

**CITY OF BURLESON, TEXAS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**YEAR ENDED SEPTEMBER 30, 2011**

**CITY OFFICIALS**

Kenneth Shetter  
Mayor

Stuart Gillaspie  
Rick Green  
Jerry Allen  
Matt Aiken  
Larry Pool  
Dan McClendon

Mayor Pro Tem  
Councilmember  
Councilmember  
Councilmember  
Councilmember  
Councilmember

Curtis E. Hawk  
City Manager

Paul Cain  
Deputy City Manager

Rhett Clark  
Director of Finance

Prepared by: Finance Department



**CITY OF BURLESON, TEXAS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**YEAR ENDED SEPTEMBER 30, 2011**

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**February 1, 2012**

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, 2011. 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 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, of which there are three. The Burleson Community Services Development Corporation, the Burleson 4A Economic Development Corporation, and Tax Increment Finance Reinvestment Zone Number Two 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 pumped more than \$120 million in

new annual wages into the local economy since 2006 which has helped 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. Combined, Burleson's city limit and ETJ include more than 29,000 undeveloped acres.

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 36,000 belies the true size of the community's economy. The combination of highway accessibility and more than 300,000 people located within a 15 minute drive-time create a community with a strong and growing 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.

#### RELEVANT FINANCIAL POLICIES

The development of the Barnett Shale natural gas fields has not only provided jobs and tax revenues to the area, but has generated direct royalty and bonus revenues to the City coffers. While not actually a "one-time" revenue, these royalties are too short-lived to be considered a recurring part of the City's revenue stream. It is the City of Burleson's policy that one-time or

non-recurring revenues not be used to finance current ongoing operations. Accordingly, the Burleson City Council has designated these revenues be used to help finance capital improvements.

#### INDEPENDENT AUDIT

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

#### AWARDS

For the year ended September 30, 2010, 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

I 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. Credit also must be given to the mayor and the city council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Burleson's finances.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'Rhett Clark', written in a cursive style.

Rhett Clark, CPA  
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, 2010

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.

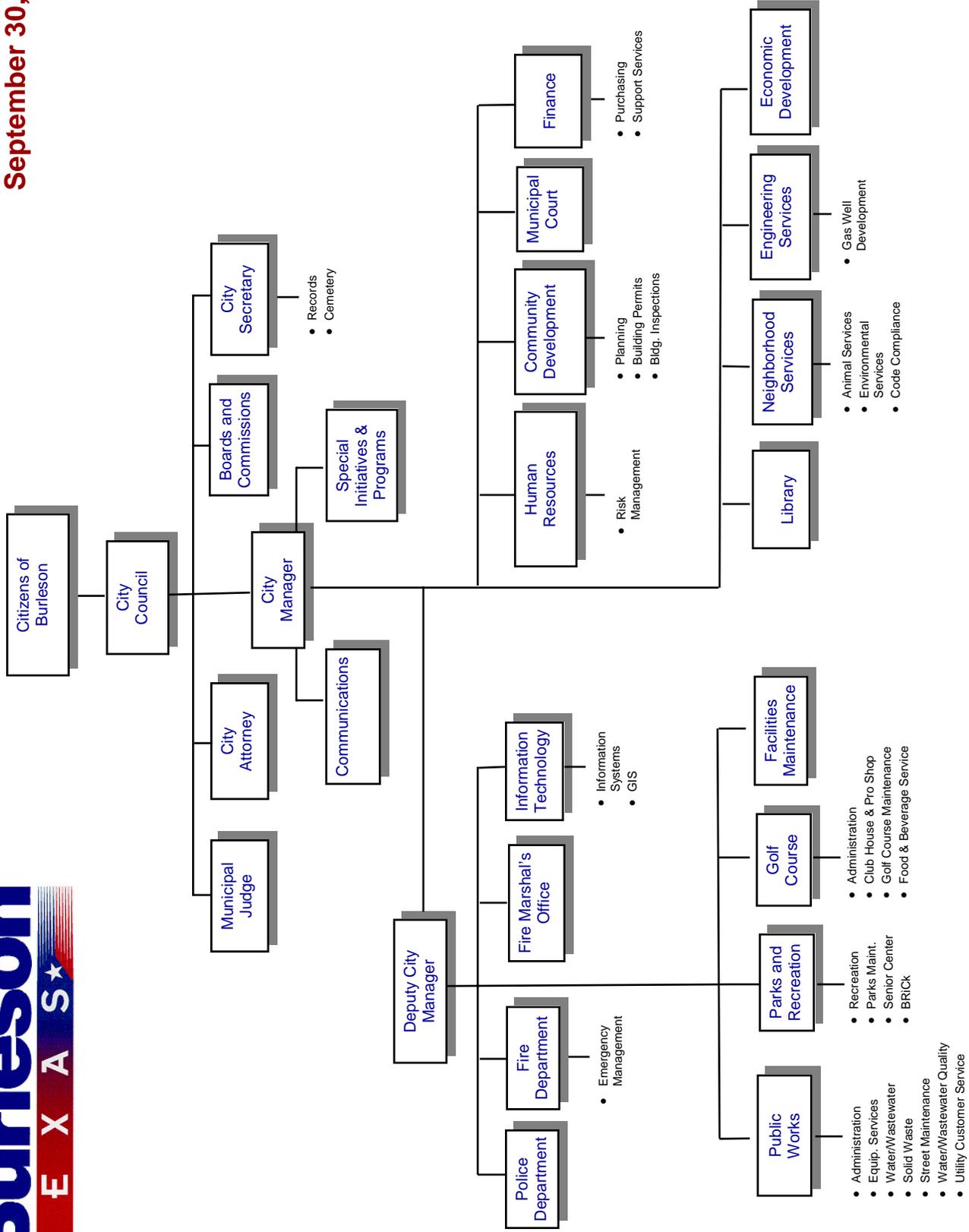


*Linda C. Dawson*

President

*Jeffrey R. Emer*

Executive Director



**CITY OF BURLESON, TEXAS**

**List of Principal Officials**

**September 30, 2011**

**Elected Officials**

Mayor	Kenneth Shetter
Mayor Pro-Tem	Stuart Gillaspie
Councilmember	Rick Green
Councilmember	Jerry Allen
Councilmember	Matt Aiken
Councilmember	Dan McClendon
Councilmember	Larry Pool

**City Officials**

City Manager	Curtis E. Hawk
Deputy City Manager	Paul Cain
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 Fire Prevention	Stacy Singleton
Director of Neighborhood Services	Lisa Duello
Library Director	Rodney Bland
Director of Information Technology	Mark Eder
Director of Community Development	Shailaja Roos
Director of Economic Development	Bradley Ford
Director of Public Works	Aaron Russell
Director of Engineering Services	Laura Melton
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, 2011, 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 of Burleson, Texas' 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the 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, 2011, 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.

As described in the notes to the financial statements, the City adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in 2011.

In accordance with Government Auditing Standards, we have issued our report dated February 1, 2012, on our consideration of the City of Burleson, Texas' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the analysis of funding progress and budgetary comparison information on pages 3 through 11 and 59 through 65 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Burleson, Texas' financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

February 1, 2012

CITY OF BURLESON, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDED SEPTEMBER 30, 2011  
*(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, 2011. 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 \$175,158,757 (net assets). Of this amount, \$28,704,561 (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 \$8,161,188 due primarily to the contribution of assets from developers, as well as increased sales tax revenues and charges for services.
- As of the close of the current fiscal year, unassigned fund balance for the general fund was \$6,442,458 or 25.5% of total general fund expenditures.
- The City's total debt increased by \$159,870 (0.1%) during the current fiscal year. The increase represents the net effect of the \$10,770,000 in general obligation refunding bonds and the \$7,075,000 in combination tax and certificate of obligation bond issuance.

#### 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 comprise 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 seventeen 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, BCSDC special revenue fund, 4A Corporation special revenue fund, parks performance 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 eleven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major 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 non-major 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 \$175,158,757 as of September 30, 2011.

The largest portion of the City's net assets (77.8%) 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 (5.8%) represents resources that are subject to external restriction on how they may have been used. The remaining balance of unrestricted net assets (16.4%) 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	
	2010	2011	2010	2011	2010	2011
Current & other assets	\$ 45,581,801	\$ 45,719,569	\$ 23,010,743	\$ 30,745,089	\$ 68,592,544	\$ 76,464,658
Capital assets	166,561,290	165,597,212	73,662,528	74,553,479	240,223,818	240,150,691
<b>Total assets</b>	<b>212,143,091</b>	<b>211,316,781</b>	<b>96,673,271</b>	<b>105,298,568</b>	<b>308,816,362</b>	<b>316,615,349</b>
Noncurrent liabilities – due in more than one year	87,775,224	82,620,525	39,748,361	44,398,983	127,523,585	127,019,508
Other liabilities	9,964,757	9,829,947	4,330,451	4,607,137	14,295,208	14,437,084
<b>Total liabilities</b>	<b>97,739,981</b>	<b>92,450,472</b>	<b>44,078,812</b>	<b>49,006,120</b>	<b>141,818,793</b>	<b>141,456,592</b>
Net Assets:						
Invested in capital assets, net of related debt	89,235,983	91,490,189	43,197,167	44,846,342	132,433,150	136,336,531
Restricted	6,013,922	7,647,833	3,203,528	2,469,832	9,217,450	10,117,665
Unrestricted	19,153,205	19,728,287	6,193,764	8,976,274	25,346,969	28,704,561
<b>Total net assets</b>	<b>\$ 114,403,110</b>	<b>\$ 118,866,309</b>	<b>\$ 52,594,459</b>	<b>\$ 56,292,448</b>	<b>\$ 166,997,569</b>	<b>\$ 175,158,757</b>

The following table provides a summary of the City's operations for the year ended September 30, 2011. Governmental activities increased the City's net assets by \$4,463,199. Business-type activities increased the City's net assets by \$3,697,989.

Overall 2011 fiscal year expenses rose by about 4.9% over the prior fiscal year. This increase was largely driven by the first full year operation of the new recreation center and the risk management department. Notable increases between 2010 and 2011 fiscal year expenses in governmental activities may be observed in the general government and culture and recreation categories. A large portion of the increase in the general government function is attributable to the implementation of the City's self-insured program under the risk originate.

Culture and Recreation expenses increased by \$1,167,826 over the prior fiscal year (or 25.9%). This increase is due to the first full year operation of the Burleson Recreation Center and Chisenhall Fields athletic complex.

Community Development expenses increased by \$196,894 (or 15.3%). This increase is attributable to the increase in economic development incentives rendered during the period. Public works expenses increased by \$197,698 (or 2.1%). A significant portion of this figure was created by the final transition phase of the solid waste function to a contracted service, and the subsequent absorption of employees and equipment into the general fund departments.

Interest and other fees increased by about \$226,000 over the prior fiscal year ( or about 6.6%). This increase is partially attributable to the first full year of interest cost for the general and sales tax supported debt issued during the 2010 fiscal year. The loss on disposition of a capital asset of about \$82,000 is also included in this increase.

## CITY OF BURLESON, TEXAS -- CHANGES IN NET ASSETS

	Governmental		Business-Type		Total	
	Activities		Activities			
	2010	2011	2010	2011	2010	2011
<b>Revenues:</b>						
<b>Program Revenues:</b>						
Charges for services	\$ 7,052,495	\$ 8,948,079	\$ 17,823,579	\$ 19,924,565	\$ 24,876,074	\$ 28,872,644
Operating grants and contributions	705,142	621,034	414,260	359,271	1,119,402	980,305
Capital grants and contributions	3,558,406	2,265,193	1,044,954	920,504	4,603,360	3,185,697
<b>General Revenues:</b>						
<b>Taxes:</b>						
Property taxes levied for general purposes	15,206,250	15,074,189	-	-	15,206,250	15,074,189
Tax Increment Financing	294,119	320,737	-	-	294,119	320,737
Sales and use taxes	12,121,386	13,453,923	-	-	12,121,386	13,453,923
Hotel / motel taxes	128,635	144,520	-	-	128,635	144,520
Franchise fees	2,521,842	2,844,181	-	-	2,521,842	2,844,181
Investment income	187,338	92,091	59,278	37,765	246,616	129,856
Gain (loss) on sale of assets	(953,453)	-	-	-	(953,453)	-
<b>Total revenues</b>	<b>40,822,160</b>	<b>43,763,947</b>	<b>19,342,071</b>	<b>21,242,105</b>	<b>60,164,231</b>	<b>65,006,052</b>
<b>Expenses</b>						
General government	4,743,333	5,985,553	-	-	4,743,333	5,985,553
Public safety	12,841,230	12,597,427	-	-	12,841,230	12,597,427
Public works	9,216,349	9,414,047	-	-	9,216,349	9,414,047
Community development	1,287,097	1,483,991	-	-	1,287,097	1,483,991
Culture and recreation	4,503,830	5,671,656	-	-	4,503,830	5,671,656
Interest and other fees	3,416,974	3,643,362	-	-	3,416,974	3,643,362
Water & wastewater	-	-	13,934,334	13,776,701	13,934,334	13,776,701
Hidden Creek Golf course	-	-	1,886,326	1,872,971	1,886,326	1,872,971
Solid Waste	-	-	2,358,589	2,385,558	2,358,589	2,385,558
Cemetery	-	-	16,260	13,598	16,260	13,598
<b>Total expenses</b>	<b>36,008,813</b>	<b>38,796,036</b>	<b>18,195,509</b>	<b>18,048,828</b>	<b>54,204,322</b>	<b>56,844,864</b>
<b>Change in net assets before transfers</b>	<b>4,813,347</b>	<b>4,967,911</b>	<b>1,146,562</b>	<b>3,193,277</b>	<b>5,959,909</b>	<b>8,161,188</b>
<b>Transfers</b>	<b>67,454</b>	<b>(504,712)</b>	<b>(67,454)</b>	<b>504,712</b>	<b>-</b>	<b>-</b>
<b>Change in net assets</b>	<b>4,880,801</b>	<b>4,463,199</b>	<b>1,079,108</b>	<b>3,697,989</b>	<b>5,959,909</b>	<b>8,161,188</b>
<b>Net assets - beginning</b>	<b>109,522,309</b>	<b>114,403,110</b>	<b>51,515,351</b>	<b>52,594,459</b>	<b>161,037,660</b>	<b>166,997,569</b>
<b>Net assets - ending</b>	<b>\$ 114,403,110</b>	<b>\$ 118,866,309</b>	<b>\$ 52,594,459</b>	<b>\$ 56,292,448</b>	<b>\$ 166,997,569</b>	<b>\$ 175,158,757</b>

## 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.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$38,439,911. Eighty-three percent or \$31,997,453 of this total is not available for spending because it is classified as non-spendable (1) for prepaid items \$59,832; restricted for (2) debt service \$2,666,165, (3) economic development \$4,714,757, (4) tourism \$293,192 and (5) capital projects \$11,340,114; committed for (6) culture and recreation \$362,472, (7) economic development \$283,046, (8) capital projects \$6,269,916, (9) debt service \$4,936,351 and (10) encumbrances \$63,826; and as assigned for risk management \$1,007,782. Approximately 16.8% of the combined ending fund balance or \$6,442,458 constitutes unassigned fund balance.

Of the \$38,439,911 ending fund balance, \$5,964,365 is accounted for in non-major governmental funds. The General Fund balance is \$8,446,778 at year end – an increase of \$1,258,583. This increase was created primarily by a combination of greater than expected sales tax revenues and savings in some large expense categories like salary and benefits. The Burleson Community Services Development Corporation (BCSDC) fund balance increased \$183,114 to \$2,362,090 at year end. This increase is primarily the result of an unexpected increase in sales tax revenue. The Burleson 4A Economic Development (4A Corp) fund balance increased \$1,182,267 to a year-end total of \$2,162,680. The increase is partially due the unexpected increase in sales tax revenue and no transfer to fund construction work during the period. In addition, the loan payable to the equipment replacement fund decreased by about \$445,000. This amount, originally budgeted as a transfer out, represents the decrease in the interfund receivable and payable between 4A Corp and the governmental equipment replacement fund. The budget to actual variance is presented in exhibit D-2 in the required supplementary information section. The continued construction work without a bond sale during the period decreased fund balances in the Bond Funded Capital Projects fund by \$1,812,147 finishing the year at \$11,340,114. The Mineral Lease Capital Project fund balance increased \$572,921 to \$7,801,412. This increase represents the degree to which mineral income exceeded the current need to supplement capital projects or debt service. The Parks Performance fund balance increased by \$134,243, end of the year fund balance for this fund was \$362,472. This increase represents the excess of revenues over expenditures after the BCSDC and general fund subsidy to the Parks Performance fund.

**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 \$53,580,759, and those for Hidden Creek Golf Course totaled (\$577,022). Net assets in these funds increased \$3,286,472 and decreased \$38,621 respectively. The increase in the water and wastewater fund's net assets is primarily the result of increased water sales due to a dry summer and increased gas well drilling activity. Capital asset contributions from developers account for one third of this increase. Hidden Creek has targeted a level of operations under which operating revenues plus an annually declining subsidy from the Burleson Community Services 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 and capital purchases, did not exceed non-cash operating expense, resulting in the \$38,621 decrease in net assets, when measured on an accrual basis. The decrease in Hidden Creek Golf Course net assets increased the previous period's year-end deficit by about 7.2%. 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.

At the end of the fiscal year, the Solid Waste fund reported net assets of \$585,201. This represents an increase of \$214,641. This increase is due primarily to the transfer of funds made from the vehicle equipment replacement fund to complete the plan of transition to a privatized service.

**General Fund Budgetary Highlights** – The City’s revenue projections were increased (about \$755,000 or 3%) when compared with the original budget. Budgeted sales tax revenues were revised and increased slightly by about \$78,000. Before year-end, however, an upward trend in sales tax resulted in revenues about \$766,000 more than the revised budget. The budget for fines and forfeitures was decreased by about \$157,000 as the traffic enforcement section of the police department was short-staffed for much of the year.

Total actual revenue collections exceeded the revised estimates by about \$1,166,000, or about 4.5% of the revised estimate.

The general fund’s final revised expenditure budget was about \$828,000 greater than the figure originally adopted, (an increase of about 3%).

Measured on a GAAP basis, actual year-end expenditures totaled about \$416,000 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 \$229,000 budgeted for the contribution from the General fund to the golf course 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. Most of the difference, however, is the result of conservative estimation followed by even more conservative spending with few notably large variances from budget.

#### CAPITAL ASSETS

The City of Burlison’s investment in capital assets for its governmental and business type activities as of September 30, 2011 amounts to \$239,525,708 (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:

- Construction costs related to the business park amounted to approximately \$844,000.
- Construction costs related to arterial roads amounted to approximately \$373,000.
- Construction and right-of-way costs related to construction of water infrastructure amounted to approximately \$1,392,600.
- Construction and right-of-way costs related to construction of sanitary sewer lines amounted to approximately \$483,000.
- Approximately \$525,000 of drainage improvements were donated by developers.
- Approximately \$458,000 of water lines were donated by developers.
- Approximately \$389,000 of sewer lines were donated by developers.
- Streets and sidewalks worth approximately \$1,435,000 were donated by developers.

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

#### DEBT ADMINISTRATION

At the end of the current fiscal year, the City had total bonded debt issues of \$130,280,000. Of this amount, \$50,855,000 comprises bonded debt backed solely by the full faith and credit of the government, \$61,190,000 represent bonds secured by a combination of property taxes and a limited pledge of other revenues, \$7,645,000 represents bonds secured solely by sales tax revenues, and \$10,590,000 secured by revenues generated from the City’s water and wastewater utility. Of the total general obligation outstanding debt of \$50,855,000, \$10,770,000 is to be repaid with revenue generated from the City’s water and wastewater utility and \$4,175,000 is to be repaid with revenue generated from sales tax. Additional information on the City’s outstanding debt can be found in Note 8 in the notes to basic financial statements.

### Outstanding Debt at Year End

	Governmental Activities		Business-type Activities		Total	
	2010	2011	2010	2011	2010	2011
General obligation bonds	\$ 37,782,000	\$ 35,910,000	\$ 4,363,000	\$ 14,945,000	\$ 42,145,000	\$ 50,855,000
Certificate of obligation bonds	41,610,000	39,825,000	14,910,000	21,365,000	56,520,000	61,190,000
Utility system revenue bonds	-	-	22,475,000	10,590,000	22,475,000	10,590,000
Sales tax revenue bonds	8,540,000	7,645,000	-	-	8,540,000	7,645,000
	<u>\$ 87,932,000</u>	<u>\$ 83,380,000</u>	<u>\$ 41,748,000</u>	<u>\$ 46,900,000</u>	<u>\$ 129,680,000</u>	<u>\$ 130,280,000</u>

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

	Moody's Investors Service	Standard & Poor's	Fitch
General obligation bonds	Aa3	AA-	AA-
Water & wastewater revenue bonds	A1	A+	AA-
4A sales tax revenue bonds	NA	AA-	A+
4B sales tax revenue bonds	NA	A+	A+

During the year, the City issued \$10,770,000 in general obligation bonds and \$7,075,000 in combination tax and revenue certificates of obligation. The general obligation bonds were issued for the purpose of refunding the 2001 and 2002 water and sewer revenue bonds and lowering the overall debt service requirements of the City. The 2011 combination tax and revenue series were issued for the purpose of improving and expanding the City's water and wastewater systems. These bonds are labeled in the notes under business type activities as general obligation bonds, 2011 Water and Sewer Refunding (\$10,770,000), and certificates of obligation bonds, 2011 Tax and Revenue (\$7,075,000).

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 2012 budget, general fund revenues and transfers-in are budgeted to decrease by about 1% from the fiscal year 2011 final budget. The decrease in the ad valorem tax rate is responsible for the decrease in ad valorem tax revenue of approximately \$212,000. The adopted tax rate in the 2012 budget is 69.00 cents per \$100 of taxable value (2 cents lower than last year's rate of 71.00 cents). Sales tax revenues are budgeted to decline by about \$463,000 and franchise fees are anticipated to increase about \$53,000. General fund expenditures are budgeted to decrease by less than 1% from the prior year totals, or a total of about \$77,000.

Projected results should retain unassigned 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.

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City of Burleson, Texas  
Statement of Net Assets  
September 30, 2011

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	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>ASSETS:</b>			
<u>Current Assets</u>			
Cash and investments	\$ 39,737,320	\$ 7,620,649	\$ 47,357,969
Receivables, net:			
Taxes	55,850	-	55,850
Accounts and other	4,236,280	2,606,180	6,842,460
Inventories	73,143	371,846	444,989
Accrued interest	10,157	3,415	13,572
Deferred charges	1,458,992	-	1,458,992
Internal balances	147,827	(147,827)	-
Total current assets	<u>45,719,569</u>	<u>10,454,263</u>	<u>56,173,832</u>
<u>Noncurrent Assets</u>			
Reserved cash and investments	-	17,971,900	17,971,900
Reserved accrued interest	-	290	290
Other assets	-	2,318,636	2,318,636
Capital assets			
Nondepreciable	26,813,706	5,665,176	32,478,882
Depreciable, net of depreciation	138,723,224	68,323,602	207,046,826
Other assets	60,282	564,701	624,983
Total noncurrent assets	<u>165,597,212</u>	<u>94,844,305</u>	<u>260,441,517</u>
<b>TOTAL ASSETS</b>	<u>211,316,781</u>	<u>105,298,568</u>	<u>316,615,349</u>
<b>LIABILITIES</b>			
<u>Current Liabilities</u>			
Accounts payable and accrued liabilities	3,261,125	1,053,824	4,314,949
Accrued interest payable	289,555	286,676	576,231
Deposits	-	567,289	567,289
Current portion of:			
Long-term debt	4,809,000	2,486,000	7,295,000
Obligations under capital lease	243,749	77,707	321,456
Liability for compensated absences	1,226,518	135,641	1,362,159
Total current liabilities	<u>9,829,947</u>	<u>4,607,137</u>	<u>14,437,084</u>
<u>Noncurrent Liabilities</u>			
Long-term debt	79,371,813	43,999,262	123,371,075
Obligations under capital lease	1,017,775	230,131	1,247,906
Liability for compensated absences	1,948,337	135,406	2,083,743
Net pension obligation	271,529	32,845	304,374
Other post-employment benefits	11,071	1,339	12,410
Total noncurrent liabilities	<u>82,620,525</u>	<u>44,398,983</u>	<u>127,019,508</u>
<b>TOTAL LIABILITIES</b>	<u>92,450,472</u>	<u>49,006,120</u>	<u>141,456,592</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	91,490,189	44,846,342	136,336,531
Restricted for:			
Debt service	2,650,030	2,469,832	5,119,862
Economic Development	4,997,803	-	4,997,803
Unrestricted	19,728,287	8,976,274	28,704,561
<b>TOTAL NET ASSETS</b>	<u>\$ 118,866,309</u>	<u>\$ 56,292,448</u>	<u>\$ 175,158,757</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, 2011**

Functions/Programs	Expenses	Program Revenues		
		Charges for services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental activities:				
General government	\$ 5,985,553	\$ 2,780,104	\$ 105,513	\$ -
Public safety	12,597,427	925,434	484,132	-
Public works	9,414,047	110,397	-	2,247,493
Community development	1,483,991	1,076,738	22,304	-
Culture and recreation	5,671,656	4,055,406	9,085	17,700
Interest and other fees	3,643,362	-	-	-
Total governmental activities	<u>38,796,036</u>	<u>8,948,079</u>	<u>621,034</u>	<u>2,265,193</u>
Business type activities:				
Water and wastewater	13,776,701	16,224,197	359,271	920,504
Hidden Creek Golf Course	1,872,971	1,342,030	-	-
Solid waste	2,385,558	2,347,667	-	-
Cemetery	13,598	10,671	-	-
Total business-type activities	<u>18,048,828</u>	<u>19,924,565</u>	<u>359,271</u>	<u>920,504</u>
Total primary government	<u>\$ 56,844,864</u>	<u>\$ 28,872,644</u>	<u>\$ 980,305</u>	<u>\$ 3,185,697</u>

General revenues:

Taxes:

- Property taxes
- Tax increment financing
- Sales taxes
- Hotel/motel taxes
- Franchise fees

Unrestricted investment earnings

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
\$ (3,099,936)	\$ -	\$ (3,099,936)
(11,187,861)	-	(11,187,861)
(7,056,157)	-	(7,056,157)
(384,949)	-	(384,949)
(1,589,465)	-	(1,589,465)
(3,643,362)	-	(3,643,362)
<u>(26,961,730)</u>	<u>-</u>	<u>(26,961,730)</u>
-	3,727,271	3,727,271
-	(530,941)	(530,941)
-	(37,891)	(37,891)
-	(2,927)	(2,927)
-	<u>3,155,512</u>	<u>3,155,512</u>
<u>(26,961,730)</u>	<u>3,155,512</u>	<u>(23,806,218)</u>
15,074,189	-	15,074,189
320,737	-	320,737
13,453,923	-	13,453,923
144,520	-	144,520
2,844,181	-	2,844,181
92,091	37,765	129,856
(504,712)	504,712	-
<u>31,424,929</u>	<u>542,477</u>	<u>31,967,406</u>
4,463,199	3,697,989	8,161,188
<u>114,403,110</u>	<u>52,594,459</u>	<u>166,997,569</u>
<u>\$ 118,866,309</u>	<u>\$ 56,292,448</u>	<u>\$ 175,158,757</u>

City of Burleson, Texas  
Balance Sheet  
Governmental Funds  
September 30, 2011

	<b>Major Funds</b>			
	<b>General</b>	<b>BCSDC Special Revenue</b>	<b>4A Corp Special Revenue</b>	<b>Parks Performance Fund</b>
<b>ASSETS</b>				
Cash and investments	\$ 7,199,339	\$ 1,743,341	\$ 2,328,752	\$ 506,754
Receivables, net:				
Property tax	23,254	-	-	-
Accounts	1,520,423	-	-	6,263
Due from other funds	71,524	-	-	-
Due from other governments	1,183,677	618,588	622,922	-
Accrued interest	4,580	161	-	158
Inventory	-	-	-	1,260
Other assets	60,282	-	-	-
<b>Total assets</b>	<b>\$ 10,063,079</b>	<b>\$ 2,362,090</b>	<b>\$ 2,951,674</b>	<b>\$ 514,435</b>
<b>LIABILITIES</b>				
Accounts payable	206,722	-	-	88,567
Accrued liabilities	1,034,047	-	-	63,396
Due to other funds	-	-	788,994	-
Deferred revenue	375,532	-	-	-
<b>Total liabilities</b>	<b>1,616,301</b>	<b>-</b>	<b>788,994</b>	<b>151,963</b>
<b>FUND BALANCES</b>				
Nonspendable:				
Prepaid items	59,832	-	-	-
Restricted for:				
Debt service	-	-	-	-
Economic development	-	2,362,090	2,162,680	-
Tourism	-	-	-	-
Capital projects	-	-	-	-
Committed for:				
Culture and recreation	-	-	-	362,472
Economic development	-	-	-	-
Capital projects	-	-	-	-
Debt service	872,880	-	-	-
Other purposes	63,826	-	-	-
Assigned to:				
Risk management	1,007,782	-	-	-
Unassigned	6,442,458	-	-	-
<b>Total fund balances</b>	<b>8,446,778</b>	<b>2,362,090</b>	<b>2,162,680</b>	<b>362,472</b>
<b>Total liabilities and fund balances</b>	<b>\$ 10,063,079</b>	<b>\$ 2,362,090</b>	<b>\$ 2,951,674</b>	<b>\$ 514,435</b>

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

<b>Major Funds</b>			
<b>Bond Funded Capital Projects</b>	<b>Mineral Lease Funded Capital Projects</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 11,482,320	\$ 7,848,931	\$ 7,663,909	\$ 38,773,346
-	-	32,596	55,850
-	-	92,857	1,619,543
-	-	-	71,524
-	-	190,012	2,615,199
46	3,330	1,447	9,722
-	-	-	1,260
-	-	-	60,282
<u>\$ 11,482,366</u>	<u>\$ 7,852,261</u>	<u>\$ 7,980,821</u>	<u>\$ 43,206,726</u>
142,252	50,849	530,262	1,018,652
-	-	1,321,813	2,419,256
-	-	164,381	953,375
-	-	-	375,532
<u>142,252</u>	<u>50,849</u>	<u>2,016,456</u>	<u>4,766,815</u>
-	-	-	59,832
-	-	2,666,165	2,666,165
-	-	189,987	4,714,757
-	-	293,192	293,192
11,340,114	-	-	11,340,114
-	-	-	362,472
-	-	283,046	283,046
-	3,737,941	2,531,975	6,269,916
-	4,063,471	-	4,936,351
-	-	-	63,826
-	-	-	1,007,782
-	-	-	6,442,458
<u>11,340,114</u>	<u>7,801,412</u>	<u>5,964,365</u>	<u>38,439,911</u>
<u>\$ 11,482,366</u>	<u>\$ 7,852,261</u>	<u>\$ 7,980,821</u>	<u>\$ 43,206,726</u>

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City of Burleson, Texas  
Statement of Net Assets  
Reconciliation of the Balance Sheet to the Statement of Net Assets  
September 30, 2011

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B-2

**Total fund balances--governmental funds** **\$ 38,439,911**

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. 162,417,322

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. 1,458,992

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. 4,750,907

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. 375,532

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	84,180,813	
Obligation under capital lease (net of ISF of \$250,570)	1,010,954	
Accrued interest	324,751	
Compensated absences (net of internal service fund \$154,292)	2,791,279	
Net pension obligation	258,037	
Other post-employment benefits	10,521	
Combined adjustment		<u>(88,576,355)</u>

**Total net assets--governmental activities** **\$ 118,866,309**

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, 2011**

	<b>Major Funds</b>			
	<b>General</b>	<b>BCSDC Special Revenue</b>	<b>4A Corp Special Revenue</b>	<b>Parks Performance Fund</b>
<b>REVENUES</b>				
Property tax	\$ 11,752,582	\$ -	\$ -	\$ -
Sales tax	6,425,339	3,322,544	3,348,549	-
Franchise tax	2,842,740	-	-	-
Licenses and permits	1,017,237	-	-	-
Intergovernmental	255,213	-	-	-
Fines and forfeitures	824,916	-	-	-
Contributions and donations	-	-	-	-
Charges for goods and services	1,096,751	-	-	1,814,421
Interest income	30,953	2,783	2,794	922
Mineral lease revenue	-	-	-	-
Street assessments	-	-	-	-
Miscellaneous	1,710,717	-	100	55,165
<b>Total revenues</b>	<b>25,956,448</b>	<b>3,325,327</b>	<b>3,351,443</b>	<b>1,870,508</b>
<b>EXPENDITURES</b>				
Current operations:				
General government	5,688,395	-	-	-
Public safety	11,649,492	-	-	-
Public works	5,020,761	-	-	-
Community development	681,969	3,500	109,938	-
Culture and recreation	2,078,820	-	-	2,612,114
Capital expenditures	-	-	-	-
Debt service:				
Principal retirement	122,250	-	-	49,569
Interest and fiscal agent charges	35,995	-	-	11,750
<b>Total expenditures</b>	<b>25,277,682</b>	<b>3,500</b>	<b>109,938</b>	<b>2,673,433</b>
Excess (deficiency) of revenues over (under) expenditures	678,766	3,321,827	3,241,505	(802,925)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	892,647	-	-	937,168
Transfers out	(314,503)	(3,138,713)	(2,059,238)	-
Capital lease proceeds	1,673	-	-	-
<b>Total other financing sources (uses)</b>	<b>579,817</b>	<b>(3,138,713)</b>	<b>(2,059,238)</b>	<b>937,168</b>
Net change in fund balances	1,258,583	183,114	1,182,267	134,243
Fund balance - beginning	7,188,195	2,178,976	980,413	228,229
Fund balance - ending	<u>\$ 8,446,778</u>	<u>\$ 2,362,090</u>	<u>\$ 2,162,680</u>	<u>\$ 362,472</u>

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

<b>Major Funds</b>			
<b>Bond Funded Capital Projects</b>	<b>Mineral Lease Funded Capital Projects</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ -	\$ 3,678,192	\$ 15,430,774
-	-	502,008	13,598,440
-	-	-	2,842,740
-	-	-	1,017,237
-	-	114,652	369,865
-	-	442,430	1,267,346
-	-	251,169	251,169
-	-	-	2,911,172
20,967	20,495	10,078	88,992
-	2,113,091	-	2,113,091
-	-	24,285	24,285
-	-	17,700	1,783,682
<u>20,967</u>	<u>2,133,586</u>	<u>5,040,514</u>	<u>41,698,793</u>
-	-	9,550	5,697,945
-	-	620,349	12,269,841
-	-	89,513	5,110,274
-	-	905,068	1,700,475
64,890	-	174,083	4,929,907
1,695,735	574,665	404,437	2,674,837
-	-	4,663,688	4,835,507
-	-	3,679,223	3,726,968
<u>1,760,625</u>	<u>574,665</u>	<u>10,545,911</u>	<u>40,945,754</u>
(1,739,658)	1,558,921	(5,505,397)	753,039
2,055	-	4,993,335	6,825,205
(74,544)	(986,000)	(161,921)	(6,734,919)
-	-	-	1,673
<u>(72,489)</u>	<u>(986,000)</u>	<u>4,831,414</u>	<u>91,959</u>
(1,812,147)	572,921	(673,983)	844,998
<u>13,152,261</u>	<u>7,228,491</u>	<u>6,638,348</u>	<u>37,594,913</u>
<u>\$ 11,340,114</u>	<u>\$ 7,801,412</u>	<u>\$ 5,964,365</u>	<u>\$ 38,439,911</u>

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City of Burleson, Texas  
 Governmental Funds  
 Reconciliation of the Statement of Revenue, Expenditures and Changes  
 in Fund Balance to the Statement of Activities  
 For the Year Ended September 30, 2011

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**Net change in fund balances--total governmental funds** **\$ 844,998**

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

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 outlay exceeded depreciation in the current period.

Capital Outlay (includes \$64,856 not classified as capital expenditures on the fund statements)	2,739,693	
Depreciation (net of internal service)	(5,495,214)	(2,755,521)

Certain other capital-related amounts result in differences between the government-wide and fund-level statements.	2,141,404
--	-----------

Capital lease proceeds provide current financial resources to governmental funds, but increases long-term liabilities in the government-wide statement of net assets.	(1,673)
---	---------

A transfer of capital assets and long-term liabilities between the governmental activities and the business type activities is not reported at the fund level.	14,511
--	--------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	9,274
--	-------

Certain long-term liabilities are accrued at the government-wide level but are not at the fund level. This is the current year change in those liabilities, reported as expense in the statement of activities.	(142,326)
---	-----------

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.	4,925,053
--	-----------

A reduction of internal charges between the governmental activities and the business type activities is not reported at the fund level.	29,468
---	--------

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	<u>(601,989)</u>
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<b>Change in net assets of governmental activities</b>	<b><u>\$ 4,463,199</u></b>
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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, 2011

Business-Type Activities  
Enterprise Funds

	Water & Wastewater	Hidden Creek Golf Course	Solid Waste	Non-major
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 5,553,683	\$ 129,813	\$ 433,929	\$ 619,721
Receivables:				
Accounts	2,289,375	3,437	311,517	1,851
Due from other funds	-	-	-	-
Accrued interest	2,608	61	138	275
Inventories	275,269	27,246	-	-
Land held for sale of cemetery lots	-	-	-	69,331
Total current assets	<u>8,120,935</u>	<u>160,557</u>	<u>745,584</u>	<u>691,178</u>
Non-current assets:				
Restricted deposits and investments	17,889,055	82,845	-	-
Restricted accrued interest receivable	290	-	-	-
Other assets	2,208,263	110,373	-	-
Capital assets:				
Other assets	564,701	-	-	-
Property, plant, and equipment, net	69,021,789	3,648,578	24,499	257,047
Total noncurrent assets	<u>89,684,098</u>	<u>3,841,796</u>	<u>24,499</u>	<u>257,047</u>
TOTAL ASSETS	<u>97,805,033</u>	<u>4,002,353</u>	<u>770,083</u>	<u>948,225</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	746,350	37,587	179,063	-
Accrued liabilities	54,223	32,171	4,430	-
Accrued interest payable	271,053	15,623	-	-
Customer deposits	549,700	-	-	17,589
Compensated absences	88,844	46,797	-	-
Bonds payable	2,290,000	196,000	-	-
Capital lease payable	848	76,859	-	-
Total current liabilities	<u>4,001,018</u>	<u>405,037</u>	<u>183,493</u>	<u>17,589</u>
Noncurrent liabilities:				
Revenue bonds payable	39,830,438	3,861,691	-	-
Unamortized premium on bonds payable	307,133	-	-	-
Capital lease payable	9,301	220,830	-	-
Net pension obligation	20,269	11,242	1,334	-
Other post employment benefits	826	458	55	-
Compensated absences	55,289	80,117	-	-
Total noncurrent liabilities	<u>40,223,256</u>	<u>4,174,338</u>	<u>1,389</u>	<u>-</u>
TOTAL LIABILITIES	<u>44,224,274</u>	<u>4,579,375</u>	<u>184,882</u>	<u>17,589</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	44,124,362	(596,429)	24,499	257,047
Restricted for debt service and construction	2,386,987	82,845	-	-
Unrestricted	7,069,410	(63,438)	560,702	673,589
Total net assets (liabilities)	<u>\$ 53,580,759</u>	<u>\$ (577,022)</u>	<u>\$ 585,201</u>	<u>\$ 930,636</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.

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<u>Total</u>	<u>Governmental Activities Internal Service Funds</u>
\$ 6,737,146	\$ 1,847,477
2,606,180	1,538
-	881,851
3,082	768
302,515	71,883
69,331	-
<u>9,718,254</u>	<u>2,803,517</u>
17,971,900	-
290	-
2,318,636	-
564,701	-
<u>72,951,913</u>	<u>4,156,473</u>
<u>93,807,440</u>	<u>4,156,473</u>
<u>103,525,694</u>	<u>6,959,990</u>
963,000	17,305
90,824	35,196
286,676	-
567,289	-
135,641	81,928
2,486,000	-
77,707	115,228
<u>4,607,137</u>	<u>249,657</u>
43,692,129	-
307,133	-
230,131	135,342
32,845	13,492
1,339	550
135,406	72,364
<u>44,398,983</u>	<u>221,748</u>
<u>49,006,120</u>	<u>471,405</u>
43,809,479	3,905,903
2,469,832	-
<u>8,240,263</u>	<u>2,582,682</u>
54,519,574	\$ 6,488,585
1,920,701	
<u>(147,827)</u>	
<u>\$ 56,292,448</u>	

City of Burleson, Texas  
Statement of Revenues, Expenses, and Changes in Fund Net Assets  
All Proprietary Funds  
For the Year Ended September 30, 2011

	Business-Type Activities Enterprise Funds			
	Water & Wastewater	Hidden Creek Golf Course	Solid Waste	Non-major
Operating revenues:				
Charges for goods and services	\$ 15,756,577	\$ 1,342,030	\$ 2,347,667	\$ 10,671
Penalties and interest	402,951	-	-	-
Miscellaneous	64,671	-	-	-
Impact fee revenue	359,271	-	-	-
Operating revenues	<u>16,583,470</u>	<u>1,342,030</u>	<u>2,347,667</u>	<u>10,671</u>
Operating expenses:				
Water and wastewater services	8,777,253	-	-	-
Golf operations	-	1,390,721	-	-
Administrative expenses	1,377,031	-	-	-
Cemetery operations	-	-	-	1,683
Solid waste operations	-	-	2,384,334	-
Equipment services	-	-	-	-
Support services	-	-	-	-
Materials, supplies, and cemetery lots	-	-	-	1,399
Depreciation	1,788,279	243,092	545	10,516
Total operating expenses	<u>11,942,563</u>	<u>1,633,813</u>	<u>2,384,879</u>	<u>13,598</u>
Net operating income (loss)	4,640,907	(291,783)	(37,212)	(2,927)
Non-operating revenues (expenses)				
Gain (loss) on disposition of fixed assets	-	-	-	-
Investment income	33,376	422	496	1,698
Interest and fiscal agent charges	(1,858,315)	(233,544)	-	-
Total non-operating revenue	<u>(1,824,939)</u>	<u>(233,122)</u>	<u>496</u>	<u>1,698</u>
Income (loss) before capital contributions and transfers	2,815,968	(524,905)	(36,716)	(1,229)
Transfers in	-	486,284	487,626	-
Transfer out	(450,000)	-	(236,269)	-
Capital contributions	920,504	-	-	-
Net Income	3,286,472	(38,621)	214,641	(1,229)
Net assets (liabilities) at beginning of year	50,294,287	(538,401)	370,560	931,865
Net assets at end of year	<u>\$ 53,580,759</u>	<u>\$ (577,022)</u>	<u>\$ 585,201</u>	<u>\$ 930,636</u>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds  
Change in net assets of business type activities

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

Total	Governmental Activities	
	Internal Service Funds	
\$ 19,456,945	\$	2,765,834
402,951		-
64,671		-
359,271		-
<u>20,283,838</u>	<u></u>	<u>2,765,834</u>
8,777,253		-
1,390,721		-
1,377,031		974,162
1,683		-
2,384,334		-
-		88,957
-		650,675
1,399		-
2,042,432		991,406
<u>15,974,853</u>	<u></u>	<u>2,705,200</u>
4,308,985		60,634
-		(35,231)
35,992		53,995
<u>(2,091,859)</u>	<u></u>	<u>(22,755)</u>
<u>(2,055,867)</u>	<u></u>	<u>(3,991)</u>
2,253,118		56,643
973,910		329,570
(686,269)		(707,497)
<u>920,504</u>	<u></u>	<u>(14,511)</u>
3,461,263		(335,795)
		6,824,380
	\$	<u>6,488,585</u>
236,726		
<u>\$ 3,697,989</u>		

City of Burleson, Texas  
Statement of Cash Flows  
All Proprietary Funds  
For the Year Ended September 30, 2011

	Business-Type Activities			
	Enterprise Funds			
	Water and Wastewater	Golf Course	Solid Waste	Non-major
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 16,211,458	\$ 1,339,624	\$ 2,334,070	\$ 9,994
Cash received for deposits	27,218	-	-	-
Cash received for interfund services provided	-	-	-	-
Cash payments (loan receivable) from other funds	-	-	-	-
Cash payments to vendors, suppliers and contractors	(7,383,415)	(458,097)	(2,280,793)	(7,265)
Payments to employees for services	(1,435,132)	(839,006)	(1,163)	-
Payments to other funds for interfund services provided	(1,672,588)	(46,953)	(116,672)	-
Other operating cash receipts (payments)	64,671	-	-	-
Net cash provided by (used for) operating activities	<u>5,812,212</u>	<u>(4,432)</u>	<u>(64,558)</u>	<u>2,729</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfer from other funds	-	486,284	487,626	-
Transfer to other funds	(450,000)	-	(236,269)	-
Net cash provided by (used for) noncapital financing activities	<u>(450,000)</u>	<u>486,284</u>	<u>251,357</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Capital contributions	74,061	-	-	-
Proceeds from disposal of capital assets	-	-	-	-
Principal paid on capital debt	(3,092)	(87,199)	-	-
Interest paid on capital debt	(519)	(16,323)	-	-
Principal paid on bonds	(1,980,000)	(188,000)	-	-
Interest paid on long-term debt	(1,593,671)	(203,185)	-	-
Proceeds of bond issuance	17,845,000	-	-	-
Retirement of long term debt	(10,525,000)	-	-	-
Cost of bond issuance	(252,027)	-	-	-
(Acquisition) disposal of capital assets	(2,112,940)	(18,454)	-	(5,439)
Net cash provided by (used for) capital and related financing activities	<u>1,451,812</u>	<u>(513,161)</u>	<u>-</u>	<u>(5,439)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	40,823	1,264	1,081	2,633
Proceeds from sale of investments	7,304,283	-	362,357	718,063
Purchase of investments	(7,095,463)	-	(351,998)	(697,535)
Net cash provided by investing activities	<u>249,643</u>	<u>1,264</u>	<u>11,440</u>	<u>23,161</u>
Net increase (decrease) in cash and cash equivalents	7,063,667	(30,045)	198,239	20,451
Cash and cash equivalents--beginning of year	<u>11,500,554</u>	<u>242,703</u>	<u>153,483</u>	<u>215,806</u>
Cash and cash equivalents--end of year	18,564,221	212,658	351,722	236,257
Investments	4,878,517	-	82,207	383,464
Total cash and investments	<u>\$ 23,442,738</u>	<u>\$ 212,658</u>	<u>\$ 433,929</u>	<u>\$ 619,721</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ 4,640,907	\$ (291,783)	\$ (37,212)	\$ (2,927)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	1,788,279	243,092	545	10,516
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	(307,341)	(2,406)	(13,597)	(677)
(Increase) decrease in inventories	(124,511)	3,841	-	278
Decrease in due from other funds	-	-	-	-
Increase (decrease) in accounts payable	(254,037)	14,508	(13,131)	(4,461)
Increase (decrease) in accrued liabilities	41,697	28,316	(1,163)	-
Increase in deposits payable	27,218	-	-	-
Net cash provided by operating activities	<u>\$ 5,812,212</u>	<u>\$ (4,432)</u>	<u>\$ (64,558)</u>	<u>\$ 2,729</u>
<b>Noncash investing, capital and financing activities</b>				
Contributions of capital assets to government	\$ -	\$ -	\$ -	\$ -
Contributions from developers	846,443	-	-	-
Total noncash investing, capital and financing activities	<u>\$ 846,443</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Total Enterprise Funds	Governmental Activities
	Internal Service Funds
\$ 19,895,146	\$ -
27,218	-
-	2,824,205
-	490,277
(10,129,570)	(706,863)
(2,275,301)	(967,435)
(1,836,213)	(48,275)
64,671	-
<u>5,745,951</u>	<u>1,591,909</u>
973,910	329,570
<u>(686,269)</u>	<u>(707,497)</u>
<u>287,641</u>	<u>(377,927)</u>
74,061	(14,511)
-	(35,231)
(90,291)	(111,609)
(16,842)	(22,755)
(2,168,000)	-
(1,796,856)	-
17,845,000	-
(10,525,000)	-
(252,027)	-
<u>(2,136,833)</u>	<u>(548,360)</u>
<u>933,212</u>	<u>(732,466)</u>
45,801	55,601
8,384,703	2,007,839
<u>(8,144,996)</u>	<u>(1,950,438)</u>
<u>285,508</u>	<u>113,002</u>
7,252,312	594,518
<u>12,112,546</u>	<u>(1,277,297)</u>
19,364,858	(682,779)
<u>5,344,188</u>	<u>2,530,256</u>
<u>\$ 24,709,046</u>	<u>\$ 1,847,477</u>
\$ 4,308,985	\$ 60,634
2,042,432	991,406
(324,021)	57,896
(120,392)	5,495
-	490,752
(257,121)	(21,001)
68,850	6,727
27,218	-
<u>\$ 5,745,951</u>	<u>\$ 1,591,909</u>
\$ -	\$ (14,511)
846,443	-
<u>\$ 846,443</u>	<u>\$ (14,511)</u>

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**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 ("BCSDC") 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 BCSDC 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 BCSDC 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 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.

Tax Increment Finance Reinvestment Zone Number Two (the TIF) was formed to finance and make public improvements serving only the City, under the authority of the Tax Increment Financing Act. The TIF is governed by a five-member board of directors, of which four members are appointed by the City Council. Although it is legally separate from the City, the TIF 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 TIF 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 *BCSDC 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 *Parks Performance Special Revenue fund* is used to account for the operation of the City's recreational facilities that derive a large portion of their support from user fees. These include the Burlison Recreation Center, Chisenhall Fields and Hidden Creek Softball Complex.

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 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 and Information Technology departments 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 non-operating 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 non-operating 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, Net Assets and Fund Balance**

- 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, 2011, the City did not own any types of securities other than those permitted by state law.

All 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 2011 levy was based, was approximately \$2,425,382,550. 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, 2011 was \$0.7100 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 \$5,736,312. Of this amount, none was included as part of the cost of capital assets under construction.

- 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) Net assets – Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, laws or regulations of other governments. The City applies restricted resources first when an expense is incurred for purposed for which both restricted and unrestricted net assets are available.
- 8) Fund balance – Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

*Nonspendable* – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

*Restricted* – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments imposed or is imposed by law through constitutional provisions or enabling legislation (such as City ordinances). Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party, such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

*Committed* – The committed fund balance classifications includes amounts that can be used only for the specific purposed imposed by formal action (ordinance or resolution) or City Council. Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

*Assigned* – Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by City Council or a City official delegated that authority by City Charter or ordinance.

*Unassigned* – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, or unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Summary of governmental fund balances as of September 30, 2011 are as follows:

	General Fund	Special Revenue Funds (1)	Capital Project Funds (1)	Debt Service Funds	Total
<b>Fund balances:</b>					
<b>Nonspendable:</b>					
Prepays	\$ 59,832	\$ -	\$ -	\$ -	\$ 59,832
<b>Restricted for:</b>					
Debt service	-	-	-	2,666,165	2,666,165
Economic development	-	4,714,757	-	-	4,714,757
Tourism	-	293,192	-	-	293,192
Capital projects	-	-	11,340,114	-	11,340,114
<b>Committed to:</b>					
Culture and recreation	-	362,472	-	-	362,472
Economic development	-	283,046	-	-	283,046
Capital projects	-	-	6,269,916	-	6,269,916
Debt service	872,880	-	4,063,471	-	4,936,351
<b>Other purposes:</b>					
Encumbrances	63,826	-	-	-	63,826
<b>Assigned to:</b>					
Risk management	1,007,782	-	-	-	1,007,782
<b>Unassigned:</b>	<u>6,442,458</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,442,458</u>
Total fund balances	<u>\$ 8,446,778</u>	<u>\$ 5,653,467</u>	<u>\$ 21,673,501</u>	<u>\$ 2,666,165</u>	<u>\$ 38,439,911</u>

(1) Includes major and non-major fund balances.

**Minimum Fund Balance Policy** – It is the goal of the City that unassigned fund balance of the General Fund should be at least 16.67% of the General Fund annual expenditures. This percentage is the equivalent of 60 days expenditures. In order to adhere to the principles of matching current revenues with current expenditures and minimizing property taxes, the City will take action to reduce the fund balance if the unassigned fund balance grows beyond 75 days of expenditures.

#### 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 one special revenue fund, the 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, 2011, expenditures exceeded appropriations in records and information services, police, fire prevention, building inspections, and economic development departments (the legal level of budgeting control) of the general fund by \$91, \$19,947, \$1,100, \$4,426 and \$1,481 respectively. These over-expenditures were funded by savings in other departments. The \$488,008 over-expenditure in the risk management department was funded through revenue received from a stop loss insurance claim recorded in the general fund under miscellaneous revenue.

## **F. Accounting Pronouncements**

During fiscal year 2011, the City adopted the following Governmental Accounting Standards Board (“GASB”) Statements:

Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definition*, is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

Statement No. 59, *Financial Instruments Omnibus*, is intended to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice.

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

Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, The objective of this Statement is to address issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other post-employment benefit (OPEB) plans (that is, agent employers) and is effective for fiscal year 2012.

Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. As used in this Statement, an SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a “facility”) in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. This Statement is effective for fiscal year 2013.

Statement No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34* is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. This Statement modifies certain requirements for inclusion of component units in the financial reporting and is effective for fiscal year 2013.

Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* is intended to incorporate into the GASB’s authoritative literature Financial Accounting Standards Board (FASB) Statements and

Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. This Statement also supersedes Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*. The requirements of this Statement are effective for fiscal year 2013.

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

**G. Deficit Net Assets**

At September 30, 2011, The Hidden Creek Golf Course Fund had an accumulated deficit of \$577,022. Of this net deficit, \$596,429 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, 2011, 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	\$ 9,007
Demand deposits	(295,937)
Money market mutual funds	733,769
Certificates of deposit	245,000
TexPool (State of Texas Treasurer's Investment Pool)	8,183,392
TexPool Prime (State of Texas Treasurer's Investment Pool)	26,433,702
Lone Star Investment Pool - Liquidity Plus Fund	3,754,987
TexSTAR Investment Pool	10,269,691
Federally backed mortgage securities	<u>15,996,258</u>
Total cash and investments	<u>\$ 65,329,869</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, 2011, the carrying amount of the City's deposits was a deficit of \$295,937, with an overall bank balance of approximately \$387,240. 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

In order to limit interest and market rate risk from changes in interest rates, the City of Burleson's adopted Investment Policy sets a maximum stated maturity limit of two years for operating funds. Non-operating funds on individual investment have a maximum maturity of three years. Debt service reserve funds have a stated maximum maturity of ten years. The Policy also sets a maximum maturity for debt service sinking funds of five years. The maximum weighted average maturity (WAM) is one year for operating funds and two years for non-operating funds.

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	\$ 733,769	\$ 733,769	\$ -	\$ -
TexPool (State of Texas Treasurer's Investment Pool)	8,183,392	8,183,392	-	-
TexPool Prime (State of Texas Treasurer's Investment Pool)	26,433,702	26,433,702	-	-
Lone Star Investment Pool - Liquidity Plus Fund	3,754,987	3,754,987	-	-
TexSTAR Investment Pool	10,269,691	10,269,691	-	-
Certificates of deposit	245,000	245,000	-	-
Federally backed mortgage securities	15,996,258	-	15,996,258	-
	<u>\$ 65,616,799</u>	<u>\$ 49,620,541</u>	<u>\$ 15,996,258</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.

A primary stated objective of the City of Burleson's adopted Investment Policy is the safety of principal and avoidance of principal loss. Credit risk within the City's portfolio among the authorized investments approved by the City's adopted Investment Policy includes only time and demand deposits, repurchase agreements, SEC registered no load money market mutual funds, and statewide investment pools. Investments are made primarily in obligations of the US Government, its agencies or instrumentalities. State law and the City of Burleson's adopted Investment Policy restricts both time and demand deposits, including certificates of deposit (CD), to those banks doing business in the State of Texas and further requires full insurance or collateralization from these depositories (banks only).

Collateral is required at a 102% margin with securities priced at market on a daily basis as a contractual responsibility of the bank. Collateral is restricted to obligations of the US Government, its agencies or instrumentalities or direct obligations of any state, its subdivisions or agencies rated at least A, or

equivalent, as to investment quality by two nationally recognized statistical rating agencies. Independent safekeeping is required outside the bank holding company with monthly reporting.

Repurchase agreements are limited to those with defined termination dates with a primary dealers (as defined by the Federal Reserve) and require an industry standard written master repurchase agreement and a minimum 102% margin on collateral as well as delivery versus payment settlement and independent safekeeping. Repurchase agreements may not exceed six months to stated maturity with the exception of flex repurchase agreements with a stated termination date not to exceed the planned completion date of the project(s). The state law and the City's adopted Investment Policy restricts investment in SEC registered mutual funds to money market mutual funds striving to maintain a \$1 net asset value and defined by State law. Neither the state law nor the Policy requires a rating. Local government investment pools in Texas are required to be rated AAA, or equivalent by at least one nationally recognized rating agency. The City Policy is restricted to AAA-rated, "2a-7 like" (constant dollar) local government investment pools.

As of September 30, 2011:

- commercial paper represented 0.00% of the total portfolio,
- certificates of deposit and money market accounts represented 1.49% of the total portfolio,
- investment in the State Treasurer's AAA-rated local government investment pool (TexPool or TexPool Prime) represented 52.76% of the total portfolio,
- investment in a AAA-rated local government investment pool (TexStar) represented 15.65 % of the total portfolio,
- investment in a AAA-rated local government investment pool (Lone Star) represented 5.72% of the total portfolio, and
- the remainder of the portfolio 24.38% was in US Government agency securities rated AAA.

#### 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, 2011, are as follows:

<u>Investment Type</u>	<u>Issuer</u>	<u>Reported Amount</u>	<u>Percentage of total Portfolio</u>
Federal Agency Securities	Federal Home Loan Mortgage Coporation	13,995,258	21.33%
Local Government Investment Pools			
	TexPool	34,617,094	52.76%
	Lone Star - Liquidity Plus Fund	3,754,987	5.72%
	TexSTAR Investment Pool	10,269,691	15.65%

#### Custodial Risk

To control custody and safekeeping risk State law and the City of Burleson's adopted Investment Policy requires collateral for all time and demand deposits, as well as collateral for repurchase agreements, be transferred delivery versus payment and held by an independent party approved by the City and held in the City's name. The custodian is required to provide original safekeeping receipts and monthly reporting of positions with position descriptions including market value. Repurchase agreements and deposits must be collateralized to 102% and be executed under written agreements. Depository agreements are executed under the terms of US Financial Institutions Resource and Recovery

Enforcement Act ("FIRREA"). The counter-party of each type transaction is held contractually liable for monitoring and maintaining the required collateral margins on a daily basis.

Portfolio disclosure as of September 30, 2011:

- the portfolio contained one fully insured certificate of deposit,
- the portfolio contained no repurchase agreements, and
- all bank demand deposits were fully insured and/or collateralized. All pledged bank collateral for demand deposits was held by an independent institution outside the bank's holding company.

### 3. RECEIVABLES AND DEFERRED REVENUES

Receivables as of September 30, 2011 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	BCSDC Special Revenue	4A Corp Special Revenue	Park Performance Fund	Bond Funded Capital Projects	Mineral Lease Funded Capital Projects	Other Nonmajor Governmental Funds	Governmental Activities Total
Receivables:								
Property tax	\$ 302,654	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 92,252	\$ 394,906
Accounts	1,520,423	-	-	10,316	-	-	92,857	1,623,596
Due from other funds	71,524	-	-	-	-	-	-	71,524
Intergovernmental	1,183,677	618,588	622,922	-	-	-	190,012	2,615,199
Interest	4,580	161	-	158	46	3,330	1,447	9,722
Gross receivables	3,082,858	618,749	622,922	10,474	46	3,330	376,568	4,714,947
Less: Allowance for uncollectibles	(279,400)	-	-	(4,053)	-	-	(59,656)	(343,109)
Net total receivables	\$ 2,803,458	\$ 618,749	\$ 622,922	\$ 6,421	\$ 46	\$ 3,330	\$ 316,912	\$ 4,371,838
Deferred Revenues								
Mowing Liens	\$ 42,076	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,076
Franchise Fees	333,456	-	-	-	-	-	-	333,456
Total deferred revenues	\$ 375,532	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 375,532

	Water and Wastewater	Golf Course	Solid Waste	Non-major	Business-Type Activities Total
Receivables:					
Accounts	\$ 1,315,224	\$ 3,437	\$ 180,565	\$ 18,149	\$ 1,517,375
Unbilled accounts	989,285	-	137,511	-	1,126,796
Interest	2,898	61	138	275	3,372
Gross receivables	2,307,407	3,498	318,214	18,424	2,647,543
Less: Allowance for uncollectibles	(15,134)	-	(6,559)	(16,298)	(37,991)
Net total receivables	\$ 2,292,273	\$ 3,498	\$ 311,655	\$ 2,126	\$ 2,609,552

#### 4. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2011, 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	\$ 23,221,924	\$ 553,996	\$ -	\$ 23,775,920
Construction in progress	2,525,490	1,342,586	(875,290)	2,992,786
Historical/Artwork Collections	45,000	-	-	45,000
Total capital assets not being depreciated	<u>25,792,414</u>	<u>1,896,582</u>	<u>(875,290)</u>	<u>26,813,706</u>
Capital assets being depreciated:				
Buildings	38,111,338	32,499	-	38,143,837
Improvements other than buildings	20,262,454	445,681	-	20,708,135
Infrastructure	112,532,213	3,355,721	(86,365)	115,801,569
Vehicles	3,595,934	460,621	(77,244)	3,979,311
Machinery and equipment	11,251,624	201,530	(149,357)	11,303,797
Total capital assets being depreciated	<u>185,753,563</u>	<u>4,496,052</u>	<u>(312,966)</u>	<u>189,936,649</u>
Less accumulated depreciation for:				
Buildings	(3,224,296)	(762,257)	-	(3,986,553)
Improvements other than buildings	(2,682,868)	(809,188)	-	(3,492,056)
Infrastructure	(31,048,057)	(3,423,909)	4,318	(34,467,648)
Vehicles	(1,683,515)	(408,367)	27,647	(2,064,235)
Machinery and equipment	(6,410,264)	(942,026)	149,357	(7,202,933)
Total accumulated depreciation	<u>(45,049,000)</u>	<u>(6,345,747)</u>	<u>181,322</u>	<u>(51,213,425)</u>
Total capital assets being depreciated, net	<u>140,704,563</u>	<u>(1,849,695)</u>	<u>(131,644)</u>	<u>138,723,224</u>
Governmental activities capital assets, net	<u>\$ 166,496,977</u>	<u>\$ 46,887</u>	<u>\$ (1,006,934)</u>	<u>\$ 165,536,930</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	\$ 3,235,968	\$ 1,114,079	\$ -	\$ 4,350,047
Construction in progress	3,964,563	352,827	(3,002,261)	1,315,129
Total capital assets not being depreciated	<u>7,200,531</u>	<u>1,466,906</u>	<u>(3,002,261)</u>	<u>5,665,176</u>
Capital assets, being depreciated:				
Water systems	40,510,640	2,705,318	-	43,215,958
Wastewater systems	33,356,103	1,752,002	-	35,108,105
Infrastructure	27,472	3,052	-	30,524
Building and improvements	5,953,772	5,440	-	5,959,212
Machinery and equipment	1,140,934	28,946	(15,800)	1,154,080
Vehicles	1,861,913	155,449	(116,370)	1,900,992
Capitalized interest	338,852	-	-	338,852
Total capital assets being depreciated	<u>83,189,686</u>	<u>4,650,207</u>	<u>(132,170)</u>	<u>87,707,723</u>
Less accumulated depreciation for:				
Water systems	(8,114,340)	(914,238)	-	(9,028,578)
Wastewater systems	(5,362,869)	(688,744)	-	(6,051,613)
Infrastructure	(1,374)	(2,900)	-	(4,274)
Building and improvements	(2,293,154)	(218,748)	-	(2,511,902)
Machinery and equipment	(717,656)	(128,291)	15,800	(830,147)
Vehicles	(742,198)	(154,021)	32,092	(864,127)
Capitalized interest	(85,359)	(8,121)	-	(93,480)
Total accumulated depreciation	<u>(17,316,950)</u>	<u>(2,115,063)</u>	<u>47,892</u>	<u>(19,384,121)</u>
Total capital assets being depreciated, net	<u>65,872,736</u>	<u>2,535,144</u>	<u>(84,278)</u>	<u>68,323,602</u>
Business-type activities capital assets, net	<u>\$ 73,073,267</u>	<u>\$ 4,002,050</u>	<u>\$ (3,086,539)</u>	<u>\$ 73,988,778</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. Capital assets in the Proprietary Vehicle Replacement fund are \$1,036,865 and are included in the above schedule.

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

Governmental activities:	
General government	\$ 263,286
Public safety	771,878
Public works, which includes the depreciation of general infrastructure assets	4,500,169
Culture and recreation	810,414
Total depreciation expense - governmental activities	<u>\$ 6,345,747</u>
Business-type activities:	
Water and wastewater	\$ 1,709,039
Golf course	240,942
Solid waste	545
Cemetery	10,516
Vehicle replacement fund	154,021
Total depreciation expense - business-type activities	<u>\$ 2,115,063</u>

Additions to accumulated depreciation includes \$13,148 for transfers of assets from the vehicle replacement business type fund to the vehicle replacement government type fund.

**Construction commitments**

At September 30, 2011, the City had no commitments for the on-going construction of capital improvement projects.

**5. LEASES**

The City entered into a lease agreement as lessee to finance an energy efficiency performance contract with Johnson Controls Inc. (JCI) with no down payment. Proposed energy improvements in this contract include lighting and controls, water conservation, HVAC improvements, and power management. Costs associated with this lease will be partially covered by utility savings that are guaranteed by JCI through the energy efficiency contract. The City also financed the purchase of fitness equipment for the new recreation center with a down payment of \$60,000, equipment for Hidden Creek Golf Course with no down payment, Wi-Fi computer network equipment with a down payment of \$130,000, and a fire truck for the fire department with no down payment. There were no new lease agreements in fiscal year 2011. 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, 2011.

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Asset:		
Machinery & Equipment	\$ 1,735,972	\$ 431,466
Infrastructure	592,423	30,524
Less: Accumulated depreciation	<u>(1,092,087)</u>	<u>(184,409)</u>
Total	<u>\$ 1,236,308</u>	<u>\$ 277,581</u>

**6. OTHER ASSETS**

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

Water and Sewer other assets:

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.	\$ 132,970
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.	60,015
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.	73,207
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.	93,562
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.	78,390
Deferred bond issuance costs resulting from the 2011 water and sewer CO bonds. The costs are being amortized over the life of the bond issue.	107,895
Deferred bond issuance costs resulting from the 2011 water and sewer CO bonds. The costs are being amortized over the life of the bond issue.	150,394
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.	1,473,449
Prepaid arbitrage liability.	38,143
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 ten year contract with the City of Fort Worth.	238
	\$ 2,208,263

The amounts above are net of accumulated amortization of \$1,181,865.

Water and Sewer other capital assets:

Purchase of water rights in Mountain Valley estates, a residential housing development. The costs are being amortized over 40 years.	\$ 476,231
Costs incurred in the development of a long-term master infrastructure plan. The costs are being amortized over 20 years.	88,470
	\$ 564,701

The amounts above are net of accumulated amortization of \$286,182.

Golf Course other assets:

Cost of a market viability study performed prior to the construction of the golf course. The costs are being amortized over 20 years.	\$ 11,825
Deferred bond issuance costs resulting from the 2004 golf course revenue bonds. The costs are being amortized over the life of the bond issue.	98,548
	\$ 110,373

The amounts above are net of accumulated amortization of \$140,797.

## 7. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

### Interfund Receivables/Payables

The composition of inter-fund balances as of September 30, 2011, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Equipment Replacement	4A Special Revenue Fund	\$ 788,994
Governmental Equipment Replacement	Economic Development Fund	\$ 92,857
General Fund	Grant Fund	\$ 71,524

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 2012-2013 fiscal year. The amount payable to the Economic Development fund was to pre-fund an economic development incentive to be repaid in July 2013.

### Interfund Transfers

Inter-fund transfers during the year ended September 30, 2011, were as follows:

	<u>Transfers out:</u>		<u>Transfers In:</u>				
	<u>General Fund</u>	<u>Golf Course</u>	<u>Bond Funded Capital Projects</u>	<u>Solid Waste</u>	<u>Governmental Equipment Replacement</u>	<u>Proprietary Equipment Replacement</u>	<u>Support Services</u>
Water & Wastewater	\$ 450,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gov Equip Replacement	-	-	-	486,926	-	220,571	-
BCSDC Special Revenue	-	378,648	-	-	-	-	-
4A Corp Special Revenue	196,822	-	-	-	-	-	-
Solid Waste Fund	236,269	-	-	-	-	-	-
Non-Major Governmental	9,556	-	-	-	-	-	-
Bond Funded Capital Projects	-	-	2,055	-	-	-	-
Mineral Lease Capital Projects	-	-	-	-	-	-	-
General Fund	-	107,636	-	700	101,882	-	3,163
<b>Total</b>	<b>\$ 892,647</b>	<b>\$ 486,284</b>	<b>\$ 2,055</b>	<b>\$ 487,626</b>	<b>\$ 101,882</b>	<b>\$ 220,571</b>	<b>\$ 3,163</b>

	<u>Transfers out:</u>			<u>Total</u>
	<u>Parks Performance</u>	<u>Equipment Services</u>	<u>Non-major Governmental</u>	<u>Transfers From</u>
Water & Wastewater	\$ -	\$ -	\$ -	\$ (450,000)
Gov Equip Replacement	-	-	-	(707,497)
BCSDC Special Revenue	840,000	-	1,920,065	(3,138,713)
4A Corp Special Revenue	-	-	1,862,416	(2,059,238)
Solid Waste Fund	-	-	-	(236,269)
Non-Major Governmental	-	-	152,365	(161,921)
Bond Funded Capital Projects	-	-	72,489	(74,544)
Mineral Lease Capital Project:	-	-	986,000	(986,000)
General Fund	97,168	3,954	-	(314,503)
<b>Total</b>	<b>\$ 937,168</b>	<b>\$ 3,954</b>	<b>\$ 4,993,335</b>	<b>\$ (8,128,685)</b>

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.

**Cost Reimbursements**

The cost of the City's central general and administrative services is allocated to the designated special revenue and enterprise funds. These costs are reported as interfund services provided and used rather than interfund transactions, and are treated as revenue in the General Fund and expense in the other funds. Interfund services provided and used are "arms-length" transactions between departments or funds that would be treated as revenues, expenditures or expenses if they were with an external organization. The distinguishing aspects of interfund services provided and used are that each department or fund both gives and receives consideration.

Significant cost reimbursements made to the General Fund during the year were as follows:

<u>Fund</u>	<u>Amount</u>
Water and Wastewater	\$1,020,453
Capital Projects	506,109
Hotel Motel	10,200
Total to General Fund	<u>\$1,536,762</u>

**Franchise Fees**

The City's enterprise which use the public right-of-way funds pay franchise fees to the General Fund as if they were organizations separate from the City. These fees are not taxes, but are compensations to the City for the use of the City's water lines, streets and rights-of-way, sewer lines, etc. These payments are reported as interfund services provided and used rather than interfund transactions, and are treated as revenue (reported as franchise fees) in the General Fund and expense in the enterprise funds. Such fees paid during the year were:

<u>Fund</u>	<u>Amount</u>
Water and Wastewater	\$ 525,000
Solid Waste	81,600
Total to General Fund	<u>\$ 606,600</u>

**Payments in Lieu of Property Taxes**

For fiscal year 2010-2011, the Water and Wastewater fund made a \$450,000 payment in lieu of property taxes to the General Fund. The payment is calculated by applying the City's property tax rate to the net book value of the enterprise fund's fixed assets.

**8. LONG-TERM DEBT AND OBLIGATIONS**

General Obligation Bonds and Certificates of Obligation

The City issues general obligation bonds and certificates of obligation for the purpose of providing funds for the acquisition and construction of major capital facilities. General obligation bonds and certificates of obligation are issued for both governmental activities and business-type activities and are direct obligations issued on a pledge of the general taxing power for payment of the debt obligations of the City.

Revenue Bonds

Water and sewer revenue bonds are issued for the purpose of financing the acquisition and construction of major capital improvements for the water and sewer system and related facilities secured by a pledge of the net revenues of the water and sewer system.

Long-term debt transactions, including current portion, for the year ended September 30, 2011, are summarized as follows:

	Balance at October 1, 2010	Increased	Retired	Balance at September 30, 2011	Due within one year
<i>Governmental activities:</i>					
General obligation bonds	\$ 37,782,000	\$ -	\$ 1,872,000	\$ 35,910,000	\$ 2,034,000
Certificates of obligation	41,610,000	-	1,785,000	39,825,000	1,855,000
Sales tax revenue bonds	8,540,000	-	895,000	7,645,000	920,000
Compensated absences	2,951,633	1,449,740	1,226,518	3,174,855	1,226,518
Capital leases	1,656,882	1,673	397,031	1,261,524	243,749
Premium on debt	1,263,218	-	150,770	1,112,448	-
Deferred loss on refunding	(374,532)	-	(62,897)	(311,635)	-
Governmental activities long-term debt	<u>\$ 93,429,201</u>	<u>\$ 1,451,413</u>	<u>\$ 6,263,422</u>	<u>\$ 88,617,192</u>	<u>\$ 6,279,267</u>
<i>Business-type activities:</i>					
General obligation bonds	\$ 4,363,000	\$ 10,770,000	\$ 188,000	\$ 14,945,000	\$ 446,000
Certificates of obligation	14,910,000	7,075,000	620,000	21,365,000	810,000
Water & sewer revenue bonds	22,475,000	-	11,885,000	10,590,000	1,230,000
Compensated absences	253,244	153,444	135,641	271,047	135,641
Capital leases	398,129	-	90,291	307,838	77,707
Premium on debt	54,404	271,447	18,718	307,133	-
Deferred loss on refunding	(361,509)	(435,282)	(74,920)	(721,871)	-
Business-type activities long-term debt	<u>\$ 42,092,268</u>	<u>\$ 17,834,609</u>	<u>\$ 12,862,730</u>	<u>\$ 47,064,147</u>	<u>\$ 2,699,348</u>

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

Bonds payable at September 30, 2011, are comprised of the following individual issues:

	Interest Rate (%)	Issue Date	Maturity Date	Original Issue	Amount Outstanding
<i>Governmental activities:</i>					
General obligation bonds:					
2002 Series	3.00 - 5.00	8/15/2002	3/1/2023	\$ 5,770,000	\$ 2,565,000
2004 Series	2.50 - 5.00	4/15/2004	3/1/2025	875,000	610,000
2005 Series	3.00 - 4.25	2/1/2005	3/1/2025	3,970,000	3,170,000
2006 Series	4.00 - 4.25	11/15/2006	3/1/2026	2,400,000	2,195,000
2007 Series	4.00 - 4.625	6/15/2007	3/1/2024	4,100,000	3,560,000
2008 Series	4.00 - 4.625	4/15/2008	3/1/2028	14,750,000	13,390,000
2010 Series	2.00 - 4.25	5/1/2010	3/1/2030	10,805,000	10,420,000
Total general obligation bonds				<u>42,670,000</u>	<u>35,910,000</u>
Certificates of obligation:					
2005 Tax and Revenue	3.00 - 5.00	2/1/2005	3/1/2025	14,965,000	12,080,000
2006 Tax and Revenue	4.00 - 4.25	11/15/2006	3/1/2026	5,840,000	5,185,000
2007 Tax and Revenue	4.00 - 4.625	6/15/2007	3/1/2024	4,100,000	3,560,000
2008 Tax and Revenue	4.00 - 4.625	4/15/2008	3/1/2028	20,900,000	19,000,000
Total certificates of obligation				<u>45,805,000</u>	<u>39,825,000</u>
Sales tax revenue bonds:					
2010 Sales Tax Revenue bonds	2.00 - 4.00	5/1/2010	9/1/2021	8,565,000	7,645,000
Total sales tax revenue bonds				<u>8,565,000</u>	<u>7,645,000</u>
Total governmental activities				<u>\$ 97,040,000</u>	<u>\$ 83,380,000</u>
 <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	\$ 4,175,000
2011 Water & Sewer refunding	4.00 - 4.375	5/1/2011	3/1/2027	10,770,000	10,770,000
Total general obligation bonds				<u>16,755,000</u>	<u>14,945,000</u>
Certificates of Obligation					
2006 Tax and Revenue	4.00 - 4.25	11/15/2006	3/1/2026	6,125,000	5,200,000
2007 Tax and Revenue	4.00 - 4.625	6/15/2007	3/1/2024	5,700,000	4,955,000
2008 Tax and Revenue	4.00 - 4.625	4/15/2008	3/1/2028	4,545,000	4,135,000
2011 Tax and Revenue	4.00 - 4.375	5/1/2011	3/1/2031	7,075,000	7,075,000
Total certificates of obligation				<u>23,445,000</u>	<u>21,365,000</u>
Water and sewer revenue bonds					
2002 Improvement	3.00 - 5.05	8/15/2002	3/1/2027	10,850,000	420,000
2005 Improvement	3.00 - 4.40	5/15/2005	9/1/2025	5,370,000	4,810,000
2006 Refunding	4.00 - 4.50	4/1/2006	3/1/2021	8,995,000	5,360,000
Total water and sewer revenue bonds				<u>25,215,000</u>	<u>10,590,000</u>
Total business-type activities				<u>\$ 65,415,000</u>	<u>\$ 46,900,000</u>

The City currently has \$2,633,079 of authorized, but unissued, general obligation bonds.

The annual requirements to amortize all debt outstanding as of September 30, 2011, are as follows:

Governmental Activities								
Years Ending September 30,	General Obligation	GO Interest	Certificates of Obligation	CO Interest	Sales Tax Revenue	STR Interest	Capital Leases	Capital Lease Interest
2012	\$ 2,034,000	\$ 1,395,472	\$ 1,855,000	\$ 1,703,682	\$ 920,000	\$ 305,800	\$ 243,749	\$ 57,042
2013	2,099,000	1,321,857	1,915,000	1,635,598	960,000	269,000	254,785	47,909
2014	1,714,000	1,254,849	1,995,000	1,564,972	625,000	230,600	141,314	34,422
2015	1,776,000	1,194,497	2,065,000	1,486,335	650,000	205,600	101,305	28,288
2016	1,828,000	1,129,770	2,155,000	1,396,726	675,000	179,600	107,992	23,504
2017-2021	10,329,000	4,533,106	12,330,000	5,441,203	3,815,000	470,000	412,379	40,071
2022-2026	10,820,000	2,367,887	14,190,000	2,343,126	-	-	-	-
2027-2031	5,185,000	399,077	3,320,000	147,504	-	-	-	-
2032-2036	125,000	3,125	-	-	-	-	-	-
<b>Total</b>	<b>\$ 35,910,000</b>	<b>\$ 13,599,640</b>	<b>\$ 39,825,000</b>	<b>\$ 15,719,146</b>	<b>\$ 7,645,000</b>	<b>\$ 1,660,600</b>	<b>\$ 1,261,524</b>	<b>\$ 231,236</b>

Business-type Activities								
Years Ending September 30,	General Obligation	GO Interest	Certificates of Obligation	CO Interest	Water and Wastewater Revenue	Water and Wastewater Interest	Capital Leases	Capital Lease Interest
2012	\$ 446,000	\$ 563,533	\$ 810,000	\$ 967,528	\$ 1,230,000	\$ 874,716	\$ 77,707	\$ 16,684
2013	891,000	542,234	935,000	842,308	800,000	383,395	59,031	12,426
2014	1,541,000	503,845	965,000	777,845	230,000	362,740	62,549	9,006
2015	939,000	464,119	1,005,000	742,095	895,000	340,150	93,898	2,435
2016	977,000	432,563	1,045,000	734,123	980,000	302,490	2,751	581
2017-2021	4,611,000	1,640,309	5,880,000	3,008,437	4,515,000	922,409	11,902	1,081
2022-2026	5,180,000	560,164	7,275,000	1,618,421	1,940,000	215,693	-	-
2027-2031	360,000	7,875	3,450,000	326,058	-	-	-	-
<b>Total</b>	<b>\$ 14,945,000</b>	<b>\$ 4,714,642</b>	<b>\$ 21,365,000</b>	<b>\$ 9,016,815</b>	<b>\$ 10,590,000</b>	<b>\$ 3,401,593</b>	<b>\$ 307,838</b>	<b>\$ 42,213</b>

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, 2011, the unpaid amount of the defeased bonds total \$33,241,000.

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, 2011, 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, 2011, 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, 2011, 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. ARBITRAGE LIABILITY**

The City accrues a liability for an amount of rebatable arbitrage resulting from investing low-yielding, tax-exempt bond proceeds in higher-yielding, taxable securities. Such investment activities can result in interest revenue exceeding interest cost. The arbitrage liability is payable to the federal government every five years; however the City calculates and records its arbitrage liability annually. The arbitrage liability is recorded as a liability in the government-wide and proprietary fund financial statements, as applicable, on the accrual basis of accounting. At September 30, 2011, the City had no arbitrage liability.

**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 expired on December 31, 2010. On July 19, 2010 the City renewed this contract to be effective January 1, 2011 and to expire on September 30, 2031. This contract requires the City to pay varying amounts based on annual consumption rates established under the terms of the contract. During 2011 approximately 1,977,332,788 gallons of water were purchased under the contract at a cost of approximately \$3,866,128.

**11. EMPLOYEES' RETIREMENT SYSTEM**

Texas Municipal Retirement System

Plan Description - The City provides pension benefits for all of its eligible employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the city are within the options available in the governing state statutes of TMRS. TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained by writing to TMRS, P.O. Box 149153, Austin, TX 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS' website at [www.TMRS.com](http://www.TMRS.com).

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

	Plan Year 2010	Plan Year 2011
Employee deposit rate	7.00%	7.00%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	60/5,0/20	60/5,0/20
Updated Service Credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity Increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating

Contributions - Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (over-funded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

The City contributes to the TMRS Plan at an actuarially determined 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 serves as the basis for the rate and the calendar year when the rate goes into effect. The annual pension cost and net pension obligation/(asset) are as follows:

1. Annual Required Contribution (ARC)	\$ 2,534,837
2. Interest on Net Pension Obligation	-
3. Adjustment to the ARC	-
4. Annual Pension Cost (APC)	<u>2,534,837</u>
5. Contributions Made	<u>(2,595,323)</u>
6. Increase (decrease) in net pension obligation	(60,486)
7. Net Pension Obligation/(Asset), beginning of year	<u>364,860</u>
8. Net Pension Obligation/(Asset), end of year	<u><u>\$ 304,374</u></u>

Three-Year Trend Information for TMRS:

Fiscal Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed	Net Pension Obligation
9/30/2009	\$ 2,152,127	82%	\$ 377,593
9/30/2010	2,388,463	85%	364,860
9/30/2011	2,534,837	88%	304,374

The required contribution rates for fiscal year 2011 were determined as part of the December 31, 2008 and 2009 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2010, also follows:

Valuation Date	12/31/2008	12/31/2009	12/31/2010
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
Remaining Amortization Period	29.0 years; open period	28.2 years; closed period	27.3 years; closed period
Asset Valuation Method	Amortized Cost	10-yr smoothed market	10-yr smoothed market
Actuarial Assumptions:			
Investment Rate of Return	7.5%	7.5%	7.0%
Projected Salary Increases*	Varies by age and service	Varies by age and service	Varies by age and service
* Includes inflation at	3.00%	3.00%	3.00%
Cost-of-Living Adjustments	2.1%	2.1%	2.1%

The funded status as of December 31, 2010, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	Actuarial value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(1)	(2)	(3)	(4)	(5)	(6)
			(1) / (2)	(2) - (1)		(4) / (5)
12/31/2010	\$ 36,966,987	\$ 52,925,678	69.8%	\$ 15,958,691	\$ 16,461,239	96.9%

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

## 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. During the year 2011, employers or employees through salary reductions may contribute up to the limit of \$16,500 of compensation on behalf of the participant under this plan.

## 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. The TML risk pool is self-sustaining through annual member premiums and stop loss reinsurance coverage through various commercial insurers for excess claims. 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.

The City offers health coverage to its employees and retirees in a managed care plan administered by Group Pension Administrators and funded by the City with both employee and City contributions. The City retains risk for up to: \$100,000 per covered enrollee per year and up to \$5,000,000 per period benefit, and transfers risk in excess of these amounts to a reinsurer. The City's operating funds are charged premiums for coverage provided by the Risk Management department based on approved annual budgets with adjustments based on estimates of the amounts needed to pay prior and current year claims. These inter-fund premiums are used to reduce the amount of actual expenditures.

**14. OTHER POST-EMPLOYMENT BENEFITS**

Post-retirement Health Care Benefits:

All employees on the health care plan at the time of retirement are eligible to elect retiree health benefits. Employees eligible to retire under the Texas Municipal Retirement System (TMRS) are considered eligible retirees for health care benefits. Employees are eligible for retirement if they are at least 60 years of age and have 5 years of service, or at any age with 20 years of service.

Eligible retirees may elect coverage that will include the same health care options offered to regular full-time employees at the same cost that the City pays for active employees. Retirees pay the same rate for coverage as employees pay, if they are electing dependent coverage. Benefit commences at the first of the month following the day of retirement, if the employee elects retiree or dependent coverage (at retiree’s cost).

In the event that an active employee passes away, the spouse and dependents will become eligible for retiree coverage if (1) the employee was eligible for retirement as defined by TMRS; and (2) the employee had dependent coverage at the time of death. The surviving spouse will continue to receive the benefits of the retiree health insurance program, at the rate charged for retiree only. If dependent children are already on the plan at the time of the retiree’s death, the spouse may continue to cover the children (at retirees spouse’s cost).

Retirees are eligible for medical and prescription insurance until they become Medicare eligible. Retired employees are eligible for vision and dental care benefits, at their expense (100%). Retired employees are not eligible to purchase life insurance benefits through the City. Those retirees who receive pension benefits through TMRS have a \$7,500 life insurance burial benefit. This benefit is provided by TMRS. The City’s only disability coverage is 100% voluntary and paid by the employee; there are not city-paid disability benefits.

Funding Policy and Annual OPEB Cost

The City’s annual other post employment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameter of GASB Statement No. 45. The ARC represents the level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The City had its first OPEB actuarial valuation performed for the fiscal year beginning October 1, 2010 as required by GASB. The City’s annual OPEB cost for the fiscal year ending September 30, 2011, is as follows:

Annual Required Contribution (ARC)	\$ 157,839
Interest on OPEB Obligation	-
Adjustment to the ARC	-
End of Year Annual OPEB Cost (Expense)	<u>157,839</u>
Net Estimated Employer Contributions	<u>(145,429)</u>
Increase in Net OPEB Obligation	<u>\$ 12,410</u>
Beginning of Year Net OPEB Obligation (Asset)	\$ -
End of Year Net OPEB Obligation (Asset)	<u>\$ 12,410</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year ending September 30, 2011 is as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Amount Contributed	Percentage Contributed	Net Pension Obligation
9/30/2011	\$ 157,839	\$ 145,429	92.1%	\$ 12,410

Funding status and funding progress

The funded status of the City's retiree health care plan, under GASB Statement No. 45 as of December 31, 2010 is as follows:

Actuarial Valuation Date as of December 31	Actuarial Value of Assets (a)	Actuarial Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)
2010	-	\$ 1,402,121	\$ 1,402,121	0%

Under the reporting parameters, the City's retiree health care plan is 0% funded with an estimated actuarial accrued liability exceeding actuarial assets by \$1,402,121 as of December 31, 2010.

Actuarial methods and assumptions

The Projected Unit Credit actuarial cost method is used to calculate the GASB ARC for the City's retiree health care plan. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The projected unit credit method then provides for a systematic funding for these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability.

Projections for health benefits are based on the plan as understood by the City and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and the City's employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Actuarial Methods and Assumptions:

Inflation rate	3.00% per annum
Investment rate of return	4.50 %, net of expenses
Actuarial cost method	Projected Unit Credit Cost Method
Amortization method	Level as a percentage of employee payroll
Amortization period	30-year open amortization
Salary growth	3.00% per annum
Healthcare cost trend rate	Initial rate of 9.0% in 2011 declining to an ultimate rate of 4.50% after 9 years

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status and the annual required contributions of the City’s retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Supplemental Death Benefit:

The city also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The city elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The city may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1. The death benefit for active employees provides a lump-sum payment approximately equal to the employee’s annual salary (calculated based on the employee’s actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an “other post-employment benefit,” or OPEB.

The city contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees’ entire careers.

Schedule of Contribution Rates  
(Retiree-only portion of the rate)

Plan Year	Annual Required Contribution (Rate)	Actual Contribution Made (Rate)	Percentage of ARC Contributed
2009	0.02%	0.02%	100%
2010	0.01%	0.01%	100%
2011	0.01%	0.01%	100%

\* \* \* \* \*

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**CITY OF BURLESON, TEXAS**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended September 30, 2011**

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	Budgeted Amounts		Actual Amounts GAAP Basis	Adjustments Budget Basis	Actual Amounts Budget Basis	Variance - Positive (Negative)
	Original	Final				
<b>REVENUES</b>						
Property taxes	\$ 12,105,714	\$ 12,273,000	\$ 11,752,582	\$ 450,000	\$ 12,202,582	\$ (70,418)
Sales taxes	5,581,000	5,659,000	6,425,339	-	6,425,339	766,339
Franchise fees	2,531,000	2,668,000	2,842,740	-	2,842,740	174,740
Licenses and permits	1,096,000	1,044,000	1,017,237	-	1,017,237	(26,763)
Intergovernmental	251,990	246,791	255,213	-	255,213	8,422
Charges for services	1,309,371	1,196,439	1,096,751	-	1,096,751	(99,688)
Fines and forfeitures	1,010,000	853,000	824,916	-	824,916	(28,084)
Investment income	45,000	35,000	30,953	-	30,953	(4,047)
Miscellaneous and other	997,015	1,707,267	1,710,717	442,647	2,153,364	446,097
Total revenues	24,927,090	25,682,497	25,956,448	892,647	26,849,095	1,166,598
<b>EXPENDITURES</b>						
General government						
City Council	62,809	36,628	31,726	-	31,726	4,902
City Manager's office	654,237	760,846	739,277	629	739,906	20,940
Legal	250,765	251,560	196,394	-	196,394	55,166
Communications	100,055	100,342	100,371	(152)	100,219	123
City Secretary's office	290,959	291,002	276,606	(1,777)	274,829	16,173
Support services	177,741	166,737	161,026	(286)	160,740	5,997
Records and information services	70,944	55,428	55,947	(428)	55,519	(91)
Human resources	441,888	432,361	429,625	(536)	429,089	3,272
Finance	940,901	913,624	876,807	4,628	881,435	32,189
Tax	179,034	197,483	195,843	-	195,843	1,640
Purchasing	106,426	106,372	106,187	96	106,283	89
Non-Departmental	628,951	709,294	448,485	229,050	677,535	31,759
Municipal court	705,589	674,090	645,220	(4,177)	641,043	33,047
Risk management	-	896,041	1,384,049	-	1,384,049	(488,008)
Neighborhood services	115,643	113,809	112,535	65	112,600	1,209
	4,725,942	5,705,617	5,760,098	227,112	5,987,210	(281,593)
Public safety						
Police	7,287,747	7,133,608	7,147,205	6,350	7,153,555	(19,947)
Fire	3,658,447	3,744,659	3,620,310	(16,217)	3,604,093	140,566
Fire prevention	328,333	318,886	318,405	1,581	319,986	(1,100)
Emergency services	83,938	128,563	120,345	498	120,843	7,720
Animal services	365,184	354,021	344,825	(1,013)	343,812	10,209
Code enforcement	170,787	171,948	165,229	(441)	164,788	7,160
	11,894,436	11,851,685	11,716,319	(9,242)	11,707,077	144,608
Public works						
Public works administration	377,005	370,585	368,668	(2,011)	366,657	3,928
Pavement maintenance	2,343,758	2,324,301	2,289,116	996	2,290,112	34,189
Drainage maintenance	349,582	396,138	382,155	(2,600)	379,555	16,583
Traffic control maintenance	222,914	228,154	216,326	4,542	220,868	7,286
Facilities maintenance	616,458	594,578	564,417	16,743	581,160	13,418
Environmental services	112,479	111,199	110,802	(1,240)	109,562	1,637
Engineering/capital	125,899	158,929	151,836	809	152,645	6,284
Engineering/development	300,490	258,452	255,412	(21,937)	233,475	24,977
Gas well development	265,411	246,663	240,007	925	240,932	5,731
Building inspections	477,078	451,916	461,737	(5,395)	456,342	(4,426)
	5,191,074	5,140,915	5,040,476	(9,168)	5,031,308	109,607

(Continued)

CITY OF BURLESON, TEXAS  
General Fund  
Budgetary Comparison Schedule  
For the Year Ended September 30, 2011

D-1

	Budgeted Amounts		Actual Amounts GAAP Basis	Adjustments Budget Basis	Actual Amounts Budget Basis	Variance - Positive (Negative)
	Original	Final				
<b>Culture and recreation</b>						
Library	845,584	845,102	838,602	(1,256)	837,346	7,756
Parks and recreation administration	369,368	302,155	203,957	84,065	288,022	14,133
Recreation	184,327	186,669	179,640	38	179,678	6,991
Parks maintenance	817,858	805,233	764,277	(546)	763,731	41,502
Senior center	86,191	99,294	92,344	(360)	91,984	7,310
	<u>2,303,328</u>	<u>2,238,453</u>	<u>2,078,820</u>	<u>81,941</u>	<u>2,160,761</u>	<u>77,692</u>
<b>Community development</b>						
Economic development	193,754	196,822	198,234	69	198,303	(1,481)
Community development	557,250	560,296	483,735	(40,620)	443,115	117,181
	<u>751,004</u>	<u>757,118</u>	<u>681,969</u>	<u>(40,550)</u>	<u>641,419</u>	<u>115,699</u>
<b>Total expenditures</b>	<u>24,865,784</u>	<u>25,693,788</u>	<u>25,277,682</u>	<u>250,093</u>	<u>25,527,775</u>	<u>166,013</u>
Excess of revenues over expenditures	61,306	(11,291)	678,766	642,554	1,321,320	1,332,611
<b>OTHER FINANCING SOURCES (USES)</b>						
Capital lease proceeds	-	-	1,673	(1,673)	-	-
Transfers in	-	-	892,647	(892,647)	-	-
Transfers out	-	-	(314,503)	314,503	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>579,817</u>	<u>(579,817)</u>	<u>-</u>	<u>-</u>
Excess of revenues and other sources over expenditures and other uses	61,306	(11,291)	1,258,583	62,737	1,321,320	1,332,611
Fund balances - beginning	7,188,195	7,188,195	7,188,195	-	7,188,195	-
Fund balances - ending	<u>\$ 7,249,501</u>	<u>\$ 7,176,904</u>	<u>\$ 8,446,778</u>	<u>\$ 62,737</u>	<u>\$ 8,509,515</u>	<u>\$ 1,332,611</u>

Explanation of differences:

Reserved (GAAP) for encumbrances at September 30, 2011 but recognized as expenditures for budget purposes	\$ (63,825)
Prior year encumbrances	115,170
Non-cash GAAP items not included in budget	11,392
Net decrease in fund balance - GAAP to budget	<u>\$ 62,737</u>

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City of Burleson, Texas  
Major Special Revenue Funds  
Budgetary Comparison Schedule  
For the Year Ended September 30, 2011

	BCSDC Special Revenue				4A Corp Special Revenue	
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget
<b>REVENUES</b>						
Sales taxes	\$ 2,706,226	\$ 2,706,226	\$ 3,322,544	\$ 616,318	\$ 2,744,726	\$ 2,744,726
Charges for goods and services	-	-	-	-	-	-
Interest revenue	3,000	3,000	2,783	(217)	4,000	4,000
Miscellaneous	-	-	-	-	-	-
<b>Total Revenues</b>	<u>2,709,226</u>	<u>2,709,226</u>	<u>3,325,327</u>	<u>616,101</u>	<u>2,748,726</u>	<u>2,748,726</u>
<b>EXPENDITURES</b>						
Current						
Community development	3,500	3,500	3,500	-	150,530	109,938
Culture and recreation	-	-	-	-	-	-
<b>Total Expenditures</b>	<u>3,500</u>	<u>3,500</u>	<u>3,500</u>	<u>-</u>	<u>150,530</u>	<u>109,938</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,705,726</u>	<u>2,705,726</u>	<u>3,321,827</u>	<u>616,101</u>	<u>2,598,196</u>	<u>2,638,788</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Operating transfers in (out)	(3,140,798)	(3,140,798)	(3,138,713)	2,085	(2,549,052)	(2,505,690)
<b>Total Other Financing Sources (Uses)</b>	<u>(3,140,798)</u>	<u>(3,140,798)</u>	<u>(3,138,713)</u>	<u>2,085</u>	<u>(2,549,052)</u>	<u>(2,505,690)</u>
Net change in fund balances	(435,072)	(435,072)	183,114	618,186	49,144	133,098
Fund balance - beginning	<u>2,178,976</u>	<u>2,178,976</u>	<u>2,178,976</u>	<u>-</u>	<u>980,413</u>	<u>980,413</u>
Fund balance - ending	<u>\$ 1,743,904</u>	<u>\$ 1,743,904</u>	<u>\$ 2,362,090</u>	<u>\$ 618,186</u>	<u>\$ 1,029,557</u>	<u>\$ 1,113,511</u>

4A Corp Special Revenue		Parks Performance Fund			
Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
\$ 3,348,549	\$ 603,823	\$ -	\$ -	\$ -	\$ -
-	-	1,729,600	1,757,054	1,814,421	57,367
2,794	(1,206)	4,000	1,000	922	(78)
100	100	-	48,103	55,165	7,062
<u>3,351,443</u>	<u>602,717</u>	<u>1,733,600</u>	<u>1,806,157</u>	<u>1,870,508</u>	<u>64,351</u>
109,938	-	-	-	-	-
-	-	2,737,626	2,743,325	2,673,433	69,892
<u>109,938</u>	<u>-</u>	<u>2,737,626</u>	<u>2,743,325</u>	<u>2,673,433</u>	<u>69,892</u>
3,241,505	602,717	(1,004,026)	(937,168)	(802,925)	134,243
(2,059,238)	446,452	1,002,366	937,168	937,168	-
<u>(2,059,238)</u>	<u>446,452</u>	<u>1,002,366</u>	<u>937,168</u>	<u>937,168</u>	<u>-</u>
1,182,267	1,049,169	(1,660)	-	134,243	134,243
980,413	-	228,229	228,229	228,229	-
<u>\$ 2,162,680</u>	<u>\$ 1,049,169</u>	<u>\$ 226,569</u>	<u>\$ 228,229</u>	<u>\$ 362,472</u>	<u>\$ 134,243</u>

**City of Burleson, Texas  
 TMRS Analysis of Funding Progress  
 For the Year Ended September 30, 2011**

**D-3**

Actuarial Valuation Date	December 31, 2010	December 31, 2009	December 31, 2008
Actuarial Value of Assets	\$ 36,966,987	\$ 26,743,000	\$ 23,128,541
Actuarial Accrued Liability	\$ 52,925,678	\$ 42,496,105	\$ 36,658,624
Percentage Funded	69.80%	62.90%	63.10%
Unfunded (over-funded) Actuarial Accrued Liability (UAAL)	\$ 15,958,691	\$ 15,753,105	\$ 13,530,083
Annual Covered Payroll	\$ 16,461,239	\$ 16,538,615	\$ 15,041,711
UAAL as a Percentage of Covered Payroll	96.90%	95.30%	90.00%

CITY OF BURLESON, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

September 30, 2011

(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: BCSDC Special Revenue, 4A Corp Special Revenue, Parks Performance Fund and Hotel/Motel Tax Fund, enterprise and internal service funds. Project length budgets are adopted for the capital project 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.
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.

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## 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.
- Grants Funds - account for various miscellaneous grants from the federal, state or local governments.
- Tax Increment Financing District (TIF) Fund - accounts for the activity of the City's TIF. Revenues collected are primarily inter-local property tax increment funding. A TIF is a public financing method used as a subsidy for development and community improvement projects.
- Other Special Revenue Funds - account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. Traffic safety, 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 blended 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 1/2 cent sales tax. The proceeds of this tax are used to pay debt service on bonds 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 funds. 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 receipts of sales tax revenue transfer and payment of the debt service.
- The Burleson Community Service 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, 2011

	Special Revenue Funds				Capital Project Funds	
	Hotel/Motel	Grants	TIF	Other Special Revenue	4A Corp Non-bond Funded	BCSDC Non-bond Funded
<b>ASSETS</b>						
Current assets:						
Cash and investments	\$ 256,872	\$ -	\$ 188,739	\$ 2,047,410	\$ 356,698	\$ 34,025
Receivables, net:						
Property tax	-	-	-	-	-	-
Accounts	-	-	-	92,857	-	-
Due from other governments	37,628	71,524	1,248	79,612	-	-
Accrued interest	-	-	-	-	340	33
<b>Total assets</b>	<b>\$ 294,500</b>	<b>\$ 71,524</b>	<b>\$ 189,987</b>	<b>\$ 2,219,879</b>	<b>\$ 357,038</b>	<b>\$ 34,058</b>
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	1,308	-	-	522,163	6,791	-
Accrued liabilities	-	-	-	1,321,813	-	-
Due to other funds	-	71,524	-	92,857	-	-
<b>Total liabilities</b>	<b>1,308</b>	<b>71,524</b>	<b>-</b>	<b>1,936,833</b>	<b>6,791</b>	<b>-</b>
<b>FUND BALANCE</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Economic development	-	-	189,987	-	-	-
Tourism	293,192	-	-	-	-	-
Committed for:						
Economic development	-	-	-	283,046	-	-
Capital projects	-	-	-	-	350,247	34,058
<b>Total fund balances</b>	<b>293,192</b>	<b>-</b>	<b>189,987</b>	<b>283,046</b>	<b>350,247</b>	<b>34,058</b>
<b>Total liabilities and fund balance</b>	<b>\$ 294,500</b>	<b>\$ 71,524</b>	<b>\$ 189,987</b>	<b>\$ 2,219,879</b>	<b>\$ 357,038</b>	<b>\$ 34,058</b>

Capital Project Funds		Debt Service Funds			Total Other Governmental Funds
Street Paving Trust Fund	Miscellaneous Non-bond Funded	General Debt Service	4A Debt Service	4B Debt Service	
\$ 1,414,396	\$ 732,369	\$ 746,121	\$ 699,382	\$ 1,187,897	\$ 7,663,909
-	-	32,596	-	-	32,596
-	-	-	-	-	92,857
-	-	-	-	-	190,012
617	288	-	73	96	1,447
<u>\$ 1,415,013</u>	<u>\$ 732,657</u>	<u>\$ 778,717</u>	<u>\$ 699,455</u>	<u>\$ 1,187,993</u>	<u>\$ 7,980,821</u>
-	-	-	-	-	530,262
-	-	-	-	-	1,321,813
-	-	-	-	-	164,381
-	-	-	-	-	2,016,456
\$ -	\$ -	\$ 778,717	\$ 699,455	\$ 1,187,993	\$ 2,666,165
-	-	-	-	-	189,987
-	-	-	-	-	293,192
-	-	-	-	-	283,046
1,415,013	732,657	-	-	-	2,531,975
<u>1,415,013</u>	<u>732,657</u>	<u>778,717</u>	<u>699,455</u>	<u>1,187,993</u>	<u>5,964,365</u>
<u>\$ 1,415,013</u>	<u>\$ 732,657</u>	<u>\$ 778,717</u>	<u>\$ 699,455</u>	<u>\$ 1,187,993</u>	<u>\$ 7,980,821</u>

City of Burleson, Texas  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended September 30, 2011

	Special Revenue Funds				Capital Project Funds	
	Hotel/Motel	Grants	TIF	Other Special Revenue	4A Corp Non-bond Funded	BCSDC Non-bond Funded
<b>REVENUES</b>						
Property tax	\$ -	\$ -	\$ 189,364	\$ 301,703	\$ -	\$ -
Sales tax	144,520	-	-	357,488	-	-
Intergovernmental	-	114,652	-	-	-	-
Red light camera	-	-	-	442,430	-	-
Contributions and donations	-	-	-	251,169	-	-
Interest income	-	-	-	-	1,402	131
Street assessments	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
<b>Total revenues</b>	<b>144,520</b>	<b>114,652</b>	<b>189,364</b>	<b>1,352,790</b>	<b>1,402</b>	<b>131</b>
<b>EXPENDITURES</b>						
Current operations:						
General government	-	-	-	9,550	-	-
Community development	-	-	-	905,068	-	-
Public safety	-	105,567	-	514,782	-	-
Public works	-	-	-	89,513	-	-
Culture and recreation	142,694	9,085	-	22,304	-	-
Capital expenditures	-	-	-	-	321,983	47,138
Debt service:						
Principal retirement	-	74,313	-	-	-	-
Interest and fiscal agent charges	-	12,052	-	-	-	-
<b>Total expenditures</b>	<b>142,694</b>	<b>201,017</b>	<b>-</b>	<b>1,541,217</b>	<b>321,983</b>	<b>47,138</b>
Excess (deficiency) of revenues over (under) expenditures	1,826	(86,365)	189,364	(188,427)	(320,581)	(47,007)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	86,365	-	-	-	-
Transfers out	-	-	-	(75,556)	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>86,365</b>	<b>-</b>	<b>(75,556)</b>	<b>-</b>	<b>-</b>
Net change in fund balance	1,826	-	189,364	(263,983)	(320,581)	(47,007)
Fund balance - beginning	291,366	-	623	547,029	670,828	81,065
Fund balance - ending	\$ 293,192	\$ -	\$ 189,987	\$ 283,046	\$ 350,247	\$ 34,058

Capital Project Funds		Debt Service Funds			Total Other Governmental Funds
Street Paving Trust	Miscellaneous Non-bond Funded	General Debt Service	4A Debt Service	4B Debt Service	
\$ -	\$ -	\$ 3,187,125	\$ -	\$ -	\$ 3,678,192
-	-	-	-	-	502,008
-	-	-	-	-	114,652
-	-	-	-	-	442,430
-	-	-	-	-	251,169
3,827	2,010	112	1,108	1,488	10,078
24,285	-	-	-	-	24,285
-	17,700	-	-	-	17,700
<u>28,112</u>	<u>19,710</u>	<u>3,187,237</u>	<u>1,108</u>	<u>1,488</u>	<u>5,040,514</u>
-	-	-	-	-	9,550
-	-	-	-	-	905,068
-	-	-	-	-	620,349
-	-	-	-	-	89,513
-	-	-	-	-	174,083
4,100	31,216	-	-	-	404,437
-	37,375	2,382,792	999,208	1,170,000	4,663,688
-	-	2,052,325	864,302	750,544	3,679,223
<u>4,100</u>	<u>68,591</u>	<u>4,435,117</u>	<u>1,863,510</u>	<u>1,920,544</u>	<u>10,545,911</u>
<u>24,012</u>	<u>(48,881)</u>	<u>(1,247,880)</u>	<u>(1,862,402)</u>	<u>(1,919,056)</u>	<u>(5,505,397)</u>
15,000	51,000	1,024,382	1,862,416	1,954,172	4,993,335
-	(86,365)	-	-	-	(161,921)
<u>15,000</u>	<u>(35,365)</u>	<u>1,024,382</u>	<u>1,862,416</u>	<u>1,954,172</u>	<u>4,831,414</u>
39,012	(84,246)	(223,498)	14	35,116	(673,983)
<u>1,376,001</u>	<u>816,903</u>	<u>1,002,215</u>	<u>699,441</u>	<u>1,152,877</u>	<u>6,638,348</u>
<u>\$ 1,415,013</u>	<u>\$ 732,657</u>	<u>\$ 778,717</u>	<u>\$ 699,455</u>	<u>\$ 1,187,993</u>	<u>\$ 5,964,365</u>

City of Burleson, Texas  
Debt Service Funds  
Budgetary Comparison Schedule  
For the Year Ended September 30, 2011

	General Debt Service Fund				4A Corp Debt Service Fund	
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget
<b>REVENUES</b>						
Property taxes and assessments	\$ 3,102,456	\$ 3,342,640	\$ 3,187,125	\$ (155,515)	\$ -	\$ -
Investment income	-	-	112	112	3,800	2,000
Total revenues	<u>3,102,456</u>	<u>3,342,640</u>	<u>3,187,237</u>	<u>(155,403)</u>	<u>3,800</u>	<u>2,000</u>
<b>EXPENDITURES</b>						
Principal retirement	2,382,792	2,382,792	2,382,792	-	999,208	999,208
Interest and fiscal agent charges	2,093,042	2,093,042	2,052,325	40,717	863,922	863,922
Total expenditures	<u>4,475,834</u>	<u>4,475,834</u>	<u>4,435,117</u>	<u>40,717</u>	<u>1,863,130</u>	<u>1,863,130</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,373,378)</u>	<u>(1,133,194)</u>	<u>(1,247,880)</u>	<u>(114,686)</u>	<u>(1,859,330)</u>	<u>(1,861,130)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	986,000	986,000	1,024,382	38,382	1,863,130	1,863,130
Total other financing sources (uses)	<u>986,000</u>	<u>986,000</u>	<u>1,024,382</u>	<u>38,382</u>	<u>1,863,130</u>	<u>1,863,130</u>
Net change in fund balances	(387,378)	(147,194)	(223,498)	(76,304)	3,800	2,000
Fund balance - beginning	1,002,215	1,002,215	1,002,215	-	699,441	699,441
Fund balance - ending	<u>\$ 614,837</u>	<u>\$ 855,021</u>	<u>\$ 778,717</u>	<u>\$ (76,304)</u>	<u>\$ 703,241</u>	<u>\$ 701,441</u>

4A Corp Debt Service Fund		BCSDC Debt Service Fund			
Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,108	(892)	1,200	1,200	1,488	288
1,108	(892)	1,200	1,200	1,488	288
999,208	-	1,170,000	1,170,000	1,170,000	-
864,302	(380)	751,114	751,114	750,544	570
1,863,510	(380)	1,921,114	1,921,114	1,920,544	570
(1,862,402)	(1,272)	(1,919,914)	(1,919,914)	(1,919,056)	858
1,862,416	(714)	1,921,114	1,921,114	1,954,172	33,058
1,862,416	(714)	1,921,114	1,921,114	1,954,172	33,058
14	(1,986)	1,200	1,200	35,116	33,916
699,441	-	1,152,877	1,152,877	1,152,877	-
\$ 699,455	\$ (1,986)	\$ 1,154,077	\$ 1,154,077	\$ 1,187,993	\$ 33,916

City of Burleson, Texas  
 Other Governmental Funds  
 Budgetary Comparison Schedule  
 For the Year Ended September 30, 2011

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	<u>Hotel/Motel Fund</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>				
Sales tax	\$ 110,000	\$ 110,000	\$ 144,520	\$ 34,520
Total Revenues	<u>110,000</u>	<u>110,000</u>	<u>144,520</u>	<u>34,520</u>
<b>EXPENDITURES</b>				
Current				
Culture and recreation	148,574	160,661	142,694	17,967
Total Expenditures	<u>148,574</u>	<u>160,661</u>	<u>142,694</u>	<u>17,967</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(38,574)</u>	<u>(50,661)</u>	<u>1,826</u>	<u>52,487</u>
Net change in fund balances	(38,574)	(50,661)	1,826	52,487
Fund balance - beginning	<u>291,366</u>	<u>291,366</u>	<u>291,366</u>	<u>-</u>
Fund balance - ending	<u>\$ 252,792</u>	<u>\$ 240,705</u>	<u>\$ 293,192</u>	<u>\$ 52,487</u>

**COMBINING FINANCIAL STATEMENTS  
INTERNAL SERVICE FUNDS**

Internal Service Funds are used to account for the financing of goods and/or services provided by one department to another department within the City:

- Equipment Service Fund - accounts for a full range of services in managing and maintaining the City's fleet of vehicles and equipment. All costs associated with these operations are charged to the using department to offset the adopted budget to this fund.
  
- Business-Type Equipment Replacement Fund is used as a funding, management and planning tool that provides a systematic approach to the replacement of City-owned vehicles and equipment used by the Water-Wastewater, Golf and Solid Waste funds.
  
- Governmental Equipment Replacement Fund provides for the replacement of vehicles and equipment utilized by all other City departments. These two Equipment Replacement funds enable the City to fund major equipment purchases without substantially affecting the stability of the ad valorem tax rate.
  
- Support Services Fund is designed to record the activities of support services function (currently only Information Technology), and allow for the costs of these services to be reflected as expenditures of the "customer" departments.

City of Burleson, Texas  
Combining Statement of Net Assets  
Internal Service Funds  
September 30, 2011

F-1

	Equipment Services	Vehicle Replacement - Governmental	Vehicle Replacement - Business-Type	Support Services	Total Internal Service Funds
<b>ASSETS:</b>					
Current assets:					
Cash and investments	\$ 44,705	\$ 780,777	\$ 883,503	\$ 138,492	\$ 1,847,477
Receivables, net:					
Accounts	1,063	-	-	475	1,538
Accrued interest	13	406	333	16	768
Due from other funds	-	881,851	-	-	881,851
Inventories	71,883	-	-	-	71,883
Total current assets	<u>117,664</u>	<u>1,663,034</u>	<u>883,836</u>	<u>138,983</u>	<u>2,803,517</u>
Noncurrent assets:					
Property, plant and equipment, net	17,913	1,945,708	1,036,865	1,155,987	4,156,473
Total noncurrent assets	<u>17,913</u>	<u>1,945,708</u>	<u>1,036,865</u>	<u>1,155,987</u>	<u>4,156,473</u>
Total assets	<u>135,577</u>	<u>3,608,742</u>	<u>1,920,701</u>	<u>1,294,970</u>	<u>6,959,990</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	11,593	-	-	5,712	17,305
Compensated absences	33,558	-	-	48,370	81,928
Accrued liabilities	12,917	-	-	22,279	35,196
Capital lease payable	1,290	-	-	113,938	115,228
Total current liabilities	<u>59,358</u>	<u>-</u>	<u>-</u>	<u>190,299</u>	<u>249,657</u>
Noncurrent liabilities:					
Net pension obligation	5,147	-	-	8,345	13,492
Other post-employment benefit	210	-	-	340	550
Compensated absences	29,924	-	-	42,440	72,364
Capital lease payable	14,173	-	-	121,169	135,342
Total noncurrent liabilities	<u>49,454</u>	<u>-</u>	<u>-</u>	<u>172,294</u>	<u>221,748</u>
Total liabilities	<u>108,812</u>	<u>-</u>	<u>-</u>	<u>362,593</u>	<u>471,405</u>
<b>NET ASSETS (LIABILITIES)</b>					
Invested in capital assets, net of related debt	2,450	1,945,708	1,036,865	920,880	3,905,903
Unrestricted	24,315	1,663,034	883,836	11,497	2,582,682
Total net assets (liabilities)	<u>\$ 26,765</u>	<u>\$ 3,608,742</u>	<u>\$ 1,920,701</u>	<u>\$ 932,377</u>	<u>\$ 6,488,585</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, 2011

F-2

	Equipment Services	Vehicle Replacement - Governmental	Vehicle Replacement - Business-Type	Support Services	Total Internal Service Funds
<b>Operating revenue</b>					
Charges for goods and services	\$ 473,025	\$ 588,058	\$ 232,150	\$ 1,472,601	\$ 2,765,834
Total operating revenue	<u>473,025</u>	<u>588,058</u>	<u>232,150</u>	<u>1,472,601</u>	<u>2,765,834</u>
<b>Operating expense</b>					
Personnel services	356,929	-	-	617,233	974,162
Repairs and maintenance	4,856	-	-	497,514	502,370
Purchased services and supplies	84,101	-	-	153,161	237,262
Depreciation	3,433	395,220	154,021	438,732	991,406
Total operating expense	<u>449,319</u>	<u>395,220</u>	<u>154,021</u>	<u>1,706,640</u>	<u>2,705,200</u>
Net operating income (loss)	<u>23,706</u>	<u>192,838</u>	<u>78,129</u>	<u>(234,039)</u>	<u>60,634</u>
<b>Nonoperating revenue (expense)</b>					
Gain (loss) on disposition of fixed assets	-	(4,453)	(30,778)	-	(35,231)
Investment income	138	52,019	1,772	66	53,995
Interest and fiscal agent charges	(1,033)	-	-	(21,722)	(22,755)
Total nonoperating revenue (expense)	<u>(895)</u>	<u>47,566</u>	<u>(29,006)</u>	<u>(21,656)</u>	<u>(3,991)</u>
Income (loss) before transfers	<u>22,811</u>	<u>240,404</u>	<u>49,123</u>	<u>(255,695)</u>	<u>56,643</u>
<b>Other sources (uses)</b>					
Transfers in	3,954	101,882	220,571	3,163	329,570
Transfers out	-	(707,497)	-	-	(707,497)
Capital contributions	-	(11,011)	(3,500)	-	(14,511)
Change in net assets	<u>26,765</u>	<u>(376,222)</u>	<u>266,194</u>	<u>(252,532)</u>	<u>(335,795)</u>
Net assets - beginning of the year	<u>-</u>	<u>3,984,964</u>	<u>1,654,507</u>	<u>1,184,909</u>	<u>6,824,380</u>
Net assets - end of the year	<u>\$ 26,765</u>	<u>\$ 3,608,742</u>	<u>\$ 1,920,701</u>	<u>\$ 932,377</u>	<u>\$ 6,488,585</u>

City of Burleson, Texas  
Statement of Cash Flows  
All Internal Service Funds  
For the Year Ended September 30, 2011

F-3

	Equipment Services	Vehicle Replacement - Governmental	Vehicle Replacement - Business-Type	Support Services	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received for equipment replacement	\$ -	\$ 596,429	\$ 282,150	\$ -	\$ 878,579
Cash received for fleet maintenance services	473,025	-	-	-	473,025
Cash received for support services	-	-	-	1,472,601	1,472,601
Cash payments received (due) from other funds	-	490,752	-	(475)	490,277
Payments to vendors, suppliers and contractors	(51,075)	-	-	(655,788)	(706,863)
Payments to employees for services	(374,561)	-	-	(592,874)	(967,435)
Payments to other funds for interfund services provided	(48,275)	-	-	-	(48,275)
Net cash provided by (used for) operating activities	(886)	1,087,181	282,150	223,464	1,591,909
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfer to other funds	-	(707,497)	-	-	(707,497)
Transfer from other funds	3,954	101,882	220,571	3,163	329,570
Net cash provided by (used for) noncapital financing activities	3,954	(605,615)	220,571	3,163	(377,927)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Proceeds from disposal of capital assets	-	(4,453)	(30,778)	-	(35,231)
Capital contributions	-	(11,011)	(3,500)	-	(14,511)
Principal paid on capital debt	(4,471)	-	-	(107,138)	(111,609)
Interest paid on capital debt	(1,033)	-	-	(21,722)	(22,755)
Acquisition of capital assets	(1,994)	(428,509)	(71,172)	(46,685)	(548,360)
Net cash used for capital and related financing activities	(7,498)	(443,973)	(105,450)	(175,545)	(732,466)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest received	167	52,586	2,347	501	55,601
Proceeds from sale of investments	34,487	1,059,996	872,140	41,216	2,007,839
Purchase of investments	(33,501)	(1,029,692)	(847,207)	(40,038)	(1,950,438)
Net cash provided by investing activities	1,153	82,890	27,280	1,679	113,002
Net increase (decrease) in cash and cash equivalents	(3,277)	120,483	424,551	52,761	594,518
Cash and cash equivalents--beginning of the year	(38,605)	(641,328)	58,294	(655,658)	(1,277,297)
Cash and cash equivalents--end of the year	(41,882)	(520,845)	482,845	(602,897)	(682,779)
Investments	86,587	1,301,622	400,658	741,389	2,530,256
Total cash and investments	\$ 44,705	\$ 780,777	\$ 883,503	\$ 138,492	\$ 1,847,477
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>					
Operating income (loss)	\$ 23,706	\$ 192,838	\$ 78,129	\$ (234,039)	\$ 60,634
Depreciation	3,433	395,220	154,021	438,732	991,406
Change in operating assets and liabilities:					
Decrease in inventories	5,495	-	-	-	5,495
Decrease (increase) in accounts receivable	-	8,371	50,000	(475)	57,896
Decrease in due from other funds	-	490,752	-	-	490,752
Increase (decrease) in accrued compensated absences	(15,478)	-	-	15,999	521
(Decrease) in accounts payable	(15,888)	-	-	(5,113)	(21,001)
Increase (decrease) in accrued liabilities	(2,154)	-	-	8,360	6,206
Net cash provided by (used for) operating activities	\$ (886)	\$ 1,087,181	\$ 282,150	\$ 223,464	\$ 1,591,909
<b>Noncash investing, capital and financing activities:</b>					
Contributions of capital assets	\$ -	\$ (11,011)	\$ (3,500)	\$ -	\$ (14,511)

**CITY OF BURLESON, TEXAS  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE YEAR ENDED SEPTEMBER 30, 2011  
 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
<p><b>FINANCIAL TRENDS</b>            These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</p>	<p>1-4</p>
<p><b>REVENUE CAPACITY</b>            These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</p>	<p>5-8</p>
<p><b>DEBT CAPACITY</b>            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.</p>	<p>9-12</p>
<p><b>DEMOGRAPHIC AND ECONOMIC INFORMATION</b>            These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</p>	<p>13-14</p>
<p><b>OPERATING INFORMATION</b>            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.</p>	<p>15-18</p>

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

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

	Fiscal Year				
	2003	2004	2005	2006	2007
<b>Governmental activities:</b>					
Invested in capital assets, net of related debt	\$ 43,166,286	\$ 41,788,733	\$ 51,316,982	\$ 59,064,614	\$ 67,844,305
Restricted	1,700,826	5,610,990	7,024,586	7,685,387	6,127,141
Unrestricted	6,900,733	6,949,533	7,186,975	10,199,823	14,992,647
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>
<b>Business-type activities:</b>					
Invested in capital assets, net of related debt	\$ 23,395,202	\$ 24,558,080	\$ 28,902,546	\$ 33,820,175	\$ 35,616,520
Restricted	2,157,853	2,157,853	2,800,492	2,601,200	2,800,492
Unrestricted	1,804,296	1,628,308	1,040,549	2,914,935	5,091,536
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>
<b>Primary government:</b>					
Invested in capital assets, net of related debt	\$ 66,561,488	\$ 66,346,813	\$ 80,219,528	\$ 92,884,789	\$ 103,460,825
Restricted	3,858,679	7,768,843	9,825,078	10,286,587	8,927,633
Unrestricted	8,705,029	8,577,841	8,227,524	13,114,758	20,084,183
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>

(Continued)

Note: The city began to report accrual information when it implemented GASB Statement No. 34 in fiscal year 2003.

TABLE 1

Fiscal Year			
2008	2009	2010	2011
\$ 75,675,895	\$ 84,795,578	\$ 89,235,983	91,490,189
6,902,812	5,757,785	6,013,922	7,647,833
18,368,320	18,968,946	19,153,205	19,728,287
<u>\$ 100,947,027</u>	<u>\$ 109,522,309</u>	<u>\$ 114,403,110</u>	<u>\$ 118,866,309</u>
\$ 38,951,118	\$ 40,857,400	\$ 43,197,167	44,846,342
3,172,307	3,172,307	3,203,528	2,469,832
6,198,905	7,485,644	6,193,764	8,976,274
<u>\$ 48,322,330</u>	<u>\$ 51,515,351</u>	<u>\$ 52,594,459</u>	<u>\$ 56,292,448</u>
\$ 114,627,013	\$ 125,652,978	\$ 132,433,150	136,336,531
10,075,119	8,930,092	9,217,450	10,117,665
24,567,225	26,454,590	25,346,969	28,704,561
<u>\$ 149,269,357</u>	<u>\$ 161,037,660</u>	<u>\$ 166,997,569</u>	<u>\$ 175,158,757</u>

(concluded)

**CITY OF BURLESON, TEXAS**  
**CHANGE IN NET ASSETS (Unaudited)**  
**LAST NINE FISCAL YEARS**  
**(accrual basis of accounting)**

	Fiscal Year				
	2003	2004	2005	2006	2007
<b>Expenses</b>					
Governmental activities:					
General government	\$ 3,135,534	\$ 3,298,510	\$ 3,424,919	\$ 3,727,261	\$ 4,060,608
Public safety	5,193,712	6,321,200	7,203,194	8,100,853	9,784,360
Public works	4,345,649	5,246,994	5,305,779	6,026,802	6,788,351
Community Development	485,422	766,423	1,213,921	1,254,161	1,173,452
Culture and recreation	1,769,612	1,798,391	2,167,841	2,359,258	2,494,174
Interest and other fees	1,163,511	1,070,503	1,385,277	1,716,670	2,035,972
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>
Business-type activities:					
Water and wastewater	8,644,282	9,084,086	9,896,012	10,287,872	11,047,187
Hidden Creek Golf Course	1,967,941	2,211,168	1,901,480	1,773,118	1,761,513
Solid Waste	990,101	1,106,306	1,355,240	1,381,597	1,547,740
Cemetery	19,379	18,302	20,983	26,183	31,572
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>
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>
<b>Program Revenues:</b>					
Governmental activities:					
Charges for services	\$ 3,719,196	\$ 4,831,891	\$ 5,050,465	\$ 7,010,601	\$ 6,920,756
Operating grants and contributions	570,815	535,164	727,842	646,304	587,515
Capital grants and contributions	6,513,129	1,936,102	8,378,946	6,812,544	7,813,051
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>
Business-type activities					
Charges for services	9,905,706	9,610,972	11,506,324	13,949,581	12,096,207
Operating grants and contributions	-	-	-	154,156	751,266
Capital grants and contributions	2,673,323	962,513	3,350,613	3,449,995	2,843,679
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>
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>
Net (expense)/revenue					
Governmental activities	\$ (5,290,300)	\$ (11,198,864)	\$ (6,543,678)	\$ (8,715,556)	\$ (11,015,595)
Business-type activities	957,326	(1,846,377)	1,683,222	4,084,962	1,303,140
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>
<b>General Revenues and Other Changes in Net Assets</b>					
Governmental activities:					
Taxes					
Property taxes	\$ 5,969,750	\$ 6,987,204	\$ 7,752,303	\$ 8,625,863	\$ 9,910,567
Tax Increment Financing	80,470	162,966	412,423	497,436	547,712
Sales and use taxes	6,252,339	7,125,534	8,299,061	9,154,752	10,347,816
Hotel/motel taxes	87,501	96,928	119,270	159,321	172,078
Franchise fees	1,576,954	1,763,792	1,768,708	2,090,773	2,027,326
Investment income	298,162	244,511	829,175	1,520,814	2,021,700
Gain on sale of assets	-	-	-	-	-
Lawsuit settlement	-	-	970,000	-	-
Transfers	(1,712,074)	(1,494,354)	(1,072,735)	(530,525)	(449,595)
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>
Business-type activities:					
Investment income	252,557	232,607	285,489	639,421	871,763
Gain on sale of assets	-	-	2,660	(43,782)	-
Transfers	1,712,074	1,494,354	1,072,735	530,525	449,595
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>
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>
<b>Change in Net Assets</b>					
Governmental activities	\$ 5,550,728	\$ 2,193,363	\$ 11,461,792	\$ 12,272,353	\$ 13,112,414
Business-type activities	4,634,031	1,374,938	4,116,841	5,741,651	3,074,093
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>

(Continued)

Note: The city began to report accrual information when it implemented GASB Statement No. 34 in fiscal year 2003.

TABLE 2

Fiscal Year			
2008	2009	2010	2011
\$ 5,265,957	\$ 5,858,171	\$ 4,743,333	\$ 5,985,553
11,664,905	11,721,926	12,841,230	12,597,427
4,602,125	8,105,075	9,216,349	9,414,047
2,879,432	1,004,358	1,287,097	1,483,991
2,851,686	3,025,067	4,503,830	5,671,656
2,870,665	3,619,571	3,416,974	3,643,362
<u>30,134,770</u>	<u>33,334,168</u>	<u>36,008,813</u>	<u>38,796,036</u>
12,593,338	12,673,707	13,934,334	13,776,701
1,735,181	2,005,748	1,886,326	1,872,971
2,211,449	2,218,385	2,358,589	2,385,558
1,069	3,699	16,260	13,598
<u>16,541,037</u>	<u>16,901,539</u>	<u>18,195,509</u>	<u>18,048,828</u>
<u>\$ 46,675,807</u>	<u>\$ 50,235,707</u>	<u>\$ 54,204,322</u>	<u>\$ 56,844,864</u>
\$ 10,850,388	\$ 8,714,188	\$ 7,052,495	\$ 8,948,079
534,172	578,243	705,142	621,034
<u>4,299,747</u>	<u>3,033,884</u>	<u>3,558,406</u>	<u>2,265,193</u>
<u>15,684,307</u>	<u>12,326,315</u>	<u>11,316,043</u>	<u>11,834,306</u>
16,784,496	18,433,105	17,823,579	19,924,565
597,780	337,613	414,260	359,271
<u>2,242,694</u>	<u>1,461,885</u>	<u>1,044,954</u>	<u>920,504</u>
<u>19,624,970</u>	<u>20,232,603</u>	<u>19,282,793</u>	<u>21,204,340</u>
<u>\$ 35,309,277</u>	<u>\$ 32,558,918</u>	<u>\$ 30,598,836</u>	<u>\$ 33,038,646</u>
\$ (14,450,463)	\$ (21,007,853)	\$ (24,692,770)	\$ (26,961,730)
3,083,933	3,331,064	1,087,284	3,155,512
<u>\$ (11,366,530)</u>	<u>\$ (17,676,789)</u>	<u>\$ (23,605,486)</u>	<u>\$ (23,806,218)</u>
\$ 11,564,509	\$ 13,473,315	\$ 15,206,250	\$ 15,074,189
61,730	147,414	294,119	320,737
11,650,147	11,805,360	12,121,386	13,453,923
199,309	170,116	128,635	144,520
2,316,229	2,560,705	2,521,842	2,844,181
1,600,937	793,416	187,338	92,091
-	343,648	-	-
-	-	(953,453)	-
(959,463)	289,160	67,454	(504,712)
<u>26,433,398</u>	<u>29,583,134</u>	<u>29,573,571</u>	<u>31,424,929</u>
714,810	270,274	59,278	37,765
55,576	(119,157)	-	-
959,463	(289,160)	(67,454)	504,712
<u>1,729,849</u>	<u>(138,043)</u>	<u>(8,176)</u>	<u>542,477</u>
<u>\$ 28,163,247</u>	<u>\$ 29,445,091</u>	<u>29,565,395</u>	<u>31,967,406</u>
\$ 11,982,935	\$ 8,575,281	\$ 4,880,801	\$ 4,463,199
4,813,782	3,193,021	1,079,108	3,697,989
<u>\$ 16,796,717</u>	<u>\$ 11,768,302</u>	<u>\$ 5,959,909</u>	<u>\$ 8,161,188</u>

(concluded)

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

	Fiscal Year				
	2003	2004	2005	2006	2007
<b>General Fund</b>					
Reserved	\$ 207,342	\$ 148,578	\$ 403,425	\$ 295,535	\$ 236,359
Unreserved	2,753,915	3,213,330	4,045,566	4,716,008	6,474,112
Nonspendable	-	-	-	-	-
Committed to:					
Debt service	-	-	-	-	-
Other purposes	-	-	-	-	-
Assigned to:					
Risk management	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>Total general fund</b>	<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>
<b>All Other Governmental Funds</b>					
Reserved	\$ 10,281,340	\$ 12,192,140	\$ 27,994,603	\$ 21,439,770	\$ 33,802,921
Unreserved, reported in:					
Special Revenue Funds	2,264,791	97,635	131,960	195,320	274,192
Restricted for:					
Debt service	-	-	-	-	-
Economic development	-	-	-	-	-
Tourism	-	-	-	-	-
Capital projects	-	-	-	-	-
Committed to:					
Culture and recreation	-	-	-	-	-
Economic development	-	-	-	-	-
Capital projects	-	-	-	-	-
Debt service	-	-	-	-	-
<b>Total all other governmental funds</b>	<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>

(Continued)

Note: The City began to report accrual information when it implemented GASB Statement No. 34 in fiscal year 2003.  
 The City implemented GASB Statement No. 54 in fiscal year 2011.

TABLE 3

Fiscal Year			
2008	2009	2010	2011
\$ 292,510	\$ 176,254	\$ 179,419	\$ -
5,871,057	6,557,013	7,008,776	-
-	-	-	59,832
-	-	-	872,880
-	-	-	63,826
-	-	-	1,007,782
-	-	-	6,442,458
<u>\$ 6,163,567</u>	<u>\$ 6,733,267</u>	<u>\$ 7,188,195</u>	<u>\$ 8,446,778</u>
\$ 64,065,336	\$ 45,495,454	\$ 29,567,700	\$ -
629,680	895,046	839,018	-
-	-	-	2,666,165
-	-	-	4,714,757
-	-	-	293,192
-	-	-	11,340,114
-	-	-	362,472
-	-	-	283,046
-	-	-	6,269,916
-	-	-	4,063,471
<u>\$ 64,695,016</u>	<u>\$ 46,390,500</u>	<u>\$ 30,406,718</u>	<u>\$ 29,993,133</u>

(concluded)

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

	<b>Fiscal Year</b>				
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Revenues</b>					
Property taxes	\$ 6,038,027	\$ 7,237,262	\$ 8,032,127	\$ 8,704,379	\$ 10,027,181
Sales taxes	6,339,841	7,222,465	8,645,430	9,636,872	10,842,693
Franchise fees	1,569,413	2,284,489	1,766,863	1,935,224	2,020,661
Licenses and permits	456,897	967,012	979,855	1,098,670	1,106,496
Intergovernmental revenue	475,016	422,522	1,047,760	513,197	471,520
Fines and forfeitures	2,421,255	2,770,736	689,554	767,477	1,149,028
Donations	534,268	700,254	23,343	10,255	25,547
Charges for service	23,614	6,297	2,995,429	2,965,190	3,169,601
Interest income	235,544	155,835	757,743	1,415,646	1,901,343
Mineral lease revenue	-	-	-	-	-
Street Assessments	274,976	209,175	206,800	152,561	112,377
Miscellaneous	697,076	837,603	1,944,829	2,623,800	1,918,118
<b>Total revenues</b>	<b>19,065,927</b>	<b>22,813,650</b>	<b>27,089,733</b>	<b>29,823,271</b>	<b>32,744,565</b>
<b>Expenditures</b>					
<b>Current Operations:</b>					
General government	2,907,091	3,148,653	3,471,402	4,562,259	3,919,724
Public safety	5,069,733	6,149,309	7,582,937	7,829,789	8,721,159
Public works	2,717,371	3,229,684	3,298,247	3,900,009	4,319,240
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
Culture and recreation	1,568,243	1,669,393	1,907,963	2,136,713	2,219,504
Capital Outlay	6,005,850	2,353,372	6,995,910	12,366,481	7,823,319
<b>Debt Service:</b>					
Principal	1,232,000	1,302,000	1,208,000	1,228,000	1,966,000
Interest and fiscal agent charges	1,276,415	1,066,476	1,340,153	1,741,133	1,962,297
<b>Total expenditures</b>	<b>22,435,417</b>	<b>21,138,377</b>	<b>28,783,772</b>	<b>36,647,052</b>	<b>33,988,346</b>
Excess (deficiency) of revenues over (under) expenditures	(3,369,490)	1,675,273	(1,694,039)	(6,823,781)	(1,243,781)
<b>Other financing sources (uses)</b>					
Transfers in	1,651,692	1,417,950	2,256,984	5,278,965	7,083,479
Transfers out	(2,612,573)	(3,097,304)	(3,529,716)	(5,124,107)	(8,218,456)
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	-	16,449,717
Payment to refunded bonds agent	(3,125,000)	(850,555)	-	-	-
Premium	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(735,350)</b>	<b>(1,530,979)</b>	<b>18,617,911</b>	<b>894,858</b>	<b>15,384,730</b>
<b>Net change in fund balances</b>	<b>\$ (4,104,840)</b>	<b>\$ 144,294</b>	<b>\$ 16,923,872</b>	<b>\$ (5,928,923)</b>	<b>\$ 14,140,949</b>
Debt service as a percentage of non-capital expenditures (1)	15.27%	12.76%	12.09%	12.38%	15.03%

(Continued)

Note: The city began to report accrual information when it implemented GASB Statement No. 34 in fiscal year 2003.

(1) There are some capital expenditures reported in various functional expenditure line items and are included in this calculation.

TABLE 4

Fiscal Year			
2008	2009	2010	2011
\$ 11,506,820	\$ 13,647,213	\$ 15,509,577	\$ 15,430,774
11,849,457	11,975,477	12,250,021	13,598,440
2,309,467	2,516,642	2,527,140	2,842,740
886,238	1,336,454	1,150,796	1,017,237
168,544	429,498	450,031	369,865
1,472,535	1,530,831	1,406,892	1,267,346
19,343	10,970	18,052	251,169
1,476,841	1,597,794	2,057,565	2,911,172
1,542,276	787,753	178,867	88,992
5,985,783	3,556,228	1,838,611	2,113,091
126,041	9,163	213,913	24,285
1,601,601	1,906,011	1,268,989	1,783,682
<u>38,944,946</u>	<u>39,304,034</u>	<u>38,870,454</u>	<u>41,698,793</u>
5,018,217	5,361,405	4,658,823	5,697,945
10,776,171	11,475,649	12,981,168	12,269,841
4,773,860	4,644,616	5,339,771	5,110,274
-	-	-	-
519,651	1,230,424	1,503,442	1,700,475
2,568,836	2,536,777	3,899,848	4,929,907
15,060,574	24,730,676	27,891,966	2,674,837
2,342,000	3,242,000	4,180,000	4,835,507
3,244,180	4,070,379	3,819,598	3,726,968
<u>44,303,489</u>	<u>57,291,926</u>	<u>64,274,616</u>	<u>40,945,754</u>
<u>(5,358,543)</u>	<u>(17,987,892)</u>	<u>(25,404,162)</u>	<u>753,039</u>
5,241,662	11,319,490	6,813,507	6,825,205
(5,541,191)	(11,066,415)	(6,820,858)	(6,734,919)
-	-	1,369,061	1,673
35,650,000	-	19,370,000	-
-	-	(11,326,305)	-
75,384	-	529,352	-
<u>35,425,855</u>	<u>253,075</u>	<u>9,934,757</u>	<u>91,959</u>
\$ 30,067,312	\$ (17,734,817)	\$ (15,469,405)	\$ 844,998
19.32%	23.08%	22.40%	22.41%
			(concluded)

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

**TABLE 5**

<b>Fiscal Year</b>	<b>Residential Property</b>	<b>Industrial/ Commercial Property</b>	<b>Mineral Reserves</b>	<b>Less: Tax-Exempt Property</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Taxable Value</b>	<b>Taxable Assessed Value as a Percentage of Actual Taxable Value</b>
2002	\$ 767,722,416	\$ 252,012,945	\$ -	\$ 145,720,721	\$ 874,014,640	0.6044	\$ 874,014,640	100.0%
2003	837,535,302	270,601,806	-	118,177,122	989,959,986	0.6043	989,959,986	100.0%
2004	975,064,340	327,896,020	-	133,896,320	1,169,064,040	0.5985	1,169,064,040	100.0%
2005	1,087,988,296	367,399,074	-	142,966,294	1,312,421,076	0.5985	1,312,421,076	100.0%
2006	1,231,217,090	403,933,530	-	170,546,905	1,464,603,715	0.5964	1,464,603,715	100.0%
2007	1,369,744,068	432,715,972	-	151,631,722	1,650,828,318	0.6299	1,650,828,318	100.0%
2008	1,491,849,951	464,695,420	565,598	159,584,700	1,797,526,269	0.6618	1,797,526,269	100.0%
2009	1,609,346,120	511,393,600	24,518,800	170,733,571	1,974,524,949	0.6940	1,974,524,949	100.0%
2010	1,731,504,630	578,037,676	105,935,597	183,007,960	2,232,469,943	0.6940	2,232,469,943	100.0%
2011	1,971,929,899	579,118,177	93,920,686	219,586,212	2,425,382,550	0.7100	2,425,382,550	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.

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

	<b>FISCAL YEAR</b>					
	2002	2003	2004	2005	2006	2007
<b>OVERLAPPING RATES</b>						
Tarrant County	0.2748	0.2725	0.2725	0.2725	0.2725	0.2665
Tarrant County Hospital District	0.2341	0.2324	0.2353	0.2353	0.2353	0.2354
Tarrant County Junior College District	0.1064	0.1394	0.1394	0.1394	0.1394	0.1394
Tarrant County Regional Water District	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200
Johnson County	0.4474	0.4551	0.4649	0.4649	0.4649	0.4218
Alvarado Independent School District	1.7100	1.7100	1.7200	1.7300	1.6029	1.4100
Burleson Independent School District	1.8243	1.7799	1.7500	1.7484	1.7352	1.4501
Joshua Independent School District	1.5981	1.7381	1.7381	1.7381	1.7381	1.5389
Crowley Independent School District	0.000	0.000	0.000	0.000	1.7890	1.6710
<b>CITY DIRECT RATES</b>						
Operating & Maintenance	0.4868	0.4892	0.5022	0.5152	0.5174	0.5349
Interest & Sinking	0.1175	0.1151	0.0963	0.0833	0.0790	0.0950
Total Direct Rate	0.6044	0.6043	0.5985	0.5985	0.5964	0.6299

Sources: Tarrant Appraisal District, Johnson County Tax Office, City records.

Note: All rates per \$100 assessed value.

Totals are not provided for columns since they would be meaningless.

Some of the jurisdictions are mutually exclusive.

TABLE 6

FICAL YEAR			
2008	2009	2010	2011
0.2665	0.2640	0.2640	0.2640
0.2340	0.2278	0.2278	0.2279
0.1394	0.1379	0.1379	0.1377
0.0200	0.0200	0.0200	0.0200
0.4098	0.3895	0.3833	0.3795
1.3069	1.2800	1.3160	1.3160
1.4051	1.4688	1.5400	1.5400
1.4600	1.3900	1.3900	1.3900
1.4099	1.5350	1.5350	1.5350
0.5241	0.5318	0.5318	0.5478
0.1377	0.1622	0.1622	0.1622
0.6618	0.6940	0.6940	0.7100

CITY OF BURLESON, TEXAS  
 PRINCIPAL PROPERTY TAX PAYERS (Unaudited)  
 CURRENT AND TEN YEARS AGO

TABLE 7

Taxpayer	2011			2002		
	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation
EE Burleson LP	\$ 23,455,871	2	0.97 %	\$ -	-	- %
Chesapeake Operating LP	60,051,922	1	2.48	-	-	-
Burleson Commons LP	15,469,801	5	0.64	-	-	-
HEB Grocery Company LP	12,816,248	7	0.53	-	-	-
Wagner Smith Equipment Co.	12,589,615	8	0.52	-	-	-
Target Corporation	11,305,765	9	0.47	-	-	-
Wal-Mart	20,186,738	3	0.83	14,592,880	1	1.67
Oncor Electric Delivery Co.	14,589,396	6	0.60	-	-	-
Williams Production Gulf	17,107,714	4	0.71	-	-	-
Burleson Hidden Vistas LP	6,919,489	10	0.29	-	-	-
TXU Electric	-	-	-	9,612,270	2	1.10
Southwestern Bell	-	-	-	8,310,960	3	0.95
Smith Lynn Chevrolet	-	-	-	8,031,320	4	0.92
Albertson's Inc.	-	-	-	7,912,920	5	0.91
Thomas Conveyor Co.	-	-	-	5,775,210	6	0.66
Kimco Burleson	-	-	-	5,067,620	7	0.58
Fountains at Burleson	-	-	-	4,965,870	8	0.57
Burleson Town Center	-	-	-	4,953,490	9	0.57
Shenandoah Town House	-	-	-	4,722,030	10	0.54
Total	<u>\$194,492,559</u>		<u>8.04 %</u>	<u>\$73,944,570</u>		<u>8.46 %</u>

Source: Johnson County Appraisal District, Tarrant Appraisal District.

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

**TABLE 8**

<b>Fiscal Year Ended 9/30</b>	<b>Actual Levy Year</b>	<b>Taxes Levied for the Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collection in Subsequent Years</b>	<b>Total Collections to Date</b>	
			<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
2002	2001	\$ 5,244,067	\$ 5,113,991	97.52%	\$ 118,086	\$ 5,232,077	99.77%
2003	2002	5,906,464	5,810,967	98.38%	87,671	5,898,638	99.87%
2004	2003	7,031,101	6,899,960	98.13%	121,381	7,021,341	99.86%
2005	2004	7,875,719	7,733,102	98.19%	138,472	7,871,574	99.95%
2006	2005	8,689,092	8,545,958	98.35%	128,064	8,674,022	99.83%
2007	2006	10,113,858	9,905,537	97.94%	192,218	10,097,755	99.84%
2008	2007	11,549,684	11,363,102	98.38%	160,885	11,523,987	99.78%
2009	2008	13,522,795	13,352,281	98.74%	137,231	13,489,512	99.75%
2010	2009	15,395,388	15,191,864	98.68%	145,596	15,337,460	99.62%
2011	2010	15,357,850	15,112,059	98.40%	130,192	15,242,251	99.25%

Sources: Johnson County Tax Office & City Records

**CITY OF BURLESON, TEXAS**  
**RATIOS OF OUTSTANDING DEBT BY TYPE (Unaudited)**  
**LAST TEN FISCAL YEARS**

Fiscal Year	GOVERNMENTAL ACTIVITIES				BUSINESS-TYPE ACTIVITIES	
	General Obligation Bonds	Certificates of Obligation (1)	Sales Tax Revenue Bonds	Capital Leases	General Obligation Bonds	Certificates of Obligation
2002	\$ 10,695,000	\$ -	\$ 14,465,000	\$ 256,733	\$ -	\$ 5,940,000
2003	10,043,000	-	13,980,000	245,244	-	5,825,000
2004	9,441,000	-	13,340,000	233,473	5,985,000	130,000
2005	12,898,000	14,965,000	12,645,000	119,466	5,776,000	-
2006	12,395,000	14,965,000	11,920,000	793,889	5,431,000	189,908
2007	18,224,000	24,365,000	11,165,000	819,836	5,069,000	11,825,000
2008	32,162,000	44,520,000	10,380,000	549,361	4,716,000	16,015,000
2009	30,935,000	43,325,000	9,560,000	997,189	4,542,000	15,510,000
2010	37,782,000	41,610,000	8,540,000	1,656,882	4,363,000	14,910,000
2011	35,910,000	39,825,000	7,645,000	1,261,524	14,945,000	21,365,000

(Continued)

Notes:

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

(1) Includes certificate of obligation secured by a combination of property and sales tax revenue.

(2) Includes governmental activities and business-type activities debt.

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

TABLE 9

<b>BUSINESS-TYPE ACTIVITIES</b>		<b>Total Primary Government (2)</b>	<b>Percentage of Personal Income (4)</b>	<b>Total Debt Per Capita (4)</b>
<b>Capital Leases</b>	<b>Water &amp; Sewer Revenue Bonds</b>			
\$ -	\$ 25,505,000	\$ 56,861,733	10.54%	\$ 2,223
-	24,685,000	54,778,244	9.60%	2,050
-	23,840,000	52,969,473	8.38%	1,916
-	28,330,000	74,733,466	11.02%	2,636
170,917	27,285,000	73,150,714	8.79%	2,414
422,273	26,335,000	98,225,109	11.30%	3,104
1,157,276	25,035,000	134,534,637	17.11%	4,046
290,239	23,785,000	128,944,428	13.67%	3,754
398,129	22,475,000	131,735,011	13.79%	3,761
307,838	10,590,000	131,849,362	13.65%	3,594

(concluded)

**CITY OF BURLESON, TEXAS  
NET GENERAL BONDED DEBT OUTSTANDING (Unaudited)  
LAST TEN FISCAL YEARS**

**TABLE 10**

Fiscal Year	Governmental Activities			Business-Type Activities		Total General Bonded Debt	Less: Self-supported Debt (3)	Net General Bonded Debt Outstanding	Percentage of Actual Property Value (1)	Per Capita (2)
	General Obligation Bonds	Certificates of Obligation (3)	Less: Amounts Available in Debt Service Fund	General Obligation Bonds (3)	Certificates of Obligation (3)					
2002	\$10,695,000	\$ -	\$ 273,659	\$ -	\$ 5,940,000	\$16,361,341	\$ 5,940,000	\$10,421,341	1.19%	\$ 407
2003	10,043,000	-	280,766	-	5,825,000	15,587,234	5,825,000	9,762,234	0.99%	365
2004	9,441,000	-	308,340	5,985,000	130,000	15,247,660	6,115,000	9,132,660	0.78%	330
2005	12,898,000	14,965,000	360,661	5,776,000	-	33,278,339	16,771,000	16,507,339	1.26%	582
2006	12,395,000	14,965,000	369,912	5,431,000	189,908	32,610,996	18,185,908	14,425,088	0.98%	476
2007	18,224,000	24,365,000	525,277	5,069,000	11,825,000	58,957,723	31,706,720	27,251,003	1.92%	861
2008	32,162,000	44,520,000	707,132	4,716,000	16,015,000	96,705,868	52,646,840	44,059,028	2.83%	1,325
2009	30,935,000	43,325,000	805,575	4,542,000	15,510,000	93,506,425	50,280,052	43,226,373	2.19%	1,258
2010	37,782,000	41,610,000	1,002,215	4,363,000	14,910,000	97,662,785	49,047,054	48,615,731	2.18%	1,388
2011	35,910,000	39,825,000	778,717	14,945,000	21,365,000	111,266,283	64,809,846	46,456,437	1.92%	1,266

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.

(3) Includes debt secured by a combination tax and revenue pledge.

These bonds are serviced completely by revenue streams other than general property taxes.

**CITY OF BURLESON, TEXAS  
DIRECT AND OVERLAPPING  
GOVERNMENTAL ACTIVITIES DEBT (Unaudited)  
SEPTEMBER 30, 2011**

**TABLE 11**

<u>Governmental Unit</u>	<u>Tax Supported Debt Outstanding (1)</u>	<u>Estimated Percent Applicable (2)</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
City of Burleson	\$ 75,735,000	100%	\$ 75,735,000
Johnson County	20,199,579	14.38%	2,903,706
Tarrant County	335,050,000	0.40%	1,333,196
Tarrant County Hospital District	27,160,000	0.40%	107,983
Tarrant County Junior College District	29,780,000	0.40%	119,053
Tarrant County Regional Water District	-	**	-
Alvarado ISD	54,984,392 <sup>(6)</sup>	0.83%	458,935
Crowley ISD	307,404,381 <sup>(5)</sup>	0.06%	182,445
Burleson ISD	315,003,199 <sup>(3)</sup>	51.92%	163,548,290
Joshua ISD	72,124,291 <sup>(4)</sup>	13.82%	<u>9,968,542</u>
<b>Total overlapping debt</b>			<u>\$ 178,622,149</u>
<b>Total direct and overlapping debt</b>			<u>\$ 254,357,149</u>
Per capita direct and overlapping debt			<u>\$ 6,933</u>

Source: (1) Municipal Advisory Council of Texas, Alvarado ISD, Crowley ISD, City records.  
(2) Tarrant Appraisal District, Johnson County Appraisal District.  
Population: 36,690

Notes: (3) Per BISD CAFR for fiscal year end June 30, 2011.  
(4) Per Joshua ISD annual financial report for fiscal year end August 31, 2011.  
(5) Per Crowley ISD annual financial report for fiscal year end June 30, 2011.  
(6) Per Alvarado ISD annual financial report for fiscal year end August 31, 2011.

\*\* Less than 0.01%

CITY OF BURLESON, TEXAS  
WATER AND SEWER  
PLEGGED - REVENUE BOND COVERAGE (Unaudited)  
LAST TEN FISCAL YEARS

TABLE 12

Fiscal Year	WATER AND SEWER DEBT									Total Water & Sewer Bond Coverage
	Gross Revenues(1)	Direct Operating Expenses (2)	Net Revenue Available for Debt Service	Revenue Bonds			Combination Tax & Revenue Bonds			
				Debt Service			Debt Service			
				Principal	Interest	Coverage	Principal	Interest	Coverage	
2002	\$ 7,504,286	\$ 5,494,563	\$ 2,009,723	\$ 715,000	\$ 852,975	1.28	\$ -	\$ -	NA	1.28
2003	9,005,388	6,392,208	2,613,180	820,000	1,234,966	1.27	-	-	NA	1.27
2004	9,014,654	6,863,141	2,151,513	845,000	1,178,074	1.06	-	-	NA	1.06
2005	10,604,450	7,462,986	3,141,464	880,000	1,206,434	1.51	-	-	NA	1.51
2006	13,324,857	7,411,804	5,913,053	910,000	1,377,052	2.59	-	-	NA	2.59
2007	12,161,451	7,777,045	4,384,406	1,050,000	1,330,944	1.84	-	-	NA	1.84
2008	13,573,427	8,842,924	4,730,503	1,200,000	1,680,393	1.64	355,000	549,751	5.23	1.25
2009	14,766,975	9,002,308	5,764,667	1,250,000	1,085,986	2.47	505,000	739,920	4.63	1.61
2010	14,623,543	10,137,713	4,485,830	1,310,000	1,033,373	1.91	600,000	647,306	3.60	1.25
2011	16,616,846	9,903,505	6,713,341	1,360,000	977,872	2.87	620,000	622,481	5.40	1.88

Notes: (1) Includes operating revenues and interest income.  
(2) Direct operating expenses are total operating expenses excluding depreciation expense, net pension obligation expense, and equipment replacement contribution.  
Details regarding the City's outstanding debt can be found in the notes to the financial statements.

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

**TABLE 13**

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Personal Income (thousands of dollars) (2)</b>	<b>Per Capita Income (1)</b>	<b>Median Age (3)</b>	<b>Education Level In School (3)</b>	<b>Public School Enrollment (4)</b>	<b>Unemployment Rate (5)</b>
2002	25,575	\$ 539,607	\$ 21,099	36.0	12.5	6,634	5.7%
2003	26,718	570,403	21,349	35.2	12.5	6,863	6.2%
2004	27,650	632,300	22,868	34.5	12.5	7,279	5.2%
2005	28,350	678,359	23,928	35.0	14.3	7,530	5.7%
2006	30,300	832,190	27,465	35.0	14.3	7,991	4.7%
2007	31,645	869,130	27,465	34.5	14.3	8,554	3.5%
2008	33,250	786,396	23,651	31.9	14.3	9,005	4.6%
2009	34,350	943,457	27,466	32.0	14.0	9,588	6.8%
2010	35,030	955,127	27,266	32.0	14.0	9,896	7.0%
2011	36,690	966,194	26,334	32.9	14.0	9,833	7.4%

- 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) Burleson Independent School District.
  - (5) North Central Texas Council of Governments(Census 2000 information average).

**CITY OF BURLESON, TEXAS  
 PRINCIPAL EMPLOYERS (Unaudited)  
 CURRENT YEAR AND FIVE YEARS AGO**

**TABLE 14**

<u>Employer</u>	<u>2011</u>			<u>2006</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Burleson Independent School District	1,480	1	8.30 %	572	2	11.70 %
Wal-Mart	416	2	2.33	410	3	8.38
H.E. B. Grocery Store	375	3	2.10	--	--	--
City of Burleson	383	4	2.15	272	4	5.56
Target	144	5	0.81	150	8	3.07
KWS Manufacturing	145	6	0.81	200	7	4.09
Lynn Smith Chevrolet	--	--	--	200	7	4.09
Trinity Mission Health & Rehab	--	--	--	120	10	2.45
Champion Buildings	125	7	0.70	--	--	--
Home Depot	--	--	--	150	8	3.07
Albertson's	--	--	--	150	8	3.07
Thomas Conveyor	115	8	0.64	150	8	3.07
Joshua Independent School District	--	--	--	675	1	13.80
Burly Fence & Hardware	--	--	--	250	5	5.11
Lowe's Companies	--	--	--	220	6	4.50
Logan's Roadhouse	--	--	--	130	9	2.66
Indicom Buildings	85	9	0.48	--	--	--
Industrial Screw Conveyor	65	10	0.36	--	--	--
<b>Total</b>	<u>3,183</u>		<u>18.69 %</u>	<u>3,649</u>		<u>74.62 %</u>

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

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

**TABLE 15**

<u>Function/Program</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>General government and Administration</b>										
City manager's office	6	6	8	6	6	5	6	6	6.5	6.5
City secretary's office	2	2	2	2	2	1	2	2	2	2
Administrative services	2	2	1	2	2	2	2	2	1.5	1.5
Records management	1	1	1	1	1	1	1	1	1	1
Information technology	2	2	2	2	3	4	4	5	7	7
Economic development	1	1	1	1	1	1	1	1	1	1
Human resources	3	3	3	3	3	3	3	4	3.5	3.5
Public Information Officer	-	-	-	-	-	-	1	1	1	1
Finance	6	6	6	6	6	8	8	9	9	9
Purchasing	-	-	1	1	1	1	1	1	1	1
Municipal court	3.5	3.5	4	4	5	5	6	8	8	8
<b>Public Safety</b>										
Police	56	61	61	65	70	74	76	76	76.5	76.5
Fire	12	17	21	25	28	28	34	34	34	34
Fire prevention	3	3	3	1	2	3	3	3	2	2
<b>Public Works</b>										
Public works administration	3	4	4	5	5	5	5	5	4.5	4.5
Street maintenance	15	15	15	15	17	18	18	18	20	20
Neighborhood services	-	-	-	-	-	1	1	1	1	1
Animal services	2	3	3	3	4	4	5	5	5	5
Environmental services	-	-	-	-	-	1	1	1	1	1
Facility maintenance	4	5	5	6	7	7	7	7	6.5	6.5
Building code enforcement	5	5	6	8	8	8	9	9	8.5	8.5
Community development	2	3	3	3	4	4	3	4	5	5
Engineering	5	8	8	8	10	10	11	10	9.7	9.7
<b>Culture &amp; Recreation</b>										
Library	8.5	10.5	14	14	14	14	16	16	10	10
Parks & recreation administration	3	3	4	3	3	3	3	3	4.3	4.3
Recreation	17	17	18	18	18	17	18	18	38.5	38.5
Park maintenance	10	10	12	12	14	14	14	14	9.5	9.5
Senior citizens center	1	1	1	1	1	1	1	1	1.5	1.5
Athletic fields	-	-	-	-	-	-	-	-	2.5	2.5
<b>Enterprise Operations and Administration</b>										
<b>Water/Wastewater</b>										
Water & sewer services	19	19	19	17	18	19	23	17	22	22
Utility billing	6	6	6	6	6	8	8	8	8	8
<b>Hidden Creek Golf Course</b>										
Golf course administration	-	2	2	2	2	2	2	2	2	2
Golf course club house & pro shop	-	9.5	11	11	11	11	9	9	7.4	7.4
Golf course maintenance	-	9.5	9	9	9	9	9	9	8	8
Golf course food & beverage	-	5	8	8	7	7	7	8	5.6	5.6
Solid Waste	15.5	15.5	17	19	19	20	26	5	2	2
<b>Internal Service Operations</b>										
Equipment services	6	6	6	6	6	6	6	6	6	6
<b>Total</b>	<b>219.5</b>	<b>264.5</b>	<b>285</b>	<b>293</b>	<b>313</b>	<b>325</b>	<b>350</b>	<b>329</b>	<b>342.4</b>	<b>342.4</b>

Source: City of Burleson Human Resources Department

**CITY OF BURLESON, TEXAS  
SCHEDULE OF INSURANCE POLICIES IN FORCE (Unaudited)  
AS OF SEPTEMBER 30, 2011**

**TABLE 16**

	<u>AM Best Rating</u>	<u>Policy Number</u>	<u>Policy Period</u>	<u>Coverage</u>	<u>Deductibles</u>	<u>Liability Limits</u>
Texas Municipal League Intergovernmental Risk Pool	A++	3511	10/1/2010	General Liability	-	\$1,000,000
			10/1/2011	Real & Personal Property	\$2,500	35,190,718
				Auto Liability	-	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	9/27/2010	Fidelity Bond for	2,500	250,000
			9/27/2011	Finance Director		
		61BSBEE7411	9/5/2010	Fidelity Bond for	2,500	250,000
			9/5/2011	Finance Director		

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

**CITY OF BURLESON, TEXAS  
OPERATING INDICATORS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

**TABLE 17**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Public safety</b>										
<b>Police</b>										
Number of employees	56	61	61	65	70	74	76	76	76.5	76.5
Total calls	45,144	46,237	47,323	48,824	50,000	54,726	58,434	55,000	76,342	75,000
Arrests	1,614	1,546	1,415	1,432	1,500	1,672	1,672	1,675	1,208	1,300
Traffic enforcement	12,204	13,558	12,712	11,338	12,000	14,000	14,000	14,000	12,000	14,000
<b>Fire</b>										
Number of employees	12	17	21	25	28	28	34	34	34	34
Number of calls for service	2,109	2,345	2,518	2,614	2,700	3,300	3,148	3,300	3,400	3,400
Inspections	424	312	222	250	530	650	725	725	800	830
<b>Public Works</b>										
Facility repairs	437	468	444	497	560	405	435	400	395	395
Preventive Maintenance Hours	1,000	1,100	1,100	1,300	1,400	1,400	1,400	1,400	1,660	1,660
<b>Animal Control</b>										
Animals Adopted	299	250	250	400	450	500	550	700	720	558
Animals Impounded	1,794	1,400	1,400	2,000	2,000	2,485	2,900	2,900	3,188	2,930
<b>Community Development (1)</b>										
Permits Issued	3,743	3,999	7,341	4,048	8,075	9,922	6,994	6,119	4,219	3,660
Inspections Made	14,007	17,112	17,477	17,886	19,280	23,186	21,199	19,482	13,041	9,365
<b>Culture and Recreation</b>										
<b>Recreation</b>										
Special Event Participants	22,000	19,800	23,000	25,750	24,650	25,000	25,000	32,565	33,216	33,216
Swim Lesson Participants	322	256	323	300	300	480	470	415	460	920
Swim Programs	52	45	45	45	45	70	70	40	100	202
Senior Citizen Participants	25,123	25,452	25,006	26,345	27,000	28,050	28,891	31,000	31,500	31,500
Senior Van Riders	N/A	389	1,320	1,400	1,500	1,320	1,054	550	600	600
<b>Library</b>										
Books in Collection	39,899	42,997	47,572	55,000	51,012	56,075	58,425	64,800	65,500	65,832
Materials borrowed	155,000	160,000	180,047	185,483	225,000	209,576	233,669	313,762	316,899	418,977
<b>Water and Sewer</b>										
Number of water customers	8,460	9,042	9,620	10,265	10,962	11,440	12,000	12,157	12,435	12,693
Number of sewer connections	8,303	8,791	9,515	10,153	10,870	11,503	12,074	11,250	11,250	12,975
<b>Gas Well</b>										
Number of Permits	-	-	-	-	-	-	-	56	55	64
Number of Pad Site Inspections	-	-	-	-	-	-	-	2,464	950	1,350

Source: Various City Departments

Note: (1) Community development statistical methodology changed in fiscal year 2011.

Statistical information in 2011 is not comparable to prior years.

**CITY OF BURLESON, TEXAS  
MISCELLANEOUS STATISTICS  
LAST TEN FISCAL YEARS  
(Unaudited)**

		<b>FISCAL YEAR</b>					
		<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
Date of incorporation	May 12, 1912						
Date of charter	April 5, 1989						
Area incorporated (square miles)		21.81	23.11	23.17	23.31	23.31	24.36
Form of government	Council/Manager						
<b>(1) Education:</b>							
Attendance centers		11	11	11	11	11	11
Number of teachers		452	438	438	600	531	586
Number of students		6,634	6,863	7,279	7,530	7,991	8,554
Miles of streets		103.71	113.37	115.64	128.00	137.00	137.00
<b>Miles of sewers:</b>							
Sanitary sewers		107.21	116.78	119.77	133.00	143.00	154.00
Storm sewers		14.07	16.56	16.56	21.00	23.00	28.00
<b>Culture and recreation:</b>							
Parks - number of acres		179	192	192	198	262	248
Number of municipal pools		1	1	1	1	1	1
Number of lighted ball diamonds		12	12	12	12	12	12
Number of community centers		1	1	1	1	1	1
<b>Municipal water system:</b>							
Number of water customers		8,742	9,042	9,515	10,265	10,265	11,440
Daily average consumption (gallons)		2,568,652	2,800,838	2,647,600	3,167,502	4,100,620	3,237,941
System capacity (gallons per day)		8,840,000	10,500,000	12,200,000	12,200,000	14,550,000	14,550,000
Miles of water mains		122.07	130.48	133.01	145.00	153.00	153.00
Number of fire hydrants		723	788	811	942	1002	1002
<b>Municipal sewer system:</b>							
Number of sewer connections		8,303	8,791	9,515	10,153	10,870	11,503
System capacity (gallons per day)		9,380,000	9,380,000	9,840,000	9,840,000	11,890,000	11,890,000
Number of street lights		878	870	923	985	1,171	1,255
<b>City employees:</b>							
Full-time		221	236	243	263	263	263
Part-time		25	30	29	30	30	30
Temporary		27	20	19	19	19	19

(Continued)

Source: Various City Departments, Burleson Independent School District.  
Note: (1) Includes BISD information only.

TABLE 18

FISCAL YEAR			
2008	2009	2010	2011
26.34	26.04	26.04	26.06
11	14	15	15
595	640	672	658
9,005	9,588	9,896	9,833
140.00	200.00	200.00	200.00
158.00	182.00	182.00	190.91
30.00	32.82	46.12	52.44
358	334	334	348
1	1	1	2
12	12	20	23
1	1	1	1
11,690	12,157	12,435	12,693
3,915,426	4,443,470	3,880,821	4,931,611
14,550,000	14,550,000	14,550,000	14,550,000
159.00	175.00	175.00	192.36
1064	1200	1200	1331
11,200	11,250	11,250	12,975
11,890,000	11,890,000	11,890,000	11,890,000
1,297	1,357	1,406	1,415
284	288	297	290
20	27	63	66
3	5	10	11

(concluded)

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