<u>21,138,377</u>	<u>28,783,772</u>	<u>36,647,052</u>	<u>33,993,674</u>	<u>44,303,489</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,369,490)</u>	<u>1,675,273</u>	<u>(1,694,039)</u>	<u>(6,823,781)</u>	<u>(1,245,421)</u>	<u>(5,358,543)</u>
Other financing sources (uses)						
Transfers in	1,651,692	1,417,950	2,256,984	5,278,965	7,083,479	5,241,662
Transfers out	(2,612,573)	(3,097,304)	(3,529,716)	(5,124,107)	(8,218,456)	(5,740,949)
Proceeds of capital lease	119,539	123,930	27,112	740,000	69,990	-
Proceeds of bond issuance	3,230,992	875,000	19,863,531	-	16,455,045	35,650,000
Payment to refunded bonds agent	(3,125,000)	(850,555)	-	-	-	-
Premium	-	-	-	-	-	275,138
Total other financing sources (uses)	<u>(735,350)</u>	<u>(1,530,979)</u>	<u>18,617,911</u>	<u>894,858</u>	<u>15,390,058</u>	<u>35,425,851</u>
Net change in fund balances	<u>\$ (4,104,840)</u>	<u>\$ 144,294</u>	<u>\$ 16,923,872</u>	<u>\$ (5,928,923)</u>	<u>\$ 14,144,637</u>	<u>\$ 30,067,312</u>
Debt service as a percentage of non-capital expenditures	15.27%	12.76%	12.09%	12.38%	15.03%	19.32%

Note: The city began to report accrual information when it implemented GASB Standard 34 in fiscal year 2003.

**CITY OF BURLESON
 ASSESSED AND ACTUAL
 VALUE OF TAXABLE PROPERTY (Unaudited)
 LAST TEN FISCAL YEARS**

TABLE 5

FISCAL YEAR	TOTAL TAXABLE ASSESSED VALUE	TOTAL DIRECT TAX RATE	ESTIMATED ACTUAL TAXABLE VALUE	TAXABLE ASSESSED VALUE AS A PERCENTAGE OF ACTUAL TAXABLE VALUE
1999	\$ 622,203,249	0.6533	\$ 622,203,249	100.0%
2000	658,020,314	0.6378	658,020,314	100.0%
2001	727,151,073	0.6305	727,151,073	100.0%
2002	874,014,640	0.6044	874,014,640	100.0%
2003	989,959,986	0.6043	989,959,986	100.0%
2004	1,169,064,040	0.5985	1,169,064,040	100.0%
2005	1,312,421,076	0.5985	1,312,421,076	100.0%
2006	1,464,603,715	0.5964	1,464,603,715	100.0%
2007	1,650,828,318	0.6299	1,650,828,318	100.0%
2008	1,797,526,269	0.6618	1,797,526,269	100.0%

Source: Johnson County Appraisal District

Note: Property in the city is reassessed each year. Property is assessed at actual value; therefore, the assessed values are equal to actual value.

**CITY OF BURLESON
 DIRECT AND OVERLAPPING PROPERTY TAX RATES (Unaudited)
 LAST TEN FISCAL YEARS**

FISCAL YEAR	CITY OF BURLESON (3)	TARRANT COUNTY (1)	TARRANT COUNTY HOSPITAL DISTRICT (1)	TARRANT COUNTY JUNIOR COLLEGE DISTRICT (1)
1999	0.6533	0.2648	0.2341	0.1064
2000	0.6378	0.2648	0.2341	0.1064
2001	0.6305	0.2748	0.2341	0.1064
2002	0.6044	0.2748	0.2341	0.1064
2003	0.6043	0.2725	0.2324	0.1394
2004	0.5985	0.2725	0.2353	0.1394
2005	0.5985	0.2725	0.2353	0.1394
2006	0.5964	0.2725	0.2353	0.1394
2007	0.6299	0.2665	0.2354	0.1394
2008	0.6618	0.2665	0.2340	0.1394

Sources:

- (1) Tarrant County Appraisal District
- (2) Johnson County Appraisal District
- (3) City records
- (4) Does not include Joshua ISD and Crowley ISD rates as school districts do not overlap each other.

TABLE 6

JOHNSON COUNTY (2)	BURLESON INDEPENDENT SCHOOL DISTRICT (2)	JOSHUA INDEPENDENT SCHOOL DISTRICT (2)	CROWLEY INDEPENDENT SCHOOL DISTRICT (1)	TOTAL DIRECT & OVERLAPPING RATES (4)
0.4419	1.7633	1.4700	0.0000	3.4638
0.4474	1.6847	1.4900	0.0000	3.3752
0.4474	1.6777	1.4544	0.0000	3.3709
0.4474	1.8243	1.5981	0.0000	3.4914
0.4551	1.7799	1.7381	0.0000	3.4836
0.4649	1.7500	1.7381	0.0000	3.4606
0.4649	1.7484	1.7381	0.0000	3.4590
0.4649	1.7352	1.7381	1.7890	3.4437
0.4218	1.4501	1.5389	1.6710	3.1430
0.4098	1.4051	1.4600	1.4099	3.1165

**CITY OF BURLESON
PRINCIPAL PROPERTY TAX PAYERS (Unaudited)
CURRENT AND NINE YEARS AGO**

TABLE 7

<u>TAXPAYER</u>	<u>2008</u>			<u>1999</u>		
	<u>TAXABLE ASSESSED VALUATION</u>	<u>RANK</u>	<u>PERCENTAGE OF TOTAL TAXABLE ASSESSED VALUATION</u>	<u>TAXABLE ASSESSED VALUATION</u>	<u>RANK</u>	<u>PERCENTAGE OF TOTAL TAXABLE ASSESSED VALUATION</u>
EE Burleson LP	\$ 25,447,531	1	1.45 %	\$ -	-	- %
Wal-Mart	18,133,969	2	1.03	16,025,145	1	2.58
Chesapeake Operating Inc.	13,219,131	3	0.75	-	-	-
B-CDC Corporation	12,978,310	4	0.74	-	-	-
Home Depot	11,971,409	5	0.68	-	-	-
JAHCO Burleson Town Center	11,331,302	6	0.64	-	-	-
Target Corporation	10,930,678	7	0.62	-	-	-
Oncor Electric Delivery Co	10,291,360	8	0.59	-	-	-
Burleson Commons LP	9,751,930	9	0.56	-	-	-
Lynn Smith Chevrolet	8,962,491	10	0.51	6,970,287	4	1.12
Southwestern Bell	-	-	-	8,405,818	2	1.35
Redman Homes, Inc	-	-	-	7,385,846	3	1.19
Plano Pitman LTD	-	-	-	6,308,244	5	1.01
Albertson, Inc.	-	-	-	5,668,560	6	0.91
Texas Utilities	-	-	-	5,010,745	7	0.81
The Covenant Group	-	-	-	4,435,880	8	0.71
Southtown Ford	-	-	-	4,077,884	9	0.66
Thomas Conveyor	-	-	-	3,210,875	10	0.52
Total	<u>\$133,018,111</u>		<u>7.57 %</u>	<u>\$ 67,499,284</u>		<u>10.85 %</u>

Source: Johnson County Appraisal District

**CITY OF BURLESON
PROPERTY TAX LEVIES AND COLLECTIONS (Unaudited)
LAST TEN FISCAL YEARS**

TABLE 8

FISCAL YEAR ENDED 9/30	ACTUAL LEVY YEAR	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTION IN SUBSEQUENT YEARS	TOTAL COLLECTIONS TO DATE	
			AMOUNT	PERCENTAGE OF LEVY		AMOUNT	PERCENTAGE OF LEVY
1999	1998	\$ 4,065,191	\$ 3,980,889	97.93%	\$ 76,827	\$ 4,057,716	99.82%
2000	1999	4,183,607	4,109,958	98.24%	58,966	4,168,924	99.65%
2001	2000	4,581,347	4,455,459	97.25%	110,508	4,565,967	99.66%
2002	2001	5,244,067	5,113,991	97.52%	109,528	5,223,519	99.61%
2003	2002	5,906,464	5,810,967	98.38%	75,864	5,886,831	99.67%
2004	2003	7,031,101	6,899,960	98.13%	107,024	7,006,984	99.66%
2005	2004	7,875,719	7,733,102	98.19%	103,244	7,836,346	99.50%
2006	2005	8,689,092	8,545,958	98.35%	137,488	8,683,446	99.94%
2007	2006	10,113,858	9,905,537	97.94%	106,259	10,011,797	98.99%
2008	2007	11,549,684	11,363,102	98.38%	141,717	11,504,819	99.61%

Sources: Johnson County Appraisal District & City Records

**CITY OF BURLESON
RATIO OF OUTSTANDING DEBT BY TYPE (Unaudited)
LAST TEN FISCAL YEARS**

Fiscal Year	GOVERNMENTAL ACTIVITIES					OTHER GOVERNMENTAL DEBT		
	GENERAL BONDED DEBT			Net General Bonded Debt	Percentage of Actual Property Value (1)	Per Capita (2)	Capital Leases	Sales Tax Revenue Bonds
	General Obligation Bonds	Certificates of Obligation	Debt Service					
1999	\$ 6,395,000	\$ 50,000	\$ 192,097	\$ 6,252,903	1.00%	\$ 307	\$ 215,464	\$ 3,955,000
2000	5,980,000	-	185,526	5,794,474	0.88%	274	509,716	3,765,000
2001	9,058,000	-	248,805	8,809,195	1.21%	391	369,362	14,935,000
2002	10,695,000	-	273,659	10,421,341	1.19%	407	256,733	14,465,000
2003	10,043,000	-	280,766	9,762,234	0.99%	365	245,244	13,980,000
2004	9,441,000	-	308,340	9,132,660	0.78%	330	233,473	13,340,000
2005	12,898,000	3,970,000	360,661	16,507,339	1.26%	582	119,466	23,640,000
2006	12,395,000	2,400,000	369,912	14,425,088	0.98%	476	793,889	24,485,000
2007	18,224,000	9,552,280	525,277	27,251,003	1.92%	861	819,836	25,977,720
2008	32,162,000	12,604,160	798,227	43,967,933	2.83%	1,322	549,361	42,295,840

Notes:

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

(1) See Table 5 for taxable value of property data.

(2) See Table 13 for population and personal income data.

TABLE 9

BUSINESS-TYPE ACTIVITIES						
General Obligation Bonds	Certificates of Obligation	Capital Leases	Water Revenue Bonds	Total Primary Government (3)	Percentage of Personal Income (2)	Per Capita (2)
\$ -	\$ 6,245,000	\$ -	\$9,890,000	\$ 26,558,367	6.91%	\$ 448
-	6,150,000	12,914	9,420,000	25,652,104	7.77%	400
-	6,050,000	6,662	15,370,000	45,540,219	10.27%	987
-	5,940,000	-	25,505,000	56,588,074	10.49%	914
-	5,825,000	-	24,685,000	54,497,478	9.55%	831
5,985,000	130,000	-	23,840,000	52,661,133	8.33%	759
5,776,000	-	-	28,330,000	74,372,805	10.96%	1,359
5,431,000	189,908	170,917	27,285,000	72,780,802	8.75%	1,228
5,069,000	11,825,000	422,273	26,335,000	97,699,832	11.24%	1,757
4,716,000	16,015,000	1,157,276	25,035,000	133,736,410	17.01%	2,666

**CITY OF BURLESON
DIRECT AND OVERLAPPING
PROPERTY TAX LEVIES (Unaudited)
AS OF SEPTEMBER 30, 2008**

TABLE 10

<u>GOVERNMENTAL UNIT</u>	<u>PROPERTY TAX LEVY</u>	<u>ESTIMATED PERCENT APPLICABLE</u>	<u>ESTIMATED SHARE OF OVERLAPPING DEBT</u>
City of Burleson	\$ 11,549,684	100.00 %	\$ 11,549,684
Johnson County	34,274,715	21.06	7,218,255
Tarrant County	306,591,822	**	-
Tarrant County Hospital District	264,308,157	**	-
Tarrant County Junior College District	160,880,850	**	-
Crowley ISD	60,264,479	0.01	6,026
Burleson ISD	34,005,557	54.41	18,502,424
Joshua ISD	14,522,508	48.70	<u>7,072,461</u>
Total overlapping property tax levies			<u>\$ 32,799,166</u>
Total direct and overlapping property tax levies			<u>\$ 44,312,850</u>
Per capita direct and overlapping property tax levies			<u>\$ 1,332.72</u>

Source: State Comptroller's Office

Population: 33,250

** Less than 0.01%

**CITY OF BURLESON
DIRECT AND OVERLAPPING
GOVERNMENTAL ACTIVITIES DEBT (Unaudited)
AS OF SEPTEMBER 30, 2008**

TABLE 11

<u>GOVERNMENTAL UNIT</u>	<u>DEBT OUTSTANDING</u>	<u>ESTIMATED PERCENTAGE APPLICABLE</u>	<u>ESTIMATED SHARE OF DIRECT AND OVERLAPPING DEBT</u>
City of Burleson	\$ 44,766,160	100.00 %	\$ 44,766,160
Johnson County	24,655,579	21.06	5,192,465
Tarrant County	239,015,000	**	-
Tarrant County Hospital District	29,585,000	**	-
Tarrant County Junior College District	49,005,000	**	-
Crowley ISD	247,861,622	0.01	24,786
Burleson ISD	145,530,043	54.41	79,182,896
Joshua ISD	74,366,334	7.82	<u>5,815,447</u>
Total overlapping debt			<u>\$ 90,215,595</u>
Total direct and overlapping debt			<u>\$ 134,981,755</u>
Per capita direct and overlapping debt			<u>\$ 4,059.60</u>

Source: Municipal Advisory Council of Texas

Population: 33,250

** Less than 0.01%

**CITY OF BURLESON
 PLEDGE - REVENUE BOND COVERAGE (Unaudited)
 LAST TEN FISCAL YEARS**

TABLE 12

FISCAL YEAR	WATER AND SEWER REVENUE BONDS							COVERAGE
	GROSS REVENUES (1)	DIRECT OPERATING EXPENSES (2)	NET REVENUE AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENTS				
				PRINCIPAL	INTEREST AND FISCAL CHARGES	TOTAL		
1999	\$ 5,618,516	\$ 4,397,063	\$ 1,221,453	\$ 420,000	\$ 294,974	\$ 714,974	1.71	
2000	6,539,007	4,930,246	1,608,761	470,000	526,670	996,670	1.61	
2001	6,619,150	5,644,546	974,604	525,000	557,863	1,082,863	0.90	
2002	7,504,286	5,621,146	1,883,140	715,000	852,975	1,567,975	1.20	
2003	9,005,388	6,510,474	2,494,914	820,000	1,234,966	2,054,966	1.21	
2004	9,014,653	6,992,219	2,022,434	845,000	1,178,074	2,023,074	1.00	
2005	10,604,450	7,580,641	3,023,809	880,000	1,206,434	2,086,434	1.45	
2006	13,324,857	7,561,711	5,763,146	910,000	1,377,052	2,287,052	2.52	
2007	12,161,451	7,957,961	4,203,490	1,050,000	1,539,373	2,589,373	1.62	
2008	13,573,427	9,031,455	4,541,972	1,555,000	1,829,705	3,384,705	1.34	

- Notes: (1) Includes operating revenues and interest income.
 (2) Direct operating expenses are total operating expenses excluding depreciation expense.

**CITY OF BURLESON
 DEMOGRAPHIC AND ECONOMIC STATISTICS (Unaudited)
 LAST TEN FISCAL YEARS**

TABLE 13

Fiscal Year	Population (1)	Personal Income (thousands of dollars)	Per Capita Income (2)	Median Age (3)	Education Level In School (4)	Public School Enrollment (5)	Unemployment Rate (5)
1999	20,400	\$ 384,254	\$ 18,836	34.9	12.5	6,215	3.3 %
2000	21,150	330,215	15,613	34.7	12.5	6,317	3.5
2001	22,510	443,537	19,704	35.1	12.5	6,643	4.4
2002	25,575	539,607	21,099	36.0	12.5	6,891	5.7
2003	26,718	570,403	21,349	35.2	12.5	7,290	6.2
2004	27,650	632,300	22,868	34.5	12.5	7,544	5.2
2005	28,350	678,359	23,928	35.0	14.3	8,007	5.7
2006	30,300	832,190	27,465	35.0	14.3	8,569	4.7
2007	31,645	869,130	27,465	34.5	14.3	8,553	3.5
2008	33,250	786,396	23,651	31.9	14.3	9,583	4.6

- Sources: (1) North Central Texas Council of Governments (prior to 2002);
 City of Burleson Community Development Department (after 2002)
 (2) Personal Income is derived by multiplying per capita income by the estimated population
 (3) City of Burleson Economic Development
 (4) City of Burleson Economic Development
 (5) North Central Texas Council of Governments (Census 2000 information average)

**CITY OF BURLESON
PRINCIPAL EMPLOYERS (Unaudited)
CURRENT YEAR AND NINE YEARS AGO**

TABLE 14

<u>EMPLOYER</u>	<u>2008</u>			<u>1999</u>		
	<u>EMPLOYEES</u>	<u>RANK</u>	<u>PERCENT</u>	<u>EMPLOYEES</u>	<u>RANK</u>	<u>PERCENT</u>
Burleson Independent School District	572	1	8.77 %	625	1	18.12 %
Wal-Mart	410	2	6.29	412	2	11.94
City of Burleson	272	3	4.17	168	6	4.87
Burley Fence & Hardware	250	4	3.83	--	--	--
Lowe's Companies	220	5	3.37	--	--	--
Lynn Smith Chevrolet	200	6	3.07	--	--	--
KWS Manufacturing	200	6	3.07	--	--	--
Albertson's	150	7	2.30	150	7	4.35
Home Depot	150	7	2.30	--	--	--
Target	150	7	2.30	--	--	--
Thomas Conveyor	150	7	2.30	210	3	6.09
American Homestar	--	--	--	203	4	5.88
Redman Homes	--	--	--	180	5	5.22
K-Mart	--	--	--	120	8	3.48
Indicom Buildings	--	--	--	115	9	3.33
Winn Dixie	--	--	--	111	10	3.22
Total	<u><u>2,724</u></u>		<u><u>41.77</u></u>	<u><u>2,183</u></u>		<u><u>66.49</u></u>

Source: City of Burleson Economic Development Department and
the North Central Texas Council of Governments (NCTCOG) website.

**CITY OF BURLESON
 FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES
 BY FUNCTION/PROGRAM (Unaudited)
 LAST TEN FISCAL YEARS**

TABLE 15

<u>Function/Program</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General government and Administration										
City council	7	7	7	7	7	7	7	7	7	7
City manager's office	5	4	4	6	6	8	6	6	5	6
City secretary's office	1	1	1	2	2	2	2	2	1	2
Administrative services	3	3	3	2	2	1	2	2	2	-
Records management	2	1	1	1	1	1	1	1	1	1
Information technology	1	2	2	2	2	2	2	3	4	4
Economic development	1	2	2	1	1	1	1	1	1	1
Human resources	3	3	3	3	3	3	3	3	3	3
Public Information Officer	-	-	-	-	-	-	-	-	-	1
Finance	6	6	6	6	6	6	6	6	8	8
Purchasing						1	1	1	1	1
Municipal court	3.5	3.5	3.5	3.5	3.5	4	4	5	5	6
Public Safety										
Police	51	55	56	56	61	61	65	70	74	76
Fire	53	47	47	47	51	51	51	55	28	34
Fire prevention	2	3	3	3	3	3	1	2	3	3
Public Works										
Public works administration	3	3	3	3	4	4	5	5	5	5
Street maintenance	13	15	15	15	15	15	15	17	18	18
Neighborhood services	-	-	-	-	-	-	-	-	1	1
Animal services	2	2	2	2	3	3	3	4	4	5
Environmental services	-	-	-	-	-	-	-	-	1	1
Facility maintenance	3	4	4	4	5	5	6	7	7	7
Building code enforcement	5	5	5	5	5	6	8	8	8	9
Community development	2	2	2	2	3	3	3	4	4	3
Engineering	4	5	5	5	8	8	8	10	10	11
Culture & Recreation										
Library	9	9	9	8.5	10.5	14	14	14	14	16
Parks & recreation administration	3	3	3	3	3	4	3	3	3	3
Recreation	3.5	3.5	3.5	4	4	6	6	6	5	6
Park maintenance	12	10	12	10	10	12	12	14	14	14
Senior citizens center	1	1	1	1	1	1	1	1	1	1
Municipal pool	10	10	10	13	13	12	12	12	12	12
Enterprise Operations and Administration										
Water/Wastewater										
Water & sewer services	13	18	18	19	19	19	17	18	19	23
Utility billing	7	7	7	6	6	6	6	6	8	8
Hidden Creek Golf Course										
Golf course administration	-	-	-	-	2	2	2	2	2	2
Golf course club house & pro shop	-	-	-	-	9.5	11	11	11	11	9
Golf course maintenance	-	-	-	-	9.5	9	9	9	9	9
Golf course food & beverage	-	-	-	-	5	8	8	7	7	7
Solid Waste	14.5	15.5	15.5	15.5	15.5	17	19	19	20	26
Internal Service Operations										
Equipment services	5	5	5	6	6	6	6	6	6	6
Total	248	256	259	262	306	322	326	347	332	355

Source: City of Burleson Human Resources Department

**CITY OF BURLESON
SCHEDULE OF INSURANCE POLICIES IN FORCE (Unaudited)
AS OF SEPTEMBER 30, 2008**

TABLE 16

	AM BEST RATING	POLICY NUMBER	POLICY PERIOD	COVERAGE	DEDUCTIBLES	LIABILITY LIMITS
Texas Municipal League Intergovernmental Risk Pool	A++	3511	10/1/2007	General Liability	0	\$1,000,000
			10/1/2008	Real & Personal Property	\$2,500	35,190,718
				Auto Liability	0	1,000,000
				Auto Physical Damage	1,000	Per schedule
				Law Enforcement Liability	1,000	2,000,000
				Errors & Omissions	5,000	2,000,000
				Employee Fidelity Bond	2,500	250,000
				Workers' Compensation	N/A	500,000
The Hartford Casualty Insurance Company	A+	61BSBEE7411	9/27/2007	Fidelity Bond for	2,500	250,000
			9/27/2008	Finance Director		
		61BSBEE7411	9/5/2008	Fidelity Bond for	2,500	250,000
			9/5/2009	Finance Director		

Source: Claims administrators - Workers Compensation, TML Claims
18601 LBJ Freeway, Suite 210, Tower East Tower, Mesquite, TX 75150

**CITY OF BURLESON
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
AS OF SEPTEMBER 30, 2008 (UNAUDITED)**

TABLE 17

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Public safety										
Police										
Number of employees	51	55	56	56	61	61	65	70	71	76
Total calls	57,152	40,462	43,221	45,144	46,237	47,323	48,824	50,000	54,726	58,434
Arrests	1,360	1,459	1,738	1,614	1,546	1,415	1,432	1,500	1,672	1,672
Traffic enforcement	10,408	10,526	10,548	12,204	13,558	12,712	11,338	12,000	14,000	14,000
Fire										
Number of employees	53	47	47	47	51	51	51	55	40	46
Number of calls for service	1,658	2,014	2,195	2,109	2,345	2,518	2,614	2,700	3,300	3,148
Inspections	309	356	308	424	312	222	250	530	650	725
Public Works										
Facility repairs	392	402	425	437	468	444	497	560	405	435
Preventive Maintenance Hours	400	400	695	1,000	1,100	1,100	1,300	1,400	1,400	1,400
Animal Control										
Animals Adopted	278	285	304	299	250	250	400	450	500	550
Animals Impounded	1,758	1,322	1,825	1,794	1,400	1,400	2,000	2,000	2,485	2,900
Environmental Health										
Permits	128	123	138	168	71	162	165	-	-	-
Inspections	239	225	254	255	279	285	3	-	-	-
Community Development										
Permits Issued	2,371	2,578	3,240	3,743	3,999	7,341	4,048	8,075	9,922	6,994
Inspections Made	5,707	11,055	8,857	14,007	17,112	17,477	17,886	19,280	23,186	21,199
Culture and Recreation										
Recreation										
Special Event Participants	9,475	18,000	20,000	22,000	19,800	23,000	25,750	24,650	25,000	25,000
Swim Lesson Participants	400	280	340	322	256	323	300	300	480	470
Swim Programs	60	32	52	52	45	45	45	45	70	70
Senior Citizen Participants	12,000	22,155	22,155	25,123	25,452	25,006	26,345	27,000	28,050	28,891
Senior Van Riders	N/A	N/A	N/A	N/A	389	1,320	1,400	1,500	1,320	1,054
Library										
Books in Collection	31,620	33,840	36,499	39,899	42,997	47,572	55,000	51,012	56,075	58,425
Materials borrowed	127,321	127,321	170,673	155,000	160,000	180,047	185,483	225,000	209,576	233,669
Water and Sewer										
Number of water customers	7,131	7,655	7,968	8,460	9,042	9,620	10,265	10,962	11,440	12,000
Number of sewer connections	6,883	7,345	7,881	8,303	8,791	9,515	10,153	10,870	11,503	12,074

Source: Various City Departments

**CITY OF BURLESON
MISCELLANEOUS STATISTICS (Unaudited)
AS OF SEPTEMBER 30, 2008**

		<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
Date of incorporation	May 12, 1912				
Date of charter	April 5, 1989				
Form of government	Council/Manager				
Area incorporated (square miles)		21.81	21.97	21.97	21.81
Education:					
Attendance centers		9	10	10	11
Number of teachers		424	445	459	452
Number of students		6,215	6,317	6,643	6,891
Miles of streets		102.63	107.25	94.20	103.71
Miles of sewers:					
Sanitary sewers		80.39	91.66	97.16	107.21
Storm sewers		7.02	8.85	9.91	14.07
Culture and recreation:					
Parks - number of acres		165	168	171	179
Number of municipal pools		1	1	1	1
Number of lighted ball diamonds		12	12	12	12
Number of community centers		1	1	1	1
Number of tennis courts		2	2	2	2
Municipal water system:					
Number of water customers		7,131	7,655	7,968	8,742
Daily average consumption (gallons)		2,414,000	2,706,687	2,511,192	2,568,652
System capacity (gallons per day)		6,000,000	7,000,000	7,000,000	8,840,000
Miles of water mains		96.84	103.57	109.46	122.07
Number of fire hydrants		514	573	608	723
Municipal sewer system:					
Number of sewer connections		6,883	7,345	7,781	8,303
System capacity (gallons per day)		6,000,000	7,000,000	7,000,000	9,380,000
Number of street lights		795	829	829	878
City employees:					
Full-time		173	192	195	221
Part-time		15	15	18	25
Temporary		15	15	14	27

Source: Various City Departments

TABLE 18

2003	2004	2005	2006	2007	2008
23.11	23.17	23.31	23.31	24.36	26.34
11	11	11	11	11	11
438	438	600	531	586	595
7,290	7,290	8,007	8,527	8,999	9,583
113.37	115.64	128.00	137.00	137.00	140.00
116.78	119.77	133.00	143.00	154.00	158.00
16.56	16.56	21.00	23.00	28.00	30.00
192	192	198	262	248	358
1	1	1	1	1	1
12	12	12	12	12	12
1	1	1	1	1	1
2	2	2	2	2	2
9,042	9,515	10,265	10,265	11,440	12,000
2,800,838	2,647,600	3,167,502	4,100,620	3,237,941	3,915,426
10,500,000	12,200,000	12,200,000	14,550,000	14,550,000	14,550,000
130.48	133.01	145.00	153.00	153.00	159.00
788	811	942	1002	1002	1064
8,791	9,515	10,153	10,870	11,503	12,074
9,380,000	9,840,000	9,840,000	11,890,000	11,890,000	11,890,000
870	923	985	1171	1255	1297
236	243	263	263	263	301
30	29	30	30	30	29
20	19	19	19	19	19

THIS PAGE INTENTIONALLY BLANK