



**CITY OF BURLESON, TEXAS  
COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FOR FISCAL YEAR END  
SEPTEMBER 30, 2012**

**CITY OF BURLESON, TEXAS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**YEAR ENDED SEPTEMBER 30, 2012**

**CITY OFFICIALS**

Kenneth Shetter  
Mayor

Stuart Gillaspie  
Rick Green  
Jerry Allen  
Matt Aiken  
Dan McClendon  
Ronnie Johnson

Mayor Pro Tem  
Councilmember  
Councilmember  
Councilmember  
Councilmember  
Councilmember

Dale Cheatham  
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, 2012**

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# INTRODUCTORY SECTION



**February 18, 2013**

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, 2012. 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 the national economy. The development of the Barnett Shale natural gas reserves has pumped more than \$100 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 35,000 belies the true size of the community's economy. The combination of highway accessibility and more than 295,000 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, 2011, 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,



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, 2011

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.



*Christopher P. Morrell*

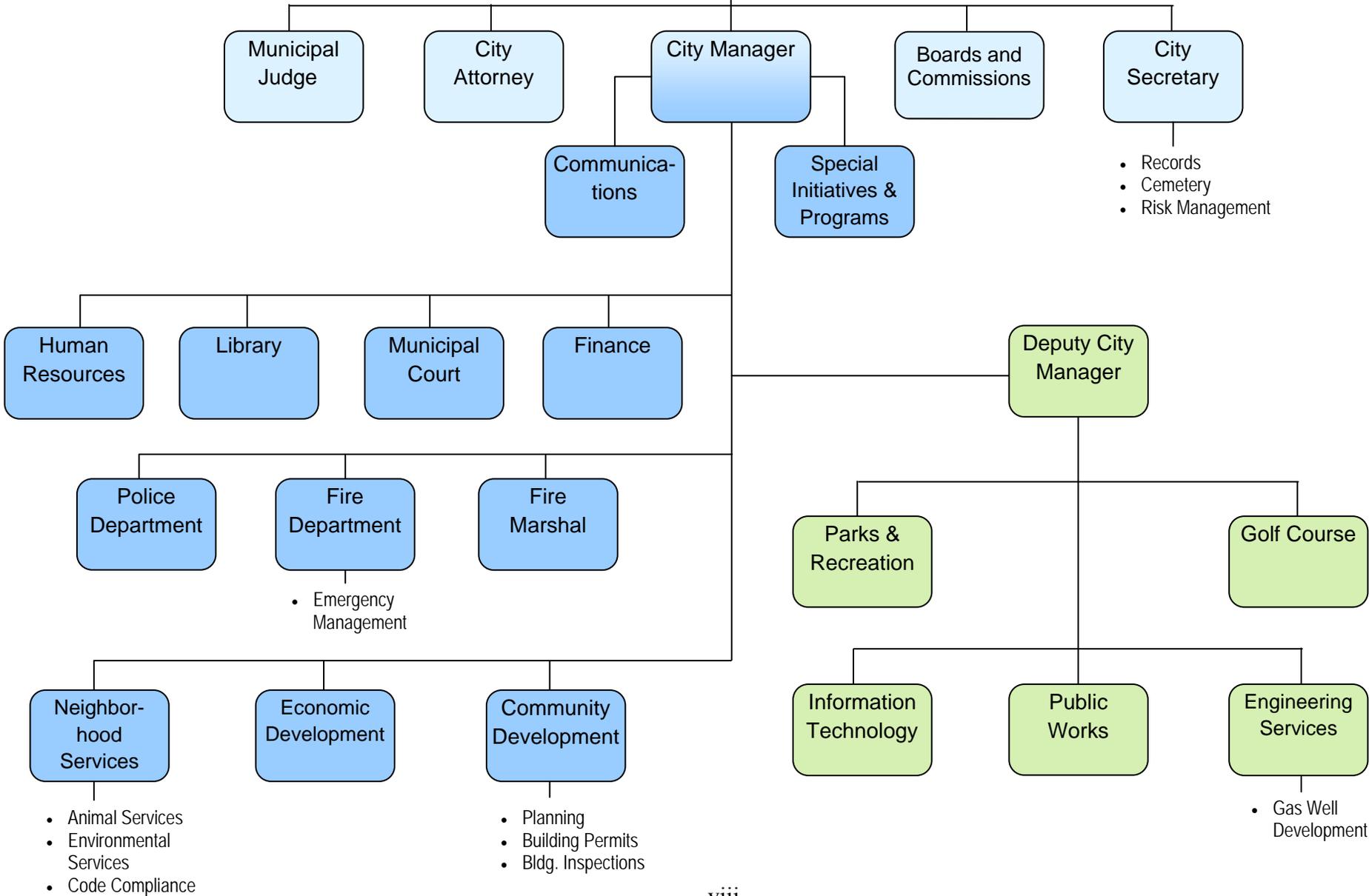
President

*Jeffrey R. Emery*

Executive Director

**Citizens of Burleson**

**City Council**



**CITY OF BURLESON, TEXAS**

**List of Principal Officials**

**September 30, 2012**

**Elected Officials**

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

**City Officials**

City Manager	Dale Cheatham
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	Kevin Lasher
Director of Economic Development	Bradley Ford
Director of Public Works	Aaron Russell
Director of Engineering Services	Laura Melton
Director of Golf	David White

# FINANCIAL SECTION





PATTILLO, BROWN & HILL, L.L.P.  
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

## 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, 2012, 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, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have issued our report dated February 4, 2013, on our consideration of the City of Burleson, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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, the 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 4, 2013

# MANAGEMENT'S DISCUSSION & ANALYSIS



CITY OF BURLESON, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDED SEPTEMBER 30, 2012  
(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, 2012. 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 \$182,824,982 (net assets). Of this amount, \$27,668,230 (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 \$8,423,706 due primarily to the contribution of assets from developers, as well as increased sales tax revenues.
- As of the close of the current fiscal year, unassigned fund balance for the general fund was \$8,796,643 or 34.7% of total general fund expenditures.
- The City's total debt decreased by \$2,997,317 (2.2%) during the current fiscal year. The decrease represents the net effect of scheduled debt retirement and the issuance \$5,040,000 in general obligation refunding bonds and \$4,300,000 in water and wastewater revenue bonds.

### 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, mineral lease funded capital projects fund, and general debt service fund, all of which are considered to be major funds. Data from the other ten 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 \$182,824,982 as of September 30, 2012.

The largest portion of the City's net assets (77.7%) reflects its investments in capital assets (e.g. land, buildings, improvements, construction in progress, and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these assets to provide service to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets (7.2%) represents resources that are subject to external restriction on how they may have been used. The remaining balance of unrestricted net assets (15.1%) 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	
	2011	2012	2011	2012	2011	2012
Current & other assets	\$ 45,719,569	\$ 44,130,040	\$ 30,745,089	\$ 34,056,707	\$ 76,464,658	\$ 78,186,747
Capital assets	165,597,212	167,326,060	74,553,479	76,834,982	240,150,691	244,161,042
Total assets	<u>211,316,781</u>	<u>211,456,100</u>	<u>105,298,568</u>	<u>110,891,689</u>	<u>316,615,349</u>	<u>322,347,789</u>
Noncurrent liabilities – due in more than one year	82,620,525	78,049,381	44,398,983	46,261,945	127,019,508	124,311,326
Other liabilities	9,829,947	10,170,697	4,607,137	5,040,784	14,437,084	15,211,481
Total liabilities	<u>92,450,472</u>	<u>88,220,078</u>	<u>49,006,120</u>	<u>51,302,729</u>	<u>141,456,592</u>	<u>139,522,807</u>
Net Assets:						
Invested in capital assets, net of related debt	91,490,189	96,854,973	44,846,342	45,090,529	136,336,531	141,945,502
Restricted	7,647,833	9,129,987	2,469,832	4,081,263	10,117,665	13,211,250
Unrestricted	19,728,287	17,251,062	8,976,274	10,417,168	28,704,561	27,668,230
Total net assets	<u>\$ 118,866,309</u>	<u>\$ 123,236,022</u>	<u>\$ 56,292,448</u>	<u>\$ 59,588,960</u>	<u>\$ 175,158,757</u>	<u>\$ 182,824,982</u>

The following table provides a summary of the City's operations for the year ended September 30, 2012. Governmental activities increased the City's net assets by \$5,607,536 . Business-type activities increased the City's net assets by \$2,816,170.

Overall 2012 fiscal year expenses decreased slightly (less than 0.01%). A notable increase between 2011 and 2012 fiscal year expenses in governmental activities may be observed in the public safety category. A large portion of the increase in this function is attributable to the reclassification of the municipal court function from general government to public safety. Culture and Recreation expenses increased by \$379,193 over the prior fiscal year (or 6.7%). This increase is due to the first full year operation of Russell Farm, the City's new center of art and history.

**CITY OF BURLESON, TEXAS – CHANGES IN NET ASSETS**

	Governmental		Business-Type		Total	
	2011	2012	2011	2012	2011	2012
Revenues:						
Program Revenues:						
Charges for services	\$ 8,948,079	\$ 7,799,247	\$ 19,924,565	\$ 18,442,552	\$ 28,872,644	\$ 26,241,799
Operating grants and contributions	621,034	721,596	359,271	364,359	980,305	1,085,955
Capital grants and contributions	2,265,193	2,624,666	920,504	1,800,117	3,185,697	4,424,783
General Revenues:						
Taxes:						
Property taxes levied for general purposes	15,074,189	15,414,948	-	-	15,074,189	15,414,948
Tax Increment Financing	320,737	199,229	-	-	320,737	199,229
Sales and use taxes	13,453,923	14,818,398	-	-	13,453,923	14,818,398
Hotel / motel taxes	144,520	146,202	-	-	144,520	146,202
Franchise fees	2,844,181	2,760,074	-	-	2,844,181	2,760,074
Investment income	92,091	105,892	37,765	48,613	129,856	154,505
<b>Total revenues</b>	<b>43,763,947</b>	<b>44,590,252</b>	<b>21,242,105</b>	<b>20,655,641</b>	<b>65,006,052</b>	<b>65,245,893</b>
Expenses						
General government	5,985,553	4,579,709	-	-	5,985,553	4,579,709
Public safety	12,597,427	13,755,003	-	-	12,597,427	13,755,003
Public works	9,414,047	9,400,406	-	-	9,414,047	9,400,406
Community development	1,483,991	1,443,045	-	-	1,483,991	1,443,045
Culture and recreation	5,671,656	6,050,849	-	-	5,671,656	6,050,849
Interest and other fees	3,643,362	3,490,537	-	-	3,643,362	3,490,537
Water & wastewater	-	-	13,776,701	13,858,927	13,776,701	13,858,927
Hidden Creek Golf course	-	-	1,872,971	1,774,465	1,872,971	1,774,465
Solid Waste	-	-	2,385,558	2,451,503	2,385,558	2,451,503
Cemetery	-	-	13,598	17,743	13,598	17,743
<b>Total expenses</b>	<b>38,796,036</b>	<b>38,719,549</b>	<b>18,048,828</b>	<b>18,102,638</b>	<b>56,844,864</b>	<b>56,822,187</b>
Change in net assets before transfers	4,967,911	5,870,703	3,193,277	2,553,003	8,161,188	8,423,706
Transfers	(504,712)	(263,167)	504,712	263,167	-	-
Change in net assets	4,463,199	5,607,536	3,697,989	2,816,170	8,161,188	8,423,706
Net assets - beginning	114,403,110	118,866,309	52,594,459	56,292,448	166,997,569	175,158,757
Prior period adjustment		(1,237,823)		480,342	-	(757,481)
<b>Net assets - ending</b>	<b>\$ 118,866,309</b>	<b>\$ 123,236,022</b>	<b>\$ 56,292,448</b>	<b>\$ 59,588,960</b>	<b>\$ 175,158,757</b>	<b>\$ 182,824,982</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 \$36,919,042. Seventy-six percent or \$28,122,399 of this total is not available for spending because it is classified as non-spendable (1) for prepaid items \$59,031; restricted for (2) debt service \$2,677,418, (3) economic development \$6,066,072, and (4) tourism \$386,497; committed for (5) culture and recreation \$539,541, (6) economic development \$67,249, (7) capital projects \$13,779,022, (8) debt service \$3,664,037 and (9) encumbrances \$149,771; and as assigned for risk management \$733,781. Approximately 23.8% of the combined ending fund balance or \$8,796,643 constitutes unassigned fund balance.

Of the \$36,919,042 ending fund balance, \$5,351,119 is accounted for in non-major governmental funds. The General Fund balance is \$10,530,441 at year end – an increase of \$2,083,663. This increase was created primarily by greater than expected sales tax revenues. The Burleson Community Services Development Corporation (BCSDC) fund balance decreased \$297,030 to \$2,065,060 at year end. This decrease is primarily the result of one-time transfers for capital projects. The Burleson 4A Economic Development (4A Corp) fund balance increased \$1,449,116 to a year-end total of \$3,611,796. The increase is primarily due to there being no transfer to fund construction work during the period. In addition, the loan payable to the equipment replacement fund decreased by about \$466,000. The continued construction work without a bond sale during the period decreased fund balances in the Bond Funded Capital Projects fund by \$1,589,513 finishing the year at \$9,750,601. The Mineral Lease Capital Project fund balance decreased \$2,976,771 to \$4,250,577. This decrease represents the degree to which capital project and debt service supplements exceeded current mineral income. The Parks Performance fund balance increased by \$177,069, end of the year fund balance for this fund was \$539,541. This increase represents the excess of revenues over expenditures after the BCSDC and general fund subsidy to the Parks Performance fund. General Debt Service Fund balance increased \$41,190 to \$819,907. This increase represents tax revenues in excess of debt service requirements.

**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 \$56,343,697, and those for Hidden Creek Golf Course totaled (\$475,823). Net assets in these funds increased \$2,815,244 and \$131,540 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. Capital asset contributions from developers account for two thirds 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, exceeded non-cash operating expense, resulting in the \$131,540 increase in net assets, when measured on an accrual basis. The increase in Hidden Creek Golf Course net assets decreased the previous period's year-end deficit by about 21.7%. 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 \$348,971. This represents a decrease of \$225,154. This decrease is due primarily to the transfer of funds to the general fund to complete the plan of transition to a privatized service.

**General Fund Budgetary Highlights** – The City's revenue projections were increased (about \$1,429,000 or 5.6%) when compared with the original budget. Budgeted sales tax revenues were revised and increased by about \$801,000. Before year-end, however, the continuation of this upward trend resulted in sales tax

revenues about \$559,000 more than the revised budget. The budget for miscellaneous revenue was increased by about \$498,000 to account for insurance claims.

Total actual revenue collections exceeded the revised estimates by about \$852,000, or about 3.2% of the revised estimate.

The general fund's final revised expenditure budget was about \$909,000 greater than the figure originally adopted, (an increase of about 3.5%).

Measured on a GAAP basis, actual year-end expenditures totaled about \$936,000 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 \$83,000 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 Burleson's investment in capital assets for its governmental and business type activities as of September 30, 2012 amounts to \$243,561,365 (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 \$1,099,000.
- Construction costs related to arterial roads amounted to approximately \$460,000.
- Construction and right-of-way costs related to construction of water infrastructure amounted to approximately \$1,409,000.
- Construction and right-of-way costs related to construction of sanitary sewer lines amounted to approximately \$783,000.
- Approximately \$352,000 of water lines were donated by developers.
- Approximately \$7,000 of sewer lines were donated by developers.
- Streets and sidewalks worth approximately \$1,351,000 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 \$127,495,000. Of this amount, \$51,335,000 comprises bonded debt backed solely by the full faith and credit of the government, \$55,775,000 represent bonds secured by a combination of property taxes and a limited pledge of other revenues, \$6,725,000 represents bonds secured solely by sales tax revenues, and \$13,660,000 secured by revenues generated from the City's water and wastewater utility. Of the total general obligation outstanding debt of \$51,335,000, \$10,520,000 is to be repaid with revenue generated from the City's water and wastewater utility and \$6,573,000 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	
	2011	2012	2011	2012	2011	2012
General obligation bonds	\$ 35,910,000	\$ 36,836,000	\$ 14,945,000	\$ 14,499,000	\$ 50,855,000	\$ 51,335,000
Certificate of obligation bonds	39,825,000	35,220,000	21,365,000	20,555,000	61,190,000	55,775,000
Utility system revenue bonds	-	-	10,590,000	13,660,000	10,590,000	13,660,000
Sales tax revenue bonds	7,645,000	6,725,000	-	-	7,645,000	6,725,000
	<u>\$ 83,380,000</u>	<u>\$ 78,781,000</u>	<u>\$ 46,900,000</u>	<u>\$ 48,714,000</u>	<u>\$ 130,280,000</u>	<u>\$ 127,495,000</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	AA-	AA-
4A sales tax revenue bonds	NA	AA-	NA
4B sales tax revenue bonds	NA	A+	NA

During the year, the City issued \$5,040,000 in general obligation bonds and \$4,300,000 in water and wastewater revenue bonds. The general obligation bonds were issued for the purpose of refunding the 2002 general obligation bonds, and a portion of the 2005 combination tax and revenue certificates of obligation. The 2012 water and wastewater revenue bonds were issued for the purpose of improving and expanding the City's water and wastewater systems. These bonds are labeled in the notes under governmental activities as General Obligation Bonds, Series 2012 (\$5,040,000), and business type activities as Water and Sewer Revenue Bonds, 2012 Improvement (\$4,300,000).

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 2013 budget, general fund revenues and transfers-in are budgeted to decrease by about 2% from the fiscal year 2012 final budget. Charges for services are expected to decline by about \$350,000 as the City's contract for WIFI network usage expired with no prospect of similar revenues in the future. Sales tax revenues are budgeted to increase by about \$90,000 and franchise fees are anticipated to decrease about \$9,000. General fund expenditures are budgeted to increase by about 4% from the prior year totals, or a total of about \$1,012,000.

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.

# BASIC FINANCIAL STATEMENTS



City of Burleson, Texas  
Statement of Net Assets  
September 30, 2012

A-1

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>ASSETS:</b>			
<u>Current Assets</u>			
Cash and investments	\$ 38,831,418	\$ 7,054,449	\$ 45,885,867
Receivables, net:			
Taxes	59,316	-	59,316
Accounts and other	3,545,476	2,356,531	5,902,007
Inventories	82,823	465,216	548,039
Accrued interest	55,192	17,092	72,284
Deferred charges	1,405,280	-	1,405,280
Internal balances	150,535	(150,535)	-
Total current assets	<u>44,130,040</u>	<u>9,742,753</u>	<u>53,872,793</u>
<u>Noncurrent Assets</u>			
Reserved cash and investments	-	22,035,447	22,035,447
Reserved accrued interest	-	374	374
Other assets	-	2,278,133	2,278,133
Capital assets			
Nondepreciable	31,798,869	6,441,589	38,240,458
Depreciable, net of depreciation	135,467,655	69,853,252	205,320,907
Other assets	59,536	540,141	599,677
Total noncurrent assets	<u>167,326,060</u>	<u>101,148,936</u>	<u>268,474,996</u>
<b>TOTAL ASSETS</b>	<u>211,456,100</u>	<u>110,891,689</u>	<u>322,347,789</u>
<b>LIABILITIES</b>			
<u>Current Liabilities</u>			
Accounts payable and accrued liabilities	3,143,686	1,239,047	4,382,733
Accrued interest payable	301,561	250,539	552,100
Deposits	-	560,255	560,255
Current portion of:			
Long-term debt	5,019,001	2,746,000	7,765,001
Obligations under capital lease	133,616	59,032	192,648
Liability for compensated absences	1,572,833	185,911	1,758,744
Total current liabilities	<u>10,170,697</u>	<u>5,040,784</u>	<u>15,211,481</u>
<u>Noncurrent Liabilities</u>			
Long-term debt	74,306,081	45,813,781	120,119,862
Obligations under capital lease	762,990	171,100	934,090
Liability for compensated absences	1,779,844	133,833	1,913,677
Net pension obligation	1,065,479	127,687	1,193,166
Other post-employment benefits	134,987	15,544	150,531
Total noncurrent liabilities	<u>78,049,381</u>	<u>46,261,945</u>	<u>124,311,326</u>
<b>TOTAL LIABILITIES</b>	<u>88,220,078</u>	<u>51,302,729</u>	<u>139,522,807</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	96,854,973	45,090,529	141,945,502
Restricted for:			
Debt service	2,677,418	4,081,263	6,758,681
Economic Development / tourism	6,452,569	-	6,452,569
Unrestricted	17,251,062	10,417,168	27,668,230
<b>TOTAL NET ASSETS</b>	<u>\$ 123,236,022</u>	<u>\$ 59,588,960</u>	<u>\$ 182,824,982</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, 2012**

Functions/Programs	Expenses	Program Revenues		
		Charges for services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental activities:				
General government	\$ 4,579,709	\$ 2,163,539	\$ 39,908	\$ -
Public safety	13,755,003	1,233,415	610,779	-
Public works	9,400,406	134,794	-	2,433,266
Community development	1,443,045	1,138,458	58,271	-
Culture and recreation	6,050,849	3,129,042	12,637	191,400
Interest and other fees	3,490,537	-	-	-
Total governmental activities	<u>38,719,549</u>	<u>7,799,248</u>	<u>721,595</u>	<u>2,624,666</u>
Business type activities:				
Water and wastewater	13,858,927	15,059,407	364,359	1,800,117
Hidden Creek Golf Course	1,774,465	791,284	-	-
Solid waste	2,451,503	2,506,047	-	-
Cemetery	17,743	85,814	-	-
Total business-type activities	<u>18,102,638</u>	<u>18,442,552</u>	<u>364,359</u>	<u>1,800,117</u>
Total primary government	<u>\$ 56,822,187</u>	<u>\$ 26,241,800</u>	<u>\$ 1,085,954</u>	<u>\$ 4,424,783</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

Prior period adjustment (see note 15)

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
\$ (2,376,262)	\$ -	\$ (2,376,262)
(11,910,809)	-	(11,910,809)
(6,832,346)	-	(6,832,346)
(246,316)	-	(246,316)
(2,717,770)	-	(2,717,770)
(3,490,537)	-	(3,490,537)
<u>(27,574,040)</u>	<u>-</u>	<u>(27,574,040)</u>
-	3,364,956	3,364,956
-	(983,181)	(983,181)
-	54,544	54,544
-	68,071	68,071
<u>-</u>	<u>2,504,390</u>	<u>2,504,390</u>
<u>(27,574,040)</u>	<u>2,504,390</u>	<u>(25,069,650)</u>
15,414,948	-	15,414,948
199,229	-	199,229
14,818,398	-	14,818,398
146,202	-	146,202
2,760,074	-	2,760,074
105,892	48,613	154,505
(263,167)	263,167	-
<u>33,181,576</u>	<u>311,780</u>	<u>33,493,356</u>
5,607,536	2,816,170	8,423,706
118,866,309	56,292,448	175,158,757
(1,237,823)	480,342	(757,481)
<u>\$ 123,236,022</u>	<u>\$ 59,588,960</u>	<u>\$ 182,824,982</u>

City of Burleson, Texas  
Balance Sheet  
Governmental Funds  
September 30, 2012

	<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	\$ 9,901,873	\$ 1,499,845	\$ 3,362,621	\$ 693,793
Receivables:				
Delinquent taxes, net	26,176	-	-	-
Accounts receivable	1,049,468	-	-	13,965
Due from other funds	77,829	-	-	-
Due from other governmental units	1,109,706	565,204	571,954	-
Accrued interest	28,511	11	-	1,759
Other assets	59,241	-	-	2,176
<b>Total Assets</b>	<b>\$ 12,252,804</b>	<b>\$ 2,065,060</b>	<b>\$ 3,934,575</b>	<b>\$ 711,693</b>
<b>LIABILITIES</b>				
Vouchers payable	341,553	-	-	98,372
Accrued liabilities	986,221	-	-	73,780
Due to other funds	-	-	322,779	-
Deferred revenue	394,589	-	-	-
<b>Total Liabilities</b>	<b>1,722,363</b>	<b>-</b>	<b>322,779</b>	<b>172,152</b>
<b>FUND BALANCES</b>				
Nonspendable:				
Prepaid Items	59,031	-	-	-
Restricted for:				
Debt Service	-	-	-	-
Economic Development	-	2,065,060	3,611,796	-
Tourism	-	-	-	-
Committed for:				
Culture and recreation	-	-	-	539,541
Economic Development	-	-	-	-
Capital projects	-	-	-	-
Debt service	791,215	-	-	-
Other purposes	149,771	-	-	-
Assigned to:				
Risk management	733,781	-	-	-
Unassigned	8,796,643	-	-	-
<b>Total Fund Balances</b>	<b>10,530,441</b>	<b>2,065,060</b>	<b>3,611,796</b>	<b>539,541</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 12,252,804</b>	<b>\$ 2,065,060</b>	<b>\$ 3,934,575</b>	<b>\$ 711,693</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>General Debt Service</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 9,788,915	\$ 4,332,722	\$ 785,643	\$ 6,930,948	\$ 37,296,360
-	-	33,140	39,368	98,684
-	-	1,124	48,127	1,112,684
-	-	-	-	77,829
-	-	-	145,072	2,391,936
92	13,828	-	6,964	51,165
-	-	-	-	61,417
<u>\$ 9,789,007</u>	<u>\$ 4,346,550</u>	<u>\$ 819,907</u>	<u>\$ 7,170,479</u>	<u>\$ 41,090,075</u>
38,406	95,973	-	575,078	1,149,382
-	-	-	1,119,519	2,179,520
-	-	-	124,763	447,542
-	-	-	-	394,589
<u>38,406</u>	<u>95,973</u>	<u>-</u>	<u>1,819,360</u>	<u>4,171,033</u>
-	-	-	-	59,031
-	-	819,907	1,857,511	2,677,418
-	-	-	389,216	6,066,072
-	-	-	386,497	386,497
-	-	-	-	539,541
-	-	-	67,249	67,249
9,750,601	1,377,755	-	2,650,646	13,779,002
-	2,872,822	-	-	3,664,037
-	-	-	-	149,771
-	-	-	-	733,781
-	-	-	-	8,796,643
<u>9,750,601</u>	<u>4,250,577</u>	<u>819,907</u>	<u>5,351,119</u>	<u>36,919,042</u>
<u>\$ 9,789,007</u>	<u>\$ 4,346,550</u>	<u>\$ 819,907</u>	<u>\$ 7,170,479</u>	<u>\$ 41,090,075</u>

**City of Burleson, Texas**  
**Statement of Net Assets**  
**Reconciliation of the Balance Sheet to the Statement of Net Assets**  
**September 30, 2012**

**B-2**

**Total fund balances--governmental funds** **\$ 36,919,042**

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. 164,148,972

Certain charges related to the issuance of debt were expended in this year, but will be amortized over the life of the debt, and therefore are deferred in the government wide statement. 1,405,280

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. 4,991,435

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. 394,589

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	79,325,083	
Obligation under capital lease (net of ISF of \$14,173)	882,433	
Accrued interest	338,918	
Compensated absences (net of internal service fund \$179,027)	2,924,836	
Net pension obligation	1,023,895	
Other post-employment benefits	128,131	
Combined adjustment		(84,623,296)

**Total net assets--governmental activities** **\$ 123,236,022**

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, 2012**

	<b>Major Funds</b>		
	<b>General</b>	<b>BCSDC Special Revenue</b>	<b>4A Corp Special Revenue</b>
<b>REVENUES</b>			
Property taxes	\$ 11,850,183	\$ -	\$ -
Sales taxes	7,153,565	3,648,912	3,689,412
Franchise fees	2,755,431	-	-
Licenses and permits	1,014,677	-	-
Intergovernmental revenue	170,143	-	-
Fines and forfeitures	773,055	-	-
Donations	-	-	-
Charges for service	1,432,095	-	-
Interest income	41,865	2,459	3,505
Mineral lease revenue	-	-	-
Street Assessments	-	-	-
Miscellaneous	1,191,606	-	-
<b>Total Revenues</b>	<b>26,382,620</b>	<b>3,651,371</b>	<b>3,692,917</b>
<b>EXPENDITURES</b>			
Current			
General government	4,695,459	-	-
Public safety	12,639,034	-	-
Public works	5,052,421	-	-
Community Development	693,371	3,500	89,461
Culture and recreation	2,124,954	-	-
Capital expenditures	-	-	-
Debt Service:			
Principal retirement	81,666	-	-
Interest and fiscal agent charges	40,301	-	-
Cost of debt issuance	-	-	-
<b>Total Expenditures</b>	<b>25,327,206</b>	<b>3,500</b>	<b>89,461</b>
Excess of revenues over expenditures	1,055,414	3,647,871	3,603,456
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of debt	-	-	-
Premium on debt issuance	-	-	-
Operating transfers in	1,173,594	-	-
Transfer to fiscal agent	-	-	-
Operating transfers out	(145,345)	(3,944,901)	(2,154,340)
<b>Total Other Financing Sources (Uses)</b>	<b>1,028,249</b>	<b>(3,944,901)</b>	<b>(2,154,340)</b>
Net change in fund balances	2,083,663	(297,030)	1,449,116
Fund balance - beginning	8,446,778	2,362,090	2,162,680
Prior period adjustment (see note 15)	-	-	-
<b>Fund balance - ending</b>	<b>\$ 10,530,441</b>	<b>\$ 2,065,060</b>	<b>\$ 3,611,796</b>

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

Major Funds					
Parks Performance Fund	Bond Funded Capital Projects	Mineral Lease Funded Capital Projects	General Debt Service	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 3,293,230	\$ 516,271	\$ 15,659,684
-	-	-	-	472,710	14,964,599
-	-	-	-	-	2,755,431
-	-	-	-	-	1,014,677
-	-	-	-	108,091	278,234
-	-	-	-	439,359	1,212,414
-	-	-	-	443,361	443,361
1,962,728	-	-	-	-	3,394,823
1,944	15,094	22,329	60	13,926	101,182
-	-	1,096,666	-	-	1,096,666
-	-	-	-	80,031	80,031
8,012	-	-	-	191,400	1,391,018
<u>1,972,684</u>	<u>15,094</u>	<u>1,118,995</u>	<u>3,293,290</u>	<u>2,265,149</u>	<u>42,392,120</u>
-	-	-	-	3,430	4,698,889
-	-	-	-	550,234	13,189,268
-	-	-	-	36,478	5,088,899
-	-	-	-	859,348	1,645,680
2,798,523	55,110	-	-	123,805	5,102,392
-	1,549,497	2,902,766	-	533,834	4,986,097
-	-	-	2,562,582	2,246,418	4,890,666
-	-	-	1,842,208	1,491,919	3,374,428
-	-	-	60,471	58,789	119,260
<u>2,798,523</u>	<u>1,604,607</u>	<u>2,902,766</u>	<u>4,465,261</u>	<u>5,904,255</u>	<u>43,095,579</u>
(825,839)	(1,589,513)	(1,783,771)	(1,171,971)	(3,639,106)	(703,459)
-	-	-	2,445,912	2,594,088	5,040,000
-	-	-	117,125	124,221	241,346
1,002,908	-	-	1,193,000	4,112,954	7,482,456
-	-	-	(2,542,876)	(2,696,926)	(5,239,802)
-	-	(1,193,000)	-	(329,760)	(7,767,346)
<u>1,002,908</u>	<u>-</u>	<u>(1,193,000)</u>	<u>1,213,161</u>	<u>3,804,577</u>	<u>(243,346)</u>
177,069	(1,589,513)	(2,976,771)	41,190	165,471	(946,805)
362,472	11,340,114	7,801,412	778,717	5,185,648	38,439,911
<u>-</u>	<u>-</u>	<u>(574,064)</u>	<u>-</u>	<u>-</u>	<u>(574,064)</u>
<u>\$ 539,541</u>	<u>\$ 9,750,601</u>	<u>\$ 4,250,577</u>	<u>\$ 819,907</u>	<u>\$ 5,351,119</u>	<u>\$ 36,919,042</u>

**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, 2012**

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<b>Net change in fund balances--total governmental funds</b>	<b>\$ (946,805)</b>
Amounts reported for governmental activities in the statement of activities are different because:	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.</p>	
Capital Outlay (does not include \$61,582 classified as capital expenditures on fund statements)	4,924,516
Depreciation (net of internal service)	(5,546,101) (621,585)
Certain other capital-related amounts result in differences between the government-wide and fund-level statements.	2,353,235
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	19,057
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.	(560,355)
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.	5,103,512
A reduction of internal charges between the governmental activities and the business type activities is not reported at the fund level.	2,708
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>257,769</u>
<b>Change in net assets of governmental activities</b>	<b><u><u>\$ 5,607,536</u></u></b>

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, 2012

	<b>Business-Type Activities Enterprise Funds</b>		
	<b>Water &amp; Wastewater</b>	<b>Hidden Creek Golf Course</b>	<b>Solid Waste</b>
<b>ASSETS</b>			
Current Assets			
Deposits and investments	\$ 4,634,866	\$ 252,182	\$ 169,494
Receivables			
Accounts receivable	1,989,729	794	362,491
Due from other funds	-	-	-
Inventories	363,969	32,168	-
Land held for sale of cemetery lots	-	-	-
Accrued interest	12,833	389	455
Total Current Assets	<u>7,001,397</u>	<u>285,533</u>	<u>532,440</u>
Non-current assets			
Restricted deposits and investments	21,952,602	82,845	-
Restricted accrued interest receivable	374	-	-
Other Assets	2,181,620	96,513	-
Capital Assets			
Other Assets	540,141	-	-
Property, plant, and equipment, net	71,339,025	3,465,541	23,954
Total Noncurrent Assets	<u>96,013,762</u>	<u>3,644,899</u>	<u>23,954</u>
<b>TOTAL ASSETS</b>	<u>103,015,159</u>	<u>3,930,432</u>	<u>556,394</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable	879,562	57,235	206,501
Accrued liabilities	59,962	34,865	922
Accrued interest payable	235,488	15,051	-
Customer deposits	542,666	-	-
Compensated absences	121,024	64,887	-
Current portion of bonds payable	2,545,000	201,000	-
Current portion of capital lease payable	926	58,106	-
Total current liabilities	<u>4,384,628</u>	<u>431,144</u>	<u>207,423</u>
Noncurrent Liabilities			
Revenue bonds payable	41,678,333	3,674,630	-
Premium	460,818	-	-
Capital lease payable	8,376	162,724	-
Net pension obligation	81,260	46,427	-
Other post-employment benefits	9,981	5,563	-
Compensated absences	48,066	85,767	-
Total noncurrent liabilities	<u>42,286,834</u>	<u>3,975,111</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>46,671,462</u>	<u>4,406,255</u>	<u>207,423</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	42,222,517	(534,406)	23,954
Restricted for debt service and construction	3,998,418	82,845	-
Unrestricted	10,122,762	(24,262)	325,017
Total net assets (liabilities)	<u>\$ 56,343,697</u>	<u>\$ (475,823)</u>	<u>\$ 348,971</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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<b>Business-Type Activities Enterprise Funds</b>		<b>Governmental Activities</b>
<b>Non-major</b>	<b>Total</b>	<b>Internal Service Funds</b>
\$ 1,271,857	\$ 6,328,399	\$ 2,261,108
	-	
3,517	2,356,531	1,488
-	-	369,713
-	396,137	80,940
69,078	69,078	-
1,503	15,180	5,939
<u>1,345,955</u>	<u>9,165,325</u>	<u>2,719,188</u>
-	22,035,447	-
-	374	-
-	2,278,133	-
-	540,141	-
246,422	75,074,942	4,337,455
<u>246,422</u>	<u>99,929,037</u>	<u>4,337,455</u>
<u>1,592,377</u>	<u>109,094,362</u>	<u>7,056,643</u>
-	1,143,298	26,241
-	95,749	37,357
-	250,539	-
17,589	560,255	-
-	185,911	79,949
-	2,746,000	-
-	59,032	1,409
<u>17,589</u>	<u>5,040,784</u>	<u>144,956</u>
-	45,352,963	-
-	460,818	-
-	171,100	12,764
-	127,687	41,584
-	15,544	6,856
-	133,833	99,078
-	<u>46,261,945</u>	<u>160,282</u>
<u>17,589</u>	<u>51,302,729</u>	<u>305,238</u>
246,422	41,958,487	4,323,282
-	4,081,263	-
<u>1,328,366</u>	<u>11,751,883</u>	<u>2,428,123</u>
<u>\$ 1,574,788</u>	<u>57,791,633</u>	<u>\$ 6,751,405</u>
	1,947,862	
	<u>(150,535)</u>	
	<u>\$ 59,588,960</u>	

**City of Burleson, Texas**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**All Proprietary Funds**  
**For the Year Ended September 30, 2012**

	<b>Business-Type Activities</b>		
	<b>Enterprise Funds</b>		
	<b>Water &amp; Wastewater</b>	<b>Hidden Creek Golf Course</b>	<b>Solid Waste</b>
Operating revenues			
Charges for goods and services	\$ 14,556,673	\$ 791,283	\$ 2,506,048
Penalties and interest	418,876	-	-
Miscellaneous	83,860	-	-
Impact fee revenue	364,359	-	-
Mineral lease revenue	-	-	-
Operating revenues	<u>15,423,768</u>	<u>791,283</u>	<u>2,506,048</u>
Operating expenses			
Water and wastewater services	8,635,908	-	-
Cost of golf operations	-	1,342,997	-
Cost of collecting revenues and other administrative expenses	1,565,014	-	-
Cost of cemetery operations	-	-	-
Cost of solid waste operations	-	-	-
Cost of equipment services	-	-	2,450,837
Cost of support services	-	-	-
Materials, supplies, and cemetery lots	-	-	-
Depreciation	1,819,671	204,611	545
Total operating expenses	<u>12,020,593</u>	<u>1,547,608</u>	<u>2,451,382</u>
Net operating income (loss)	3,403,175	(756,325)	54,666
Non-operating revenues (expenses)			
Gain (loss) on disposition of fixed assets	-	-	-
Investment income	42,101	635	915
Interest and fiscal agent charges	(1,860,149)	(226,672)	-
Total non-operating revenue	<u>(1,818,048)</u>	<u>(226,037)</u>	<u>915</u>
Income (loss) before capital contributions and transfers	1,585,127	(982,362)	55,581
Transfers in	-	1,113,902	-
Transfers out	(570,000)	-	(280,735)
Capital contributions	1,800,117	-	-
Net Income	2,815,244	131,540	(225,154)
Net assets (liabilities) at beginning of year	53,580,759	(577,022)	585,201
Prior period adjustment (see note 15)	(52,306)	(30,341)	(11,076)
Net assets at end of year	<u>\$ 56,343,697</u>	<u>\$ (475,823)</u>	<u>\$ 348,971</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.

<b>Business-Type Activities Enterprise Funds</b>		<b>Governmental Activities</b>
<b>Non-major</b>	<b>Total</b>	<b>Internal Service Fund</b>
\$ 9,022	\$ 17,863,026	\$ 2,866,852
-	418,876	-
-	83,860	-
-	364,359	-
76,792	76,792	-
<u>85,814</u>	<u>18,806,913</u>	<u>2,866,852</u>
-	8,635,908	-
-	1,342,997	-
-	1,565,014	1,049,667
2,906	2,906	-
-	-	-
-	2,450,837	73,921
-	-	670,682
4,212	4,212	-
10,625	2,035,452	850,455
<u>17,743</u>	<u>16,037,326</u>	<u>2,644,725</u>
68,071	2,769,587	222,127
-	-	25,000
2,016	45,667	35,483
-	(2,086,821)	(19,403)
<u>2,016</u>	<u>(2,041,154)</u>	<u>41,080</u>
70,087	728,433	263,207
-	1,113,902	21,723
-	(850,735)	-
-	1,800,117	-
70,087	2,791,717	284,930
930,636		6,488,585
574,065		(22,110)
<u>\$ 1,574,788</u>		<u>\$ 6,751,405</u>
	<u>24,453</u>	
	<u>\$ 2,816,170</u>	

City of Burleson, Texas  
Statement of Cash Flows  
All Proprietary Funds  
For the Year Ended September 30, 2012

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	Business-type Activities Enterprise Funds			Business-type Activities Enterprise Funds		Governmental Activities
	Water and Wastewater	Golf Course	Solid Waste	Non-major	Total Enterprise Funds	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Cash received from customers	\$ 15,727,623	\$ 793,926	\$ 2,455,072	\$ 7,356	\$ 18,983,977	\$ -
Cash received for deposits	(7,034)	-	-	-	(7,034)	-
Cash received from interfund services provided	-	-	-	-	-	2,866,377
Cash payments (loan receivable) from other funds	-	-	-	-	-	539,973
Cash payments to vendors, suppliers, and contractors	(6,812,321)	(689,518)	(2,400,273)	(6,865)	(9,908,977)	(1,261,161)
Payments to employees for services	(1,508,384)	(602,369)	(39,098)	-	(2,149,851)	(838,123)
Other operating receipts	-	-	-	76,792	76,792	-
Payments to other funds	(1,787,169)	-	-	-	(1,787,169)	-
Net cash provided by operating activities	5,612,715	(497,961)	15,701	77,283	5,207,739	1,307,066
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Transfer from other funds	-	1,113,902	-	-	1,113,902	21,723
Transfer to other funds	(570,000)	-	(280,735)	-	(850,735)	-
Net cash used by noncapital financing activities	(570,000)	1,113,902	(280,735)	-	263,167	21,723
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Capital contributions	73,914	-	-	-	73,914	-
Receipt on disposal of capital assets	-	-	-	-	-	25,000
Receipt (Payment) of interfund loan principal payment	-	-	-	-	-	-
Principal paid on capital debt	(847)	(76,859)	-	-	(77,706)	-
Interest paid on capital debt	(413)	(17,250)	-	-	(17,663)	-
Principal paid on bonds	(2,290,000)	(196,000)	-	-	(2,486,000)	(211,181)
Interest payments on long-term debt	(1,762,918)	(184,345)	-	-	(1,947,263)	(19,405)
Acquisition and construction of other assets	-	-	-	-	-	-
Proceeds of bond issuance	4,502,222	-	-	-	4,502,222	-
Cost of bond issuance	(101,334)	-	-	-	(101,334)	-
(Acquisition) disposal of capital assets	(2,350,403)	(19,426)	-	-	(2,369,829)	(712,575)
Net cash provided by (used for) capital and related financing activities	(1,929,779)	(493,880)	-	-	(2,423,659)	(918,161)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest received	31,794	308	599	788	33,489	3,003
Proceeds from sale of investments	4,757,975	-	198,256	522,146	5,478,377	55,837
Purchase of investments	(4,164,846)	-	(173,542)	(457,055)	(4,795,443)	(48,876)
Net cash provided by investing activities	624,923	308	25,313	65,879	716,423	9,964
Net (decrease) in cash and cash equivalents	3,737,859	122,369	(239,721)	143,162	3,763,669	420,592
Cash and cash equivalents--beginning of year	18,564,221	212,658	351,722	810,322	19,938,923	1,760,890
Cash and cash equivalents--end of year	22,302,080	335,027	112,001	953,484	23,702,592	2,181,482
Investments	4,285,388	-	57,493	318,373	4,661,254	79,626
Total cash and investments	\$ 26,587,468	\$ 335,027	\$ 169,494	\$ 1,271,857	\$ 28,363,846	\$ 2,261,108
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>						
Operating income (loss)	\$ 3,403,175	\$ (756,325)	\$ 54,666	68,071	\$ 2,769,587	\$ 222,125
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation	1,819,671	204,611	545	10,625	2,035,452	850,455
(Increase) decrease in accounts receivable	303,855	2,642	(50,976)	(1,666)	253,855	(475)
(Increase) decrease in inventories	(88,700)	(4,921)	-	253	(93,368)	(353,132)
(Increase) decrease in due from other funds	-	-	-	-	-	539,973
Increase (decrease) in vouchers and accounts payable	133,212	19,648	27,438	-	180,298	8,936
Increase (decrease) in accrued liabilities	48,536	36,384	(15,972)	-	68,948	39,184
Increase (decrease) in deposits payable	(7,034)	-	-	-	(7,034)	-
Net cash provided by operating activities	5,612,715	(497,961)	15,701	77,283	5,207,738	1,307,066
<b>Noncash Capital and related financing activities</b>						
Contributions from developers	1,726,203	-	-	-	1,726,203	-
Total noncash capital and related financing activities	\$ 1,726,203	\$ -	\$ -	\$ -	\$ 1,726,203	\$ -

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

# NOTES TO BASIC FINANCIAL STATEMENTS



## 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 Burlison Community Service Development Corporation.

The *4A Corp Special Revenue fund* accounts for the half cent sales tax collected to fund the activities of Burlison 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 Burleson 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 *General Debt Service fund* is used to account for the payment of debt supported by ad valorem taxes.

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, 2012, 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 2012 levy was based, was approximately \$2,301,320,977. 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, 2012 was \$0.6900 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 \$5,487,750. 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 purpose 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. In the City financial policies the power to assign fund balance is delegated to the Finance Director with a requirement for timely Council notification.

*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, 2012 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	\$ 59,031	\$ -	\$ -	\$ -	\$ 59,031
<b>Restricted for:</b>					
Debt service	-	-	-	2,677,418	2,677,418
Economic development	-	6,066,072	-	-	6,066,072
Tourism	-	386,497	-	-	386,497
Capital projects	-	-	-	-	-
<b>Committed to:</b>					
Culture and recreation	-	539,541	-	-	539,541
Economic development	-	67,249	-	-	67,249
Capital projects	-	-	13,779,002	-	13,779,002
Debt service	791,215	-	2,872,822	-	3,664,037
Other purposes:					
Encumbrances	149,771	-	-	-	149,771
<b>Assigned to:</b>					
Risk management	733,781	-	-	-	733,781
<b>Unassigned:</b>	8,796,643	-	-	-	8,796,643
Total fund balances	<u>\$ 10,530,441</u>	<u>\$ 7,059,359</u>	<u>\$ 16,651,824</u>	<u>\$ 2,677,418</u>	<u>\$ 36,919,042</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 two special revenue funds, the Other Grant Special Revenue Fund and TIF 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, 2012, expenditures exceeded appropriations in legal, tax, purchasing, environmental services, building inspections and recreation departments (the legal level of budgeting control) of the general fund by \$42,298, \$5, \$224, \$13,035, \$4,176 and \$1,129 respectively. These over-expenditures were funded by savings in other departments.

## **F. Accounting Pronouncements**

During fiscal year 2012, the City adopted the following Governmental Accounting Standards Board (“GASB”) Statements:

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.

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

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.

Statement No. 63 (“GASB 63”), *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, is effective for periods beginning after December 15, 2011. The requirements of this Statement will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government’s net position.

Statement No. 65 (“GASB 65”), *Items Previously Reported as Assets and Liabilities*, is effective for periods beginning after December 15, 2012. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Statement No. 68 (“GASB 68”), *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, is effective for periods beginning after June 15, 2014. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. This Statement results from a comprehensive review of the effectiveness of the existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

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

#### **G. Deficit Net Assets**

At September 30, 2012, The Hidden Creek Golf Course Fund had an accumulated deficit of \$475,823. Of this net deficit, \$534,406 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, 2012, 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	\$ 25,451
Demand deposits	609,612
Money market mutual funds	737,378
Certificates of deposit	245,000
TexPool (State of Texas Treasurer's Investment Pool)	6,026,987
TexPool Prime (State of Texas Treasurer's Investment Pool)	29,195,156
Lone Star Investment Pool - Liquidity Plus Fund	3,655,852
TexSTAR Investment Pool	10,281,397
Logic Investment Pool	4,403,738
Federally backed mortgage securities	2,000,022
Municipal Obligations	<u>10,740,721</u>
Total cash and investments	<u><u>\$ 67,921,314</u></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, 2012, the carrying amount of the City's deposits was \$609,612, with an overall bank balance of approximately \$810,906. 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	\$ 737,378	\$ 737,378	\$ -	\$ -
TexPool (State of Texas Treasurer's Investment Pool)	6,026,987	6,026,987	-	-
TexPool Prime (State of Texas Treasurer's Investment Pool)	29,195,156	29,195,156	-	-
Lone Star Investment Pool - Liquidity Plus Fund	3,655,852	3,655,852	-	-
TexSTAR Investment Pool	10,281,397	10,281,397	-	-
Logic Investment Pool	4,403,738	4,403,738	-	-
Certificates of deposit	245,000	245,000	-	-
Federally backed mortgage securities	2,000,022	-	2,000,022	-
Municipal Obligations	10,740,721	10,086,723	653,998	-
	<u>\$ 67,286,251</u>	<u>\$ 64,632,231</u>	<u>\$ 2,654,020</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 dealer (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 as 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, 2012:

- certificates of deposit and money market accounts represented 1.46% of the total portfolio,
- investment in the State Treasurer's AAA-rated local government investment pool (TexPool or TexPool Prime) represented 52.35% of the total portfolio,
- investment in a AAA-rated local government investment pool (TexStar/LOGIC) represented 21.82% of the total portfolio,

- investment in a AAA-rated local government investment pool (Lone Star) represented 5.43% of the total portfolio, and
- investment in municipal obligations rated A or better represented 15.97% of the total portfolio
- the remainder of the portfolio 2.97% 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, 2012, are as follows:

Investment Type	Issuer	Reported Amount	Percentage of total Portfolio
Local Government Investment Pools			
	TexPool	35,222,143	52.35%
	Lone Star - Liquidity Plus Fund	3,655,852	5.43%
	TexSTAR Investment Pool	10,281,397	15.28%
	Logic Investment Pool	4,403,738	6.54%

### 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 and yield restricted funds on individual investment. Non-operating funds on individual investment have a maximum maturity of three (3) years. Debt service reserve funds have a stated maximum maturity of ten (10) years. The Policy also sets a maximum maturity for debt service sinking funds of five (5) years. The maximum weighted average maturity (WAM) is one (1) year for operating funds, two (2) years for non-operating funds, and three (3) years for yield restricted funds.

As of September 30, 2012, the portfolio contained:

- no holding in the portfolio had a stated maturity date beyond two years, and
- the dollar weighted average of the total portfolio was 51 days.

### 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, 2012:

- 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, 2012 for the government's individual major funds, and non-major funds in the aggregate, including the applicable allowances for uncollectible amounts, are as follows:

	General	BCDC Special Revenue	4A Corp Special Revenue	Parks Performance Fund	Bond Funded Capital Projects	Mineral Lease Funded Capital Projects	General Debt Service Fund	Other Nonmajor Governmental Funds	Governmental Funds Total
Receivables:									
Property tax	\$ 304,380	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 80,836	\$ -	\$ 385,216
Accounts	1,049,468	-	-	16,383	-	-	1,124	87,495	1,154,470
Due from other funds	77,829	-	-	-	-	-	-	-	77,829
Intergovernmental	1,109,706	565,204	571,954	-	-	-	-	145,072	2,391,936
Interest	28,511	11	-	1,759	92	13,828	-	6,964	51,165
Gross receivables	2,569,894	565,215	571,954	18,142	92	13,828	81,960	239,531	4,060,616
Less: Allowance for uncollectibles	(278,204)	-	-	(2,418)	-	-	(47,696)	-	(328,318)
Net total receivables	2,291,690	565,215	571,954	15,724	92	13,828	34,264	239,531	3,732,298
Deferred Revenues									
Mowing Liens	56,490	-	-	-	-	-	-	-	56,490
Franchise Fees	338,099	-	-	-	-	-	-	-	338,099
Total deferred revenues	\$ 394,589	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 394,589

	Water and Wastewater	Golf Course	Solid Waste	Non-major	Business-Type Activities Total
Receivables:					
Accounts	\$ 1,274,907	\$ 794	\$ 219,580	\$ 8,073	\$ 1,503,354
Unbilled accounts	730,279	-	149,816	-	880,095
Interest	13,207	389	455	1,503	15,554
Gross receivables	2,018,393	1,183	369,851	9,576	2,399,003
Less: Allowance for uncollectibles	(15,457)	-	(6,905)	(4,556)	(26,918)
Net total receivables	\$ 2,002,936	\$ 1,183	\$ 362,946	\$ 5,019	\$ 2,372,085

#### 4. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2012, was as follows:

<u>Governmental activities:</u>	Beginning <u>Balance</u>	Transfers/ <u>Additions</u>	Transfers/ <u>Deletions</u>	Ending <u>Balance</u>
Capital assets, not being depreciated:				
Land	\$ 23,775,920	\$ 847,862	\$ -	\$ 24,623,782
Construction in progress	2,992,786	4,388,101	(250,800)	7,130,087
Historical/Artwork Collections	45,000	-	-	45,000
Total capital assets not being depreciated	<u>26,813,706</u>	<u>5,235,963</u>	<u>(250,800)</u>	<u>31,798,869</u>
Capital assets being depreciated:				
Buildings	38,143,837	242,162	-	38,385,999
Improvements other than buildings	20,708,135	75,654	-	20,783,789
Infrastructure	115,801,569	1,761,888	-	117,563,457
Vehicles	3,979,311	643,412	-	4,622,723
Machinery and equipment	11,303,797	256,831	(134,206)	11,426,422
Total capital assets being depreciated	<u>189,936,649</u>	<u>2,979,947</u>	<u>(134,206)</u>	<u>192,782,390</u>
Less accumulated depreciation for:				
Buildings	(3,986,553)	(763,272)	-	(4,749,825)
Improvements other than buildings	(3,492,056)	(808,856)	-	(4,300,912)
Infrastructure	(34,467,648)	(3,494,198)	-	(37,961,846)
Vehicles	(2,064,235)	(396,445)	-	(2,460,680)
Machinery and equipment	(7,202,933)	(772,745)	134,206	(7,841,472)
Total accumulated depreciation	<u>(51,213,425)</u>	<u>(6,235,516)</u>	<u>134,206</u>	<u>(57,314,735)</u>
Total capital assets being depreciated, net	<u>138,723,224</u>	<u>(3,255,569)</u>	<u>-</u>	<u>135,467,655</u>
Governmental activities capital assets, net	<u>\$ 165,536,930</u>	<u>\$ 1,980,394</u>	<u>\$ (250,800)</u>	<u>\$ 167,266,524</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	\$ 4,350,047	\$ 63,159	\$ -	\$ 4,413,206
Construction in progress	1,315,129	1,637,461	(924,207)	2,028,383
Total capital assets not being depreciated	<u>5,665,176</u>	<u>1,700,620</u>	<u>(924,207)</u>	<u>6,441,589</u>
Capital assets, being depreciated:				
Water systems	43,215,958	1,820,529	-	45,036,487
Wastewater systems	35,108,105	1,473,863	-	36,581,968
Infrastructure	30,524	-	-	30,524
Building and improvements	5,959,212	19,424	-	5,978,636
Machinery and equipment	1,154,080	5,798	(16,903)	1,142,975
Vehicles	1,900,992	344,075	-	2,245,067
Capitalized interest	338,852	-	-	338,852
Total capital assets being depreciated	<u>87,707,723</u>	<u>3,663,689</u>	<u>(16,903)</u>	<u>91,354,509</u>
Less accumulated depreciation for:				
Water systems	(9,028,578)	(945,640)	-	(9,974,218)
Wastewater systems	(6,051,613)	(720,983)	-	(6,772,596)
Infrastructure	(4,274)	(3,052)	-	(7,326)
Building and improvements	(2,511,902)	(185,658)	-	(2,697,560)
Machinery and equipment	(830,147)	(109,545)	16,903	(922,789)
Vehicles	(864,127)	(161,040)	-	(1,025,167)
Capitalized interest	(93,480)	(8,121)	-	(101,601)
Total accumulated depreciation	<u>(19,384,121)</u>	<u>(2,134,039)</u>	<u>16,903</u>	<u>(21,501,257)</u>
Total capital assets being depreciated, net	<u>68,323,602</u>	<u>1,529,650</u>	<u>-</u>	<u>69,853,252</u>
Business-type activities capital assets, net	<u>\$ 73,988,778</u>	<u>\$ 3,230,270</u>	<u>\$ (924,207)</u>	<u>\$ 76,294,841</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 \$1,219,900 and are included in the above schedule.

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

Governmental activities:	
General government	\$ 173,727
Public safety	711,111
Public works, which includes the depreciation of general infrastructure assets	4,560,546
Culture and recreation	790,132
Total depreciation expense - governmental activities	<u>\$ 6,235,516</u>
Business-type activities:	
Water and wastewater	\$ 1,759,368
Golf course	202,461
Solid waste	545
Cemetery	10,625
Vehicle replacement fund	161,040
Total depreciation expense - business-type activities	<u>\$ 2,134,039</u>

## Construction commitments

At September 30, 2012, 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 2012. 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, 2012.

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>(1,216,296)</u>	<u>(270,820)</u>
Total	<u>\$ 1,112,099</u>	<u>\$ 191,170</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.	\$ 118,279
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.	53,181
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.	59,148
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.	83,651
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.	70,041
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.	98,236
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.	129,904
Deferred bond issuance costs resulting from the 2012 water and sewer revenue bonds. The costs are being amortized over the life of the bond issue.	92,943
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.	1,437,944
Miscellaneous prepaid expenses	150
Prepaid arbitrage liability.	38,143
	<u>\$ 2,181,620</u>

The amounts above are net of accumulated amortization of \$1,305,632.

### 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.	\$ 458,260
Costs incurred in the development of a long-term master infrastructure plan. The costs are being amortized over 20 years.	81,881
	<u>\$ 540,141</u>

The amounts above are net of accumulated amortization of \$310,742.

### 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.	\$ 9,675
Deferred bond issuance costs resulting from the 2004 golf course revenue bonds. The costs are being amortized over the life of the bond issue.	86,838
	<u>\$ 96,513</u>

The amounts above are net of accumulated amortization of \$154,657.

**7. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

**Interfund Receivables/Payables**

The composition of inter-fund balances as of September 30, 2012, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Equipment Replacement	4A Special Revenue Fund	\$ 322,779
Governmental Equipment Replacement	Economic Development Fund	\$ 46,934
General Fund	Grant Fund	\$ 77,829

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, 2012, were as follows:

<u>Transfers out:</u>	<u>Transfers In:</u>				
	General Fund	Parks Performance	Hidden Creek GC	Equipment Services Fund	Support Services Fund
BCSDC Special Revenue	-	962,908	1,030,280	-	-
4A Corp Special Revenue	322,859	-	-	-	-
Solid Waste Fund	280,735	-	-	-	-
General Fund	-	40,000	83,622	7,593	14,130
Water & Wastewater	570,000	-	-	-	-
Non-major Governmental Mineral Lease Funded Capital Projects	-	-	-	-	-
<b>Total</b>	<b>\$ 1,173,594</b>	<b>\$ 1,002,908</b>	<b>\$ 1,113,902</b>	<b>\$ 7,593</b>	<b>\$ 14,130</b>

<u>Transfers out:</u>	<u>Transfers In:</u>		
	General Debt Service	Non-major Governmental	Total Transfers From
BCSDC Special Revenue	-	1,951,713	(3,944,901)
4A Corp Special Revenue	-	1,831,481	(2,154,340)
Solid Waste Fund	-	-	(280,735)
General Fund	-	-	(145,345)
Water & Wastewater	-	-	(570,000)
Non-major Governmental Mineral Lease Funded Capital Projects	-	329,760	(329,760)
	1,193,000	-	(1,193,000)
<b>Total</b>	<b>\$ 1,193,000</b>	<b>\$ 4,112,954</b>	<b>\$ (8,618,081)</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:

Fund	Amount
Water and Wastewater	\$ 1,002,863
Capital Projects	414,267
Solid Waste	35,863
Hotel Motel	10,200
Total to General Fund	\$ 1,463,193

**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:

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

**Payments in Lieu of Property Taxes**

For fiscal year 2011-2012, the Water and Wastewater fund made a \$570,000 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, 2012, are summarized as follows:

	Balance at October 1, 2011	Increased	Retired	Balance at September 30, 2012	Due within one year
<i>Governmental activities:</i>					
General obligation bonds	\$ 35,910,000	\$ 5,040,000	\$ 4,114,000	\$ 36,836,000	\$ 2,144,001
Certificates of obligation	39,825,000	-	4,605,000	35,220,000	1,915,000
Sales tax revenue bonds	7,645,000	-	920,000	6,725,000	960,000
Compensated absences	3,174,855	1,580,724	1,402,902	3,352,677	1,572,833
Capital leases	1,261,524	-	364,918	896,606	133,616
Premium on debt	1,112,448	241,345	164,087	1,189,706	-
Deferred loss on refunding	<u>(311,635)</u>	<u>(409,802)</u>	<u>(75,813)</u>	<u>(645,624)</u>	<u>-</u>
Governmental activities long-term debt	<u>\$ 88,617,192</u>	<u>\$ 6,452,267</u>	<u>\$ 11,495,094</u>	<u>\$ 83,574,365</u>	<u>\$ 6,725,450</u>
<i>Business-type activities:</i>					
General obligation bonds	\$ 14,945,000	\$ -	\$ 446,000	\$ 14,499,000	\$ 891,000
Certificates of obligation	21,365,000	-	810,000	20,555,000	935,000
Water & sewer revenue bonds	10,590,000	4,300,000	1,230,000	13,660,000	920,000
Compensated absences	271,047	266,155	217,458	319,744	185,911
Capital leases	307,838	-	77,706	230,132	59,032
Premium on debt	307,133	202,222	48,537	460,818	-
Deferred loss on refunding	<u>(721,871)</u>	<u>-</u>	<u>(106,834)</u>	<u>(615,037)</u>	<u>-</u>
Business-type activities long-term debt	<u>\$ 47,064,147</u>	<u>\$ 4,768,377</u>	<u>\$ 2,722,867</u>	<u>\$ 49,109,657</u>	<u>\$ 2,990,943</u>

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

Bonds payable at September 30, 2012, 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	\$ -
2004 Series	2.50 - 5.00	4/15/2004	3/1/2025	875,000	581,000
2005 Series	3.00 - 4.25	2/1/2005	3/1/2025	3,970,000	2,995,000
2006 Series	4.00 - 4.25	11/15/2006	3/1/2026	2,400,000	2,085,000
2007 Series	4.00 - 4.625	6/15/2007	3/1/2024	4,100,000	3,400,000
2008 Series	4.00 - 4.625	4/15/2008	3/1/2028	14,750,000	12,825,000
2010 Series	2.00 - 4.25	5/1/2010	3/1/2030	10,805,000	9,910,000
2012 Series	2.00 - 4.00	5/16/2012	5/16/2032	5,040,000	5,040,000
Total general obligation bonds				<u>47,710,000</u>	<u>36,836,000</u>
Certificates of obligation:					
2005 Tax and Revenue	3.00 - 5.00	2/1/2005	3/1/2025	14,965,000	8,695,000
2006 Tax and Revenue	4.00 - 4.25	11/15/2006	3/1/2026	5,840,000	4,930,000
2007 Tax and Revenue	4.00 - 4.625	6/15/2007	3/1/2024	4,100,000	3,400,000
2008 Tax and Revenue	4.00 - 4.625	4/15/2008	3/1/2028	20,900,000	18,195,000
Total certificates of obligation				<u>45,805,000</u>	<u>35,220,000</u>
Sales tax revenue bonds:					
2010 Sales Tax Revenue bonds	2.00 - 4.00	5/1/2010	9/1/2021	8,565,000	6,725,000
Total sales tax revenue bonds				<u>8,565,000</u>	<u>6,725,000</u>
Total governmental activities				<u>\$ 102,080,000</u>	<u>\$ 78,781,000</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	\$ 3,979,000
2011 Water & Sewer refunding	4.00 - 4.375	5/1/2011	3/1/2027	10,770,000	10,520,000
Total general obligation bonds				<u>16,755,000</u>	<u>14,499,000</u>
Certificates of Obligation					
2006 Tax and Revenue	4.00 - 4.25	11/15/2006	3/1/2026	6,125,000	4,945,000
2007 Tax and Revenue	4.00 - 4.625	6/15/2007	3/1/2024	5,700,000	4,735,000
2008 Tax and Revenue	4.00 - 4.625	4/15/2008	3/1/2028	4,545,000	3,960,000
2011 Tax and Revenue	4.00 - 4.375	5/1/2011	3/1/2031	7,075,000	6,915,000
Total certificates of obligation				<u>23,445,000</u>	<u>20,555,000</u>
Water and sewer revenue bonds					
2002 Improvement	3.00 - 5.05	8/15/2002	3/1/2027	10,850,000	
2005 Improvement	3.00 - 4.40	5/15/2005	9/1/2025	5,370,000	4,680,000
2006 Refunding	4.00 - 4.50	4/1/2006	3/1/2021	8,995,000	4,680,000
2012 Improvement	2.00 - 4.00	4/15/2012	3/1/2032	4,300,000	4,300,000
Total water and sewer revenue bonds				<u>29,515,000</u>	<u>13,660,000</u>
Total business-type activities				<u>\$ 69,715,000</u>	<u>\$ 48,714,000</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, 2012, are as follows:

Years Ending September 30,	Governmental Activities							
	General Obligation	GO Interest	Certificates of Obligation	CO Interest	Sales Tax Revenue Bonds	STR Interest	Capital Leases	Capital Lease Interest
2013	2,144,001	1,373,953	1,915,000	1,635,598	960,000	269,000	133,616	47,909
2014	1,754,000	1,311,679	1,995,000	1,564,972	625,000	230,600	141,314	34,422
2015	1,816,000	1,251,730	2,065,000	1,486,335	650,000	205,600	101,305	28,288
2016	1,868,000	1,187,455	2,155,000	1,396,726	675,000	179,600	107,992	23,504
2017-2021	10,524,000	4,831,978	12,330,000	4,753,703	3,815,000	470,000	412,379	40,071
2022-2026	13,615,000	2,503,338	11,440,000	1,963,126	-	-	-	-
2027-2031	5,114,999	355,879	3,320,000	147,504	-	-	-	-
2032-2036	-	-	-	-	-	-	-	-
Total	\$ 36,836,000	\$ 12,816,012	\$ 35,220,000	\$ 12,947,964	\$ 6,725,000	\$ 1,354,800	\$ 896,606	\$ 174,194

Years Ending September 30,	Business-type Activities							
	General Obligation	GO Interest	Certificates of Obligation	CO Interest	Water and Wastewater Revenue Bonds	Water and Wastewater Interest	Capital Leases	Capital Lease Interest
2013	891,000	542,234	935,000	842,308	920,000	565,957	59,032	12,426
2014	1,541,000	503,845	965,000	777,845	400,000	492,016	62,548	9,006
2015	939,000	464,119	1,005,000	742,095	1,070,000	465,976	93,898	2,435
2016	977,000	432,563	1,045,000	734,123	1,160,000	424,766	2,751	581
2017-2021	4,611,000	1,640,309	5,880,000	3,008,437	5,470,000	1,475,875	11,903	1,081
2022-2026	5,180,000	560,164	7,275,000	1,618,421	3,035,000	631,643	-	-
2027-2031	360,000	7,875	3,450,000	326,058	1,605,000	-	-	-
Total	\$ 14,499,000	\$ 4,151,109	\$ 20,555,000	\$ 8,049,287	\$ 13,660,000	\$ 4,056,233	\$ 230,132	\$ 25,529

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, 2012, the unpaid amount of the defeased bonds total \$36,096,000.

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, 2012, 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, 2012, 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, 2012, 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, 2012, 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 2012 approximately 1,684,943,857 gallons of water were purchased under the contract at a cost of approximately \$3,599,276.

## 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 2011	Plan Year 2012
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)	\$ 2,450,617
2. Interest on Net Pension Obligation	74,330
3. Adjustment to the ARC	(63,894)
4. Annual Pension Cost (APC)	<u>2,461,053</u>
5. Contributions Made	<u>(2,329,742)</u>
6. Increase (decrease) in net pension obligation	131,311
7. Net Pension Obligation/(Asset), beginning of year	<u>1,061,855</u>
8. Net Pension Obligation/(Asset), end of year	<u><u>\$ 1,193,166</u></u>

Three-Year Trend Information for TMRS:

Fiscal Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed	Net Pension Obligation
9/30/2010	\$ 2,388,463	85%	\$ 364,860
9/30/2011	2,534,837	88%	304,374
9/30/2012	2,450,617	95%	1,193,166

The required contribution rates for fiscal year 2012 were determined as part of the December 31, 2008 and 2009 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2011, also follows:

Valuation Date	12/31/2009	12/31/2010	12/31/2011
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	28.2 years; open period	27.3 years; closed period	26.3 years; closed period
Asset Valuation Method	10-yr smoothed market	10-yr smoothed market	10-yr smoothed market
Actuarial Assumptions:			
Investment Rate of Return	7.5%	7.0%	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, 2011, 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)
12/31/2011	\$ 41,736,377	\$ 57,367,480	72.8%	\$ 15,631,093	\$ 16,259,376	96.1%

Actuarial valuations involve estimates of the value reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. 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 2012, 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, 2012, is as follows:

Annual Required Contribution (ARC)	\$ 162,574
Interest on OPEB Obligation	558
Adjustment to the ARC	(517)
End of Year Annual OPEB Cost (Expense)	<u>162,615</u>
Net Estimated Employer Contributions	<u>(24,494)</u>
Increase in Net OPEB Obligation	138,121
Beginning of Year Net OPEB Obligation (Asset)	<u>12,410</u>
End of Year Net OPEB Obligation (Asset)	<u><u>\$ 150,531</u></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, 2012 is as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Amount Contributed	Percentage Contributed	Net Pension Obligation
9/30/2012	\$ 162,615	\$ 24,494	15.1%	\$ 150,531

#### 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 Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (d)	Ratio of UAAL to Annual Covered Payroll (b-a)/d
2010	-	\$ 1,402,121	\$ 1,402,121	0%	\$ 16,461,239	8.50%

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
2010	0.01%	0.01%	100%
2011	0.01%	0.01%	100%
2012	0.01%	0.01%	100%

## 15. PRIOR PERIOD ADJUSTMENT

During the current fiscal year, the following prior period adjustments were made in the fund financial statements:

- In the Water and Wastewater Fund, an adjustment of \$52,306 was made to correct the prior year's net pension obligation balance.
- In the Hidden Creek Golf Course Fund, an adjustment of \$30,341 was made to correct the prior year's net pension obligation balance.
- In the Solid Waste Fund, an adjustment of \$11,076 was made to correct the prior year's net pension obligation balance.
- In the Equipment Services Fund, an adjustment of \$14,144 was made to correct the prior year's net pension obligation balance.
- In the Support Services Fund, an adjustment of \$7,966 was made to correct the prior year's net pension obligation balance.
- \$574,065 of mineral lease revenue was moved from the mineral lease capital project fund to the cemetery fund.
- Each of these adjustments is also included in the government-wide financial statements.

During the current fiscal year, the following prior period adjustments were made in the government-wide financial statements:

- In Governmental Activities, an adjustment of \$641,648 was made to correct the prior year's net pension obligation balance.

\* \* \* \* \*

# REQUIRED SUPPLEMENTAL INFORMATION



CITY OF BURLESON, TEXAS  
 General Fund  
 Budgetary Comparison Schedule  
 For the Year Ended September 30, 2012

D-1

	Budgeted Amounts		Actual Amounts	Adjustments	Actual Amounts	Variance -
	Original	Final	GAAP Basis	Budget Basis	Budget Basis	Positive (Negative)
<b>REVENUES</b>						
Property taxes	\$ 11,738,055	\$ 11,733,055	\$ 11,850,183	\$ -	\$ 11,850,183	\$ 117,128
Sales taxes	5,794,000	6,595,000	7,153,565	-	7,153,565	558,565
Franchise fees	2,720,875	2,689,000	2,755,431	-	2,755,431	66,431
Licenses and permits	1,032,050	977,685	1,014,677	-	1,014,677	36,992
Intergovernmental	170,037	170,037	170,143	-	170,143	106
Charges for forfeitures	1,136,075	1,405,865	1,432,095	-	1,432,095	26,230
Fines and forfeitures	876,000	847,000	773,055	-	773,055	(73,945)
Investment income	45,000	25,001	41,865	-	41,865	16,864
Miscellaneous and other	1,763,745	2,261,985	1,191,606	1,173,594	2,365,200	103,215
Total revenues	<u>25,275,837</u>	<u>26,704,628</u>	<u>26,382,620</u>	<u>1,173,594</u>	<u>27,556,214</u>	<u>851,586</u>
<b>EXPENDITURES</b>						
General government						
City Council	83,975	77,543	70,312	-	70,312	7,231
City Manager's office	524,937	735,159	727,272	170	727,442	7,717
Legal	206,000	257,000	299,298	-	299,298	(42,298)
Communications	104,909	105,154	105,231	(356)	104,875	279
City Secretary's office	359,740	358,354	351,360	4,121	355,481	2,873
Records and information services	72,674	71,709	70,232	(440)	69,792	1,917
Support services	214,309	225,974	209,217	(157)	209,060	16,914
Human resources	463,120	456,976	437,981	(1,979)	436,002	20,974
Finance	948,032	855,257	850,617	(1,129)	849,488	5,769
Tax	196,405	213,686	213,691	-	213,691	(5)
Purchasing	109,938	109,399	110,392	(769)	109,623	(224)
Risk management	-	926,225	745,959	-	745,959	180,266
Non-Departmental	641,836	550,400	425,343	108,948	534,291	16,109
Neighborhood services	117,226	137,593	133,694	(2,348)	131,346	6,247
	<u>4,043,101</u>	<u>5,080,429</u>	<u>4,750,599</u>	<u>106,061</u>	<u>4,856,660</u>	<u>223,769</u>
Public safety						
Police	7,561,683	7,437,868	7,392,231	2,287	7,394,518	43,350
Fire	3,846,729	3,825,741	3,761,767	22,691	3,784,458	41,283
Fire prevention	340,862	346,141	342,430	(2,147)	340,283	5,858
Emergency services	95,723	92,002	76,466	7,300	83,766	8,236
Municipal court	640,768	644,409	604,741	2,010	606,751	37,658
Animal services	372,940	363,070	347,044	(731)	346,313	16,757
Code enforcement	172,971	183,332	181,182	(828)	180,354	2,978
	<u>13,031,676</u>	<u>12,892,563</u>	<u>12,705,861</u>	<u>30,582</u>	<u>12,736,443</u>	<u>156,120</u>
Public works						
Public works administration	466,540	464,200	464,006	(2,556)	461,450	2,750
Facilities maintenance	632,654	670,263	618,746	2,781	621,527	48,736
Pavement maintenance	2,333,219	2,363,258	2,331,835	(4,058)	2,327,777	35,481
Drainage maintenance	288,777	263,498	236,911	2,676	239,587	23,911
Traffic control maintenance	224,762	229,650	225,163	(817)	224,346	5,304
Environmental services	117,128	117,082	130,722	(605)	130,117	(13,035)
Engineering/capital	137,913	131,350	127,358	(1,005)	126,353	4,997
Engineering/development	323,264	326,057	272,605	49,231	321,836	4,221
Gas well development	314,108	308,462	302,900	(986)	301,914	6,548
Building inspections	357,170	341,732	342,175	3,733	345,908	(4,176)
	<u>\$ 5,195,535</u>	<u>\$ 5,215,552</u>	<u>\$ 5,052,421</u>	<u>\$ 48,394</u>	<u>\$ 5,100,815</u>	<u>\$ 114,737</u>

(Continued)

CITY OF BURLESON, TEXAS  
 General Fund  
 Budgetary Comparison Schedule  
 For the Year Ended September 30, 2012

D-1

	Budgeted Amounts		Actual Amounts GAAP Basis	Adjustments Budget Basis	Actual Amounts Budget Basis	Variance - Positive (Negative)
	Original	Final				
Culture and recreation						
Library	\$ 852,901	\$ 863,297	\$ 858,014	\$ (958)	\$ 857,056	\$ 6,241
Parks and recreation administration	196,470	236,500	195,866	40,369	236,235	265
Recreation	189,513	190,452	192,861	(1,280)	191,581	(1,129)
Parks maintenance	822,283	793,628	776,909	205	777,114	16,514
Senior Center	102,835	103,173	101,304	(1,441)	99,863	3,310
	<u>2,164,002</u>	<u>2,187,050</u>	<u>2,124,954</u>	<u>36,895</u>	<u>2,161,849</u>	<u>25,201</u>
Community development						
Economic development	385,998	401,807	295,476	46,314	341,790	60,017
Community development	534,475	486,156	397,895	7,416	405,311	80,845
	<u>920,473</u>	<u>887,963</u>	<u>693,371</u>	<u>53,730</u>	<u>747,101</u>	<u>140,862</u>
Total expenditures	<u>25,354,787</u>	<u>26,263,557</u>	<u>25,327,206</u>	<u>275,662</u>	<u>25,602,868</u>	<u>660,689</u>
Excess of revenues over expenditures	(78,950)	441,071	1,055,414	897,932	1,953,346	1,512,275
<b>OTHER FINANCING SOURCES (USES)</b>						
Capital lease proceeds						
Operating transfers in	-	-	1,173,594	(1,173,594)	-	-
Operating transfers out	-	-	(145,345)	145,345	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>1,028,249</u>	<u>(1,028,249)</u>	<u>-</u>	<u>-</u>
Excess of revenues and other sources over expenditures and other uses	(78,950)	441,071	2,083,663	(130,317)	1,953,346	1,512,275
Fund balances - beginning	8,446,778	8,446,778	8,446,778		8,466,778	-
Fund balances - ending	<u>\$ 8,367,828</u>	<u>\$ 8,887,849</u>	<u>\$ 10,530,441</u>	<u>\$ (130,317)</u>	<u>\$ 10,420,124</u>	<u>\$ 1,512,275</u>
Explanation of differences:						
Reserved (GAAP) for encumbrances at September 30, 2012 but recognized as expenditures for budget purposes					\$ (149,846)	
Non-cash GAAP items not included in budget					19,529	
Net decrease in fund balance - GAAP to budget					<u>\$ (130,317)</u>	

(Concluded)

**CITY OF BURLESON, TEXAS**  
**Major Special Revenue Funds**  
**Budgetary Comparison Schedule**  
**For the Year Ended September 30, 2012**

	<u>BCSDC Special Revenue</u>				<u>4A Corp Special Revenue</u>	
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>	<u>Original</u>	<u>Final</u>
	<u>Budget</u>	<u>Budget</u>		<u>Positive</u>	<u>Budget</u>	<u>Budget</u>
			<u>(Negative)</u>			
<b>REVENUES</b>						
Property taxes and assessments						
Sales taxes	\$ 2,962,000	\$ 3,200,000	\$ 3,648,912	\$ 448,912	\$ 3,002,000	\$ 3,200,000
Charges for goods and services	-	-	-	-	-	-
Revenue from use of assets	3,000	3,000	2,459	(541)	4,000	4,000
Miscellaneous	-	-	-	-	-	-
Total Revenues	<u>2,965,000</u>	<u>3,203,000</u>	<u>3,651,371</u>	<u>448,371</u>	<u>3,006,000</u>	<u>3,204,000</u>
<b>EXPENDITURES</b>						
Current						
Community development	3,500	3,500	3,500	-	89,461	89,461
Culture and recreation	-	-	-	-	-	-
Total Expenditures	<u>3,500</u>	<u>3,500</u>	<u>3,500</u>	<u>-</u>	<u>89,461</u>	<u>89,461</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,961,500</u>	<u>3,199,500</u>	<u>3,647,871</u>	<u>448,371</u>	<u>2,916,539</u>	<u>3,114,539</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Operating transfers in (out)	<u>(3,167,216)</u>	<u>(3,945,951)</u>	<u>(3,944,901)</u>	<u>1,050</u>	<u>(2,652,414)</u>	<u>(2,186,199)</u>
Total Other Financing Sources (Uses)	<u>(3,167,216)</u>	<u>(3,945,951)</u>	<u>(3,944,901)</u>	<u>1,050</u>	<u>(2,652,414)</u>	<u>(2,186,199)</u>
Net change in fund balances	(205,716)	(746,451)	(297,030)	449,421	264,125	928,340
Fund balance - beginning	<u>2,362,089</u>	<u>2,362,089</u>	<u>2,362,090</u>	<u>-</u>	<u>2,162,677</u>	<u>2,162,677</u>
Fund balance - ending	<u>\$ 2,156,373</u>	<u>\$ 1,615,638</u>	<u>\$ 2,065,060</u>	<u>\$ 449,421</u>	<u>\$ 2,426,802</u>	<u>\$ 3,091,017</u>

4A Corp Special Revenue			Parks Performance Fund		
Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
\$ 3,689,412	\$ 489,412	\$ 1,842,250	\$ 1,856,650	\$ -	\$ (1,856,650)
-	-	-	-	1,962,728	1,962,728
3,505	(495)	1,000	1,000	1,944	944
-	-	-	-	8,012	8,012
<u>3,692,917</u>	<u>488,917</u>	<u>1,843,250</u>	<u>1,857,650</u>	<u>1,972,684</u>	<u>115,034</u>
89,461	-	-	-	-	-
-	-	2,717,658	2,881,021	2,798,523	82,498
<u>89,461</u>	<u>-</u>	<u>2,717,658</u>	<u>2,881,021</u>	<u>2,798,523</u>	<u>82,498</u>
<u>3,603,456</u>	<u>488,917</u>	<u>(874,408)</u>	<u>(1,023,371)</u>	<u>(825,839)</u>	<u>197,532</u>
<u>(2,154,340)</u>	<u>31,859</u>	<u>874,408</u>	<u>962,908</u>	<u>1,002,908</u>	<u>40,000</u>
<u>(2,154,340)</u>	<u>31,859</u>	<u>874,408</u>	<u>962,908</u>	<u>1,002,908</u>	<u>40,000</u>
1,449,116	520,776	-	(60,463)	177,069	237,532
<u>2,162,680</u>	<u>-</u>	<u>362,474</u>	<u>362,474</u>	<u>362,472</u>	<u>-</u>
<u>\$ 3,611,796</u>	<u>\$ 520,776</u>	<u>\$ 362,474</u>	<u>\$ 302,011</u>	<u>\$ 539,541</u>	<u>\$ 237,532</u>

**CITY OF BURLESON, TEXAS**  
**TMRS Analysis of Funding Progress**  
**For the Year Ended September 30, 2012**

**D-3**

Actuarial Valuation Date	December 31, 2011	December 31, 2010	December 31, 2009
Actuarial Value of Assets	\$ 41,736,377	\$ 36,966,987	\$ 26,743,000
Actuarial Accrued Liability	\$ 57,367,470	\$ 52,925,678	\$ 42,496,105
Percentage Funded	72.80%	69.8%	62.9%
Unfunded (over-funded)			
Actuarial Accrued Liability (UAAL)	\$ 15,631,093	\$ 15,958,691	\$ 15,753,105
Annual Covered Payroll	\$ 16,259,376	\$ 16,461,239	\$ 16,538,615
UAAL as a Percentage of Covered Payroll	96.10%	96.9%	95.3%

CITY OF BURLESON, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

September 30, 2012

(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 fun balance reserves; transfers of appropriations between funds; transfers between departments within funds; new inter-fund loans or advance; and creation of new capital projects or increases to existing capital projects.
  - b. Items delegated to the City Manger – 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 accrual 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 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 the 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.

**COMBINING  
AND INDIVIDUAL  
FUND STATEMENTS  
AND SCHEDULES**



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 ½ 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 ½ 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 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**  
**For the Year Ended September 30, 2012**

	<b>Special Revenue Funds</b>			
	<b>Hotel/Motel</b>	<b>Grants</b>	<b>TIF</b>	<b>Other Special Revenue</b>
<b>ASSETS</b>				
Current assets				
Cash, cash equivalents and temporary investments	\$ 347,718	\$ -	\$ 387,968	\$ 1,675,251
Receivables:				
Accrued Interest	-	-	-	-
Taxes receivable	39,368	-	-	-
Accounts receivable	-	-	-	46,934
Due from other governmental units	-	88,126	1,248	55,698
<b>Total Assets</b>	<b>\$ 387,086</b>	<b>\$ 88,126</b>	<b>\$ 389,216</b>	<b>\$ 1,777,883</b>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 589	\$ 10,297	\$ -	\$ 544,181
Accrued liabilities	-	-	-	1,119,519
Due to other funds	-	77,829	-	46,934
<b>Total Liabilities</b>	<b>589</b>	<b>88,126</b>	<b>-</b>	<b>1,710,634</b>
<b>FUND BALANCES</b>				
Nonspendable				
Restricted for:				
Debt Service	-	-	-	-
Economic development	-	-	389,216	-
Tourism	386,497	-	-	-
Committed for:				
Economic development	-	-	-	67,249
Capital Projects	-	-	-	-
<b>Total Fund Balances</b>	<b>386,497</b>	<b>-</b>	<b>389,216</b>	<b>67,249</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 387,086</b>	<b>\$ 88,126</b>	<b>\$ 389,216</b>	<b>\$ 1,777,883</b>

Capital Project Funds				Debt Service Funds		Total Other Governmental Funds
4A Non-Bond Funded	BCSDC Non-Bond Funded	Street Paving Trust Fund	Miscellaneous Non-bond Funded	4A Debt Service	BCSDC Debt Service	
\$ 166,718	\$ 57,667	\$ 1,496,216	\$ 943,092	\$ 667,282	\$ 1,189,036	\$ 6,930,948
699	139	3,612	2,514	-	-	6,964
-	-	-	-	-	-	39,368
-	-	-	-	1,193	-	48,127
-	-	-	-	-	-	145,072
<u>\$ 167,417</u>	<u>\$ 57,806</u>	<u>\$ 1,499,828</u>	<u>\$ 945,606</u>	<u>\$ 668,475</u>	<u>\$ 1,189,036</u>	<u>\$ 7,170,479</u>
\$ 4,758	\$ -	\$ -	\$ 15,253	\$ -	\$ -	\$ 575,078
-	-	-	-	-	-	1,119,519
-	-	-	-	-	-	124,763
<u>4,758</u>	<u>-</u>	<u>-</u>	<u>15,253</u>	<u>-</u>	<u>-</u>	<u>1,819,360</u>
-	-	-	-	668,475	1,189,036	1,857,511
-	-	-	-	-	-	389,216
-	-	-	-	-	-	386,497
-	-	-	-	-	-	67,249
<u>162,659</u>	<u>57,806</u>	<u>1,499,828</u>	<u>930,353</u>	<u>-</u>	<u>-</u>	<u>2,650,646</u>
<u>162,659</u>	<u>57,806</u>	<u>1,499,828</u>	<u>930,353</u>	<u>668,475</u>	<u>1,189,036</u>	<u>5,351,119</u>
<u>\$ 167,417</u>	<u>\$ 57,806</u>	<u>\$ 1,499,828</u>	<u>\$ 945,606</u>	<u>\$ 668,475</u>	<u>\$ 1,189,036</u>	<u>\$ 7,170,479</u>

**CITY OF BURLESON, TEXAS**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended September 30, 2012**

	<b>Special Revenue Funds</b>			
	<b>Hotel/Motel</b>	<b>Grants</b>	<b>TIF</b>	<b>Other Special Revenue</b>
<b>REVENUES</b>				
Property taxes	\$ -	\$ -	\$ 199,229	\$ 317,042
Street assessments	-	-	-	-
Sales taxes	146,202	-	-	326,508
Intergovernmental revenue	-	108,091	-	-
Court costs and fines	-	-	-	439,359
Contributions and donations	-	-	-	443,361
Interest income	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<b>146,202</b>	<b>108,091</b>	<b>199,229</b>	<b>1,526,270</b>
<b>EXPENDITURES</b>				
Current operations:				
General government	-	-	-	3,430
Community development	-	-	-	859,348
Public safety	-	95,454	-	454,780
Public works	-	-	-	36,478
Culture and recreation	52,897	12,637	-	58,271
Debt Service:				
Principal retirement	-	-	-	-
Interest and fiscal agent charges	-	-	-	-
Debt issuance cost	-	-	-	-
Capital expenditures	-	-	-	-
<b>Total Expenditures</b>	<b>52,897</b>	<b>108,091</b>	<b>-</b>	<b>1,412,307</b>
Excess (deficiency) of revenues over (under) expenditures	<b>93,305</b>	<b>-</b>	<b>199,229</b>	<b>113,963</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	(329,760)
Transfer to fiscal agent	-	-	-	-
Bond sale proceeds	-	-	-	-
Premium on debt issuance	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(329,760)</b>
Net change in fund balances	93,305	-	199,229	(215,797)
Fund balance - beginning	293,192	-	189,987	283,046
Fund balance - ending	<u>\$ 386,497</u>	<u>\$ -</u>	<u>\$ 389,216</u>	<u>\$ 67,249</u>

Capital Project Funds				Debt Service Funds		Total Other Governmental Funds
4A Non-Bond Funded	BCSDC Non-Bond Funded	Street Paving Trust Fund	Miscellaneous Non-bond Funded	4A Debt Service	BCSDC Debt Service	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 516,271
-	-	80,031	-	-	-	80,031
-	-	-	-	-	-	472,710
-	-	-	-	-	-	108,091
-	-	-	-	-	-	439,359
-	-	-	-	-	-	443,361
1,027	188	4,784	5,315	901	1,711	13,926
-	-	-	191,400	-	-	191,400
<u>1,027</u>	<u>188</u>	<u>84,815</u>	<u>196,715</u>	<u>901</u>	<u>1,711</u>	<u>2,265,149</u>
-	-	-	-	-	-	3,430
-	-	-	-	-	-	859,348
-	-	-	-	-	-	550,234
-	-	-	-	-	-	36,478
-	-	-	-	-	-	123,805
-	-	-	-	1,036,418	1,210,000	2,246,418
-	-	-	-	789,538	702,381	1,491,919
-	-	-	-	58,789	-	58,789
<u>188,615</u>	<u>16,440</u>	<u>-</u>	<u>328,779</u>	<u>-</u>	<u>-</u>	<u>533,834</u>
<u>188,615</u>	<u>16,440</u>	<u>-</u>	<u>328,779</u>	<u>1,884,745</u>	<u>1,912,381</u>	<u>5,904,255</u>
<u>(187,588)</u>	<u>(16,252)</u>	<u>84,815</u>	<u>(132,064)</u>	<u>(1,883,844)</u>	<u>(1,910,670)</u>	<u>(3,639,106)</u>
-	40,000	-	329,760	1,831,481	1,911,713	4,112,954
-	-	-	-	-	-	(329,760)
-	-	-	-	(2,696,926)	-	(2,696,926)
-	-	-	-	2,594,088	-	2,594,088
-	-	-	-	124,221	-	124,221
-	<u>40,000</u>	<u>-</u>	<u>329,760</u>	<u>1,852,864</u>	<u>1,911,713</u>	<u>3,804,577</u>
(187,588)	23,748	84,815	197,696	(30,980)	1,043	165,471
<u>350,247</u>	<u>34,058</u>	<u>1,415,013</u>	<u>732,657</u>	<u>699,455</u>	<u>1,187,993</u>	<u>5,185,648</u>
<u>\$ 162,659</u>	<u>\$ 57,806</u>	<u>\$ 1,499,828</u>	<u>\$ 930,353</u>	<u>\$ 668,475</u>	<u>\$ 1,189,036</u>	<u>\$ 5,351,119</u>

**CITY OF BURLESON, TEXAS**  
**Debt Service Funds**  
**Budgetary Comparison Schedule**  
**For the Year Ended September 30, 2012**

	<b>General Debt Service Fund</b>				<b>BCDC Debt Service Fund</b>	
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>	<b>Original Budget</b>	<b>Final Budget</b>
<b>REVENUES</b>						
Property taxes and assessments	\$ 3,210,056	\$ 3,212,056	\$ 3,293,230	\$ 81,174	\$ -	\$ -
Revenue from use of assets	-	60	60	-	1,200	1,200
<b>Total Revenues</b>	<b>3,210,056</b>	<b>3,212,116</b>	<b>3,293,290</b>	<b>81,174</b>	<b>1,200</b>	<b>1,200</b>
<b>EXPENDITURES</b>						
Debt service:						
Principal retirement	2,562,582	2,562,582	2,562,582	-	1,210,000	1,210,000
Interest and fiscal agent charges	1,882,537	1,875,228	1,842,208	33,020	702,764	702,764
Debt issuance cost	-	61,596	60,471	1,125	-	-
<b>Total Expenditures</b>	<b>4,445,119</b>	<b>4,499,406</b>	<b>4,465,261</b>	<b>34,145</b>	<b>1,912,764</b>	<b>1,912,764</b>
Excess (deficiency) of revenues over (under) expenditures	(1,235,063)	(1,287,290)	(1,171,971)	115,319	(1,911,564)	(1,911,564)
<b>OTHER FINANCING SOURCES (USES)</b>						
Operating transfers in (out)	1,193,000	1,193,000	1,193,000	-	1,912,763	1,912,763
Transfer to fiscal agent	-	(2,542,876)	(2,542,876)	-	-	-
Bond sale proceeds	-	2,445,912	2,445,912	-	-	-
Bond Premium	-	117,125	117,125	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>1,193,000</b>	<b>1,213,161</b>	<b>1,213,161</b>	<b>-</b>	<b>1,912,763</b>	<b>1,912,763</b>
Net change in fund balances	(42,063)	(74,129)	41,190	115,319	1,199	1,199
Fund balance - beginning	778,717	778,717	778,717	-	1,187,993	1,187,993
Fund balance - ending	\$ 736,654	\$ 704,588	\$ 819,907	\$ 115,319	\$ 1,189,192	\$ 1,189,192

BCDC Debt Service Fund		4A Corp Debt Service Fund			
Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,711	511	3,800	3,800	901	(2,899)
1,711	511	3,800	3,800	901	(2,899)
1,210,000	-	1,036,418	1,036,418	1,036,418	-
702,381	383	826,922	795,777	789,538	6,239
-	-	-	59,982	58,789	1,193
1,912,381	383	1,863,340	1,892,177	1,884,745	7,432
(1,910,670)	894	(1,859,540)	(1,888,377)	(1,883,844)	4,533
1,911,713	(1,050)	1,863,340	1,832,195	1,831,481	(714)
-	-	-	(2,696,926)	(2,696,926)	-
-	-	-	2,594,088	2,594,088	-
-	-	-	124,221	124,221	-
1,911,713	(1,050)	1,863,340	1,853,578	1,852,864	(714)
1,043	(156)	3,800	(34,799)	(30,980)	3,819
1,187,993	-	699,455	699,455	699,455	-
\$ 1,189,036	\$ (156)	\$ 703,255	\$ 664,656	\$ 668,475	\$ 3,819

	<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 taxes	\$ 110,000	\$ 110,000	\$ 146,202	\$ 36,202
Total Revenues	<u>110,000</u>	<u>110,000</u>	<u>146,202</u>	<u>36,202</u>
<b>EXPENDITURES</b>				
Current				
Culture and recreation	64,822	67,139	52,897	14,242
Total Expenditures	<u>64,822</u>	<u>67,139</u>	<u>52,897</u>	<u>14,242</u>
Excess (deficiency) of revenues over (under) expenditures	<u>45,178</u>	<u>42,861</u>	<u>93,305</u>	<u>50,444</u>
Net change in fund balances	45,178	42,861	93,305	50,444
Fund balance - beginning	<u>293,192</u>	<u>293,192</u>	<u>293,192</u>	
Fund balance - ending	<u>\$ 338,370</u>	<u>\$ 336,053</u>	<u>\$ 386,497</u>	<u>\$ 50,444</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, 2012**

F-1

	<u>Equipment Services</u>	<u>Vehicle Replacement - Governmental</u>	<u>Vehicle Replacement - Business-Type</u>	<u>Support Services Fund</u>	<u>Total Internal Service Funds</u>
<b>ASSETS:</b>					
Current Assets					
Cash and investments	\$ 85,349	\$ 1,353,092	\$ 726,050	\$ 96,617	\$ 2,261,108
Receivables					
Accounts receivable	1,488	-	-	-	1,488
Accrued interest receivable	148	3,354	1,912	525	5,939
Due from other funds	-	369,713	-	-	369,713
Inventories	80,940	-	-	-	80,940
Total current assets	<u>167,925</u>	<u>1,726,159</u>	<u>727,962</u>	<u>97,142</u>	<u>2,719,188</u>
Noncurrent assets:					
Property, plant, and equipment, net	15,150	2,162,044	1,219,900	940,361	4,337,455
Total noncurrent assets	<u>15,150</u>	<u>2,162,044</u>	<u>1,219,900</u>	<u>940,361</u>	<u>4,337,455</u>
Total Assets	<u>183,075</u>	<u>3,888,203</u>	<u>1,947,862</u>	<u>1,037,503</u>	<u>7,056,643</u>
<b>LIABILITIES</b>					
Current Liabilities					
Accounts payable	5,008	4,569	-	16,664	26,241
Compensated absences	33,098	-	-	46,851	79,949
Accrued liabilities	13,859	-	-	23,498	37,357
Capital lease payable	1,409	-	-	-	1,409
Total Current Liabilities	<u>53,374</u>	<u>4,569</u>	<u>-</u>	<u>87,013</u>	<u>144,956</u>
Noncurrent Liabilities					
Net pension obligation	21,396	-	-	20,188	41,584
Other post-employment benefits	2,429	-	-	4,427	6,856
Capital lease payable	12,764	-	-	-	12,764
Compensated absences	47,352	-	-	51,726	99,078
Total noncurrent liabilities	<u>83,941</u>	<u>-</u>	<u>-</u>	<u>76,341</u>	<u>160,282</u>
Total Liabilities	<u>137,315</u>	<u>4,569</u>	<u>-</u>	<u>163,354</u>	<u>305,238</u>
<b>NET ASSETS (LIABILITIES)</b>					
Invested in capital assets, net of related deb	977	2,162,044	1,219,900	940,361	4,323,282
Unrestricted	44,783	1,721,590	727,962	(66,212)	2,428,123
Total Net Assets (Liabilities)	<u>\$ 45,760</u>	<u>\$ 3,883,634</u>	<u>\$ 1,947,862</u>	<u>\$ 874,149</u>	<u>\$ 6,751,405</u>

**CITY OF BURLESON, TEXAS**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Asset**  
**Internal Service Funds**  
**For the Year Ended September 30, 2012**

F-2

	<b>Equipment Services</b>	<b>Vehicle Replacement - Governmental</b>	<b>Vehicle Replacement - Business-Type</b>	<b>Support Services Fund</b>	<b>Total Internal Service Funds</b>
<b>Operating revenue</b>					
Charges for goods and services	\$ 480,560	\$ 647,062	\$ 160,257	\$ 1,578,973	\$ 2,866,852
Total operating revenue	<u>480,560</u>	<u>647,062</u>	<u>160,257</u>	<u>1,578,973</u>	<u>2,866,852</u>
<b>Operating expense</b>					
Personal services	377,887	-	-	671,780	1,049,667
Repairs and maintenance	6,072	-	-	514,084	520,156
Materials, supplies	67,849	-	-	156,598	224,447
Depreciation	2,763	404,506	161,040	282,146	850,455
Total operating expense	<u>454,571</u>	<u>404,506</u>	<u>161,040</u>	<u>1,624,608</u>	<u>2,644,725</u>
Net operating income (loss)	<u>25,989</u>	<u>242,556</u>	<u>(783)</u>	<u>(45,635)</u>	<u>222,127</u>
<b>Nonoperating revenue (expense)</b>					
Gain or loss on disposition of fixed assets	-	-	25,000	-	25,000
Investment income	186	32,336	2,944	17	35,483
Interest and fiscal agent charges	(629)	-	-	(18,774)	(19,403)
Total Non-Operating Revenue	<u>(443)</u>	<u>32,336</u>	<u>27,944</u>	<u>(18,757)</u>	<u>41,080</u>
Income (loss) before transfers	<u>25,546</u>	<u>274,892</u>	<u>27,161</u>	<u>(64,392)</u>	<u>263,207</u>
<b>Other Sources (Uses)</b>					
Operating Transfers In	<u>7,593</u>			<u>14,130</u>	<u>21,723</u>
Change in net assets	33,139	274,892	27,161	(50,262)	284,930
<b>Net assets - beginning of the year</b>	26,765	3,608,742	1,920,701	932,377	6,488,585
Prior period adjustment (see note 15)	<u>(14,144)</u>			<u>(7,966)</u>	<u>(22,110)</u>
<b>Net assets - end of the year</b>	<u>\$ 45,760</u>	<u>\$ 3,883,634</u>	<u>\$ 1,947,862</u>	<u>\$ 874,149</u>	<u>\$ 6,751,405</u>

City of Burleson, Texas  
Combining Statement of Cash Flow  
Internal Service Funds  
For the Year Ended September 30, 2012

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	\$ -	\$ 647,062	\$ 160,258	\$ -	\$ 807,320
Cash received for fleet maintenance services	480,134	-	-	-	480,134
Cash received for support services	-	-	-	1,578,923	1,578,923
Receipts from other funds	-	539,973	-	-	539,973
Payments to vendors, suppliers and contractors	(89,563)	4,569	(344,076)	(832,091)	(1,261,161)
Payments to employees for services	(355,653)	-	-	(482,470)	(838,123)
Net cash provided by operating activities	<u>34,918</u>	<u>1,191,604</u>	<u>(183,818)</u>	<u>264,362</u>	<u>1,307,066</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfer from other funds	7,593	-	-	14,130	21,723
Net cash provided by noncapital financing activities	<u>7,593</u>	<u>-</u>	<u>-</u>	<u>14,130</u>	<u>21,723</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Receipt on disposal of capital assets	-	-	25,000	-	25,000
Principal payments on capital debt	(1,290)	-	-	(209,891)	(211,181)
Interest payments on capital debt	(630)	-	-	(18,775)	(19,405)
Acquisition and construction of capital assets	0	(620,841)	-	(91,734)	(712,575)
Net cash (used) by capital and related financing activities	<u>(1,920)</u>	<u>(620,841)</u>	<u>25,000</u>	<u>(320,400)</u>	<u>(918,161)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest received	53	1,552	1,365	33	3,003
Proceeds from sale of investments	55,837	-	-	-	55,837
Purchase of investments	(48,876)	-	-	-	(48,876)
Net cash provided by investing activities	<u>7,014</u>	<u>1,552</u>	<u>1,365</u>	<u>33</u>	<u>9,964</u>
Net increase (decrease) in cash and cash equivalents	47,605	572,315	(157,453)	(41,875)	420,592
Cash and cash equivalents--beginning of the year	<u>(41,882)</u>	<u>780,777</u>	<u>883,503</u>	<u>138,492</u>	<u>1,760,890</u>
Cash and cash equivalents--end of the year	5,723	1,353,092	726,050	96,617	2,181,482
Investments	<u>79,626</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>79,626</u>
Total cash and investments	<u>\$ 85,349</u>	<u>\$ 1,353,092</u>	<u>\$ 726,050</u>	<u>\$ 96,617</u>	<u>\$ 2,261,108</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>					
Operating income (loss)	\$ 25,988	\$ 242,556	\$ (783)	\$ (45,636)	\$ 222,125
Depreciation	2,763	404,506	161,040	282,146	850,455
Change in operating assets and liabilities:					
Decrease (increase) in inventories	(9,057)	-	(344,075)	-	(353,132)
Decrease (increase) in accounts receivable	(425)	-	-	(50)	(475)
Decrease (increase) in due from other funds	-	539,973	-	-	539,973
Increase (decrease) in accounts payable	(6,585)	4,569	-	10,952	8,936
Increase (decrease) in accrued liabilities	22,234	-	-	16,950	39,184
Net cash provided by operating activities	<u>\$ 34,918</u>	<u>\$ 1,191,604</u>	<u>\$ (183,818)</u>	<u>\$ 264,362</u>	<u>\$ 1,307,066</u>

# STATISTICAL SECTION



**CITY OF BURLESON, TEXAS  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE YEAR ENDED SEPTEMBER 30, 2012  
 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>	1-4
<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>	5-8
<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>	9-12
<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>	13-14
<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>	15-18

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 TEN FISCAL YEARS**  
**(accrual basis of accounting)**  
**(Unaudited)**

	<b>Fiscal Year</b>			
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
<b>Governmental activities:</b>				
Invested in capital assets, net of related debt	\$ 43,166,286	\$ 41,788,733	\$ 51,316,982	\$ 59,064,614
Restricted	1,700,826	5,610,990	7,024,586	7,685,387
Unrestricted	6,900,733	6,949,533	7,186,975	10,199,823
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>
<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
Restricted	2,157,853	2,157,853	2,800,492	2,601,200
Unrestricted	1,804,296	1,628,308	1,040,549	2,914,935
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>
<b>Primary government:</b>				
Invested in capital assets, net of related debt	\$ 66,561,488	\$ 66,346,813	\$ 80,219,528	\$ 92,884,789
Restricted	3,858,679	7,768,843	9,825,078	10,286,587
Unrestricted	8,705,029	8,577,841	8,227,524	13,114,758
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>

(continued)

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

TABLE 1

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 67,844,305	\$ 75,675,895	\$ 84,795,578	\$ 89,235,983	\$ 91,490,189	\$ 96,854,973
6,127,141	6,902,812	5,757,785	6,013,922	7,647,833	9,129,987
14,992,647	18,368,320	18,968,946	19,153,205	19,728,287	17,251,062
<u>\$ 88,964,093</u>	<u>\$ 100,947,027</u>	<u>\$ 109,522,309</u>	<u>\$ 114,403,110</u>	<u>\$ 118,866,309</u>	<u>\$ 123,236,022</u>
\$ 35,616,520	\$ 38,951,118	\$ 40,857,400	\$ 43,197,167	\$ 44,846,342	\$ 45,090,529
2,800,492	3,172,307	3,172,307	3,203,528	2,469,836	4,081,263
5,091,536	6,198,905	7,485,644	6,193,764	8,976,274	10,417,168
<u>\$ 43,508,548</u>	<u>\$ 48,322,330</u>	<u>\$ 51,515,351</u>	<u>\$ 52,594,459</u>	<u>\$ 56,292,452</u>	<u>\$ 59,588,960</u>
\$ 103,460,825	\$ 114,627,013	\$ 125,652,978	\$ 132,433,150	\$ 136,336,531	\$ 141,945,502
8,927,633	10,075,119	8,930,092	9,217,450	10,117,669	13,211,250
20,084,183	24,567,225	26,454,590	25,346,969	28,704,561	27,668,230
<u>\$ 132,472,641</u>	<u>\$ 149,269,357</u>	<u>\$ 161,037,660</u>	<u>\$ 166,997,569</u>	<u>\$ 175,158,761</u>	<u>\$ 182,824,982</u>

(concluded)

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

	Fiscal Year			
	2003	2004	2005	2006
<b>Expenses</b>				
Governmental activities:				
General government	\$ 3,135,534	\$ 3,298,510	\$ 3,424,919	\$ 3,727,261
Public safety	5,193,712	6,321,200	7,203,194	8,100,853
Public works	4,345,649	5,246,994	5,305,779	6,026,802
Community Development	485,422	766,423	1,213,921	1,254,161
Culture and recreation	1,769,612	1,798,391	2,167,841	2,359,258
Interest and other fees	1,163,511	1,070,503	1,385,277	1,716,670
Total governmental activities expenses	<u>16,093,440</u>	<u>18,502,021</u>	<u>20,700,931</u>	<u>23,185,005</u>
Business-type activities:				
Water and wastewater	8,644,282	9,084,086	9,896,012	10,287,872
Hidden Creek Golf Course	1,967,941	2,211,168	1,901,480	1,773,118
Solid Waste	990,101	1,106,306	1,355,240	1,381,597
Cemetery	19,379	18,302	20,983	26,183
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>
Total primary government expenses	<u>\$ 27,715,143</u>	<u>\$ 30,921,883</u>	<u>\$ 33,874,646</u>	<u>\$ 36,653,775</u>
<b>Program Revenues:</b>				
Governmental activities:				
Charges for services	\$ 3,719,196	\$ 4,831,891	\$ 5,050,465	\$ 7,010,601
Operating grants and contributions	570,815	535,164	727,842	646,304
Capital grants and contributions	6,513,129	1,936,102	8,378,946	6,812,544
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>
Business-type activities				
Charges for services	9,905,706	9,610,972	11,506,324	13,949,581
Operating grants and contributions	-	-	-	154,156
Capital grants and contributions	2,673,323	962,513	3,350,613	3,449,995
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>
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>
Net (expense)/revenue				
Governmental activities	\$ (5,290,300)	\$ (11,198,864)	\$ (6,543,678)	\$ (8,715,556)
Business-type activities	957,326	(1,846,377)	1,683,222	4,084,962
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>
<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
Tax Increment Financing	80,470	162,966	412,423	497,436
Sales and use taxes	6,252,339	7,125,534	8,299,061	9,154,752
Hotel/motel taxes	87,501	96,928	119,270	159,321
Franchise fees	1,576,954	1,763,792	1,768,708	2,090,773
Investment income	298,162	244,511	829,175	1,520,814
Gain on sale of assets	-	-	-	-
Lawsuit settlement	-	-	970,000	-
Transfers	(1,712,074)	(1,494,354)	(1,072,735)	(530,525)
Total governmental activities	<u>12,553,102</u>	<u>14,886,581</u>	<u>19,078,205</u>	<u>21,518,434</u>
Business-type activities:				
Investment income	252,557	232,607	285,489	639,421
Gain on sale of assets	-	-	2,660	(43,782)
Transfers	1,712,074	1,494,354	1,072,735	530,525
Total business-type revenues	<u>1,964,631</u>	<u>1,726,961</u>	<u>1,360,884</u>	<u>1,126,164</u>
Total primary government	<u>\$ 14,517,733</u>	<u>\$ 16,613,542</u>	<u>\$ 20,439,089</u>	<u>\$ 22,644,598</u>
<b>Change in Net Assets</b>				
Governmental activities	\$ 5,550,728	\$ 2,193,363	\$ 11,461,792	\$ 12,272,353
Business-type activities	4,634,031	1,374,938	4,116,841	5,741,651
Total primary government	<u>\$ 10,184,759</u>	<u>\$ 3,568,301</u>	<u>\$ 15,578,633</u>	<u>\$ 18,014,004</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									
		2007	2008	2009	2010	2011	2012				
\$	4,060,608	\$	5,265,957	\$	5,858,171	\$	4,743,333	\$	5,985,553	\$	4,579,709
	9,784,360		11,664,905		11,721,926		12,841,230		12,597,427		13,755,003
	6,788,351		4,602,125		8,105,075		9,216,349		9,414,047		9,400,406
	1,173,452		2,879,432		1,004,358		1,287,097		1,483,991		1,443,045
	2,494,174		2,851,686		3,025,067		4,503,830		5,671,656		6,050,849
	2,035,972		2,870,665		3,619,571		3,416,974		3,643,362		3,490,537
	<u>26,336,917</u>		<u>30,134,770</u>		<u>33,334,168</u>		<u>36,008,813</u>		<u>38,796,036</u>		<u>38,719,549</u>
	11,047,187		12,593,338		12,673,707		13,934,334		13,776,701		13,858,927
	1,761,513		1,735,181		2,005,748		1,886,326		1,872,971		1,774,465
	1,547,740		2,211,449		2,218,385		2,358,589		2,385,558		2,451,503
	31,572		1,069		3,699		16,260		13,598		17,743
	<u>14,388,012</u>		<u>16,541,037</u>		<u>16,901,539</u>		<u>18,195,509</u>		<u>18,048,828</u>		<u>18,102,638</u>
\$	<u>40,724,929</u>	\$	<u>46,675,807</u>	\$	<u>50,235,707</u>	\$	<u>54,204,322</u>	\$	<u>56,844,864</u>	\$	<u>56,822,187</u>
\$	6,920,756	\$	10,850,388	\$	8,714,188	\$	7,052,495	\$	8,948,079	\$	7,799,248
	587,515		534,172		578,243		705,142		621,034		721,595
	7,813,051		4,299,747		3,033,884		3,558,406		2,265,193		2,624,666
	<u>15,321,322</u>		<u>15,684,307</u>		<u>12,326,315</u>		<u>11,316,043</u>		<u>11,834,306</u>		<u>11,145,509</u>
	12,096,207		16,784,496		18,433,105		17,823,579		19,924,565		18,442,552
	751,266		597,780		337,613		414,260		359,271		364,359
	2,843,679		2,242,694		1,461,885		1,044,954		920,504		1,800,117
	<u>15,691,152</u>		<u>19,624,970</u>		<u>20,232,603</u>		<u>19,282,793</u>		<u>21,204,340</u>		<u>20,607,028</u>
\$	<u>31,012,474</u>	\$	<u>35,309,277</u>	\$	<u>32,558,918</u>	\$	<u>30,598,836</u>	\$	<u>33,038,646</u>	\$	<u>31,752,537</u>
\$	(11,015,595)	\$	(14,450,463)	\$	(21,007,853)	\$	(24,692,770)	\$	(26,961,730)	\$	(27,574,040)
	1,303,140		3,083,933		3,331,064		1,087,284		3,155,512		2,504,390
\$	<u>(9,712,455)</u>	\$	<u>(11,366,530)</u>	\$	<u>(17,676,789)</u>	\$	<u>(23,605,486)</u>	\$	<u>(23,806,218)</u>	\$	<u>(25,069,650)</u>
\$	9,910,567	\$	11,564,509	\$	13,473,315	\$	15,206,250	\$	15,074,189	\$	15,414,948
	547,712		61,730		147,414		294,119		320,737		199,229
	10,347,816		11,650,147		11,805,360		12,121,386		13,453,923		14,818,398
	172,078		199,309		170,116		128,635		144,520		146,202
	2,027,326		2,316,229		2,560,705		2,521,842		2,844,181		2,760,074
	2,021,700		1,600,937		793,416		187,338		92,091		105,892
	-		-		343,648		-		-		-
	-		-		-		(953,453)		-		-
	(449,595)		(959,463)		289,160		67,454		(504,712)		(263,167)
	<u>24,577,604</u>		<u>26,433,398</u>		<u>29,583,134</u>		<u>29,573,571</u>		<u>31,424,929</u>		<u>33,181,576</u>
	871,763		714,810		270,274		59,278		37,765		48,613
	-		55,576		(119,157)		-		-		-
	449,595		959,463		(289,160)		(67,454)		504,712		263,167
	<u>1,321,358</u>		<u>1,729,849</u>		<u>(138,043)</u>		<u>(8,176)</u>		<u>542,477</u>		<u>311,780</u>
\$	<u>25,898,962</u>	\$	<u>28,163,247</u>	\$	<u>29,445,091</u>	\$	<u>29,565,395</u>	\$	<u>31,967,406</u>	\$	<u>33,493,356</u>
\$	13,112,414	\$	11,982,935	\$	8,575,281	\$	4,880,801	\$	4,463,199	\$	5,607,536
	3,074,093		4,813,782		3,193,021		1,079,108		3,697,989		2,816,170
\$	<u>16,186,507</u>	\$	<u>16,796,717</u>	\$	<u>11,768,302</u>	\$	<u>5,959,909</u>	\$	<u>8,161,188</u>	\$	<u>8,423,706</u>

(concluded)

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

	<b>Fiscal Year</b>				
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<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	-	-	-	-	-
Uassigned	-	-	-	-	-
Total general fund	<u>\$ 2,961,257</u>	<u>\$ 3,361,908</u>	<u>\$ 4,448,991</u>	<u>\$ 5,011,543</u>	<u>\$ 6,710,471</u>
<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	-	-	-	-	-
Total all other governmental funds	<u>\$ 12,546,131</u>	<u>\$ 12,289,775</u>	<u>\$ 28,126,563</u>	<u>\$ 21,635,090</u>	<u>\$ 34,077,113</u>

(continued)

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

**TABLE 3**

<b>Fiscal Year</b>				
<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
\$ 292,510	\$ 176,254	\$ 179,419	\$ -	\$ -
5,871,057	6,557,013	7,008,776	-	-
-	-	-	59,832	59,031
-	-	-	872,880	791,215
-	-	-	63,826	149,771
-	-	-	1,007,782	733,781
-	-	-	6,442,458	8,796,643
<u>\$ 6,163,567</u>	<u>\$ 6,733,267</u>	<u>\$ 7,188,195</u>	<u>\$ 8,446,778</u>	<u>\$ 10,530,441</u>
\$ 64,065,336	\$ 45,495,454	\$ 29,567,700	-	-
629,680	895,046	839,018	-	-
-	-	-	2,666,165	2,677,418
-	-	-	4,714,757	6,066,072
-	-	-	293,192	386,497
-	-	-	11,340,114	-
-	-	-	362,472	539,541
-	-	-	283,046	67,249
-	-	-	6,269,916	13,779,002
-	-	-	4,063,471	2,872,822
<u>\$ 64,695,016</u>	<u>\$ 46,390,500</u>	<u>\$ 30,406,718</u>	<u>\$ 29,993,133</u>	<u>\$ 26,388,601</u>

(concluded)

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

	Fiscal Year				
	2003	2004	2005	2006	2007
<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>					
Current Operations:					
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
Debt Service:					
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**

						<b>Fiscal Year</b>				
<b>2008</b>		<b>2009</b>		<b>2010</b>		<b>2011</b>		<b>2012</b>		
\$	11,506,820	\$	13,647,213	\$	15,509,577	\$	15,430,774	\$	15,659,684	
	11,849,457		11,975,477		12,250,021		13,598,440		14,964,599	
	2,309,467		2,516,642		2,527,140		2,842,740		2,755,431	
	886,238		1,336,454		1,150,796		1,017,237		1,014,677	
	168,544		429,498		450,031		369,865		278,234	
	1,472,535		1,530,831		1,406,892		1,267,346		1,212,414	
	19,343		10,970		18,052		251,169		443,361	
	1,476,841		1,597,794		2,057,565		2,911,172		3,394,823	
	1,542,276		787,753		178,867		88,992		101,182	
	5,985,783		3,556,228		1,838,611		2,113,091		1,096,666	
	126,041		9,163		213,913		24,285		80,031	
	1,601,601		1,906,011		1,268,989		1,783,682		1,391,018	
	38,944,946		39,304,034		38,870,454		41,698,793		42,392,120	
							-			
	5,018,217		5,361,405		4,658,823		5,697,945		4,698,889	
	10,776,171		11,475,649		12,981,168		12,269,841		13,189,268	
	4,773,860		4,644,616		5,339,771		5,110,274		5,088,899	
	-		-		-		-		-	
	519,651		1,230,424		1,503,442		1,700,475		1,645,680	
	2,568,836		2,536,777		3,899,848		4,929,907		5,102,392	
	15,060,574		24,730,676		27,891,966		2,674,837		4,986,097	
	2,342,000		3,242,000		4,180,000		4,835,507		4,890,666	
	3,244,180		4,070,379		3,879,046		3,726,968		3,493,688	
	44,303,489		57,291,926		64,334,064		40,945,754		43,095,579	
	(5,358,543)		(17,987,892)		(25,463,610)		753,039		(703,459)	
	5,241,662		11,319,490		6,813,507		6,825,205		7,482,456	
	(5,541,191)		(11,066,415)		(6,820,858)		(6,734,919)		(7,767,346)	
	-		-		1,369,061		1,673		-	
	35,650,000		-		19,370,000		-		5,040,000	
	-		-		(11,326,305)		-		(5,239,802)	
	75,384		-		529,352		-		241,346	
	35,425,855		253,075		9,934,757		91,959		(243,346)	
\$	30,067,312	\$	(17,734,817)	\$	(15,528,853)	\$	844,998	\$	(946,805)	
	19.32%		23.08%		22.53%		22.77%		22.40%	
									(concluded)	

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

<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>
2003	837,535,302	270,601,806	-	118,177,122	989,959,986
2004	975,064,340	327,896,020	-	133,896,320	1,169,064,040
2005	1,087,988,296	367,399,074	-	142,966,294	1,312,421,076
2006	1,231,217,090	403,933,530	-	170,546,905	1,464,603,715
2007	1,369,744,068	432,715,972	-	151,631,722	1,650,828,318
2008	1,491,849,951	464,695,420	565,598	159,584,700	1,797,526,269
2009	1,609,346,120	511,393,600	24,518,800	170,733,571	1,974,524,949
2010	1,731,504,630	578,037,676	105,935,597	183,007,960	2,232,469,943
2011	1,770,352,770	579,118,177	93,920,686	220,261,774	2,223,129,859
2012	1,907,739,189	629,673,799	111,060,424	347,152,435	2,301,320,977

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.

**TABLE 5**

<b>Total Direct Tax Rate</b>	<b>Estimated Actual Taxable Value</b>	<b>Taxable Assessed Value as a Percentage of Actual Taxable Value</b>
0.6043	989,959,986	100.0%
0.5985	1,169,064,040	100.0%
0.5985	1,312,421,076	100.0%
0.5964	1,464,603,715	100.0%
0.6299	1,650,828,318	100.0%
0.6618	1,797,526,269	100.0%
0.6940	1,974,524,949	100.0%
0.6940	2,232,469,943	100.0%
0.7100	2,223,129,859	100.0%
0.6900	2,301,320,977	100.0%

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

	<b>FISCAL YEAR</b>					
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>OVERLAPPING RATES</b>						
Tarrant County	0.2725	0.2725	0.2725	0.2725	0.2665	0.2665
Tarrant County Hospital District	0.2324	0.2353	0.2353	0.2353	0.2354	0.2340
Tarrant County Junior College	0.1394	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	0.4551	0.4649	0.4649	0.4649	0.4218	0.4098
Burleson Independent School District	1.7799	1.7500	1.7484	1.7352	1.4501	1.4051
Joshua Independent School District	1.7381	1.7381	1.7381	1.7381	1.5389	1.4600
Crowley Independent School District	0.0000	0.0000	0.0000	1.7890	1.6710	1.4099
<b>CITY DIRECT RATES</b>						
Operating & Maintenance	0.4892	0.5022	0.5152	0.5174	0.5349	0.5241
Interest & Sinking	0.1151	0.0963	0.0833	0.0790	0.0950	0.1377
Total Direct Rate	0.6043	0.5985	0.5985	0.5964	0.6299	0.6618

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

<b>FISCAL YEAR</b>			
<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
0.2640	0.2640	0.2640	0.2640
0.2278	0.2278	0.2279	0.2279
0.1379	0.1379	0.1379	0.1490
0.0200	0.0200	0.0200	0.0200
0.3895	0.3833	0.3795	0.3332
1.4688	1.5400	1.5400	1.5400
1.3900	1.3900	1.3900	1.4900
1.5350	1.5350	1.5350	1.6700
0.5318	0.5318	0.5478	0.5278
0.1622	0.1622	0.1622	0.1622
0.6940	0.6940	0.7100	0.6900

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

**TABLE 7**

Taxpayer	2012			2003		
	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assesed Valuation	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assesed Valuation
Chesapeake Operating LP	\$ 30,004,168	1	1.30 %	\$ -	-	- %
Burleson Commons LP	16,143,641	2	0.70	-	-	-
Wagner Smith Equipment Co.	15,397,358	3	0.67	-	-	-
Encore MF Burleson LP	14,000,000	4	0.61	-	-	-
Devon Energy Production Co. LP	13,892,871	5	0.60	-	-	-
Target Corporation	11,403,854	6	0.50	-	-	-
Baker Hughes Oilfield Operatons Inc.	10,843,996	7	0.47	-	-	-
Dragon Products	10,676,174	8	0.46	-	-	-
WalMart Stores Inc. #220	10,322,460	9	0.45	16,187,630	1	1.64
HEB Grocery Company LP	10,139,455	10	0.44	-	-	-
Lynn Smith Chevrolet	-	-	-	9,370,630	2	0.95
Oncor Electric	-	-	-	9,085,630	3	0.92
Southwestern Bell	-	-	-	8,856,090	4	0.89
Thomas Conveyor Co.	-	-	-	8,140,860	5	0.82
Kimco Burleson	-	-	-	7,848,050	6	0.79
Albertson's Inc.	-	-	-	7,416,070	7	0.75
Fountains at Burleson	-	-	-	6,609,190	8	0.67
Burleson Town Center	-	-	-	6,349,240	9	0.64
Shenandoah Town House	-	-	-	4,722,030	10	0.48
Total	<u>\$ 142,823,977</u>		<u>6.21 %</u>	<u>\$ 84,585,420</u>		<u>8.54 %</u>

Source: Johnson County 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>
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%
2012	2011	15,505,272	15,313,022	98.76%	146,048	15,459,070	99.70%

Sources: Johnson County Appraisal District & City Records

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

<b>Fiscal Year</b>	<b>GOVERNMENTAL ACTIVITIES</b>				<b>BUSINESS-TYPE ACTIVITIES</b>	
	<b>General Obligation Bonds</b>	<b>Certificates of Obligation (1)</b>	<b>Sales Tax Revenue Bonds</b>	<b>Capital Leases</b>	<b>General Obligation Bonds</b>	<b>Certificates of Obligation</b>
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
2012	36,836,000	35,220,000	6,725,000	896,606	14,499,000	20,555,000

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

**TABLE 9**

<b><u>BUSINESS-TYPE ACTIVITIES</u></b>				
<b><u>Capital Leases</u></b>	<b><u>Water Revenue Bonds</u></b>	<b><u>Total Primary Government (2)</u></b>	<b><u>Percentage of Personal Income (3)</u></b>	<b><u>Per Capita (3)</u></b>
-	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%	3,242
1,157,276	25,035,000	134,534,637	17.11%	4,251
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
230,132	13,660,000	128,621,738	12.52%	3,373

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

Fiscal Year	GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES		Total General Bonded Debt
	General Obligation Bonds	Certificates of Obligation (3)	Less: Amounts Available in Debt Service Fund	General Obligation Bonds (3)	Certificates of Obligation (3)	
2003	10,043,000	-	280,766	-	5,825,000	15,587,234
2004	9,441,000	-	308,340	5,985,000	130,000	15,247,660
2005	12,898,000	14,965,000	360,661	5,776,000	-	33,278,339
2006	12,395,000	14,965,000	369,912	5,431,000	189,908	32,610,996
2007	18,224,000	24,365,000	525,277	5,069,000	11,825,000	58,957,723
2008	32,162,000	44,520,000	707,132	4,716,000	16,015,000	96,705,868
2009	30,935,000	43,325,000	805,575	4,542,000	15,510,000	93,506,425
2010	37,782,000	41,610,000	1,002,215	4,363,000	14,910,000	97,662,785
2011	35,910,000	39,825,000	778,717	14,945,000	21,365,000	111,266,283
2012	36,836,000	35,220,000	819,907	14,499,000	20,555,000	106,290,093

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.
- (4) These bonds are serviced completely by revenue streams other than general property taxes.

**TABLE 10**

<b>Less: Self-supported Debt (4)</b>	<b>Net General Bonded Debt Outstanding</b>	<b>Percentage of Actual Property Value (1)</b>	<b>Per Capita (2)</b>
5,825,000	9,762,234	0.99%	365
6,115,000	9,132,660	0.78%	330
16,771,000	16,507,339	1.26%	582
18,185,908	14,425,088	0.98%	476
31706720	27,251,003	1.92%	861
52,646,840	44,059,028	2.83%	1,325
50,280,052	43,226,373	2.19%	1,258
49,047,054	48,615,731	2.18%	1,388
64,809,846	46,456,437	2.09%	1,266
62,455,146	43,834,947	1.90%	1,150

**CITY OF BURLESON, TEXAS  
DIRECT AND OVERLAPPING  
GOVERNMENTAL ACTIVITIES DEBT (Unaudited)  
SEPTEMBER 30, 2012**

**TABLE 11**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percent Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
City of Burleson	\$ 127,495,000	100%	\$ 127,495,000
Johnson County	12,519,579	16.63%	2,082,493
Tarrant County	315,898,824	0.42%	1,321,545
Tarrant County Hospital District	56,385,000	1.84%	1,039,420
Tarrant County Junior College District	20,765,026	1.42%	295,433
Crowley ISD	299,792,560	**	-
Burleson ISD	312,862,942	45.33%	141,810,666
Joshua ISD	67,029,969	16.63%	<u>11,149,689</u>
<b>Total overlapping debt</b>			<u>\$ 157,699,247</u>
<b>Total direct and overlapping debt</b>			<u>\$ 285,194,247</u>
Per capita direct and overlapping debt			<u>\$ 7,480</u>

Source:

- (1) Municipal Advisory Council of Texas 06/29/12
- (2) Tarrant County CAFR 09/30/2011

Population: 38,130

\*\* Less than 0.01%

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

**WATER AND SEWER DEBT**

<b>Fiscal Year</b>	<b>Gross Revenues(1)</b>	<b>Direct Operating Expenses (2)</b>	<b>Net Revenue Available for Debt Service</b>	<b>Revenue Bonds</b>	
				<b>Debt Service</b>	
				<b>Principal</b>	<b>Interest</b>
2003	9,005,388	6,392,208	2,613,180	820,000	1,234,966
2004	9,014,653	6,863,141	2,151,512	845,000	1,178,074
2005	10,604,450	7,462,986	3,141,464	880,000	1,206,434
2006	13,324,857	7,411,804	5,913,053	910,000	1,377,052
2007	12,161,451	7,777,045	4,384,406	1,050,000	1,330,944
2008	13,573,427	8,842,924	4,730,503	1,200,000	1,680,393
2009	14,766,975	9,002,308	5,764,667	1,250,000	1,085,986
2010	14,623,543	10,137,713	4,485,830	1,310,000	1,033,373
2011	16,616,846	9,903,505	6,713,341	1,360,000	977,872
2012	15,465,869	10,028,487	5,437,382	1,230,000	874,716

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

**TABLE 12**

**WATER AND SEWER DEBT**

<b>Revenue Bonds</b>	<b>Combination Tax &amp; Revenue Bonds</b>			<b>Total</b>
<b>Coverage</b>	<b>Debt Service</b>		<b>Coverage</b>	<b>Water &amp; Sewer</b>
	<b>Principal</b>	<b>Interest</b>		<b>Bond Coverage</b>
1.27	-	-	NA	1.27
1.06	-	-	NA	1.06
1.51	-	-	NA	1.51
2.59	-	-	NA	2.59
1.84	-	-	NA	1.84
1.64	355,000	549,751	5.23	1.25
2.47	505,000	739,920	4.63	1.61
1.91	600,000	647,306	3.60	1.25
2.87	620,000	622,481	5.40	1.88
2.58	810,000	967,528	3.06	1.40

**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>
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%
2012	38,130	1,027,260	26,941	33.1	14.2	10,211	5.2%

- 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**

Employer	2012			2007		
	Employees	Rank	Percent	Employees	Rank	Percent
Burleson Independent School District	1,480	1	3.88 %	572	2	8.96 %
Wal-Mart	416	2	1.09	410	3	6.42
City of Burleson	383	3	1.00	272	4	4.26
H.E.B. Grocery	375	4	0.98	--	--	--
KWS Manufacturing	145	5	0.38	200	7	3.13
Target	144	6	0.38	150	8	2.35
Champion Buildings Mfg	125	7	0.33	--	--	--
Thomas Conveyor Mfg	115	8	0.30	150	8	2.35
Idicom Buildings Mfg	85	9	0.22	--	--	--
Industrial Screw Conveyor Mfg	65	10	0.17	--	--	--
Joshua Independent School District	--	--	--	675	1	10.57
Burley Fence & Hardware	--	--	--	250	5	3.91
Lowe's Companies	--	--	--	220	6	3.44
Lynn Smith	--	--	--	200	7	3.13
Albertson's	--	--	--	150	8	2.35
Home Depot	--	--	--	150	8	2.35
Trinity Mission	--	--	--	120	10	1.88
Total	<u>3,333</u>		<u>8.74</u>	<u>3,519</u>		<u>55.10</u>

Source: Municipal Advisory Council 6/29/12

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

**TABLE 15**

<b>Function/Program</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>General government and Administration</b>										
City manager's office	6	8	6	6	5	6	6	6.5	6.5	4.5
City secretary's office	2	2	2	2	1	2	2	2	2	3
Administrative services	2	1	2	2	2	2	2	1.5	1.5	1.0
Records management	1	1	1	1	1	1	1	1	1	1
Information technology	2	2	2	3	4	4	5	7	7	7
Economic development	1	1	1	1	1	1	1	1	1	1
Human resources	3	3	3	3	3	3	4	3.5	3.5	3.5
Public Information Officer	-	-	-	-	-	1	1	1	1	1
Finance	6	6	6	6	8	8	9	9	9	9
Purchasing	-	1	1	1	1	1	1	1	1	1
Municipal court	3.5	4	4	5	5	6	8	8	8	8
<b>Public Safety</b>										
Police	61	61	65	70	74	76	76	76.5	76.5	76.5
Fire	17	21	25	28	28	34	34	34	34	34
Fire prevention	3	3	1	2	3	3	3	2	2	2
<b>Public Works</b>										
Public works administration	4	4	5	5	5	5	5	4.5	4.5	3.5
Street maintenance	15	15	15	17	18	18	18	20	20	19
Neighborhood services	-	-	-	-	1	1	1	1	1	1
Animal services	3	3	3	4	4	5	5	5	5	5
Environmental services	-	-	-	-	1	1	1	1	1	1
Facility maintenance	5	5	6	7	7	7	7	6.5	6.5	6.5
Building code enforcement	5	6	8	8	8	9	9	8.5	8.5	6.5
Community development	3	3	3	4	4	3	4	5	5	5
Engineering	8	8	8	10	10	11	10	9.7	9.7	9.7
<b>Culture &amp; Recreation</b>										
Library	10.5	14	14	14	14	16	16	10	10	10
Parks & recreation administration	3	4	3	3	3	3	3	4.3	4.3	3.3
Recreation	17	18	18	18	17	18	18	38.5	38.5	57.83
Park maintenance	10	12	12	14	14	14	14	9.5	9.5	9.5
Senior citizens center	1	1	1	1	1	1	1	1.5	1.5	1.5
Athletic Fields	-	-	-	-	-	-	-	2.5	2.5	3.5
Russell Farm	-	-	-	-	-	-	-	-	-	1
<b>Enterprise Operations and Administration</b>										
<b>Water/Wastewater</b>										
Water & sewer services	19	19	17	18	19	23	17	22	22	22
Utility billing	6	6	6	6	8	8	8	8	8	8
<b>Hidden Creek Golf Course</b>										
Golf course administration	2	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	7.4
Golf course maintenance	9.5	9	9	9	9	9	9	8	8	8
Golf course food & beverage	5	8	8	7	7	7	8	5.6	5.6	6
Solid Waste	15.5	17	19	19	20	26	5	2	2	2
<b>Internal Service Operations</b>										
Equipment services	6	6	6	6	6	6	6	6	6	5
<b>Total</b>	<b>306</b>	<b>322</b>	<b>326</b>	<b>347</b>	<b>332</b>	<b>355</b>	<b>329</b>	<b>342.5</b>	<b>342.5</b>	<b>356.73</b>

Source: City of Burleson Human Resources Department

**CITY OF BURLESON, TEXAS  
SCHEDULE OF INSURANCE POLICIES IN FORCE (Unaudited)  
AS OF SEPTEMBER 30, 2012**

**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	10/1/2012 10/1/2013	General Liability	-	\$1,000,000
				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

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public safety										
Police										
Number of employees	61	61	65	70	71	76	81	76	77	77
Total calls	46,237	47,323	50,194	49,851	58,434	57,693	61,154	77,792	76,570	75,506
Arrests	1,546	1,415	1,451	1,338	1,640	1,583	1,246	1,386	1,243	1,192
Traffic enforcement	13,558	12,712	11,338	11,210	17,565	16,798	12,222	10,814	8,440	7,380
Fire										
Number of employees	51	51	51	55	40	46	46	48	34	34
Number of calls for service	2,345	2,518	2,614	2,700	3,300	3,148	3,300	3,400	3,400	3,096
Inspections	312	222	250	530	650	725	725	800	830	1,152
Public Works										
Facility repairs	468	444	497	560	405	435	400	395	395	*488
Preventive Maintenance Hours	1,100	1,100	1,300	1,400	1,400	1,400	1,400	1,660	1,660	*1809
Animal Control										
Animals Adopted	250	250	400	450	500	550	700	720	558	452
Animals Impounded	1,400	1,400	2,000	2,000	2,485	2,900	2,900	3,188	2,930	1,870
Environmental Health										
Permits	71	162	165	-	-	-	-	-	-	-
Inspections	279	285	3	-	-	-	-	-	-	-
Community Development										
Permits Issued	3,999	7,341	4,048	8,075	9,922	6,994	6,316	7,264	3,660	4,028
Inspections Made	17,112	17,477	17,886	19,280	23,186	21,199	12,444	14,311	9,365	8,065
Culture and Recreation										
Recreation										
Special Event Participants	19,800	23,000	25,750	24,650	25,000	25,000	32,565	33,216	33,216	45,800
Swim Lesson Participants	256	323	300	300	480	470	415	460	920	1,477
Swim Programs	45	45	45	45	70	70	40	100	100	100
Senior Citizen Participants	25,452	25,006	26,345	27,000	28,050	28,891	31,000	31,500	31,500	33,357
Senior Van Riders	389	1,320	1,400	1,500	1,320	1,054	550	600	600	632
Library										
Books in Collection	42,997	47,572	55,000	51,012	56,075	58,425	64,800	65,500	65,832	64,327
Materials borrowed	160,000	180,047	185,483	225,000	209,576	233,669	313,762	316,899	418,977	437,547
Water and Sewer										
Number of water customers	9,042	9,620	10,265	10,962	11,440	12,000	12,157	12,435	12,693	12,844
Number of sewer connections	8,791	9,515	10,153	10,870	11,503	12,074	11,250	11,250	12,975	13,086
Gas Well										
Number of Permits	-	-	-	-	-	-	56	55	64	18
Number of Pad Site Inspections	-	-	-	-	-	-	2,464	950	1,350	5,928

Source: Various City Departments \* Work Order System implemented to correctly track numbers.

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

		<b>FISCAL YEAR</b>			
		<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
Date of incorporation	May 12, 1912				
Date of charter	April 5, 1989				
Area incorporated (square miles)		23.11	23.17	23.31	23.31
Form of government	Council/Manager				
<b>Education:</b>					
Attendance centers		11	11	11	11
Number of teachers		438	438	600	531
Number of students		7,290	7,290	8,007	8,527
Miles of streets		113.37	115.64	128.00	137.00
<b>Miles of sewers:</b>					
Sanitary sewers		116.78	119.77	133.00	143.00
Storm sewers		16.56	16.56	21.00	23.00
<b>Culture and recreation:</b>					
Parks - number of acres		192	192	198	262
Number of municipal pools		1	1	1	1
Number of lighted ball diamonds		12	12	12	12
Number of community centers		1	1	1	1
<b>Municipal water system:</b>					
Number of water customers		9,042	9,515	10,265	10,265
Daily average consumption (gallons)		2,800,838	2,647,600	3,167,502	4,100,620
System capacity (gallons per day)		10,500,000	12,200,000	12,200,000	14,550,000
Miles of water mains		130.48	133.01	145.00	153.00
Number of fire hydrants		788	811	942	1002
<b>Municipal sewer system:</b>					
Number of sewer connections		8,791	9,515	10,153	10,870
System capacity (gallons per day)		9,380,000	9,840,000	9,840,000	11,890,000
Number of street lights		870	923	985	1171
<b>City employees:</b>					
Full-time		236	243	263	263
Part-time		30	29	30	30
Temporary		20	19	19	19

(continued)

Source: Various City Departments

**TABLE 18**

<b>FISCAL YEAR</b>					
<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
24.36	26.34	26.04	26.04	26.06	26.34
11	11	14	15	15	15
586	595	640	672	658	669
8,999	9,583	9,834	10,045	9,833	10,211
137.00	140.00	200.00	200.00	200.00	200.00
154.00	158.00	182.00	182.00	190.91	197.64
28.00	30.00	32.82	46.12	52.44	54.50
248	358	334	334	348	364
1	1	1	1	2	2
12	12	12	20	23	23
1	1	1	1	1	1
11,556	12,040	12,209	12,321	12,475	12,844
3,237,941	3,915,426	4,443,470	3,880,821	4,931,611	4,315,099
14,550,000	14,550,000	14,550,000	14,550,000	14,550,000	14,550,000
153.00	159.00	175.00	175.00	192.36	193.68
1002	1064	1200	1200	1331	1348
11,503	12,000	12,222	12,474	12,693	13,086
11,890,000	11,890,000	11,800,000	11,800,000	11,890,000	11,890,000
1255	1297	1357	1406	1415	1421
263	301	397	303	290	290
30	29	21	61	66	60.25
19	19	4	20	11	16.75

(concluded)