

**CITY
OF
BURLESON
TEXAS**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FOR FISCAL YEAR ENDED
SEPTEMBER 30, 2014**

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CITY OF BURLESON, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2014

CITY OFFICIALS

Kenneth Shetter
Mayor

Dan McClendon	Mayor Pro Tem
Rick Green	Councilmember
Jerry Allen	Councilmember
Matt Aiken	Councilmember
Stuart Gillaspie	Councilmember
Ronnie Johnson	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, 2014

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February 10, 2015

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, 2014. 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. Although legally separate entities, the Burleson Community Services Development Corporation, the Burleson 4A Economic Development Corporation, and Tax Increment Finance Reinvestment Zone Number Two 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, State Highway 174, and the Chisholm Trail Parkway toll road. 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. Local measures of business activity have

recovered and surpassed peak levels. The City is currently experiencing a strong expansion of business with more than \$19 million in new taxable value added in 2014, with more in the development pipeline.

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 2.5 times the area contained within the corporate city limits. Combined, Burleson's city limit and ETJ include more than 28,000 undeveloped acres.

Once largely agricultural, these areas have developed into a form of semi-urban, residential use. With vibrant retail destinations and commercial development, 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 40,000 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, 2013, the Government Finance Officers Association (GFOA) recognized the City for achievement in the presentation of the annual budget document, the Comprehensive Annual Financial Report (CAFR), as well as the presentation of the City's Popular Annual Financial Report (PAFR).

ACKNOWLEDGEMENTS

I would like to thank the staff of the Finance Department, City Management, and Department Directors and Managers for their cooperative effort and help in the leadership and support of the City that made this report possible. Credit also must be given to the Mayor and the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Burleson's finances.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Rhett Clark". The signature is stylized and written in a cursive-like font.

Rhett Clark, CPA
Director of Finance

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Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Burleson
Texas**

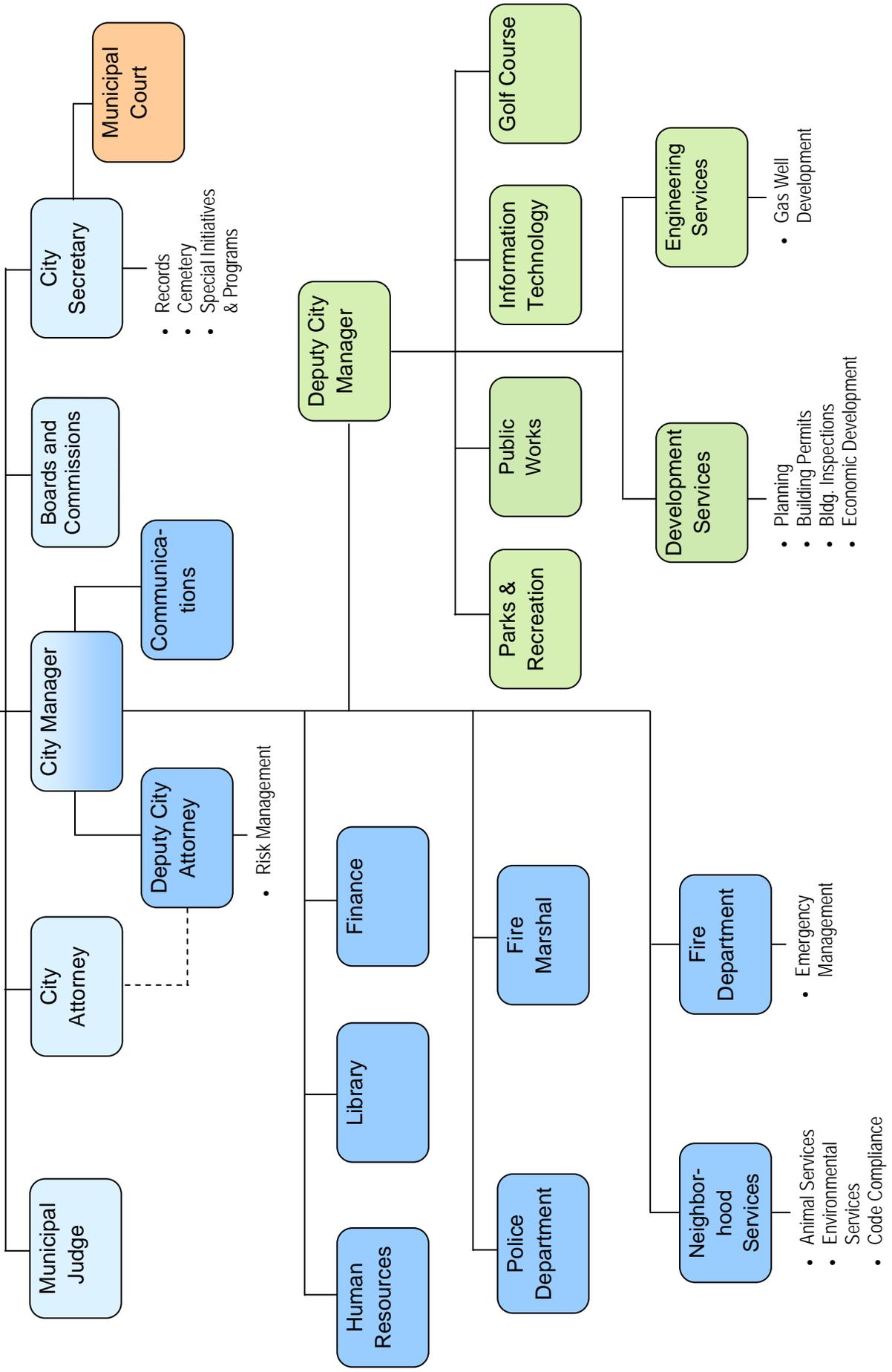
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2013

Executive Director/CEO

Citizens of Burleson

City Council



CITY OF BURLESON, TEXAS

List of Principal Officials

September 30, 2014

Elected Officials

Mayor	Kenneth Shetter
Mayor Pro-Tem	Dan McClendon
Councilmember	Rick Green
Councilmember	Jerry Allen
Councilmember	Matt Aiken
Councilmember	Stuart Gillaspie
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	Billy Cordell
City Secretary	Amanda McCrory
Fire Chief	Gary Wisdom
Parks and Recreation Director	Peter Krause
Director of Human Resources	Maria Reed
Director Fire Prevention/Fire Marshall	Stacy Singleton
Director of Neighborhood Services	Lisa Duello
Library Director	Marc Marchand
Director of Information Technology	Mark Eder
Director of Development Services	Bradley Ford
Director of Public Works	Aaron Russell
Director of Engineering Services	Laura Melton
Director of Golf	Dave White

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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, 2014, and the related notes to the financial statements, which collectively comprise the City of Burleson, Texas' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2014 the City adopted new accounting guidance, GASB Statement No. 65, Items Previously Reported as Assets and Liabilities. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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 3–12 and 57–63 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Burleson, Texas' basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2015, 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* in considering City of Burleson, Texas' internal control over financial reporting and compliance.

Patillo, Brown & Hill, L.L.P.

Hillsboro, Texas
February 10, 2015

CITY OF BURLESON, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED SEPTEMBER 30, 2014
(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, 2014. 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 and deferred outflows of the City of Burleson exceeded its liabilities at the close of the most recent fiscal year by \$200,653,658 (net position). Of this amount, \$26,408,730 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$7,364,463. The current year increase of \$9,165,267, which was offset by a prior period adjustment of \$1,800,804, was due primarily to the contribution of assets from developers as well as an increase in assets restricted for debt service and economic development/tourism.
- As of the close of the current fiscal year, unassigned fund balance for the general fund was \$9,945,249 or 35.5% of total general fund expenditures.
- The City's total debt increased by \$15,079,937 (11.4%) during the current fiscal year. The increase represents the net effect of scheduled debt retirement and the issuance of \$22,565,000 general obligation refunding and improvement bonds and \$10,165,000 combination tax and revenue certificates of obligation.

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 position presents information on all of the City's assets and liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases and decreases in net position 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 position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing 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. A fund is a grouping of related accounts that the City uses to maintain control over resources that have been segregated for specific activities and objectives. 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 available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City 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 position may serve over time as a useful indicator of a government's financial position. In the case of the City of Burleson, assets and deferred outflows of resources exceeded liabilities by \$200,653,658 as of September 30, 2014.

The largest portion of the City's net position (78.7%) 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.

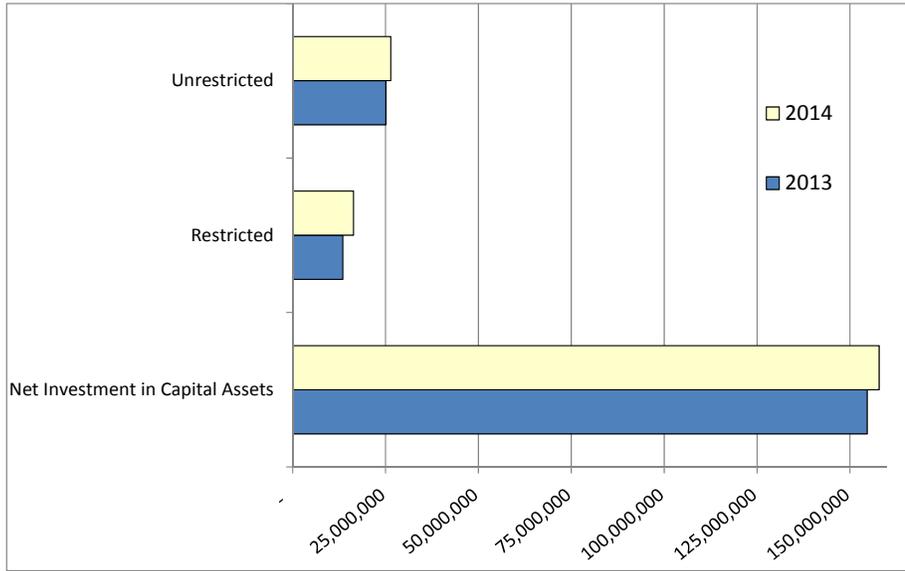
CITY OF BURLESON, TEXAS – NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2013	2014	2013	2014	2013	2014
Current & other assets	\$ 50,308,765	\$ 60,287,197	\$ 31,098,032	\$ 30,251,112	\$ 81,406,797	\$ 90,538,309
Capital assets	167,810,510	175,447,859	83,906,754	91,753,268	251,717,264	267,201,127
Total assets	<u>218,119,275</u>	<u>235,735,056</u>	<u>115,004,786</u>	<u>122,004,380</u>	<u>333,124,061</u>	<u>357,739,436</u>
Total deferred outflows of resources	<u>558,385</u>	<u>580,107</u>	<u>517,170</u>	<u>498,424</u>	<u>1,075,555</u>	<u>1,078,531</u>
Noncurrent liabilities – due in more than one year	79,249,523	91,156,619	46,094,150	48,690,723	125,343,673	139,847,342
Other liabilities	9,708,695	11,801,324	5,858,053	6,515,643	15,566,748	18,316,967
Total liabilities	<u>88,958,218</u>	<u>102,957,943</u>	<u>51,952,203</u>	<u>55,206,366</u>	<u>140,910,421</u>	<u>158,164,309</u>
Net position:						
Net investment in capital asset	101,280,575	102,518,052	53,375,788	55,348,194	154,656,363	157,866,246
Restricted	10,262,236	11,786,219	3,250,923	4,592,463	13,513,159	16,378,682
Unrestricted	18,176,631	19,052,949	6,943,042	7,355,781	25,119,673	26,408,730
Total net position	<u>\$ 129,719,442</u>	<u>\$ 133,357,220</u>	<u>\$ 63,569,753</u>	<u>\$ 67,296,438</u>	<u>\$ 193,289,195</u>	<u>\$ 200,653,658</u>

An additional portion of the City's net position (8.2%) represents resources that are subject to external restriction on how they may have been used. The remaining balance of unrestricted net position (13.1%) may be used to meet the government's ongoing obligation to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

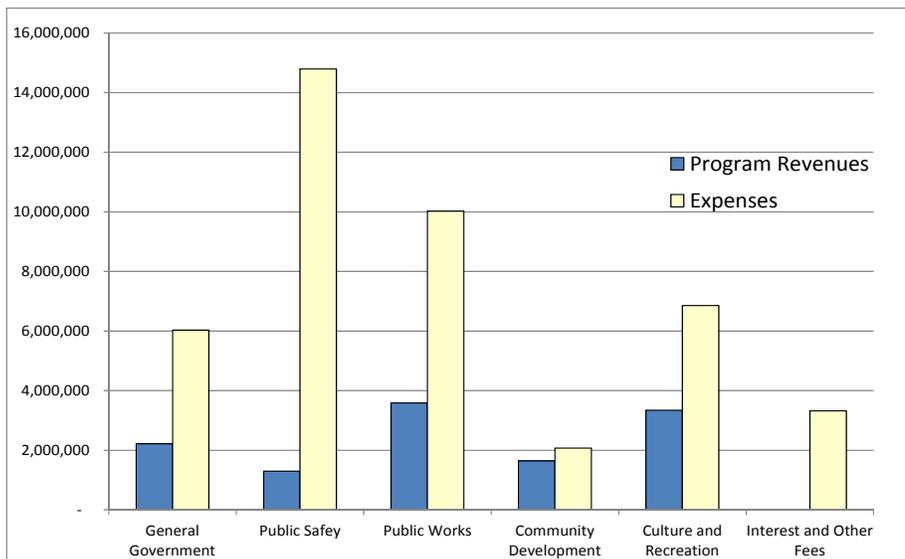
**City of Burleson Net Position
September 30, 2013 and 2014**



However, the City’s overall net position increased \$7,364,463 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

Governmental Activities. During the current fiscal year, net position for governmental activities increased \$4,785,705 from the prior fiscal year less a prior period adjustment of \$1,147,927 for an ending balance of \$133,357,220. The reason for the overall increase is an increase in property taxes due primarily to additions to the tax roll and higher sales tax collections resulting from increased consumer spending.

Expenses and Program Revenues - Governmental Activities



Business-Type Activities. For the City’s business-type activities, the results for the current fiscal year were positive in that overall net position increased to reach an ending balance of \$67,296,438. The total increase in net position for business-type activities (water and wastewater, Hidden Creek Golf Course, solid waste, and the cemetery) was \$3,726,685 or 5.9% from the prior fiscal year. The growth, in large part, is attributable to a 6.0% water rate increase and a similar increase in solid waste rates enacted for the fiscal year 2014 budget. An additional reason for the overall increase was the Hidden Creek Golf Course moving from “cart path only” play for most of the prior fiscal year (due to major renovations in fiscal year 2012), which reduced the number of rounds played, to more normal operations during fiscal year 2014 coupled with previously increased rates.

The following table provides a summary of the City’s operations for the year ended September 30, 2014. Overall fiscal year 2014 expenses increased 5.9%. The majority of this increase was created by an across-the-board 3.0% salary increase as well as increased spending for Community Development.

CITY OF BURLESON, TEXAS – CHANGES IN NET POSITION

	Governmental		Business-Type		Total	
	2013	2014	2013	2014	2013	2014
Revenues:						
Program Revenues:						
Charges for services	\$ 8,127,467	\$ 8,036,809	\$ 19,788,547	\$ 20,526,746	\$ 27,916,014	\$ 28,563,555
Operating grants and contributions	603,962	294,371	561,332	1,004,948	1,165,294	1,299,319
Capital grants and contributions	3,769,399	3,752,162	2,976,121	1,938,294	6,745,520	5,690,456
General Revenues:						
Taxes:						
Property taxes levied for general purposes	15,853,216	16,377,575	-	-	15,853,216	16,377,575
Tax Increment Financing	254,600	406,445	-	-	254,600	406,445
Sales and use taxes	14,110,028	16,051,878	-	-	14,110,028	16,051,878
Hotel / motel taxes	146,986	165,550	-	-	146,986	165,550
Franchise fees	2,659,237	2,968,802	-	-	2,659,237	2,968,802
Investment income	536,572	80,372	38,714	26,334	575,286	106,706
Total revenues	46,061,467	48,133,964	23,364,714	23,496,322	69,426,181	71,630,286
Expenses						
General government	4,779,683	6,027,808	-	-	4,779,683	6,027,808
Public safety	14,505,108	14,793,252	-	-	14,505,108	14,793,252
Public works	9,476,476	10,025,105	-	-	9,476,476	10,025,105
Community development	1,534,915	2,071,758	-	-	1,534,915	2,071,758
Culture and recreation	6,148,475	6,851,659	-	-	6,148,475	6,851,659
Interest and other fees	3,256,327	3,319,768	-	-	3,256,327	3,319,768
Water & wastewater	-	-	14,553,979	14,699,969	14,553,979	14,699,969
Hidden Creek Golf course	-	-	2,100,255	1,922,102	2,100,255	1,922,102
Solid Waste	-	-	2,595,756	2,742,100	2,595,756	2,742,100
Cemetery	-	-	10,994	11,498	10,994	11,498
Total expenses	39,700,984	43,089,350	19,260,984	19,375,669	58,961,968	62,465,019
Change in net assets						
before transfers	6,360,483	5,044,614	4,103,730	4,120,653	10,464,213	9,165,267
Transfers	122,937	(258,909)	(122,937)	258,909	-	-
Change in net position	6,483,420	4,785,705	3,980,793	4,379,562	10,464,213	9,165,267
Net position - beginning	123,236,022	129,719,442	59,588,960	63,569,753	182,824,982	193,289,195
Prior period adjustment	-	(1,147,927)	-	(652,877)	-	(1,800,804)
Net position - ending	\$ 129,719,442	\$ 133,357,220	\$ 63,569,753	\$ 67,296,438	\$ 193,289,195	\$ 200,653,658

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds – The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City Council.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$51,851,410. Eighty-one percent or \$41,906,161 of this total is not available for spending because it is classified as non-spendable (1) for inventory and prepaid items \$26,243; restricted for (2) debt service \$2,576,315, (3) economic development \$8,702,328, and (4) tourism \$507,576; committed for (5) culture and recreation \$530,845, (6) economic development \$272,383, (7) capital projects \$27,119,647, (8) debt service \$610,445 and (9) encumbrances \$513,332; and as assigned for risk management \$1,047,047. Approximately 19.2% of the combined ending fund balance or \$9,945,249 constitutes unassigned fund balance.

Of the \$51,851,410 ending fund balance, \$6,868,156 is accounted for in non-major governmental funds. The General Fund balance is \$12,140,879 at year end – an increase of \$948,321. This increase was created primarily by sales tax revenues that were more than \$900,000 more than originally budgeted. Another major contributor was license and permit revenue which exceeded expectations by nearly \$450,000. The Burleson Community Services Development Corporation (BCSDC) fund balance increased \$413,880 to \$2,564,417 at year end. This increase is primarily the result of continuing sales tax revenue outpacing debt service and capital project needs. The Burleson 4A Economic Development (4A Corp) fund balance increased \$807,335 to a year-end total of \$5,087,650. This increase is due primarily to revenues from the sale of land in the business park. The sale of \$12,842,000 reduced by continued construction work during the period increased fund balances in the Bond Funded Capital Projects fund by \$6,117,768 finishing the year at \$19,366,400. The Mineral Lease Capital Project fund balance increased \$393,272 to \$4,434,351. This increase represents the degree to which mineral income exceeded current capital project and debt service supplements. The Parks Performance fund balance decreased by \$191,605, end of the year fund balance for this fund was \$532,282. This decrease represents the excess of expenditures over revenues after the BCSDC subsidy to the Parks Performance fund. The decrease is the result of declining revenues and greater than expected maintenance costs. General Debt Service Fund balance increased \$10,523 to \$857,275. 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 position in the water and wastewater fund amounted to \$63,517,859, and that of Hidden Creek Golf Course totaled (\$548,837). Net position in the water and wastewater fund increased \$3,157,507, and Hidden Creek Golf Course net position increased \$100,342. Approximately 62% of the increase in the water and wastewater fund's net position is the result of capital contributions. The remaining increase is primarily the result of conservative budgeting and increased water sales resulting from drier than normal weather and increased water rates implemented October 1, 2013. 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). Fiscal year 2014 represents an improvement towards realization of these goals. Net position would have increased more than \$100,342 if not for the prior period adjustment necessitated by GASB 65 as discussed in the notes to the financial statements. The goal of the major renovations completed at the end of fiscal year 2012 allowed the course to handle more rounds in fiscal year 2014 coupled with rates that were previously increased. The existing deficit in this fund is primarily a function of initial losses associated with major course renovations and is common during early years of operations after start-up.

At the end of the fiscal year, the Solid Waste fund reported net position of \$393,049. This represents an increase of \$110,282, which results from implementation of rates calculated to increase working capital to comply with City policy.

General Fund Budgetary Highlights – The City’s revenue projections were increased approximately \$237,000 or 0.9%) when compared with the original budget. The budget for sales taxes increased approximately \$197,000 due to increased consumer spending and the budget for license and permit revenue was increased by \$148,000 because of increasing development activity.

Total actual revenue collections exceeded the revised estimates by about \$1,271,000, or about 4.6% of the revised estimate.

The general fund’s final revised expenditure budget was approximately \$1,315,000 greater than the figure originally adopted, (an increase of about 4.7%). This increase was precipitated by spending related to pavement, drainage, and facilities maintenance; enhancement/expansion of the records management system; and engineering services related to development needs.

Measured on a GAAP basis, actual year-end expenditures totaled about \$1,134,000 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. Most of the difference results from 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, 2014 amounts to \$266,540,305 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment and roads. The total increase in capital assets for the current fiscal year was approximately 6.0%.

Capital Assets at Year End (net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 24,582,653	\$ 25,883,925	\$ 5,067,307	\$ 4,981,811	\$ 29,649,960	\$ 30,865,736
Buildings & improvements	49,752,782	49,025,221	3,822,862	3,990,779	53,575,644	53,016,000
Infrastructure	78,787,559	79,027,838	17,094	20,146	78,804,653	79,047,984
Machinery & equipment	4,834,031	3,221,320	72,228	165,972	4,906,259	3,387,292
Vehicles	2,621,078	2,709,763	1,605,941	1,314,502	4,227,019	4,024,265
Other	45,000	45,000	-	-	45,000	45,000
Water distribution system	-	-	36,143,377	35,519,128	36,143,377	35,519,128
Wastewater system	-	-	31,056,161	31,000,775	31,056,161	31,000,775
Capitalized interest	-	-	221,009	229,130	221,009	229,130
Construction in progress	14,679,501	7,843,059	13,231,722	6,168,944	27,911,223	14,012,003
Total	\$ 175,302,604	\$ 167,756,126	\$ 91,237,701	\$ 83,391,187	\$ 266,540,305	\$ 251,147,313

Major capital asset events during the current fiscal year included the following:

- Construction costs related to arterial roads amounted to approximately \$7,262,300.

- Construction and right-of-way costs related to construction of water infrastructure amounted to approximately \$2,489,400.
- Construction and right-of-way costs related to construction of sanitary sewer lines amounted to approximately \$5,213,100.
- Cost of purchasing land and buildings to be used as City facilities amounted to \$1,225,000.
- Approximately \$1,050,900 of water lines were donated by developers.
- Approximately \$1,417,400 of sewer lines were donated by developers.
- Streets and sidewalks worth approximately \$1,681,000 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 \$138,855,000. Of this amount, \$61,355,000 comprises bonded debt backed solely by the full faith and credit of the government, \$60,020,000 represent bonds secured by a combination of property taxes and a limited pledge of other revenues, \$5,140,000 represents bonds secured solely by sales tax revenues, and \$12,340,000 secured by revenues generated from the City’s water and wastewater utility. Of the total general obligation outstanding debt of \$61,355,000, \$8,520,000 is to be repaid with revenue generated from the City’s water and wastewater utility and \$10,460,635 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	
	2013	2014	2013	2014	2013	2014
General obligation bonds	\$ 34,692,000	\$ 49,584,570	\$ 13,608,000	\$ 11,770,430	\$ 48,300,000	\$ 61,355,000
Certificate of obligation bonds	37,925,000	33,800,000	21,780,000	26,220,000	59,705,000	60,020,000
Utility system revenue bonds	-	-	12,740,000	12,340,000	12,740,000	12,340,000
Sales tax revenue bonds	5,765,000	5,140,000	-	-	5,765,000	5,140,000
	<u>\$ 78,382,000</u>	<u>\$ 88,524,570</u>	<u>\$ 48,128,000</u>	<u>\$ 50,330,430</u>	<u>\$ 126,510,000</u>	<u>\$ 138,855,000</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	AA-	NA

During the year, the City issued \$10,165,000 in combination tax and revenue certificates of obligation. These were issued for the purpose of constructing street improvements throughout the City and for improving and expanding the City’s water and wastewater systems. These bonds are labeled in the notes under governmental activities as Certificates of Obligation, 2014 Tax and Revenue (\$4,685,000), and business type activities as Certificates of Obligation, 2014 Tax and Revenue (\$5,480,000). General obligation refunding and improvement bonds in the amount of \$22,565,000 were issued to

refund a portion of the City's outstanding debt for debt service savings and to finance construction of street and public safety improvements throughout the City. In addition, the proceeds of the bond issuance will finance police facility renovations. These bonds are labeled in the notes under governmental activities as General Obligation Bonds, 2014 Series (\$19,558,570). The remaining portion of the bonds are labeled in the notes under business-type activities as General Obligation Bonds 2014 Golf Course Refunding (\$3,006,430).

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 2015 budget, general fund revenues and transfers-in are budgeted to increase by about 7.6% from the fiscal year 2014 final budget. Sales tax revenues are budgeted to increase by about \$735,900 and franchise fees are anticipated to increase about \$51,000. General fund expenditures are budgeted to increase by about 7.1% from the prior year totals, or a total of about \$1,978,730.

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 20% of annual operating expenses.

A 6% increase in water rates was implemented beginning October 1, 2014 due to increases in future debt service resulting from the \$5.48 million bond issuance during fiscal year 2014. Another major driver of the City's water rate increase was an approximate 11% cost increase for treated water service from the City's supplier (City of Fort Worth, which is experiencing cost increases in raw water from the Tarrant Regional Water District). The Tarrant Regional Water District provides raw water service to the cities of Arlington, Mansfield, and Fort Worth (and its wholesale customer cities including Burleson). No change was required in the City's wastewater rates in fiscal year 2015.

Solid Waste had an approximate 6% increase in solid waste rates beginning October 1, 2014 in order to recover increases in the cost of service and to increase unassigned fund balance to approximately 33 days of annual operating expense.

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.

City of Burleson, Texas
Statement of Net Position
September 30, 2014

A-1

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
<u>Current Assets</u>			
Cash and investments	\$ 55,585,238	\$ 6,540,635	\$ 62,125,873
Receivables, net:			
Taxes	67,251	-	67,251
Accounts and other	4,333,503	2,425,932	6,759,435
Inventories	73,998	362,733	436,731
Accrued interest	41,031	8,590	49,621
Internal balances	186,176	(186,176)	-
Total current assets	<u>60,287,197</u>	<u>9,151,714</u>	<u>69,438,911</u>
Reserved cash and investments	-	19,654,366	19,654,366
Reserved accrued interest	-	2,720	2,720
Other assets	-	1,442,312	1,442,312
Capital assets			
Nondepreciable	39,307,154	18,299,029	57,606,183
Depreciable, net of depreciation	135,995,450	72,938,672	208,934,122
Other assets	145,255	515,567	660,822
Total noncurrent assets	<u>175,447,859</u>	<u>112,852,666</u>	<u>288,300,525</u>
TOTAL ASSETS	<u>235,735,056</u>	<u>122,004,380</u>	<u>357,739,436</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	580,107	498,424	1,078,531
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>580,107</u>	<u>498,424</u>	<u>1,078,531</u>
LIABILITIES			
<u>Current Liabilities</u>			
Accounts payable and accrued liabilities	4,495,459	2,217,354	6,712,813
Accrued interest payable	505,139	239,599	744,738
Deposits payable	-	622,670	622,670
Current portion of:			
Long-term debt	5,136,000	3,259,000	8,395,000
Obligations under capital lease	101,305	2,545	103,850
Liability for compensated absences	1,563,421	174,475	1,737,896
Total current liabilities	<u>11,801,324</u>	<u>6,515,643</u>	<u>18,316,967</u>
<u>Noncurrent Liabilities</u>			
Long-term debt	86,538,530	48,326,165	134,864,695
Obligations under capital lease	520,372	14,653	535,025
Liability for compensated absences	2,566,260	168,973	2,735,233
Net pension obligation	1,082,212	129,585	1,211,797
Other post-employment benefits	449,245	51,347	500,592
Total noncurrent liabilities	<u>91,156,619</u>	<u>48,690,723</u>	<u>139,847,342</u>
TOTAL LIABILITIES	<u>102,957,943</u>	<u>55,206,366</u>	<u>158,164,309</u>
NET POSITION			
Net investment in capital assets	102,518,052	55,348,194	157,866,246
Restricted for:			
Debt service	2,576,315	4,592,463	7,168,778
Economic development / tourism	9,209,904	-	9,209,904
Unrestricted	19,052,949	7,355,781	26,408,730
TOTAL NET POSITION	<u>\$ 133,357,220</u>	<u>\$ 67,296,438</u>	<u>\$ 200,653,658</u>

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

City of Burleson, Texas
Statement of Activities
For the Year Ended September 30, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
General government	\$ 6,027,808	\$ 2,204,411	\$ 11,486	\$ -
Public safety	14,793,252	1,035,612	260,750	-
Public works	10,025,105	145,108	-	3,441,793
Community development	2,071,758	1,619,390	22,135	-
Culture and recreation	6,851,659	3,032,288	-	310,369
Interest and other fees	3,319,768	-	-	-
Total governmental activities	<u>43,089,350</u>	<u>8,036,809</u>	<u>294,371</u>	<u>3,752,162</u>
Business type activities:				
Water and wastewater	14,699,969	16,238,163	1,004,948	1,938,294
Hidden Creek Golf Course	1,922,102	1,361,515	-	-
Solid waste	2,742,100	2,851,808	-	-
Cemetery	11,498	75,260	-	-
Total business-type activities	<u>19,375,669</u>	<u>20,526,746</u>	<u>1,004,948</u>	<u>1,938,294</u>
Total primary government	<u>\$ 62,465,019</u>	<u>\$ 28,563,555</u>	<u>\$ 1,299,319</u>	<u>\$ 5,690,456</u>

General revenues:

Taxes:

Property taxes

Tax increment financing

Sales taxes

Hotel/motel taxes

Franchise fees based on gross receipts

Unrestricted investment earnings

Transfers between governmental and business type activities

Total general revenues and transfers

Change in net position

Net position-beginning

Prior period adjustment (see note 1.D.)

Net position-ending

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

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business Type Activities	Total
\$ (3,811,911)	\$ -	\$ (3,811,911)
(13,496,890)	-	(13,496,890)
(6,438,204)	-	(6,438,204)
(430,233)	-	(430,233)
(3,509,002)	-	(3,509,002)
(3,319,768)	-	(3,319,768)
<u>(31,006,008)</u>	<u>-</u>	<u>(31,006,008)</u>
-	4,481,436	4,481,436
-	(560,587)	(560,587)
-	109,708	109,708
-	63,762	63,762
<u>-</u>	<u>4,094,319</u>	<u>4,094,319</u>
<u>(31,006,008)</u>	<u>4,094,319</u>	<u>(26,911,689)</u>
16,377,575	-	16,377,575
406,445	-	406,445
16,051,878	-	16,051,878
165,550	-	165,550
2,968,802	-	2,968,802
80,372	26,334	106,706
(258,909)	258,909	-
<u>35,791,713</u>	<u>285,243</u>	<u>36,076,956</u>
4,785,705	4,379,562	9,165,267
129,719,442	63,569,753	193,289,195
(1,147,927)	(652,877)	(1,800,804)
<u>\$ 133,357,220</u>	<u>\$ 67,296,438</u>	<u>\$ 200,653,658</u>

City of Burleson, Texas
Balance Sheet
Governmental Funds
September 30, 2014

	Major Funds			
	General	BCSDC Special Revenue	4A Corp Special Revenue	Parks Performance Fund
ASSETS				
Cash and investments	\$ 11,590,538	\$ 1,778,048	\$ 4,370,723	\$ 700,497
Receivables:				
Delinquent taxes, net	31,860	-	-	-
Accounts receivable	1,106,125	-	-	12,290
Due from other funds	19,675	-	-	-
Due from other governmental units	1,556,257	786,158	785,411	-
Accrued interest	19,443	211	1,485	777
Inventories	-	-	-	1,437
Prepaid items	24,806	-	-	-
Total Assets	<u>\$ 14,348,704</u>	<u>\$ 2,564,417</u>	<u>\$ 5,157,619</u>	<u>\$ 715,001</u>
LIABILITIES				
Accounts payable	630,290	-	59,601	82,608
Accrued liabilities	1,205,959	-	10,368	100,111
Total Liabilities	<u>1,836,249</u>	<u>-</u>	<u>69,969</u>	<u>182,719</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-mowing leins	60,134	-	-	-
Unavailable revenue-franchise fees	311,442	-	-	-
Total Deferred Inflows of Resources	<u>371,576</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable:				
Inventory	-	-	-	1,437
Prepaid items	24,806	-	-	-
Restricted for:				
Debt service	-	-	-	-
Economic development	-	2,564,417	5,087,650	-
Tourism	-	-	-	-
Committed for:				
Culture and recreation	-	-	-	530,845
Economic development	-	-	-	-
Capital projects	-	-	-	-
Debt service	610,445	-	-	-
Other purposes	513,332	-	-	-
Assigned to:				
Risk management	1,047,047	-	-	-
Unassigned	9,945,249	-	-	-
Total Fund Balances	<u>12,140,879</u>	<u>2,564,417</u>	<u>5,087,650</u>	<u>532,282</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 14,348,704</u>	<u>\$ 2,564,417</u>	<u>\$ 5,157,619</u>	<u>\$ 715,001</u>

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

Major Funds				
Bond Funded Capital Projects	Mineral Lease Funded Capital Projects	General Debt Service	Other Governmental Funds	Total Governmental Funds
\$ 20,066,875	\$ 4,427,083	\$ 821,871	\$ 8,530,760	\$ 52,286,395
-	-	35,391	44,492	111,743
-	-	-	-	1,118,415
-	-	-	-	19,675
-	-	-	39,082	3,166,908
639	7,268	13	6,734	36,570
-	-	-	-	1,437
-	-	-	-	24,806
<u>\$ 20,067,514</u>	<u>\$ 4,434,351</u>	<u>\$ 857,275</u>	<u>\$ 8,621,068</u>	<u>\$ 56,765,949</u>
701,114	-	-	578,003	2,051,616
-	-	-	1,174,909	2,491,347
<u>701,114</u>	<u>-</u>	<u>-</u>	<u>1,752,912</u>	<u>4,542,963</u>
-	-	-	-	60,134
-	-	-	-	311,442
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>371,576</u>
-	-	-	-	1,437
-	-	-	-	24,806
-	-	857,275	1,719,040	2,576,315
-	-	-	1,050,261	8,702,328
-	-	-	507,576	507,576
-	-	-	-	530,845
-	-	-	272,383	272,383
19,366,400	4,434,351	-	3,318,896	27,119,647
-	-	-	-	610,445
-	-	-	-	513,332
-	-	-	-	1,047,047
-	-	-	-	9,945,249
<u>19,366,400</u>	<u>4,434,351</u>	<u>857,275</u>	<u>6,868,156</u>	<u>51,851,410</u>
<u>\$ 20,067,514</u>	<u>\$ 4,434,351</u>	<u>\$ 857,275</u>	<u>\$ 8,621,068</u>	<u>\$ 56,765,949</u>

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**Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
September 30, 2014**

Total fund balances--governmental funds **\$ 51,851,410**

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

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. 171,928,312

Certain charges related to the issuance of debt and insurance were expended in this year, but will be amortized over the entire period covered by the payment, and therefore are deferred in the government wide statement. 120,449

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 Position but are not included at the fund level. 6,475,062

Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds. 371,576

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	91,094,424	
Obligation under capital lease (net of ISF of \$12,764)	610,446	
Accrued interest	559,921	
Compensated absences (net of internal service fund \$173,455)	3,657,863	
Net pension obligation	1,039,811	
Other post-employment benefits	427,124	
Combined adjustment		<u>(97,389,589)</u>

Total net position--governmental activities **\$ 133,357,220**

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, 2014

	Major Funds			
	General	BCSDC Special Revenue	4A Corp Special Revenue	Parks Performance Fund
REVENUES				
Property taxes	\$ 12,612,927	\$ -	\$ -	\$ -
Sales taxes	7,844,970	3,988,788	3,988,788	-
Franchise fees	2,940,465	-	-	-
Licenses and permits	1,446,281	-	-	-
Intergovernmental revenue	208,979	-	-	-
Fines and forfeitures	917,391	-	-	-
Donations	-	-	-	-
Charges for service	1,567,967	-	-	1,987,594
Interest income	34,598	1,491	1,789	784
Mineral lease revenue	-	-	-	-
Street assessments	-	-	-	-
Miscellaneous	912,563	-	350,720	8,263
Total Revenues	<u>28,486,141</u>	<u>3,990,279</u>	<u>4,341,297</u>	<u>1,996,641</u>
EXPENDITURES				
Current				
General government	4,593,295	-	-	-
Public safety	14,317,114	-	-	-
Public works	5,747,144	-	-	-
Community Development	491,041	3,500	1,287,895	-
Culture and recreation	2,725,583	-	-	3,360,211
Capital expenditures	-	-	-	-
Debt Service:				
Principal retirement	93,379	-	-	-
Interest and fiscal agent charges	32,264	-	-	-
Debt issuance costs	-	-	-	-
Total Expenditures	<u>27,999,820</u>	<u>3,500</u>	<u>1,287,895</u>	<u>3,360,211</u>
Excess of revenues over expenditures	486,321	3,986,779	3,053,402	(1,363,570)
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	-	-	-
Premium on debt issuance	-	-	-	-
Transfers in	475,000	-	-	1,171,965
Payment to escrow agent	-	-	-	-
Transfers out	(13,000)	(3,572,899)	(2,246,067)	-
Total Other Financing Sources (Uses)	<u>462,000</u>	<u>(3,572,899)</u>	<u>(2,246,067)</u>	<u>1,171,965</u>
Net change in fund balances	948,321	413,880	807,335	(191,605)
Fund balance - beginning	11,192,558	2,150,537	4,280,315	723,887
Fund balance - ending	<u>\$ 12,140,879</u>	<u>\$ 2,564,417</u>	<u>\$ 5,087,650</u>	<u>\$ 532,282</u>

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

Major Funds				
Bond Funded Capital Projects	Mineral Lease Funded Capital Projects	General Debt Service	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 3,439,986	\$ 928,021	\$ 16,980,934
-	-	-	393,829	16,216,375
-	-	-	-	2,940,465
-	-	-	-	1,446,281
-	-	-	33,283	242,262
-	-	-	365,208	1,282,599
-	-	-	52,110	52,110
-	-	-	-	3,555,561
12,611	10,966	-	12,633	74,872
-	969,979	-	-	969,979
-	-	-	70,473	70,473
-	-	-	310,369	1,581,915
<u>12,611</u>	<u>980,945</u>	<u>3,439,986</u>	<u>2,165,926</u>	<u>45,413,826</u>
-	-	-	3,282	4,596,577
-	-	-	416,979	14,734,093
-	-	-	8,204	5,755,348
-	-	-	619,268	2,401,704
-	-	-	163,416	6,249,210
10,446,436	76,673	-	787,445	11,310,554
-	-	2,274,963	2,259,037	4,627,379
-	-	1,583,756	1,299,775	2,915,795
186,614	-	40,505	59,856	286,975
<u>10,633,050</u>	<u>76,673</u>	<u>3,899,224</u>	<u>5,617,262</u>	<u>52,877,635</u>
(10,620,439)	904,272	(459,238)	(3,451,336)	(7,463,809)
15,295,000	-	3,579,046	5,369,524	24,243,570
1,586,804	-	378,078	562,882	2,527,764
-	-	511,072	4,056,617	6,214,654
-	-	(3,998,435)	(6,011,013)	(10,009,448)
<u>(143,597)</u>	<u>(511,000)</u>	<u>-</u>	<u>-</u>	<u>(6,486,563)</u>
<u>16,738,207</u>	<u>(511,000)</u>	<u>469,761</u>	<u>3,978,010</u>	<u>16,489,977</u>
6,117,768	393,272	10,523	526,674	9,026,168
<u>13,248,632</u>	<u>4,041,079</u>	<u>846,752</u>	<u>6,341,482</u>	<u>42,825,242</u>
<u>\$ 19,366,400</u>	<u>\$ 4,434,351</u>	<u>\$ 857,275</u>	<u>\$ 6,868,156</u>	<u>\$ 51,851,410</u>

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**Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2014**

Net change in fund balances--total governmental funds		\$ 9,026,168
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 (includes \$324,981 classified as program expenditures on fund statements)	11,635,535	
Depreciation (net of internal service)	(5,789,027)	5,846,508
Certain other capital-related amounts result in differences between the government-wide and fund-level statements.		1,788,606
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		24,859
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.		(593,425)
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.		(11,968,814)
A reduction of internal charges between the governmental activities and the business type activities is not reported at the fund level.		2,841
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>658,962</u>
Change in net position of governmental activities		<u><u>\$ 4,785,705</u></u>

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

City of Burleson, Texas
Statement of Net Position
All Proprietary Funds
September 30, 2014

	Business-Type Activities Enterprise Funds			Business-Type Activities Enterprise Funds	
	Water & Wastewater	Hidden Creek Golf Course	Solid Waste	Non-major	Total
ASSETS					
Current Assets					
Deposits and investments	\$ 4,084,774	\$ -	\$ 242,560	\$ 1,418,051	\$ 5,745,385
Receivables					
Accounts receivable	2,032,693	6,773	386,606	1,860	2,427,932
Due from other funds	-	-	-	-	-
Inventories	263,035	30,953	-	-	293,988
Land held for sale of cemetery lots	-	-	-	68,745	68,745
Accrued interest	4,742	61	348	2,126	7,277
Total Current Assets	<u>6,385,244</u>	<u>37,787</u>	<u>629,514</u>	<u>1,490,782</u>	<u>8,543,327</u>
Non-current assets					
Restricted deposits and investments	19,571,521	82,845	-	-	19,654,366
Restricted accrued interest receivable	2,720	-	-	-	2,720
Other Assets	1,461,485	5,375	-	-	1,466,860
Capital Assets					
Other Assets	491,019	-	-	-	491,019
Property, plant, and equipment, net	86,252,268	3,131,456	22,864	225,172	89,631,760
Total Noncurrent Assets	<u>107,779,013</u>	<u>3,219,676</u>	<u>22,864</u>	<u>225,172</u>	<u>111,246,725</u>
TOTAL ASSETS	<u>114,164,257</u>	<u>3,257,463</u>	<u>652,378</u>	<u>1,715,954</u>	<u>119,790,052</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	354,053	144,371	-	-	498,424
TOTAL DEFERRED OUTFLOWS	<u>354,053</u>	<u>144,371</u>	<u>-</u>	<u>-</u>	<u>498,424</u>
LIABILITIES					
Current Liabilities					
Accounts payable	1,788,333	42,800	258,366	-	2,089,499
Accrued liabilities	74,696	54,195	963	-	129,854
Accrued interest payable	204,080	35,519	-	-	239,599
Customer deposits	605,081	-	-	17,589	622,670
Due to other funds	-	19,675	-	-	19,675
Compensated absences	112,697	61,778	-	-	174,475
Current portion of bonds payable	3,015,000	244,000	-	-	3,259,000
Current portion of capital lease payable	1,091	1,454	-	-	2,545
Total current liabilities	<u>5,800,978</u>	<u>459,421</u>	<u>259,329</u>	<u>17,589</u>	<u>6,537,317</u>
Noncurrent Liabilities					
Revenue bonds payable	45,015,723	3,310,442	-	-	48,326,165
Capital lease payable	6,280	8,373	-	-	14,653
Net pension obligation	82,422	47,163	-	-	129,585
Other post-employment benefits	31,918	19,429	-	-	51,347
Compensated absences	63,130	105,843	-	-	168,973
Total noncurrent liabilities	<u>45,199,473</u>	<u>3,491,250</u>	<u>-</u>	<u>-</u>	<u>48,690,723</u>
TOTAL LIABILITIES	<u>51,000,451</u>	<u>3,950,671</u>	<u>259,329</u>	<u>17,589</u>	<u>55,228,040</u>
NET POSITION					
Net investment in capital assets	45,202,973	(427,438)	22,864	225,172	45,023,571
Restricted for debt service and construction	3,998,418	82,845	-	-	4,081,263
Unrestricted	14,316,468	(204,244)	370,185	1,473,193	15,955,602
TOTAL NET POSITION	<u>\$ 63,517,859</u>	<u>\$ (548,837)</u>	<u>\$ 393,049</u>	<u>\$ 1,698,365</u>	<u>\$ 65,060,436</u>
Net position of business-type activity internal service funds					2,402,503
Adjustment to reflect activity between governmental and business type activities					(166,501)
Net position of business type activities					<u>\$ 67,296,438</u>

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

Governmental Activities	
Internal Service Funds	
\$	4,094,092
	3,688
	-
	72,559
	-
	5,774
	<u>4,176,113</u>
	-
	-
	-
	-
	4,980,236
	<u>4,980,236</u>
	<u>9,156,349</u>
	-
	-
	-
	-
	142,846
	54,781
	-
	-
	92,629
	-
	1,662
	<u>291,918</u>
	-
	9,569
	42,401
	22,121
	134,057
	<u>208,148</u>
	<u>500,066</u>
	4,969,005
	-
	<u>3,687,278</u>
\$	<u><u>8,656,283</u></u>

City of Burleson, Texas
Statement of Revenues, Expenses, and Changes in Fund Net Position
All Proprietary Funds
For the Year Ended September 30, 2014

	Business-Type Activities		
	Enterprise Funds		
	Water & Wastewater	Hidden Creek Golf Course	Solid Waste
Operating revenues			
Charges for goods and services	\$ 15,662,552	\$ 1,361,515	\$ 2,851,808
Penalties and interest	419,069	-	-
Miscellaneous	156,542	-	-
Impact fee revenue	1,004,948	-	-
Mineral lease revenue	-	-	-
Operating revenues	<u>17,243,111</u>	<u>1,361,515</u>	<u>2,851,808</u>
Operating expenses			
Water and wastewater services	9,455,143	-	-
Cost of golf operations	-	1,580,593	-
Cost of collecting revenues and other administrative expenses	1,766,642	-	-
Cost of cemetery operations	-	-	-
Cost of solid waste operations	-	-	2,741,554
Cost of equipment services	-	-	-
Cost of support services	-	-	-
Materials, supplies, and cemetery lots	-	-	-
Depreciation	1,928,827	164,146	545
Total operating expenses	<u>13,150,612</u>	<u>1,744,739</u>	<u>2,742,099</u>
Net operating income (loss)	4,092,499	(383,224)	109,709
Non-operating revenues (expenses)			
Gain (loss) on disposition of fixed assets	-	(25,521)	-
Investment income	20,188	98	573
Interest and fiscal agent charges	(1,832,712)	(157,805)	-
Total non-operating revenue	<u>(1,812,524)</u>	<u>(183,228)</u>	<u>573</u>
Income (loss) before capital contributions and transfers	2,279,975	(566,452)	110,282
Transfers in	-	733,909	-
Transfers out	(475,000)	-	-
Capital contributions	1,938,294	-	-
Net Income	3,743,269	167,457	110,282
Net position at beginning of year	60,360,352	(649,179)	282,767
Prior period adjustment (see note 1.D.)	(585,762)	(67,115)	-
Net position at end of year	<u>\$ 63,517,859</u>	<u>\$ (548,837)</u>	<u>\$ 393,049</u>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds

Change in net position of business-type activities

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

Business-Type Activities Enterprise Funds		Governmental Activities
Non-major	Total	Internal Service Fund
\$ 5,558	\$ 19,881,433	\$ 3,671,073
-	419,069	-
69,701	226,243	-
-	1,004,948	-
-	-	-
<u>75,259</u>	<u>21,531,693</u>	<u>3,671,073</u>
-	9,455,143	-
-	1,580,593	-
-	1,766,642	1,188,202
175	175	-
-	2,741,554	-
-	-	664,469
-	-	-
697	697	-
<u>10,626</u>	<u>2,104,144</u>	<u>948,711</u>
<u>11,498</u>	<u>17,648,948</u>	<u>2,801,382</u>
63,761	3,882,745	869,691
-	(25,521)	62,394
3,348	24,207	8,676
-	(1,990,517)	(515)
<u>3,348</u>	<u>(1,991,831)</u>	<u>70,555</u>
67,109	1,890,914	940,246
-	733,909	13,000
-	(475,000)	-
-	1,938,294	-
67,109	4,088,117	953,246
1,631,256		7,703,037
-		-
<u>\$ 1,698,365</u>		<u>\$ 8,656,283</u>
	<u>291,445</u>	
	<u>\$ 4,379,562</u>	

City of Burleson, Texas
Statement of Cash Flows
All Proprietary Funds
For the Year Ended September 30, 2014

C-3

	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
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers	\$ 17,242,893	\$ 1,357,358	\$ 2,839,296	\$ 74,712	\$ 21,514,259	\$ -
Cash received for deposits	23,092	-	-	-	23,092	-
Cash received from interfund services provided	-	-	-	-	-	3,669,336
Cash payments (loan receivable) from other funds	-	19,675	-	-	19,675	-
Cash payments to vendors, suppliers, and contractors	(7,069,366)	(708,865)	(2,733,090)	(691)	(10,512,012)	(595,571)
Payments to employees for services	(1,579,326)	(873,624)	(24,607)	-	(2,477,557)	(1,089,896)
Payments to other funds	(2,264,880)	-	-	-	(2,264,880)	-
Net cash provided by operating activities	6,352,413	(205,456)	81,599	74,021	6,302,577	1,983,869
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfer from other funds	-	733,909	-	-	733,909	13,000
Transfer to other funds	(475,000)	-	-	-	(475,000)	-
Net cash used by noncapital financing activities	(475,000)	733,909	-	-	258,909	13,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Capital contributions	121,238	-	-	-	121,238	-
Receipt on disposal of capital assets	-	-	-	-	-	92,704
Principal paid on capital debt	(1,006)	(152,896)	-	-	(153,902)	-
Interest paid on capital debt	(338)	(10,413)	-	-	(10,751)	-
Principal paid on bonds	(2,750,000)	(231,000)	-	-	(2,981,000)	(1,533)
Interest payments on long-term debt	(1,705,853)	(91,970)	-	-	(1,797,823)	(515)
Proceeds of bond issuance	6,020,087	1,527	-	-	6,021,614	-
Cost of bond issuance	(67,020)	(74,130)	-	-	(141,150)	-
(Acquisition) disposal of capital assets	(7,808,265)	2,800	-	-	(7,805,465)	(1,181,828)
Net cash provided by (used for) capital and related financing activities	(6,191,158)	(556,082)	-	-	(6,747,240)	(1,091,172)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received	25,461	199	787	4,894	31,341	12,883
Proceeds from sale of investments	984,538	-	90,052	525,971	1,600,561	1,766,512
Purchase of investments	(383,976)	-	(35,121)	(215,132)	(634,229)	(493,947)
Net cash provided by investing activities	626,023	199	55,718	315,733	997,673	1,285,448
Net (decrease) in cash and cash equivalents	312,277	(27,430)	137,317	389,754	811,918	2,191,145
Cash and cash equivalents--beginning of year	19,672,693	110,275	103,770	1,025,534	20,912,272	899,333
Cash and cash equivalents--end of year	19,984,970	82,845	241,087	1,415,288	21,724,190	3,090,478
Investments	3,671,325	-	1,473	2,763	3,675,561	1,003,614
Total cash and investments	\$ 23,656,295	\$ 82,845	\$ 242,560	\$ 1,418,051	\$ 25,399,751	\$ 4,094,092
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ 4,092,499	\$ (383,224)	\$ 109,709	63,761	\$ 3,882,745	\$ 869,693
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation	1,928,827	164,146	545	10,626	2,104,144	948,711
(Increase) decrease in accounts receivable	(217)	(4,157)	(12,513)	(547)	(17,434)	(1,741)
(Increase) decrease in inventories	(47,839)	(4,303)	-	198	(51,944)	(3,077)
Increase (decrease) in due to other funds	-	19,675	-	-	19,675	0
Increase (decrease) in vouchers and accounts payable	338,457	(2,232)	(16,104)	(17)	320,104	96,802
Increase (decrease) in accrued liabilities	17,594	4,639	(38)	-	22,195	73,481
Increase (decrease) in deposits payable	23,092	-	-	-	23,092	-
Net cash provided by operating activities	6,352,413	(205,456)	81,599	74,021	6,302,577	1,983,869
Noncash Capital and related financing activities						
Contributions from developers	1,817,056	-	-	-	1,817,056	-
Total noncash capital and related financing activities	\$ 1,817,056	\$ -	\$ -	\$ -	\$ 1,817,056	\$ -

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

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 Position, 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 Burluson 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.

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 Position 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, 2014, 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 uncollectable receivables. Trade accounts receivable in excess of 60 days comprise the trade accounts receivable allowance for uncollectable receivables. 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 2014 levy was based, was approximately \$2,488,710,642. 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 and b) 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, 2014 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 \$5,281,269. 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 Position – Net position represent the difference between assets, deferred outflows (inflows) of resources, and liabilities. Net investment in capital assets 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 position is 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 position 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) of City Council. Ordinances and resolutions of the City Council are equally binding commitments. Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

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

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

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

- 9) Deferred outflows/inflows of resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City only has one item that qualifies for reporting in this category. It is deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statements element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: mowing liens and franchise fees. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

10) Prior Period Adjustment – Change in Accounting Principles -- As the result of implementing GASB Statement No. 65, the City has decreased beginning net position as of October 1, 2013 by \$1,147,927 for the governmental activities and by \$652,877 for business-type activities. These decreases result from no longer deferring and amortizing bond issuance costs.

Further, the City has reclassified its deferred loss on bond refunding, previously reported as a component of long-term debt, to deferred outflows of resources in the government-wide statements in accordance with GASB Statement No. 65. The effect of this change increases the long-term liabilities of the governmental activities by \$558,385 and of the business-type activities by \$517,170, and corresponds to an increase in deferred outflows of resources as of October 1, 2013.

Summary of governmental fund balances as of September 30, 2014 are as follows:

	General Fund	Special Revenue Funds (1)	Capital Project Funds (1)	Debt Service Funds	Total
Fund balances:					
Nonspendable:					
Inventory	\$ -	\$ 1,437	\$ -	\$ -	\$ 1,437
Prepays	24,806	-	-	-	24,806
Restricted for:					
Debt service	-	-	-	2,576,315	2,576,315
Economic development	-	8,702,328	-	-	8,702,328
Tourism	-	507,576	-	-	507,576
Committed to:					
Culture and recreation	-	530,845	-	-	530,845
Economic development	-	272,383	-	-	272,383
Capital projects	-	-	27,119,647	-	27,119,647
Debt service	610,445	-	-	-	610,445
Other purposes:					
Encumbrances	513,332	-	-	-	513,332
Assigned to:					
Risk management	1,047,047	-	-	-	1,047,047
Unassigned:	9,945,249	-	-	-	9,945,249
Total fund balances	<u>\$ 12,140,879</u>	<u>\$ 10,014,569</u>	<u>\$ 27,119,647</u>	<u>\$ 2,576,315</u>	<u>\$ 51,851,410</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 20% of the General Fund annual expenditures. This percentage is the equivalent of 73 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 90 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 Secretary when submitted to the City Council. Public hearings are conducted to obtain taxpayer comments. Prior to September 30, the budget is adopted by affirmative vote of a majority of the members of the City Council.

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

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

Excess of Expenditures over Appropriations – For the year ended September 30, 2014, expenditures exceeded appropriations in Legal, Records Management, Finance, Police, Municipal Court, Neighborhood Services, Community Development, Building Inspections, and Parks Administration departments (the legal level of budgeting control) of the general fund by \$5,130, \$870, \$558, \$6,848, \$17,945, \$105, \$1,147, \$14,147, and \$112 respectively. These over-expenditures were funded by savings in other departments.

F. Accounting Pronouncements

During fiscal year 2014, the City adopted the following Governmental Accounting Standards Board (“GASB”) Statements:

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. The requirements of this Statement are effective for fiscal year 2014.

Statement No. 70 (“GASB 70”), *Accounting and Financial Reporting for Non-exchange Financial Guarantees*, is effective for reporting periods beginning after June 15, 2013. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive non-exchange financial guarantees. This Statement will enhance the information disclosed about a government’s obligations and risk exposure from extending non-exchange financial guarantees.

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

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.

Statement No. 69 (“GASB 69”), *Government Combinations and Disposals of Government Operations*, is effective for periods beginning after December 15, 2013. This Statement establishes accounting and financial reporting standards related to government combinations (mergers, acquisitions, and transfers of operations) and disposals of government operations. This Statement requires disclosures to be made to enable financial statement users to evaluate the nature and financial effects of those transactions.

Statement No. 71 (“GASB 71”), *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*, is required to be applied simultaneously with the provisions of Statement No. 68. The objective of this Statement is to address an issue regarding the application of the transition provisions of Statement No. 68, related to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government’s beginning net pension liability.

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

G. Deficit Net Position

At September 30, 2014, The Hidden Creek Golf Course Fund had an accumulated deficit of \$548,837. Of this net deficit, \$427,438 is reported as net investment in capital assets. 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, 2014, are classified in the statement of net position as cash and investments and restricted cash and investments. The cash and investments include the following:

Cash on hand	\$ 9,971
Demand deposits	589,386
Money market mutual funds	736,356
Certificates of deposit	245,000
TexPool (State of Texas Treasurer's Investment Pool)	12,857,301
TexPool Prime (State of Texas Treasurer's Investment Pool)	11,755,408
Lone Star Investment Pool - Liquidity Plus Fund	4,152,254
TexSTAR Investment Pool	10,295,330
Logic Investment Pool	33,949,406
Municipal Obligations	<u>7,189,826</u>
Total cash and investments	<u>\$ 81,780,238</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, 2014, the carrying amount of the City's deposits was \$589,386, with an overall bank balance of approximately \$846,034. 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	\$ 736,356	\$ 736,356	\$ -	\$ -
TexPool (State of Texas Treasurer's Investment Pool)	12,857,301	12,857,301	-	-
TexPool Prime (State of Texas Treasurer's Investment Pool)	11,755,408	11,755,408	-	-
Lone Star Investment Pool - Liquidity Plus Fund	4,152,254	4,152,254	-	-
TexSTAR Investment Pool	10,295,330	10,295,330	-	-
Logic Investment Pool	33,949,406	33,949,406	-	-
Certificates of deposit	245,000	245,000	-	-
Municipal Obligations	7,189,826	6,898,277	291,549	-
	<u>\$ 81,180,881</u>	<u>\$ 80,889,332</u>	<u>\$ 291,549</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 money market mutual funds, state and local obligations rated A by at least one nationally recognized securities rating agency (NRSRO) 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 and savings and loans doing business in the state of Texas and further requires full insurance or collateralized from these depositories (banks only).

Repurchase agreements are limited to those with defined termination dates with a primary dealers (as defined by the Federal Reserve) and Texas banks.

Municipal obligations are required to be rated A or better by at least one NRSRO.

The City's adopted Investment Policy restricts investment in SEC registered money market mutual funds striving to maintain a \$1 net asset value and defined by State law.

Local government investment pools in Texas are required to be rated AAA, or equivalent by at least one nationally recognized securities rating organization. The City Policy is restricted to AAA-rated local government investment pools.

As of September 30, 2014:

- certificates of deposit and money market accounts represented 1.21% of the total portfolio,
- investment in four AAA-rated local government investment pools represented 89.93% of the total portfolio, and
- investment in municipal obligations rated A or better represented 8.86% of the total portfolio.

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, 2014, are as follows:

<u>Investment Type</u>	<u>Issuer</u>	<u>Reported Amount</u>	<u>Percentage of Total Portfolio</u>
Local Government Investment Pools			
	TexPool	24,612,709	30.32%
	Lone Star - Liquidity Plus Fund	4,152,254	5.11%
	TexSTAR Investment Pool	10,295,330	12.68%
	Logic Investment Pool	33,949,406	41.82%

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, 2014, the portfolio contained:

- no holding in the portfolio had a stated maturity date beyond 18 months, and
- the dollar weighted average of the total portfolio was 17 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, 2014:

- the portfolio contained one (1) fully FDIC insured certificate of deposit
- the portfolio contained no repurchase agreements, and
- all bank demand deposits were fully insured and/or collateralized and,
- all pledged bank collateral for demand deposits was held by an independent institution outside the bank's holding company.

3. RECEIVABLES AND DEFERRED INFLOWS OF RESOURCES

Receivables as of September 30, 2014 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	\$ 339,371	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 68,802	\$ -	\$ 408,173
Accounts	1,106,125	-	-	35,933	-	-	-	44,492	1,186,550
Due from other funds	19,675	-	-	-	-	-	-	-	19,675
Intergovernmental	1,556,257	786,158	785,411	-	-	-	-	39,082	3,166,908
Interest	19,443	211	1,485	777	639	7,268	13	6,734	36,570
Gross receivables	3,040,871	786,369	786,896	36,710	639	7,268	68,815	90,308	4,817,876
Less: Allowance for uncollectibles	(307,511)	-	-	(23,643)	-	-	(33,411)	-	(364,565)
Net total receivables	2,733,360	786,369	786,896	13,067	639	7,268	35,404	90,308	4,453,311
Deferred inflows of resources									
Mowing Liens	60,134	-	-	-	-	-	-	-	60,134
Franchise Fees	311,442	-	-	-	-	-	-	-	311,442
Total deferred inflows	\$ 371,576	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 371,576

	Water and Wastewater	Golf Course	Solid Waste	Non-major	Business-Type Activities Total
Receivables:					
Accounts	\$ 1,191,289	\$ 6,773	\$ 221,294	\$ 6,416	\$ 1,425,772
Unbilled accounts	850,026	-	170,362	-	1,020,388
Interest	4,742	61	348	2,126	7,277
Gross receivables	2,046,057	6,834	392,004	8,542	2,453,437
Less: Allowance for uncollectibles	(8,622)	-	(5,050)	(4,556)	(18,228)
Net total receivables	\$ 2,037,435	\$ 6,834	\$ 386,954	\$ 3,986	\$ 2,435,209

4. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2014, was as follows:

<u>Governmental activities:</u>	<u>Beginning Balance</u>	<u>Transfers/ Additions</u>	<u>Transfers/ Deletions</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 25,883,925	\$ 281,442	\$ (1,582,714)	\$ 24,582,653
Construction in progress	7,843,059	6,836,442		14,679,501
Historical/Artwork Collections	45,000	-	-	45,000
Total capital assets not being depreciated	<u>33,771,984</u>	<u>7,117,884</u>	<u>(1,582,714)</u>	<u>39,307,154</u>
Capital assets being depreciated:				
Buildings	38,487,120	2,136,019	-	40,623,139
Improvements other than buildings	21,169,499	204,456	-	21,373,955
Infrastructure	120,541,940	3,363,216	(95,000)	123,810,156
Vehicles	5,397,436	462,882	(243,159)	5,617,159
Machinery and equipment	11,628,619	2,374,620	(185,080)	13,818,159
Total capital assets being depreciated	<u>197,224,614</u>	<u>8,541,193</u>	<u>(523,239)</u>	<u>205,242,568</u>
Less accumulated depreciation for:				
Buildings	(5,514,798)	(787,344)	-	(6,302,142)
Improvements other than buildings	(5,116,600)	(825,570)	-	(5,942,170)
Infrastructure	(41,514,102)	(3,603,495)	95,000	(45,022,597)
Vehicles	(2,687,673)	(526,257)	217,849	(2,996,081)
Machinery and equipment	(8,407,299)	(761,909)	185,080	(8,984,128)
Total accumulated depreciation	<u>(63,240,472)</u>	<u>(6,504,575)</u>	<u>497,929</u>	<u>(69,247,118)</u>
Total capital assets being depreciated, net	<u>133,984,142</u>	<u>2,036,618</u>	<u>(25,310)</u>	<u>135,995,450</u>
Governmental activities capital assets, net	<u>\$ 167,756,126</u>	<u>\$ 9,154,502</u>	<u>\$ (1,608,024)</u>	<u>\$ 175,302,604</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	\$ 4,981,811	\$ 85,496	\$ -	\$ 5,067,307
Construction in progress	6,168,944	7,062,778	-	13,231,722
Total capital assets not being depreciated	<u>11,150,755</u>	<u>7,148,274</u>		<u>18,299,029</u>
Capital assets, being depreciated:				
Water systems	46,457,513	1,618,795	-	48,076,308
Wastewater systems	38,528,320	838,010	-	39,366,330
Infrastructure	30,524	-	-	30,524
Building and improvements	6,849,791	1,174	-	6,850,965
Machinery and equipment	1,184,209	19,070	(308,554)	894,725
Vehicles	2,178,288	529,605	(49,694)	2,658,199
Capitalized interest	338,852	-	-	338,852
Total capital assets being depreciated	<u>95,567,497</u>	<u>3,006,654</u>	<u>(358,248)</u>	<u>98,215,903</u>
Less accumulated depreciation for:				
Water systems	(10,938,385)	(994,546)	-	(11,932,931)
Wastewater systems	(7,527,545)	(782,624)	-	(8,310,169)
Infrastructure	(10,378)	(3,052)	-	(13,430)
Building and improvements	(2,859,012)	(169,091)	-	(3,028,103)
Machinery and equipment	(1,018,237)	(84,494)	280,234	(822,497)
Vehicles	(863,786)	(233,166)	44,694	(1,052,258)
Capitalized interest	(109,722)	(8,121)	-	(117,843)
Total accumulated depreciation	<u>(23,327,065)</u>	<u>(2,275,094)</u>	<u>324,928</u>	<u>(25,277,231)</u>
Total capital assets being depreciated, net	<u>72,240,432</u>	<u>731,560</u>	<u>(33,320)</u>	<u>72,938,672</u>
Business-type activities capital assets, net	<u>\$ 83,391,187</u>	<u>\$ 7,879,834</u>	<u>\$ (33,320)</u>	<u>\$ 91,237,701</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 position for proprietary funds. Capital assets in the Proprietary Vehicle Replacement fund are \$1,605,941 and are included in the above schedule.

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

Governmental activities:	
General government	\$ 164,029
Public safety	827,336
Public works, which includes the depreciation of general infrastructure assets	4,706,309
Culture and recreation	806,901
Total depreciation expense - governmental activities	<u>\$ 6,504,575</u>
Business-type activities:	
Water and wastewater	\$ 1,868,761
Golf course	161,996
Solid waste	545
Cemetery	10,626
Vehicle replacement fund	233,166
Total depreciation expense - business-type activities	<u>\$ 2,275,094</u>

Construction commitments

The City entered into several design contracts during the fiscal year. As of September 30, 2014, the City had outstanding design contracts totaling \$921,540 related to water, sewer, parks, and street infrastructure. These commitments will be financed from proceeds of bonds issued in fiscal year 2014 as well as in prior years. The City has no outstanding construction commitments at September 30, 2014.

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 2014. 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, 2014.

The assets acquired through capital leases are as follows:

	Governmental Activities	Business-Type Activities
Asset:		
Machinery & Equipment	\$ 1,735,972	\$ 122,911
Infrastructure	592,423	30,524
Less: Accumulated depreciation	(1,457,570)	(132,922)
Total	<u>\$ 870,825</u>	<u>\$ 20,513</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.	\$ 22,570
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.	8,274
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.	7,575
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.	6,092
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.	11,897
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.	1,366,934
Prepaid arbitrage liability.	38,143
	<u>\$ 1,461,485</u>

The amounts above are net of accumulated amortization of \$1,146,779

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.	\$ 422,317
Costs incurred in the development of a long-term master infrastructure plan. The costs are being amortized over 20 years.	68,702
	<u>\$ 491,019</u>

The amounts above are net of accumulated amortization of \$359,863.

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.	\$ 5,375
	<u>\$ 5,375</u>

The amount above is net of accumulated amortization of \$37,625.

7. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund Receivables/Payables

The composition of inter-fund balances as of September 30, 2014, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Hidden Creek Golf Course Fund	\$ 19,675

Interfund Transfers

Inter-fund transfers during the year ended September 30, 2014, were as follows:

	Transfers out:		Transfers In:		
	General Fund	Parks Performance	Hidden Creek GC	Equipment Services Fund	General Debt Service Fund
BCSDC Special Revenue	-	1,171,965	733,909	-	-
4A Corp Special Revenue	-	-	-	-	-
Solid Waste Fund	-	-	-	-	-
General Fund	-	-	-	13,000	-
Water & Wastewater	475,000	-	-	-	-
Bond Funded Cap Proj					72
Mineral Lease Funded Capital Projects	-	-	-	-	511,000
Total	\$ 475,000	\$ 1,171,965	\$ 733,909	\$ 13,000	\$ 511,072

	Transfers out:		Transfers In:	
	Non-major Governmental	Total Transfers From		
BCSDC Special Revenue	1,667,025	(3,572,899)		
4A Corp Special Revenue	2,246,067	(2,246,067)		
Solid Waste Fund	-	-		
General Fund	-	(13,000)		
Water & Wastewater	-	(475,000)		
Bond Funded Cap Proj	143,525	(143,597)		
Mineral Lease Funded Capital Projects	-	(511,000)		
Total	\$ 4,056,617	\$ (6,961,563)		

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

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

Cost Reimbursements

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

distinguishing aspects of interfund services provided and used are that each department or fund both gives and receives consideration.

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

<u>Fund</u>	<u>Amount</u>
Water and Wastewater	\$ 1,058,090
Capital Projects	370,000
Hotel Motel	10,200
Total to General Fund	<u>\$ 1,438,290</u>

Franchise Fees

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

<u>Fund</u>	<u>Amount</u>
Water and Wastewater	\$ 585,000
Solid Waste	81,600
Total to General Fund	<u>\$ 666,600</u>

Payments in Lieu of Property Taxes

For fiscal year 2014, the Water and Wastewater fund made a \$475,000 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, 2014, are summarized as follows:

	Balance at October 1, 2013	Increased	Retired	Balance at September 30, 2014	Due within one year
<i>Governmental activities:</i>					
General obligation bonds	\$ 34,692,000	\$ 19,558,570	\$ 4,666,000	\$ 49,584,570	\$ 2,101,000
Certificates of obligation	37,925,000	4,685,000	8,810,000	33,800,000	2,385,000
Sales tax revenue bonds	5,765,000	-	625,000	5,140,000	650,000
Compensated absences	3,824,989	1,420,898	1,116,206	4,129,681	1,563,421
Capital leases	762,991	1,789,559	1,930,873	621,677	101,305
Premium on debt	<u>1,191,961</u>	<u>2,527,763</u>	<u>569,764</u>	<u>3,149,960</u>	<u>-</u>
Governmental activities long-term debt	<u>\$ 84,161,941</u>	<u>\$ 29,981,790</u>	<u>\$ 17,717,843</u>	<u>\$ 96,425,888</u>	<u>\$ 6,800,726</u>
<i>Business-type activities:</i>					
General obligation bonds	\$ 13,608,000	\$ 3,006,430	\$ 4,844,000	\$ 11,770,430	\$ 939,000
Certificates of obligation	21,780,000	5,480,000	1,040,000	26,220,000	1,250,000
Water & sewer revenue bonds	12,740,000	-	400,000	12,340,000	1,070,000
Compensated absences	348,108	228,498	233,158	343,448	174,475
Capital leases	171,101	-	153,903	17,198	2,545
Premium on debt	<u>482,612</u>	<u>858,810</u>	<u>86,687</u>	<u>1,254,735</u>	<u>-</u>
Business-type activities long-term debt	<u>\$ 49,129,821</u>	<u>\$ 9,573,738</u>	<u>\$ 6,757,748</u>	<u>\$ 51,945,811</u>	<u>\$ 3,436,020</u>

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

Bonds payable at September 30, 2014, comprises the following individual issues:

	Interest Rate (%)	Issue Date	Maturity Date	Original Issue	Amount Outstanding
<i>Governmental activities:</i>					
General obligation bonds:					
2004 Series	2.50 - 5.00	4/15/2004	3/1/2025	\$ 875,000	\$ 36,000
2005 Series	3.00 - 4.25	2/1/2005	3/1/2025	3,970,000	195,000
2006 Series	4.00 - 4.25	11/15/2006	3/1/2026	2,400,000	1,855,000
2007 Series	4.00 - 4.625	6/15/2007	3/1/2024	4,100,000	3,065,000
2008 Series	4.00 - 4.625	4/15/2008	3/1/2028	14,750,000	11,635,000
2010 Series	2.00 - 4.25	5/1/2010	3/1/2030	10,805,000	8,840,000
2012 Series	2.00 - 4.00	5/16/2012	5/16/2032	5,040,000	4,400,000
2014 Series	2.00 - 4.00	7/2/2014	3/1/2034	19,558,570	19,558,570
Total general obligation bonds				<u>61,498,570</u>	<u>49,584,570</u>
Certificates of obligation:					
2005 Tax and Revenue	3.00 - 5.00	2/1/2005	3/1/2025	14,965,000	705,000
2006 Tax and Revenue	4.00 - 4.25	11/15/2006	3/1/2026	5,840,000	4,385,000
2007 Tax and Revenue	4.00 - 4.625	6/15/2007	3/1/2024	4,100,000	3,065,000
2008 Tax and Revenue	4.00 - 4.625	4/15/2008	3/1/2028	20,900,000	16,500,000
2013 Tax and Revenue	2.00 - 3.00	5/1/2013	3/1/2033	4,620,000	4,460,000
2014 Tax and Revenue	2.00 - 4.00	7/2/2014	3/1/2034	4,685,000	4,685,000
Total certificates of obligation				<u>55,110,000</u>	<u>33,800,000</u>
Sales tax revenue bonds:					
2010 Sales Tax Revenue bonds	2.00 - 4.00	5/1/2010	9/1/2021	8,565,000	5,140,000
Total sales tax revenue bonds				<u>8,565,000</u>	<u>5,140,000</u>
Total governmental activities				<u>\$ 125,173,570</u>	<u>\$ 88,524,570</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	\$ 244,000
2011 Water & Sewer refunding	4.00 - 4.375	5/1/2011	3/1/2027	10,770,000	8,520,000
2014 Water & Sewer refunding	2.00 - 4.00	7/2/2014	3/1/2034	3,006,430	3,006,430
Total general obligation bonds				<u>19,761,430</u>	<u>11,770,430</u>
Certificates of Obligation					
2006 Tax and Revenue	4.00 - 4.25	11/15/2006	3/1/2026	6,125,000	4,405,000
2007 Tax and Revenue	4.00 - 4.625	6/15/2007	3/1/2024	5,700,000	4,265,000
2008 Tax and Revenue	4.00 - 4.625	4/15/2008	3/1/2028	4,545,000	3,595,000
2011 Tax and Revenue	4.00 - 4.375	5/1/2011	3/1/2031	7,075,000	6,390,000
2013 Tax and Revenue	2.00 - 3.00	5/1/2013	3/1/2033	2,160,000	2,085,000
2014 Tax and Revenue	2.00 - 4.00	7/2/2014	3/1/2034	5,480,000	5,480,000
Total certificates of obligation				<u>31,085,000</u>	<u>26,220,000</u>
Water and sewer revenue bonds					
2005 Improvement	3.00 - 4.40	5/15/2005	9/1/2025	5,370,000	4,405,000
2006 Refunding	4.00 - 4.50	4/1/2006	3/1/2021	8,995,000	3,925,000
2012 Improvement	2.00 - 4.00	4/15/2012	3/1/2032	4,300,000	4,010,000
Total water and sewer revenue bonds				<u>18,665,000</u>	<u>12,340,000</u>
Total business-type activities				<u>\$ 69,511,430</u>	<u>\$ 50,330,430</u>

The City currently has \$11,663,079 of authorized, but unissued, general obligation bonds.

The annual requirements to amortize all debt outstanding as of September 30, 2014, are as follows:

Years Ending September 30,	Governmental Activities							Capital Lease Interest
	General Obligation	GO Interest	Certificates of Obligation	CO Interest	Sales Tax Revenue Bonds	STR Interest	Capital Leases	
2015	\$ 2,101,001	\$ 2,059,023	\$ 2,380,000	\$ 1,351,424	\$ 650,000	\$ 205,600	\$ 101,305	\$ 28,288
2016	2,950,356	1,844,998	1,770,000	1,239,692	675,000	179,600	107,992	23,504
2017	3,072,286	1,738,518	1,835,000	1,172,788	700,000	152,600	114,985	18,412
2018	3,203,571	1,620,549	1,910,000	1,102,236	735,000	124,600	122,301	12,998
2019	3,320,500	1,497,371	1,990,000	1,027,445	765,000	95,200	129,953	7,248
2020-2024	17,831,570	5,456,128	11,195,000	3,859,416	1,615,000	97,600	45,141	1,413
2025-2029	12,685,286	2,163,559	10,015,000	1,421,570	-	-	-	-
2030-2034	4,420,000	493,238	2,705,000	274,275	-	-	-	-
Total	\$49,584,570	\$16,873,384	\$ 33,800,000	\$ 11,448,846	\$ 5,140,000	\$ 855,200	\$ 621,677	\$ 91,863

Years Ending September 30,	Business-type Activities							Capital Lease Interest
	General Obligation	GO Interest	Certificates of Obligation	CO Interest	Water and Wastewater Revenue Bonds	Water and Wastewater Interest	Capital Leases	
2015	\$ 939,000	\$ 447,522	\$ 1,250,000	\$ 841,317	\$ 1,070,000	\$ 492,014	\$ 2,545	\$ 689
2016	959,643	398,354	1,330,000	1,055,972	1,160,000	465,974	2,751	581
2017	992,714	367,805	1,380,000	1,003,402	1,210,000	424,764	2,965	465
2018	1,021,429	333,122	1,430,000	955,305	1,145,000	381,591	3,189	339
2019	839,500	299,216	1,480,000	903,447	1,095,000	336,501	3,422	204
2020-2024	5,318,430	940,845	8,385,000	3,604,438	4,080,000	1,092,798	2,326	73
2025-2029	1,699,714	85,962	7,585,000	1,804,644	1,725,000	405,625	-	-
2030-2034	-	-	3,380,000	483,960	855,000	91,500	-	-
Total	\$11,770,430	\$ 2,872,826	\$ 26,220,000	\$ 10,652,485	\$ 12,340,000	\$3,690,767	\$ 17,198	\$ 2,351

Advance Refunding

The government issued \$22,565,000 in general obligation refunding and improvement bonds with interest rates ranging from 2.0% to 4.0%. The proceeds were used to advance refund \$12,870,000 of outstanding 2004 General Obligation Refunding Bonds, 2005 Combination Tax and Revenue Certificates of Obligation and 2005 General Obligation Bonds which had interest rates ranging from 4.125% to 5.0%. The net proceeds of \$24,965,950 (including a \$2,367,143 premium and after payment of \$269,942 in underwriting fees and other issuance costs) included \$11,592,972 deposited into the appropriate City bank account and \$13,372,979 was deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the previously noted bonds are considered defeased and the liability for those bonds has been removed from the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt by \$502,979. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt. The government advance refunded the 2004 General Obligation Refunding Bonds, 2005 Combination Tax and Revenue Certificates of Obligation and 2005 General Obligation Bonds to reduce its total debt service payments over 11 years by \$1,628,946 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$1,384,140.

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, 2014, the unpaid amount of the defeased bonds total \$11,903,750.

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, 2014, 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, 2014, 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, 2014, 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, net pension obligation, and other post-employment liabilities are typically liquidated by the fund to which they relate, including the General Fund, the 4A Corporation Special Revenue Fund, Internal Service Funds, and Parks Performance Fund

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, 2014, 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 treated 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 fiscal year 2014, 1,585,736,194 gallons of treated water were purchased under the contract at a cost of \$3,858,867.

In 1987, the City entered into a contract with the City of Fort Worth, Texas for the transportation, treatment and disposal of sanitary sewage. Under the terms of the contract, the City is required to make payments for sewage actually discharged based on rates and charges determined on an annual basis under the terms of the contract. During fiscal year 2014, 1,168,611,800 gallons of sanitary sewage were treated by the City of Fort Worth, Texas at a cost of \$2,516,120.

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.

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 2013	Plan Year 2014
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)	\$ 2,821,503
2. Interest on Net Pension Obligation	84,231
3. Adjustment to the ARC	<u>(75,742)</u>
4. Annual Pension Cost (APC)	2,829,992
5. Contributions Made	<u>(2,821,503)</u>
6. Increase (decrease) in net pension obligation	8,489
7. Net Pension Obligation/(Asset), beginning of year	<u>1,203,308</u>
8. Net Pension Obligation/(Asset), end of year	<u><u>\$ 1,211,797</u></u>

Three-Year Trend Information for TMRS:

Fiscal Year Ending	Annual Pension Cost (APC)	Actual Contribution Made	Percentage of APC Contributed	Net Pension Obligation
9/30/2012	2,461,053	2,329,742	95%	\$ 1,193,166
9/30/2013	2,564,672	2,554,531	100%	\$ 1,203,308
9/30/2014	2,829,992	2,821,503	100%	\$ 1,211,797

The required contribution rates for fiscal year 2014 were determined as part of the December 31, 2011 and 2012 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2013, also follows:

Valuation Date	12/31/2011	12/31/2012	12/31/2013
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	26.3 years; closed period	25.3 years; closed period	30 years; closed period
Amortization Period for new Gains/Losses	30 years	30 years	30 years
Asset Valuation Method	10-year Smoothed Market	10-year Smoothed Market	10-year Smoothed Market
Actuarial Assumptions:			
Investment Rate of Return	7.0%	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, 2013, 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)
12/31/2013	\$ 52,438,267	\$ 69,770,993	75.2%	\$ 17,332,726	\$ 17,287,117	100.3%

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 2014, employers or employees through salary reductions may contribute up to the limit of \$17,500 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.

The City committed to a capital lease to purchase public safety communications equipment with an effective date beginning in June of 2013. The contract stipulates various performance requirements established by the City; some of which include the delivery and installation of equipment, before the City is contractually obligated to purchase the equipment through a capital lease or the contract. If the counterparty completes the performance requirements within the terms of the capital lease as defined by the City, the City will be obligated for the cost of the operating equipment, \$1,789,559. The expected terms for the repayment of the obligation defined by the agreement include ten annual payments of \$206,887 beginning July 1, 2014. The annual payments include the cost of interest of 3.38%, which began July 1, 2014. This capital lease was paid off in early July 2014 with proceeds of the 2014 bond issuance as originally planned.

The City is a party to several economic development incentive agreements with terms extending through calendar year 2028 with a maximum pay-out of \$6,460,000. The total amount paid to date by the City is approximately \$1,244,500 with a resulting maximum commitment remaining of \$5,215,500.

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 Texas Municipal League Intergovernmental Employee Benefit Pool 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, 2014, is as follows:

Annual Required Contribution (ARC)	\$ 146,028
Interest on OPEB Obligation	18,170
Adjustment to the ARC	(16,836)
End of Year Annual OPEB Cost (Expense)	<u>147,362</u>
Net Estimated Employer Contributions	(50,554)
Increase in Net OPEB Obligation	<u><u>\$ 96,808</u></u>
Beginning of Year Net OPEB Obligation (Asset)	<u>\$ 403,784</u>
End of Year Net OPEB Obligation (Asset)	<u><u>\$ 500,592</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the last three fiscal years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Amount Contributed	Percentage Contributed	Net OPEB Obligation
9/30/2012	\$ 113,647	\$ 6,592	5.8%	\$ 150,531
9/30/2013	\$ 301,412	\$ 48,159	16.0%	\$ 403,784
9/30/2014	\$ 147,362	\$ 50,554	34.3%	\$ 500,592

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, 2014 is as follows:

Actuarial Valuation Date as of December 31	Actuarial Value of Assets (a)	Actuarial Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)
2010	-	\$ 1,402,121	\$ 1,402,121	0%
2012	-	\$ 2,878,786	\$ 2,878,786	0%
2014	-	\$ 1,419,627	\$ 1,419,627	0%

Under the reporting parameters, the City's retiree health care plan is 0% funded with an estimated actuarial accrued liability exceeding actuarial assets by \$1,419,627 as of December 31, 2014.

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 8.0% in 2013 declining to an ultimate rate of 4.50% for FY 2020 and later

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
2012	0.01%	0.01%	100%
2013	0.01%	0.01%	100%
2014	0.02%	0.02%	100%

* * * * *

CITY OF BURLESON, TEXAS
 General Fund
 Budgetary Comparison Schedule
 For the Year Ended September 30, 2014

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	Budgeted Amounts		Actual Amounts GAAP Basis	Adjustments Budget Basis	Actual Amounts Budget Basis	Variance - Positive (Negative)
	Original	Final				
REVENUES						
Property taxes	\$ 12,464,955	\$ 12,532,935	\$ 12,612,927	\$ -	\$ 12,612,927	\$ 79,992
Sales taxes	6,929,100	7,126,200	7,844,970	-	7,844,970	718,770
Franchise fees	2,746,238	2,768,238	2,940,465	-	2,940,465	172,227
Licenses and permits	1,000,200	1,148,200	1,446,281	-	1,446,281	298,081
Intergovernmental	226,016	215,867	208,979	-	208,979	(6,888)
Charges for services	1,404,520	1,588,393	1,567,967	-	1,567,967	(20,426)
Fines and forfeitures	1,189,000	843,000	917,391	-	917,391	74,391
Investment income	35,000	37,912	34,598	-	34,598	(3,314)
Miscellaneous and other	1,457,897	1,429,152	912,563	475,000	1,387,563	(41,589)
Total revenues	<u>27,452,926</u>	<u>27,689,897</u>	<u>28,486,141</u>	<u>475,000</u>	<u>28,961,141</u>	<u>1,271,244</u>
EXPENDITURES						
General government						
City Council	92,423	89,244	77,442	-	77,442	11,802
City Manager's office	564,771	689,081	674,238	399	674,637	14,444
Legal	282,086	308,092	313,456	(234)	313,222	(5,130)
Communications	109,992	115,851	114,161	199	114,360	1,491
City Secretary's office	472,288	520,413	501,364	12,809	514,173	6,240
Records management	78,559	205,579	151,834	54,615	206,449	(870)
Judicial	93,169	103,314	101,508	(18)	101,490	1,824
Human resources	546,304	468,066	434,148	5,350	439,498	28,568
Finance	978,739	998,069	998,844	(217)	998,627	(558)
Tax	249,298	264,924	264,924	-	264,924	-
Support services	170,303	191,208	185,571	740	186,311	4,897
Purchasing	114,655	119,291	118,648	(407)	118,241	1,050
Non-Departmental	712,819	837,463	677,185	127,104	804,289	33,174
Risk management	-	-	(147,473)	-	(147,473)	147,473
	<u>4,465,406</u>	<u>4,910,595</u>	<u>4,465,850</u>	<u>200,340</u>	<u>4,666,190</u>	<u>244,405</u>
Public safety						
Police	8,303,025	8,378,772	8,358,705	26,915	8,385,620	(6,848)
Fire	4,280,988	4,326,346	4,320,387	(4,165)	4,316,222	10,124
Fire prevention	359,389	370,559	360,018	469	360,487	10,072
Emergency services	88,620	94,947	81,473	6,876	88,349	6,598
Animal services	382,802	396,721	392,998	(449)	392,549	4,172
Municipal court	634,146	653,586	668,811	2,720	671,531	(17,945)
	<u>14,048,970</u>	<u>14,220,931</u>	<u>14,182,392</u>	<u>32,366</u>	<u>14,214,758</u>	<u>6,173</u>
Public works						
Public works administration	559,090	549,432	543,099	(17)	543,082	6,350
Pavement maintenance	2,373,093	2,471,402	2,203,280	196,632	2,399,912	71,490
Drainage maintenance	605,576	804,395	797,943	(338)	797,605	6,790
Traffic control maintenance	251,905	275,076	246,114	906	247,020	28,056
Facilities maintenance	419,330	552,459	533,673	(303)	533,370	19,089
	<u>4,208,994</u>	<u>4,652,764</u>	<u>4,324,109</u>	<u>196,880</u>	<u>4,520,989</u>	<u>131,775</u>
Neighborhood services						
Neighborhood services	176,758	186,155	186,261	(1)	186,260	(105)
Code enforcement	197,779	204,573	201,550	(392)	201,158	3,415
Environmental services	152,497	156,642	150,128	222	150,350	6,292
	<u>527,034</u>	<u>547,370</u>	<u>537,939</u>	<u>(171)</u>	<u>537,768</u>	<u>9,602</u>

CITY OF BURLESON, TEXAS
 General Fund
 Budgetary Comparison Schedule
 For the Year Ended September 30, 2014

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	Budgeted Amounts		Actual Amounts GAAP Basis	Adjustments Budget Basis	Actual Amounts Budget Basis	Variance - Positive (Negative)
	Original	Final				
Planning and engineering services						
Community Development	-	223,940	226,675	(1,588)	225,087	(1,147)
Planning	542,464	397,923	264,367	74,283	338,650	59,273
Building inspections	366,744	383,848	399,462	(1,467)	397,995	(14,147)
Engineering/capital	163,099	238,298	213,316	(639)	212,677	25,621
Engineering/development	370,237	424,695	357,931	38,618	396,549	28,146
Gas well development	308,208	312,119	302,196	1,661	303,857	8,262
	<u>1,750,752</u>	<u>1,980,823</u>	<u>1,763,947</u>	<u>110,868</u>	<u>1,874,815</u>	<u>106,008</u>
Culture and recreation						
Library	1,138,222	1,134,356	1,112,521	4,899	1,117,420	16,936
Parks and recreation administration	267,459	277,068	277,341	(161)	277,180	(112)
Recreation	213,895	211,708	202,372	(33)	202,339	9,369
Parks maintenance	1,089,798	1,102,095	1,051,324	(11)	1,051,313	50,782
Senior Center	107,914	96,004	82,025	1,108	83,133	12,871
	<u>2,817,288</u>	<u>2,821,231</u>	<u>2,725,583</u>	<u>5,802</u>	<u>2,731,385</u>	<u>89,846</u>
Total expenditures	<u>27,818,444</u>	<u>29,133,714</u>	<u>27,999,820</u>	<u>546,085</u>	<u>28,545,905</u>	<u>587,809</u>
Excess of revenues over expenditures	(365,518)	(1,443,817)	486,321	(71,085)	415,236	1,859,053
OTHER FINANCING SOURCES (USES)						
Capital lease proceeds						
Operating transfers in	-	-	475,000	(475,000)	-	-
Operating transfers out	-	-	(13,000)	13,000	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>462,000</u>	<u>(462,000)</u>	<u>-</u>	<u>-</u>
Excess of revenues and other sources over expenditures and other uses	(365,518)	(1,443,817)	948,321	(533,085)	415,236	1,859,053
Fund balances - beginning	11,192,558	11,192,558	11,192,558		11,192,558	-
Fund balances - ending	<u>\$ 10,827,040</u>	<u>\$ 9,748,741</u>	<u>\$ 12,140,879</u>	<u>\$ (533,085)</u>	<u>\$ 11,607,794</u>	<u>\$ 1,859,053</u>

Explanation of differences:

Reserved (GAAP) for encumbrances at September 30, 2014 but recognized as expenditures for budget purposes	\$ (513,636)
Non-cash GAAP items not included in budget	(19,449)
Net decrease in fund balance - GAAP to budget	<u>\$ (533,085)</u>

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CITY OF BURLESON, TEXAS
Major Special Revenue Funds
Budgetary Comparison Schedule
For the Year Ended September 30, 2014

	BCSDC Special Revenue				4A Corp Special Revenue	
	Original	Final	Actual	Variance	Original	Final
	Budget	Budget		Positive (Negative)	Budget	Budget
REVENUES						
Sales taxes	\$ 3,546,950	\$ 3,650,000	\$ 3,988,788	\$ 338,788	\$ 3,613,950	\$ 3,650,000
Charges for goods and services	-	-	-	-	-	-
Revenue from use of assets	3,000	1,574	1,491	(83)	4,000	1,291
Miscellaneous	-	-	-	-	-	-
Total Revenues	<u>3,549,950</u>	<u>3,651,574</u>	<u>3,990,279</u>	<u>338,705</u>	<u>3,617,950</u>	<u>3,651,291</u>
EXPENDITURES						
Current						
Community development	3,500	3,500	3,500	-	969,959	1,407,436
Culture and recreation	-	-	-	-	-	-
Total Expenditures	<u>3,500</u>	<u>3,500</u>	<u>3,500</u>	<u>-</u>	<u>969,959</u>	<u>1,407,436</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,546,450</u>	<u>3,648,074</u>	<u>3,986,779</u>	<u>338,705</u>	<u>2,647,991</u>	<u>2,243,855</u>
OTHER FINANCING SOURCES (USES)						
Operating transfers in (out)	<u>(3,173,164)</u>	<u>(3,572,900)</u>	<u>(3,572,899)</u>	<u>1</u>	<u>(3,714,194)</u>	<u>(2,390,194)</u>
Total Other Financing Sources (Uses)	<u>(3,173,164)</u>	<u>(3,572,900)</u>	<u>(3,572,899)</u>	<u>1</u>	<u>(3,714,194)</u>	<u>(2,390,194)</u>
Net change in fund balances	373,286	75,174	413,880	338,706	(1,066,203)	(146,339)
Fund balance - beginning	<u>2,150,537</u>	<u>2,150,537</u>	<u>2,150,537</u>	<u>-</u>	<u>4,280,315</u>	<u>4,280,315</u>
Fund balance - ending	<u>\$ 2,523,823</u>	<u>\$ 2,225,711</u>	<u>\$ 2,564,417</u>	<u>\$ 338,706</u>	<u>\$ 3,214,112</u>	<u>\$ 4,133,976</u>

4A Corp Special Revenue			Parks Performance Fund		
Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
\$ 3,988,788	\$ 338,788	\$ -	\$ -	\$ -	\$ -
-	-	2,094,837	1,988,717	1,987,594	(1,123)
1,789	498	1,000	954	784	(170)
<u>350,720</u>	<u>350,720</u>	<u>-</u>	<u>-</u>	<u>8,263</u>	<u>8,263</u>
<u>4,341,297</u>	<u>690,006</u>	<u>2,095,837</u>	<u>1,989,671</u>	<u>1,996,641</u>	<u>6,970</u>
1,287,895	119,541	-	-	-	-
<u>-</u>	<u>-</u>	<u>3,049,399</u>	<u>3,008,962</u>	<u>3,360,211</u>	<u>(351,249)</u>
<u>1,287,895</u>	<u>119,541</u>	<u>3,049,399</u>	<u>3,008,962</u>	<u>3,360,211</u>	<u>(351,249)</u>
<u>3,053,402</u>	<u>809,547</u>	<u>(953,562)</u>	<u>(1,019,291)</u>	<u>(1,363,570)</u>	<u>(344,279)</u>
<u>(2,246,067)</u>	<u>144,127</u>	<u>1,171,965</u>	<u>1,171,965</u>	<u>1,171,965</u>	<u>-</u>
<u>(2,246,067)</u>	<u>144,127</u>	<u>1,171,965</u>	<u>1,171,965</u>	<u>1,171,965</u>	<u>-</u>
807,335	953,674	218,403	152,674	(191,605)	(344,279)
<u>4,280,315</u>	<u>-</u>	<u>723,887</u>	<u>723,887</u>	<u>723,887</u>	<u>-</u>
<u>\$ 5,087,650</u>	<u>\$ 953,674</u>	<u>\$ 942,290</u>	<u>\$ 876,561</u>	<u>\$ 532,282</u>	<u>\$ (344,279)</u>

CITY OF BURLESON, TEXAS
TMRS Analysis of Funding Progress
For the Year Ended September 30, 2014

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Actuarial Valuation Date	December 31, 2013	December 31, 2012	December 31, 2011
Actuarial Value of Assets	\$ 54,438,267	\$ 46,772,309	\$ 41,736,377
Actuarial Accrued Liability	\$ 69,770,993	\$ 61,417,096	\$ 57,367,470
Percentage Funded	75.20%	76.20%	72.80%
Unfunded (over-funded) Actuarial Accrued Liability (UAAL)	\$ 17,332,726	\$ 14,644,787	\$ 15,631,093
Annual Covered Payroll	\$ 17,287,117	\$ 16,692,995	\$ 16,259,376
UAAL as a Percentage of Covered Payroll	100.30%	87.70%	96.10%

CITY OF BURLESON, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

September 30, 2014

(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 1st. 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 1st, the budget is legally adopted through passage of an ordinance. This budget is reported as the Original Budget in the budgetary comparison schedules.
4. During the fiscal year, changes to the adopted budget may be authorized, as follows:
 - a. Items requiring City Council action – appropriation of fund balance reserves; transfers of appropriations between funds; transfers between departments within funds; new inter-fund loans or advance; and creation of new capital projects or increases to existing capital projects.
 - b. Items delegated to the City Manager – transfers within departments.
5. Annual budgets are legally adopted and amended as required for the general, the following special revenue funds: BCSDC Special Revenue, 4A Corp Special Revenue, Parks Performance Fund and Hotel/Motel Tax Fund, enterprise and internal service funds. Project length budgets are adopted for the capital project funds. All budgets are prepared on a budgetary basis, and budgetary comparisons for the general and major special revenue funds are presented on this basis in the required supplementary information. A debt service payment schedule for the debt service funds is also approved as part of the budget process. The budget is based on the modified accrual basis of accounting with the exception of certain non-cash expenditure accruals, which are not budgeted.
6. Budget amounts are reflected after all authorized amendments and revisions. This budget is reported as the Final Budget in the budgetary comparison schedules.
7. For each legally adopted operating budget, expenditures should not exceed budgeted appropriations at the fund level.
8. The legal appropriation basis for 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.

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COMBINING FINANCIAL STATEMENTS
NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

- Hotel/Motel Tax Fund – accounts for the receipts and allocation of the City’s 7% room occupancy tax imposed on the rental of hotel-motel rooms located within the corporate city limits and extraterritorial jurisdiction of the City. These funds are used to promote tourism, conventions, and related activities within the City.
- Grants Funds – account for various miscellaneous grants from the federal, state or local governments.
- Tax Increment Financing District (TIF) Fund – accounts for the activity of the City’s TIF. Revenues collected are primarily inter-local property tax increment funding. A TIF is a public financing method used as a subsidy for development and community improvement projects.
- Other Special Revenue Funds – account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. Traffic safety, public safety, public works, culture and recreation, and economic incentive funds are included under this heading.

Non-major Capital Project Funds

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

- The Burlson 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 Burlson 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 Burlson 4A Economic Development Corporation debt service fund accounts for receipts of sales tax revenue transfer and payment of the debt service.
- The Burlson 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, 2014

	Special Revenue Funds			
	Hotel/Motel	Grants	TIF	Other Special Revenue
ASSETS				
Current assets				
Cash, cash equivalents and temporary investments	\$ 462,740	\$ -	\$ 1,049,013	\$ 1,910,719
Receivables:				
Accrued interest	683	-	-	-
Taxes receivable	44,492	-	-	-
Due from other governmental units	-	-	1,248	37,834
Total Assets	<u>\$ 507,915</u>	<u>\$ -</u>	<u>\$ 1,050,261</u>	<u>\$ 1,948,553</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 339	\$ -	\$ -	\$ 501,261
Accrued liabilities	-	-	-	1,174,909
Total Liabilities	<u>339</u>	<u>-</u>	<u>-</u>	<u>1,676,170</u>
FUND BALANCES				
Restricted for:				
Debt service	-	-	-	-
Economic development	-	-	1,050,261	-
Tourism	507,576	-	-	-
Committed for:				
Economic development	-	-	-	272,383
Capital projects	-	-	-	-
Total Fund Balances	<u>507,576</u>	<u>-</u>	<u>1,050,261</u>	<u>272,383</u>
Total Liabilities and Fund Balances	<u>\$ 507,915</u>	<u>\$ -</u>	<u>\$ 1,050,261</u>	<u>\$ 1,948,553</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	
\$ 597,475	\$ 100,306	\$ 1,623,224	\$ 1,068,243	\$ 529,025	\$ 1,190,015	\$ 8,530,760
1,809	155	2,472	1,615	-	-	6,734
-	-	-	-	-	-	44,492
-	-	-	-	-	-	39,082
<u>\$ 599,284</u>	<u>\$ 100,461</u>	<u>\$ 1,625,696</u>	<u>\$ 1,069,858</u>	<u>\$ 529,025</u>	<u>\$ 1,190,015</u>	<u>\$ 8,621,068</u>
\$ 58,731	\$ 15,220	\$ -	\$ 2,452	\$ -	\$ -	\$ 578,003
-	-	-	-	-	-	1,174,909
<u>58,731</u>	<u>15,220</u>	<u>-</u>	<u>2,452</u>	<u>-</u>	<u>-</u>	<u>1,752,912</u>
-	-	-	-	529,025	1,190,015	1,719,040
-	-	-	-	-	-	1,050,261
-	-	-	-	-	-	507,576
-	-	-	-	-	-	272,383
<u>540,553</u>	<u>85,241</u>	<u>1,625,696</u>	<u>1,067,406</u>	<u>-</u>	<u>-</u>	<u>3,318,896</u>
<u>540,553</u>	<u>85,241</u>	<u>1,625,696</u>	<u>1,067,406</u>	<u>529,025</u>	<u>1,190,015</u>	<u>6,868,156</u>
<u>\$ 599,284</u>	<u>\$ 100,461</u>	<u>\$ 1,625,696</u>	<u>\$ 1,069,858</u>	<u>\$ 529,025</u>	<u>\$ 1,190,015</u>	<u>\$ 8,621,068</u>

CITY OF BURLESON, TEXAS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2014

	Special Revenue Funds			
	Hotel/Motel	Grants	TIF	Other Special Revenue
REVENUES				
Property taxes	\$ -	\$ -	\$ 406,445	\$ 521,576
Street assessments	-	-	-	-
Sales taxes	164,498	-	-	229,331
Intergovernmental revenue	-	33,283	-	-
Court costs and fines	-	-	-	365,208
Contributions and donations	-	-	-	52,110
Interest income	1,051	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	165,549	33,283	406,445	1,168,225
EXPENDITURES				
Current operations:				
General government	-	-	-	3,282
Community development	-	-	-	619,268
Public safety	-	33,283	-	383,696
Public works	-	-	-	8,204
Culture and recreation	141,281	-	-	22,135
Debt Service:				
Principal retirement	-	-	-	-
Interest and fiscal agent charges	-	-	-	-
Debt issuance costs	-	-	-	-
Capital expenditures	-	-	-	-
Total Expenditures	141,281	33,283	-	1,036,585
Excess (deficiency) of revenues over (under) expenditures	24,268	-	406,445	131,640
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Payment to escrow agent	-	-	-	-
Issuance of debt	-	-	-	-
Premium on debt issuance	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net change in fund balances	24,268	-	406,445	131,640
Fund balance - beginning	483,308	-	643,816	140,743
Fund balance - ending	<u>\$ 507,576</u>	<u>\$ -</u>	<u>\$ 1,050,261</u>	<u>\$ 272,383</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	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 928,021
-	-	70,473	-	-	-	70,473
-	-	-	-	-	-	393,829
-	-	-	-	-	-	33,283
-	-	-	-	-	-	365,208
-	-	-	-	-	-	52,110
4,256	187	3,906	2,518	219	496	12,633
-	-	-	310,369	-	-	310,369
<u>4,256</u>	<u>187</u>	<u>74,379</u>	<u>312,887</u>	<u>219</u>	<u>496</u>	<u>2,165,926</u>
-	-	-	-	-	-	3,282
-	-	-	-	-	-	619,268
-	-	-	-	-	-	416,979
-	-	-	-	-	-	8,204
-	-	-	-	-	-	163,416
-	-	-	-	1,324,037	935,000	2,259,037
-	-	-	-	692,008	607,767	1,299,775
-	-	-	-	59,856	-	59,856
<u>320,444</u>	<u>84,679</u>	<u>39,248</u>	<u>343,074</u>	<u>-</u>	<u>-</u>	<u>787,445</u>
<u>320,444</u>	<u>84,679</u>	<u>39,248</u>	<u>343,074</u>	<u>2,075,901</u>	<u>1,542,767</u>	<u>5,617,262</u>
<u>(316,188)</u>	<u>(84,492)</u>	<u>35,131</u>	<u>(30,187)</u>	<u>(2,075,682)</u>	<u>(1,542,271)</u>	<u>(3,451,336)</u>
374,525	124,000	-	-	2,015,067	1,543,025	4,056,617
-	-	-	-	(6,011,013)	-	(6,011,013)
-	-	-	-	5,369,524	-	5,369,524
-	-	-	-	562,882	-	562,882
<u>374,525</u>	<u>124,000</u>	<u>-</u>	<u>-</u>	<u>1,936,460</u>	<u>1,543,025</u>	<u>3,978,010</u>
58,337	39,508	35,131	(30,187)	(139,222)	754	526,674
<u>482,216</u>	<u>45,733</u>	<u>1,590,565</u>	<u>1,097,593</u>	<u>668,247</u>	<u>1,189,261</u>	<u>6,341,482</u>
<u>\$ 540,553</u>	<u>\$ 85,241</u>	<u>\$ 1,625,696</u>	<u>\$ 1,067,406</u>	<u>\$ 529,025</u>	<u>\$ 1,190,015</u>	<u>\$ 6,868,156</u>

CITY OF BURLESON, TEXAS
Debt Service Funds
Budgetary Comparison Schedule
For the Year Ended September 30, 2014

	<u>General Debt Service Fund</u>				<u>BCDC Debt Service Fund</u>	
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Original Budget</u>	<u>Final Budget</u>
REVENUES						
Property taxes and assessments	\$ 3,407,084	\$ 3,407,084	\$ 3,439,986	\$ 32,902	\$ -	\$ -
Revenue from use of assets	-	-	-	-	1,200	505
Total Revenues	<u>3,407,084</u>	<u>3,407,084</u>	<u>3,439,986</u>	<u>32,902</u>	<u>1,200</u>	<u>505</u>
EXPENDITURES						
Debt service:						
Principal retirement	2,274,964	2,274,964	2,274,963	1	1,255,000	1,255,000
Interest and fiscal agent charges	1,670,397	1,670,397	1,583,756	86,641	656,301	656,301
Debt issuance cost	-	-	40,505	(40,505)	-	-
Total Expenditures	<u>3,945,361</u>	<u>3,945,361</u>	<u>3,899,224</u>	<u>46,137</u>	<u>1,911,301</u>	<u>1,911,301</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(538,277)</u>	<u>(538,277)</u>	<u>(459,238)</u>	<u>79,039</u>	<u>(1,910,101)</u>	<u>(1,910,796)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in (out)	511,000	511,000	511,072	72	1,543,025	1,543,025
Payment to escrow agent	-	-	(3,998,435)	(3,998,435)	-	-
Issuance of debt	-	-	3,579,046	3,579,046	-	-
Premium on debt issuance	-	-	378,078	378,078	-	-
Total Other Financing Sources (Uses)	<u>511,000</u>	<u>511,000</u>	<u>469,761</u>	<u>(41,239)</u>	<u>1,543,025</u>	<u>1,543,025</u>
Net change in fund balances	<u>(27,277)</u>	<u>(27,277)</u>	<u>10,523</u>	<u>37,800</u>	<u>(367,076)</u>	<u>(367,771)</u>
Fund balance - beginning	<u>846,752</u>	<u>846,752</u>	<u>846,752</u>	<u>-</u>	<u>1,189,261</u>	<u>1,189,261</u>
Fund balance - ending	<u>\$ 819,475</u>	<u>\$ 819,475</u>	<u>\$ 857,275</u>	<u>\$ 37,800</u>	<u>\$ 822,185</u>	<u>\$ 821,490</u>

BCDC Debt Service Fund		4A Corp Debt Service Fund			
Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
496	(9)	3,800	240	219	(21)
496	(9)	3,800	240	219	(21)
935,000	320,000	1,324,037	1,324,037	1,324,037	-
607,767	48,534	835,157	835,157	692,008	143,149
-	-	-	-	59,856	(59,856)
1,542,767	368,534	2,159,194	2,159,194	2,075,901	83,293
(1,542,271)	368,525	(2,155,394)	(2,158,954)	(2,075,682)	83,272
1,543,025	-	2,159,192	2,159,192	2,015,067	(144,125)
-	-	-	-	(6,011,013)	(6,011,013)
-	-	-	-	5,369,524	5,369,524
-	-	-	-	562,882	562,882
1,543,025	-	2,159,192	2,159,192	1,936,460	(222,732)
754	368,525	3,798	238	(139,222)	(139,460)
1,189,261	-	668,247	668,247	668,247	-
<u>\$ 1,190,015</u>	<u>\$ 368,525</u>	<u>\$ 672,045</u>	<u>\$ 668,485</u>	<u>\$ 529,025</u>	<u>\$ (139,460)</u>

Hotel/Motel Fund				
	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Sales taxes	\$ 125,000	\$ 125,000	\$ 164,498	\$ 39,498
Interest Income	-	-	1,051	1,051
Total Revenues	<u>125,000</u>	<u>125,000</u>	<u>165,549</u>	<u>40,549</u>
EXPENDITURES				
Current				
Culture and recreation	90,506	153,834	141,281	12,553
Total Expenditures	<u>90,506</u>	<u>153,834</u>	<u>141,281</u>	<u>12,553</u>
Excess (deficiency) of revenues over (under) expenditures	34,494	(28,834)	24,268	53,102
Net change in fund balances	34,494	(28,834)	24,268	53,102
Fund balance - beginning	483,308	483,308	483,308	
Fund balance - ending	<u>\$ 517,802</u>	<u>\$ 454,474</u>	<u>\$ 507,576</u>	<u>\$ 53,102</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 Position
Internal Service Funds
September 30, 2014

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	Equipment Services	Vehicle Replacement - Governmental	Vehicle Replacement - Business-Type	Support Services Fund	Total Internal Service Funds
ASSETS:					
Current Assets					
Cash and investments	\$ 124,314	\$ 2,815,477	\$ 795,249	\$ 359,052	\$ 4,094,092
Receivables					
Accounts receivable	1,813	-	-	1,875	3,688
Accrued interest receivable	78	4,057	1,313	326	5,774
Due from other funds	-	-	-	-	-
Inventories	72,559	-	-	-	72,559
Total current assets	<u>198,764</u>	<u>2,819,534</u>	<u>796,562</u>	<u>361,253</u>	<u>4,176,113</u>
Noncurrent assets:					
Property, plant, and equipment, net	11,163	2,621,072	1,605,941	742,060	4,980,236
Total noncurrent assets	<u>11,163</u>	<u>2,621,072</u>	<u>1,605,941</u>	<u>742,060</u>	<u>4,980,236</u>
Total Assets	<u>209,927</u>	<u>5,440,606</u>	<u>2,402,503</u>	<u>1,103,313</u>	<u>9,156,349</u>
LIABILITIES					
Current Liabilities					
Accounts payable	41,380	-	-	101,466	142,846
Compensated absences	46,718	-	-	45,911	92,629
Accrued liabilities	19,895	-	-	34,886	54,781
Capital lease payable	1,662	-	-	-	1,662
Total Current Liabilities	<u>109,655</u>	<u>-</u>	<u>-</u>	<u>182,263</u>	<u>291,918</u>
Noncurrent Liabilities					
Net pension obligation	21,702	-	-	20,699	42,401
Other post-employment benefits	8,181	-	-	13,940	22,121
Capital lease payable	9,569	-	-	-	9,569
Compensated absences	60,410	-	-	73,647	134,057
Total noncurrent liabilities	<u>99,862</u>	<u>-</u>	<u>-</u>	<u>108,286</u>	<u>208,148</u>
Total Liabilities	<u>209,517</u>	<u>-</u>	<u>-</u>	<u>290,549</u>	<u>500,066</u>
NET POSITION					
Net investment in capital assets	(68)	2,621,072	1,605,941	742,060	4,969,005
Unrestricted	478	2,819,534	796,562	70,704	3,687,278
Total Net Position	<u>\$ 410</u>	<u>\$ 5,440,606</u>	<u>\$ 2,402,503</u>	<u>\$ 812,764</u>	<u>\$ 8,656,283</u>

CITY OF BURLESON, TEXAS
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
For the Year Ended September 30, 2014

F-2

	<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>
Operating revenue					
Charges for goods and services	\$ 478,967	\$ 1,153,299	\$ 514,947	\$ 1,523,860	\$ 3,671,073
Total operating revenue	<u>478,967</u>	<u>1,153,299</u>	<u>514,947</u>	<u>1,523,860</u>	<u>3,671,073</u>
Operating expense					
Personal services	419,033	-	-	769,169	1,188,202
Repairs and maintenance	5,908	-	-	398,437	404,345
Materials, supplies	116,932	-	-	143,192	260,124
Depreciation	1,993	526,257	233,166	187,295	948,711
Total operating expenses	<u>543,866</u>	<u>526,257</u>	<u>233,166</u>	<u>1,498,093</u>	<u>2,801,382</u>
Net operating income (loss)	<u>(64,899)</u>	<u>627,042</u>	<u>281,781</u>	<u>25,767</u>	<u>869,691</u>
Nonoperating revenue (expense)					
Gain or loss on disposition of fixed assets	-	52,016	10,378	-	62,394
Investment income	94	6,143	2,127	312	8,676
Interest and fiscal agent charges	(515)	-	-	-	(515)
Total Non-Operating Revenue	<u>(421)</u>	<u>58,159</u>	<u>12,505</u>	<u>312</u>	<u>70,555</u>
Income (loss) before transfers	<u>(65,320)</u>	<u>685,201</u>	<u>294,286</u>	<u>26,079</u>	<u>940,246</u>
Other Sources (Uses)					
Operating Transfers In	<u>13,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,000</u>
Change in net position	(52,320)	685,201	294,286	26,079	953,246
Net position - beginning of the year	<u>52,730</u>	<u>4,755,405</u>	<u>2,108,217</u>	<u>786,685</u>	<u>7,703,037</u>
Net position - end of the year	<u>\$ 410</u>	<u>\$ 5,440,606</u>	<u>\$ 2,402,503</u>	<u>\$ 812,764</u>	<u>\$ 8,656,283</u>

City of Burleson, Texas
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended September 30, 2014

F-3

	Equipment Services	Vehicle Replacement - Governmental	Vehicle Replacement - Business-Type	Support Services	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received for equipment replacement	\$ -	\$ 1,153,300	\$ 514,947	\$ -	\$ 1,668,247
Cash received for fleet maintenance services	478,477	-	-	-	478,477
Cash received for support services	-	-	-	1,522,612	1,522,612
Receipts from other funds	-	-	-	-	-
Payments to vendors, suppliers and contractors	(95,966)	(13,206)	-	(486,399)	(595,571)
Payments to employees for services	(405,285)	-	-	(684,611)	(1,089,896)
Net cash provided by operating activities	<u>(22,774)</u>	<u>1,140,094</u>	<u>514,947</u>	<u>351,602</u>	<u>1,983,869</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfer from other funds	13,000	-	-	-	13,000
Net cash provided by noncapital financing activities	<u>13,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital contributions					-
Receipt on disposal of capital assets	-	77,326	15,378	-	92,704
Principal payments on capital debt	(1,533)	-	-	-	(1,533)
Interest payments on capital debt	(515)	-	-	-	(515)
Acquisition and construction of capital assets	-	(462,882)	(529,606)	(189,340)	(1,181,828)
Net cash (used) by capital and related financing activities	<u>(2,048)</u>	<u>(385,556)</u>	<u>(514,228)</u>	<u>(189,340)</u>	<u>(1,091,172)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	399	8,306	3,915	263	12,883
Proceeds from sale of investments	14,011	889,557	317,562	545,382	1,766,512
Purchase of investments	(5,464)	(346,932)	(123,851)	(17,700)	(493,947)
Net cash provided by investing activities	<u>8,946</u>	<u>550,931</u>	<u>197,626</u>	<u>527,945</u>	<u>1,285,448</u>
Net increase (decrease) in cash and cash equivalents	(2,876)	1,305,469	198,345	690,207	2,191,145
Cash and cash equivalents--beginning of the year	56,666	904,631	482,098	(544,062)	899,333
Cash and cash equivalents--end of the year	53,790	2,210,100	680,443	146,145	3,090,478
Investments	70,524	605,377	114,806	212,907	1,003,614
Total cash and investments	<u>\$ 124,314</u>	<u>\$ 2,815,477</u>	<u>\$ 795,249</u>	<u>\$ 359,052</u>	<u>\$ 4,094,092</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (64,899)	\$ 627,042	\$ 281,781	\$ 25,769	\$ 869,693
Depreciation	1,993	526,257	233,166	187,295	948,711
Change in operating assets and liabilities:					
Decrease (increase) in inventories	(3,077)	-	-	-	(3,077)
Decrease (increase) in accounts receivable	(491)	-	-	(1,250)	(1,741)
Decrease (increase) in due from other funds	-	-	-	-	-
Increase (decrease) in accounts payable	29,951	(13,205)	-	80,056	96,802
Increase (decrease) in accrued liabilities	13,749	-	-	59,732	73,481
Net cash provided by operating activities	<u>\$ (22,774)</u>	<u>\$ 1,140,094</u>	<u>\$ 514,947</u>	<u>\$ 351,602</u>	<u>\$ 1,983,869</u>

**CITY OF BURLESON, TEXAS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED SEPTEMBER 30, 2014
 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>FINANCIAL TRENDS These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</p>	<p>1-4</p>
<p>REVENUE CAPACITY These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</p>	<p>5-8</p>
<p>DEBT CAPACITY These schedules present information to help the reader assess the affordability of the government's current level of outstanding debt and the government's ability to issue additional debt in the future.</p>	<p>9-12</p>
<p>DEMOGRAPHIC AND ECONOMIC INFORMATION These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</p>	<p>13-14</p>
<p>OPERATING INFORMATION These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</p>	<p>15-18</p>

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

CITY OF BURLESON, TEXAS
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(Unaudited)

	Fiscal Year			
	2005	2006	2007	2008
Governmental activities:				
Net investment in capital assets	\$ 51,316,982	\$ 59,064,614	\$ 67,844,305	\$ 75,675,895
Restricted	7,024,586	7,685,387	6,127,141	6,902,812
Unrestricted	7,186,975	10,199,823	14,992,647	18,368,320
Total governmental activities net position	<u>\$ 65,528,543</u>	<u>\$ 76,949,824</u>	<u>\$ 88,964,093</u>	<u>\$ 100,947,027</u>
Business-type activities:				
Net investment in capital assets	\$ 28,902,546	\$ 33,820,175	\$ 35,616,520	\$ 38,951,118
Restricted	2,800,492	2,601,200	2,800,492	3,172,307
Unrestricted	1,040,549	2,914,935	5,091,536	6,198,905
Total business-type activities net position	<u>\$ 32,743,587</u>	<u>\$ 39,336,310</u>	<u>\$ 43,508,548</u>	<u>\$ 48,322,330</u>
Primary government:				
Net investment in capital assets	\$ 80,219,528	\$ 92,884,789	\$ 103,460,825	\$ 114,627,013
Restricted	9,825,078	10,286,587	8,927,633	10,075,119
Unrestricted	8,227,524	13,114,758	20,084,183	24,567,225
Total primary government activities net position	<u>\$ 98,272,130</u>	<u>\$ 116,286,134</u>	<u>\$ 132,472,641</u>	<u>\$ 149,269,357</u>

(continued)

TABLE 1

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 84,795,578	\$ 89,235,983	\$ 91,490,189	\$ 96,854,973	\$ 101,280,575	\$ 102,518,052
5,757,785	6,013,922	7,647,833	9,129,987	10,262,236	11,786,219
18,968,946	19,153,205	19,728,287	17,251,062	18,176,631	19,052,949
<u>\$ 109,522,309</u>	<u>\$ 114,403,110</u>	<u>\$ 118,866,309</u>	<u>\$ 123,236,022</u>	<u>\$ 129,719,442</u>	<u>\$ 133,357,220</u>
\$ 40,857,400	\$ 43,197,167	\$ 44,846,342	\$ 45,090,529	\$ 53,375,788	\$ 55,348,194
3,172,307	3,203,528	2,469,836	4,081,263	3,250,923	4,592,463
7,485,644	6,193,764	8,976,274	10,417,168	6,943,042	7,355,781
<u>\$ 51,515,351</u>	<u>\$ 52,594,459</u>	<u>\$ 56,292,452</u>	<u>\$ 59,588,960</u>	<u>\$ 63,569,753</u>	<u>\$ 67,296,438</u>
\$ 125,652,978	\$ 132,433,150	\$ 136,336,531	\$ 141,945,502	\$ 154,656,363	\$ 157,866,246
8,930,092	9,217,450	10,117,669	13,211,250	13,513,159	16,378,682
26,454,590	25,346,969	28,704,561	27,668,230	25,119,673	26,408,730
<u>\$ 161,037,660</u>	<u>\$ 166,997,569</u>	<u>\$ 175,158,761</u>	<u>\$ 182,824,982</u>	<u>\$ 193,289,195</u>	<u>\$ 200,653,658</u>

(concluded)

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

	Fiscal Year			
	2005	2006	2007	2008
Expenses				
Governmental activities:				
General government	\$ 3,424,919	\$ 3,727,261	\$ 4,060,608	\$ 5,265,957
Public safety	7,203,194	8,100,853	9,784,360	11,664,905
Public works	5,305,779	6,026,802	6,788,351	4,602,125
Community Development	1,213,921	1,254,161	1,173,452	2,879,432
Culture and recreation	2,167,841	2,359,258	2,494,174	2,851,686
Interest and other fees	1,385,277	1,716,670	2,035,972	2,870,665
Total governmental activities expenses	<u>20,700,931</u>	<u>23,185,005</u>	<u>26,336,917</u>	<u>30,134,770</u>
Business-type activities:				
Water and wastewater	9,896,012	10,287,872	11,047,187	12,593,338
Hidden Creek Golf Course	1,901,480	1,773,118	1,761,513	1,735,181
Solid Waste	1,355,240	1,381,597	1,547,740	2,211,449
Cemetery	20,983	26,183	31,572	1,069
Total business-type activities expenses	<u>13,173,715</u>	<u>13,468,770</u>	<u>14,388,012</u>	<u>16,541,037</u>
Total primary government expenses	<u>\$ 33,874,646</u>	<u>\$ 36,653,775</u>	<u>\$ 40,724,929</u>	<u>\$ 46,675,807</u>
Program Revenues:				
Governmental activities:				
Charges for services	\$ 5,050,465	\$ 7,010,601	\$ 6,920,756	\$ 10,850,388
Operating grants and contributions	727,842	646,304	587,515	534,172
Capital grants and contributions	8,378,946	6,812,544	7,813,051	4,299,747
Total governmental activities program revenues	<u>14,157,253</u>	<u>14,469,449</u>	<u>15,321,322</u>	<u>15,684,307</u>
Business-type activities:				
Charges for services	11,506,324	13,949,581	12,096,207	16,784,496
Operating grants and contributions	-	154,156	751,266	597,780
Capital grants and contributions	3,350,613	3,449,995	2,843,679	2,242,694
Total business-type activities program revenues	<u>14,856,937</u>	<u>17,553,732</u>	<u>15,691,152</u>	<u>19,624,970</u>
Total primary government program revenues	<u>\$ 29,014,190</u>	<u>\$ 32,023,181</u>	<u>\$ 31,012,474</u>	<u>\$ 35,309,277</u>
Net (expense)/revenue				
Governmental activities	\$ (6,543,678)	\$ (8,715,556)	\$ (11,015,595)	\$ (14,450,463)
Business-type activities	1,683,222	4,084,962	1,303,140	3,083,933
Total primary government net expense	<u>\$ (4,860,456)</u>	<u>\$ (4,630,594)</u>	<u>\$ (9,712,455)</u>	<u>\$ (11,366,530)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	\$ 7,752,303	\$ 8,625,863	\$ 9,910,567	\$ 11,564,509
Tax Increment Financing	412,423	497,436	547,712	61,730
Sales and use taxes	8,299,061	9,154,752	10,347,816	11,650,147
Hotel/motel taxes	119,270	159,321	172,078	199,309
Franchise fees	1,768,708	2,090,773	2,027,326	2,316,229
Investment income	829,175	1,520,814	2,021,700	1,600,937
Gain on sale of assets	-	-	-	-
Lawsuit settlement	970,000	-	-	-
Transfers	(1,072,735)	(530,525)	(449,595)	(959,463)
Total governmental activities	<u>19,078,205</u>	<u>21,518,434</u>	<u>24,577,604</u>	<u>26,433,398</u>
Business-type activities:				
Investment income	285,489	639,421	871,763	714,810
Gain on sale of assets	2,660	(43,782)	-	55,576
Transfers	1,072,735	530,525	449,595	959,463
Total business-type revenues	<u>1,360,884</u>	<u>1,126,164</u>	<u>1,321,358</u>	<u>1,729,849</u>
Total primary government	<u>\$ 20,439,089</u>	<u>\$ 22,644,598</u>	<u>\$ 25,898,962</u>	<u>\$ 28,163,247</u>
Change in Net Position				
Governmental activities	\$ 11,461,792	\$ 12,272,353	\$ 13,112,414	\$ 11,982,935
Business-type activities	4,116,841	5,741,651	3,074,093	4,813,782
Total primary government	<u>\$ 15,578,633</u>	<u>\$ 18,014,004</u>	<u>\$ 16,186,507</u>	<u>\$ 16,796,717</u>

(continued)

TABLE 2

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 5,858,171	\$ 4,743,333	\$ 5,985,553	\$ 4,579,709	\$ 4,779,683	\$ 6,027,808
11,721,926	12,841,230	12,597,427	13,755,003	14,505,108	14,793,252
8,105,075	9,216,349	9,414,047	9,400,406	9,476,476	10,025,105
1,004,358	1,287,097	1,483,991	1,443,045	1,534,915	2,071,758
3,025,067	4,503,830	5,671,656	6,050,849	6,148,475	6,851,659
3,619,571	3,416,974	3,643,362	3,490,537	3,256,327	3,319,768
<u>33,334,168</u>	<u>36,008,813</u>	<u>38,796,036</u>	<u>38,719,549</u>	<u>39,700,984</u>	<u>43,089,350</u>
12,673,707	13,934,334	13,776,701	13,858,927	14,553,979	14,699,969
2,005,748	1,886,326	1,872,971	1,774,465	2,100,255	1,922,102
2,218,385	2,358,589	2,385,558	2,451,503	2,595,756	2,742,100
3,699	16,260	13,598	17,743	10,994	11,498
<u>16,901,539</u>	<u>18,195,509</u>	<u>18,048,828</u>	<u>18,102,638</u>	<u>19,260,984</u>	<u>19,375,669</u>
<u>\$ 50,235,707</u>	<u>\$ 54,204,322</u>	<u>\$ 56,844,864</u>	<u>\$ 56,822,187</u>	<u>\$ 58,961,968</u>	<u>\$ 62,465,019</u>
\$ 8,714,188	\$ 7,052,495	\$ 8,948,079	\$ 7,799,248	\$ 8,127,467	\$ 8,036,809
578,243	705,142	621,034	721,595	603,962	294,371
3,033,884	3,558,406	2,265,193	2,624,666	3,769,399	3,752,162
<u>12,326,315</u>	<u>11,316,043</u>	<u>11,834,306</u>	<u>11,145,509</u>	<u>12,500,828</u>	<u>12,083,342</u>
18,433,105	17,823,579	19,924,565	18,442,552	19,788,547	20,526,746
337,613	414,260	359,271	364,359	561,332	1,004,948
1,461,885	1,044,954	920,504	1,800,117	2,976,121	1,938,294
<u>20,232,603</u>	<u>19,282,793</u>	<u>21,204,340</u>	<u>20,607,028</u>	<u>23,326,000</u>	<u>23,469,988</u>
<u>\$ 32,558,918</u>	<u>\$ 30,598,836</u>	<u>\$ 33,038,646</u>	<u>\$ 31,752,537</u>	<u>\$ 35,826,828</u>	<u>\$ 35,553,330</u>
\$ (21,007,853)	\$ (24,692,770)	\$ (26,961,730)	\$ (27,574,040)	\$ (27,200,156)	\$ (31,006,008)
3,331,064	1,087,284	3,155,512	2,504,390	4,065,016	4,094,319
<u>\$ (17,676,789)</u>	<u>\$ (23,605,486)</u>	<u>\$ (23,806,218)</u>	<u>\$ (25,069,650)</u>	<u>\$ (23,135,140)</u>	<u>\$ (26,911,689)</u>
\$ 13,473,315	\$ 15,206,250	\$ 15,074,189	\$ 15,414,948	\$ 15,853,216	\$ 16,377,575
147,414	294,119	320,737	199,229	254,600	406,445
11,805,360	12,121,386	13,453,923	14,818,398	14,110,028	16,051,878
170,116	128,635	144,520	146,202	146,986	165,550
2,560,705	2,521,842	2,844,181	2,760,074	2,659,237	2,968,802
793,416	187,338	92,091	105,892	536,572	80,372
343,648	-	-	-	-	-
-	(953,453)	-	-	-	-
289,160	67,454	(504,712)	(263,167)	122,937	(258,909)
<u>29,583,134</u>	<u>29,573,571</u>	<u>31,424,929</u>	<u>33,181,576</u>	<u>33,683,576</u>	<u>35,791,713</u>
270,274	59,278	37,765	48,613	38,714	26,334
(119,157)	-	-	-	-	-
(289,160)	(67,454)	504,712	263,167	(122,937)	258,909
(138,043)	(8,176)	542,477	311,780	(84,223)	285,243
<u>\$ 29,445,091</u>	<u>\$ 29,565,395</u>	<u>\$ 31,967,406</u>	<u>\$ 33,493,356</u>	<u>\$ 33,599,353</u>	<u>\$ 36,076,956</u>
\$ 8,575,281	\$ 4,880,801	\$ 4,463,199	\$ 5,607,536	\$ 6,483,420	\$ 4,785,705
3,193,021	1,079,108	3,697,989	2,816,170	3,980,793	4,379,562
<u>\$ 11,768,302</u>	<u>\$ 5,959,909</u>	<u>\$ 8,161,188</u>	<u>\$ 8,423,706</u>	<u>\$ 10,464,213</u>	<u>\$ 9,165,267</u>

(concluded)

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

	Fiscal Year				
	2005	2006	2007	2008	2009
General Fund					
Reserved	\$ 403,425	\$ 295,535	\$ 236,359	\$ 292,510	\$ 176,254
Unreserved	4,045,566	4,716,008	6,474,112	5,871,057	6,557,013
Nonspendable	-	-	-	-	-
Committed to:					
Debt service	-	-	-	-	-
Other Purposes	-	-	-	-	-
Assigned to:					
Risk management	-	-	-	-	-
Uassigned	-	-	-	-	-
Total general fund	<u>\$ 4,448,991</u>	<u>\$ 5,011,543</u>	<u>\$ 6,710,471</u>	<u>\$ 6,163,567</u>	<u>\$ 6,733,267</u>
All Other Governmental Funds					
Reserved	\$ 27,994,603	\$ 21,439,770	\$ 33,802,921	\$ 64,065,336	\$ 45,495,454
Unreserved, reported in:					
Special Revenue Funds	131,960	195,320	274,192	629,680	895,046
Nonspendable					
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>\$ 28,126,563</u>	<u>\$ 21,635,090</u>	<u>\$ 34,077,113</u>	<u>\$ 64,695,016</u>	<u>\$ 46,390,500</u>

(continued)

Note: The City implemented GASB Statement No. 54 in fiscal year 2011.

TABLE 3

Fiscal Year				
2010	2011	2012	2013	2014
\$ 179,419	\$ -	\$ -	\$ -	\$ -
7,008,776	-	-	-	-
-	59,832	59,031	53,769	24,806
-	872,880	791,215	703,824	610,445
-	63,826	149,771	718,732	513,332
-	1,007,782	733,781	874,825	1,047,047
-	6,442,458	8,796,643	8,841,408	9,945,249
<u>\$ 7,188,195</u>	<u>\$ 8,446,778</u>	<u>\$ 10,530,441</u>	<u>\$ 11,192,558</u>	<u>\$ 12,140,879</u>
\$ 29,567,700	-	-	-	-
839,018	-	-	-	-
-	-	-	300	1,437
-	2,666,165	2,677,418	2,704,260	2,576,315
-	4,714,757	6,066,072	7,074,668	8,702,328
-	293,192	386,497	483,308	507,576
-	11,340,114	-	-	-
-	362,472	539,541	723,587	530,845
-	283,046	67,249	140,743	272,383
-	6,269,916	13,779,002	19,994,818	27,119,647
-	4,063,471	2,872,822	511,000	-
<u>\$ 30,406,718</u>	<u>\$ 29,993,133</u>	<u>\$ 26,388,601</u>	<u>\$ 31,632,684</u>	<u>\$ 39,710,531</u>

(concluded)

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

	Fiscal Year				
	2005	2006	2007	2008	2009
Revenues					
Property taxes	\$ 8,032,127	\$ 8,704,379	\$ 10,027,181	\$ 11,506,820	\$ 13,647,213
Sales taxes	8,645,430	9,636,872	10,842,693	11,849,457	11,975,477
Franchise fees	1,766,863	1,935,224	2,020,661	2,309,467	2,516,642
Licenses and permits	979,855	1,098,670	1,106,496	886,238	1,336,454
Intergovernmental revenue	1,047,760	513,197	471,520	168,544	429,498
Fines and forfeitures	689,554	767,477	1,149,028	1,472,535	1,530,831
Donations	23,343	10,255	25,547	19,343	10,970
Charges for service	2,995,429	2,965,190	3,169,601	1,476,841	1,597,794
Interest income	757,743	1,415,646	1,901,343	1,542,276	787,753
Mineral lease revenue	-	-	-	5,985,783	3,556,228
Street Assessments	206,800	152,561	112,377	126,041	9,163
Miscellaneous	1,944,829	2,623,800	1,918,118	1,601,601	1,906,011
Total revenues	27,089,733	29,823,271	32,744,565	38,944,946	39,304,034
Expenditures					
Current Operations:					
General government	3,471,402	4,562,259	3,919,724	5,018,217	5,361,405
Public safety	7,582,937	7,829,789	8,721,159	10,776,171	11,475,649
Public works	3,298,247	3,900,009	4,319,240	4,773,860	4,644,616
Sanitation	1,579,916	1,453,661	1,656,198	-	-
Community Development	1,399,244	1,429,007	1,400,905	519,651	1,230,424
Culture and recreation	1,907,963	2,136,713	2,219,504	2,568,836	2,536,777
Capital Outlay	6,995,910	12,366,481	7,823,319	15,060,574	24,730,676
Debt Service:					
Principal	1,208,000	1,228,000	1,966,000	2,342,000	3,242,000
Interest and fiscal agent charges	1,340,153	1,741,133	1,962,297	3,244,180	4,070,379
Total expenditures	28,783,772	36,647,052	33,988,346	44,303,489	57,291,926
Excess (deficiency) of revenues over (under) expenditures	(1,694,039)	(6,823,781)	(1,243,781)	(5,358,543)	(17,987,892)
Other financing sources (uses)					
Transfers in	2,256,984	5,278,965	7,083,479	5,241,662	11,319,490
Transfers out	(3,529,716)	(5,124,107)	(8,218,456)	(5,541,191)	(11,066,415)
Proceeds of capital lease	27,112	740,000	69,990	-	-
Proceeds of bond issuance	19,863,531	-	16,449,717	35,650,000	-
Payment to refunded bonds agent	-	-	-	-	-
Premium	-	-	-	75,384	-
Total other financing sources (uses)	18,617,911	894,858	15,384,730	35,425,855	253,075
Net change in fund balances	\$ 16,923,872	\$ (5,928,923)	\$ 14,140,949	\$ 30,067,312	\$ (17,734,817)
Debt service as a percentage of non-capital expenditures (1)	12.09%	12.38%	15.03%	19.32%	23.08%

(continued)

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

TABLE 4

Fiscal Year					
2010	2011	2012	2013	2014	
\$ 15,509,577	\$ 15,430,774	\$ 15,659,684	\$ 16,247,528	\$ 16,980,934	
12,250,021	13,598,440	14,964,599	14,257,015	16,216,375	
2,527,140	2,842,740	2,755,431	2,714,231	2,940,465	
1,150,796	1,017,237	1,014,677	1,147,361	1,446,281	
450,031	369,865	278,234	212,609	242,262	
1,406,892	1,267,346	1,212,414	1,127,906	1,282,599	
18,052	251,169	443,361	391,353	52,110	
2,057,565	2,911,172	3,394,823	3,267,802	3,555,561	
178,867	88,992	101,182	81,002	74,872	
1,838,611	2,113,091	1,096,666	1,058,233	969,979	
213,913	24,285	80,031	86,535	70,473	
1,268,989	1,783,682	1,391,018	2,296,743	1,581,915	
<u>38,870,454</u>	<u>41,698,793</u>	<u>42,392,120</u>	<u>42,888,318</u>	<u>45,413,826</u>	
	-				
4,658,823	5,697,945	4,698,889	5,109,652	4,596,577	
12,981,168	12,269,841	13,189,268	13,916,985	14,734,093	
5,339,771	5,110,274	5,088,899	5,434,287	5,755,348	
-	-	-	-	-	
1,503,442	1,700,475	1,645,680	1,790,790	2,401,704	
3,899,848	4,929,907	5,102,392	5,527,597	6,249,210	
27,891,966	2,674,837	4,986,097	1,723,052	11,310,554	
4,180,000	4,835,507	4,890,666	5,106,392	4,627,379	
3,879,046	3,726,968	3,493,688	3,262,591	3,202,770	
<u>64,334,064</u>	<u>40,945,754</u>	<u>43,095,579</u>	<u>41,871,346</u>	<u>52,877,635</u>	
<u>(25,463,610)</u>	<u>753,039</u>	<u>(703,459)</u>	<u>1,016,972</u>	<u>(7,463,809)</u>	
6,813,507	6,825,205	7,482,456	7,193,956	6,214,654	
(6,820,858)	(6,734,919)	(7,767,346)	(7,096,019)	(6,486,563)	
1,369,061	1,673	-	-	-	
19,370,000	-	5,040,000	4,620,000	24,243,570	
(11,326,305)	-	(5,239,802)	-	(10,009,448)	
529,352	-	241,346	171,291	2,527,764	
<u>9,934,757</u>	<u>91,959</u>	<u>(243,346)</u>	<u>4,889,228</u>	<u>16,489,977</u>	
<u>\$ (15,528,853)</u>	<u>\$ 844,998</u>	<u>\$ (946,805)</u>	<u>\$ 5,906,200</u>	<u>\$ 9,026,168</u>	
22.53%	22.77%	21.97%	21.14%	18.99%	(concluded)

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

Fiscal Year	Residential Property	Industrial/ Commercial Property	Mineral Reserves	Less: Tax-Exempt Property	Total Taxable Assessed Value
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
2013	1,949,702,876	690,001,727	111,483,802	341,644,076	2,409,544,329
2014	2,039,186,901	723,992,280	84,403,921	358,372,460	2,488,710,642

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

Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
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%
0.6900	2,409,544,329	100.0%
0.6900	2,488,710,642	100.0%

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

	FISCAL YEAR					
	2005	2006	2007	2008	2009	2010
OVERLAPPING RATES						
Tarrant County	0.2725	0.2725	0.2665	0.2665	0.2640	0.2640
Tarrant County Hospital District	0.2353	0.2353	0.2354	0.2340	0.2278	0.2278
Tarrant County Junior College	0.1394	0.1394	0.1394	0.1394	0.1379	0.1379
Tarrant County Regional Water District	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200
Johnson County	0.4649	0.4649	0.4218	0.4098	0.3895	0.3833
Burleson Independent School District	1.7484	1.7352	1.4501	1.4051	1.4688	1.5400
Joshua Independent School District	1.7381	1.7381	1.5389	1.4600	1.3900	1.3900
Crowley Independent School District	0.0000	1.7890	1.6710	1.4099	1.5350	1.5350
CITY DIRECT RATES						
Operating & Maintenance	0.5152	0.5174	0.5349	0.5241	0.5318	0.5318
Interest & Sinking	0.0833	0.0790	0.0950	0.1377	0.1622	0.1622
Total Direct Rate	0.5985	0.5964	0.6299	0.6618	0.6940	0.6940

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

FISCAL YEAR			
2011	2012	2013	2014
0.2640	0.2640	0.2640	0.2640
0.2279	0.2279	0.2279	0.2279
0.1379	0.1490	0.1495	0.1495
0.0200	0.0200	0.0200	0.0200
0.3795	0.3332	0.3712	0.3712
1.5400	1.5400	1.5400	0.1540
1.3900	1.4900	1.4900	1.4900
1.5350	1.6700	1.6700	1.6700
0.5478	0.5278	0.5278	0.5278
0.1622	0.1622	0.1622	0.1622
0.7100	0.6900	0.6900	0.6900

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

TABLE 7

Taxpayer	2014			2005		
	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation
XTO Energy Inc	\$ 55,425,011	1	2.23 %	\$ -	-	- %
Devon Energy Production Co. LP	54,447,430	2	2.19	-	-	-
Chesapeake Operating LP	50,758,447	3	2.04	-	-	-
Wagner Smith Equipment Co.	21,563,213	4	0.87	-	-	-
Barnett Gathering LP	15,958,653	5	0.64	-	-	-
RAVC Apartments LP	15,808,651	6	0.64	-	-	-
HEB Grocery Company LP	14,398,974	7	0.58	-	-	-
Encore MF Burleson LP	13,440,908	8	0.54	-	-	-
Dolce Living at Burleson	13,341,715	9	0.54	-	-	-
Dragon Products	12,853,892	10	0.52	-	-	-
EE Burleson LP	-	-	-	27,663,010	1	2.11
WalMart Stores Inc. #220	-	-	-	16,549,510	2	1.26
Lynn Smith Chevrolet	-	-	-	16,475,750	3	1.26
Oncor Electric	-	-	-	10,378,660	4	0.79
Redman Homes, Inc	-	-	-	7,813,920	5	0.60
B-CDC Corporation	-	-	-	7,386,530	6	0.56
Southwestern Bell	-	-	-	7,293,700	7	0.56
Centex Homes	-	-	-	6,261,120	8	0.48
Mountain Valley Joint Venture	-	-	-	5,668,200	9	0.43
Lowes Home Center, Inc	-	-	-	5,105,730	10	0.39
Total	<u>\$ 267,996,894</u>		<u>10.77 %</u>	<u>\$ 110,596,130</u>		<u>8.43 %</u>

Source: Johnson County Appraisal District

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

TABLE 8

Fiscal Year Ended 9/30	Actual Levy Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collection in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
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%
2013	2012	16,055,008	15,864,234	98.81%	126,985	15,991,220	99.60%
2014	2013	16,528,604	16,348,465	98.91%	161,390	16,509,855	99.89%

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**

Fiscal Year	GOVERNMENTAL ACTIVITIES				BUSINESS-TYPE ACTIVITIES	
	General Obligation Bonds	Certificates of Obligation (1)	Sales Tax Revenue Bonds	Capital Leases	General Obligation Bonds	Certificates of Obligation
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
2013	34,692,000	37,925,000	5,765,000	762,991	13,608,000	21,780,000
2014	49,584,570	33,800,000	5,140,000	621,677	11,770,430	26,220,000

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

<u>BUSINESS-TYPE ACTIVITIES</u>				
<u>Capital Leases</u>	<u>Water Revenue Bonds</u>	<u>Total Primary Government (2)</u>	<u>Percentage of Personal Income (3)</u>	<u>Per Capita (3)</u>
-	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
171,101	12,740,000	127,444,092	11.45%	3,267
17,198	12,340,000	139,493,875	12.10%	3,426

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)	
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
2013	34,692,000	37,925,000	846,752	13,608,000	21,780,000	107,158,248
2014	49,584,570	33,800,000	857,275	11,770,430	26,220,000	120,517,725

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

Less: Self-supported Debt (4)	Net General Bonded Debt Outstanding	Percentage of Actual Property Value (1)	Per Capita (2)
16,771,000	16,507,339	1.26%	582
18,185,908	14,425,088	0.98%	476
31,706,720	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
61,140,001	46,018,247	1.91%	1,180
66,191,289	54,326,436	2.18%	1,334

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**CITY OF BURLESON, TEXAS
DIRECT AND OVERLAPPING
GOVERNMENTAL ACTIVITIES DEBT (Unaudited)
SEPTEMBER 30, 2014**

TABLE 11

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percent Applicable (1)</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
City of Burleson	\$ 88,524,570	100%	\$ 88,524,570
Johnson County	14,404,579	18.85%	2,715,804
Tarrant County	316,811,905	0.39%	1,249,226
Tarrant County Hospital District	47,440,000	0.39%	186,711
Tarrant County Junior College District	15,485,000	0.39%	60,709
Crowley ISD	291,772,865	**	-
Burleson ISD	310,441,243	64.68%	200,785,568
Joshua ISD	69,379,291	18.85%	<u>13,080,601</u>
Total overlapping debt			<u>\$ 218,078,619</u>
Total direct and overlapping debt			<u>\$ 306,603,189</u>
Per capita direct and overlapping debt			<u>\$ 7,531</u>

(1) Overlapping percentage calculated as follows:

$$\frac{\text{Overlapping portion of the government's tax base}}{\text{Total tax base of the overlapping government}}$$

Population: 40,714

** Less than 0.01%

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

WATER AND SEWER DEBT

Fiscal Year	Gross Revenues(1)	Direct Operating Expenses (2)	Net Revenue Available for Debt Service	Revenue Bonds	
				Debt Service	
				Principal	Interest
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
2013	16,213,617	10,741,772	5,471,845	920,000	565,957
2014	17,263,299	10,908,767	6,354,532	400,000	492,016

- 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

Revenue Bonds		Combination Tax & Revenue Bonds				Total
Total	Coverage	Debt Service		Total	Coverage	Water & Sewer Bond Coverage
		Principal	Interest			
2,086,434	1.51	-	-	-	NA	1.51
2,287,052	2.59	-	-	-	NA	2.59
2,380,944	1.84	-	-	-	NA	1.84
2,880,393	1.64	355,000	549,751	904,751	5.23	1.25
2,335,986	2.47	505,000	739,920	1,244,920	4.63	1.61
2,343,373	1.91	600,000	647,306	1,247,306	3.60	1.25
2,337,872	2.87	620,000	622,481	1,242,481	5.40	1.88
2,104,716	2.58	810,000	967,528	1,777,528	3.06	1.40
1,485,957	3.68	935,000	842,308	1,777,308	3.08	1.68
892,016	7.12	1,040,000	777,845	1,817,845	3.50	2.34

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

TABLE 13

Fiscal Year	Population (1)	Personal Income (thousands of dollars) (2)	Per Capita Income (1)	Median Age (3)	Education Level In School (3)	Public School Enrollment (4)	Unemployment Rate (5)
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%
2013	39,010	1,112,955	28,530	32.9	14.2	10,457	4.6%
2014	40,714	1,152,369	28,304	33.0	14.2	10,618	3.9%

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

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

TABLE 14

<u>Employer</u>	<u>2014</u>			<u>2009</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percent(1)</u>	<u>Employees</u>	<u>Rank</u>	<u>Percent</u>
Burleson Independent School District	1,603	1	11.71 %	1450	1	12.34 %
Wal-Mart	420	2	3.07	616	2	5.24
City of Burleson	385	3	2.81	397	3	3.38
H.E.B. Grocery	380	4	2.78	--	--	--
Champion Buildings Mfg	319	5	2.33	--	--	--
Target	155	6	1.13	150	5	1.28
Basden Steel	150	7	1.10	--	--	--
Lowe's Companies	145	8	1.06	120	7	1.02
KWS Manufacturing	133	9	0.97	200	4	1.70
Thomas Conveyor Mfg	117	10	0.86	--	--	--
Home Depot	--	--	--	105	10	0.89
Trinity Mission Health & Rehab	--	--	--	130	6	1.11
Lynn Smith Chevrolet	--	--	--	110	8	0.94
Car Transport Inc	--	--	--	110	9	0.94
Total	<u>3,807</u>		<u>27.82</u>	<u>3,388</u>		<u>28.83</u>

Source: City of Burleson Economic Development Department & Burleson Independent School District
 (1) 2011 Jobs in the City (Census on the Map)

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

TABLE 15

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General government and Administration										
City manager's office	6	6	5	6	6	6.5	6.5	4.5	4.5	4
City secretary's office	2	2	1	2	2	2	2	3	3	3.5
Administrative services	2	2	2	2	2	1.5	1.5	1	1	1
Records management	1	1	1	1	1	1	1	1	1	1
Information technology	2	3	4	4	5	7	7	7	7	8
Economic development	1	1	1	1	1	1	1	1	2.5	2
Human resources	3	3	3	3	4	3.5	3.5	3.5	4	3
Public Information Officer	-	-	-	1	1	1	1	1	1	1
* Judicial	-	-	-	-	-	-	-	-	1.15	0.5
Legal	-	-	-	-	-	-	-	-	-	0.5
Finance	6	6	8	8	9	9	9	9	9	9
Purchasing	1	1	1	1	1	1	1	1	1	1
Municipal court	4	5	5	6	8	8	8	8	8.5	6.5
Public Safety										
Police	65	70	74	76	76	76.5	76.5	76.5	79	82
Fire	25	28	28	34	34	34	34	34	34	36
Fire prevention	1	2	3	3	3	2	2	2	2	2
Public Works										
Public works administration	5	5	5	5	5	4.5	4.5	3.5	5	5
Street maintenance	15	17	18	18	18	20	20	19	20	18
Neighborhood services	-	-	1	1	1	1	1	1	2	2
Animal services	3	4	4	5	5	5	5	5	5	5
Environmental services	-	-	1	1	1	1	1	1	3	1
Facility maintenance	6	7	7	7	7	6.5	6.5	6.5	2	2
Building code enforcement	8	8	8	9	9	8.5	8.5	6.5	6.5	6.5
Community development	3	4	4	3	4	5	5	5	5	3
Engineering	8	10	10	11	10	9.7	9.7	9.7	10	9
Culture & Recreation										
Library	14	14	14	16	16	10	10	10	10.46	11.5
Parks & recreation administration	3	3	3	3	3	4.3	4.3	3.3	3.25	2
* Recreation	18	18	17	18	18	38.5	38.5	57.83	39.12	34.67
Park maintenance	12	14	14	14	14	9.5	9.5	9.5	12.5	11
Senior citizens center	1	1	1	1	1	1.5	1.5	1.5	1.5	2
Athletic Fields	-	-	-	-	-	2.5	2.5	3.5	10	10
Russell Farm	-	-	-	-	-	-	-	1	1	1
Enterprise Operations and Administration										
Water/Wastewater										
Water & sewer services	17	18	19	23	17	22	22	22	21	19
Utility billing	6	6	8	8	8	8	8	8	8	8
Hidden Creek Golf Course										
Golf course administration	2	2	2	2	2	2	2	2	2	1
Golf course club house & pro shop	11	11	11	9	9	7.4	7.4	7.4	6.07	6.25
Golf course maintenance	9	9	9	9	9	8	8	8	8	7
Golf course food & beverage	8	7	7	7	8	5.6	5.6	6	5.7	4.5
Solid Waste	19	19	20	26	5	2	2	2	0.78	1
Internal Service Operations										
Equipment services	6	6	6	6	6	6	6	5	5	5
Total	326	347	332	355	329	342.5	342.5	356.73	352.03	336.92

*Based on actual hours worked divided by 2080 hours (full time employees)
Source: City of Burleson Human Resources Department

**CITY OF BURLESON, TEXAS
SCHEDULE OF INSURANCE POLICIES IN FORCE (Unaudited)
AS OF SEPTEMBER 30, 2014**

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	A++	3511	10/1/2014	General Liability	-	\$1,000,000
Intergovernmental Risk Pool			10/1/2015	Real & Personal Property	\$2,500	74,444,849
				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

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

TABLE 17

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public safety										
Police										
Number of employees	65	70	71	76	81	76	77	77	80	83
Total calls	50,194	49,851	58,434	57,693	61,154	77,792	76,570	75,506	78,426	83,937
Arrests	1,451	1,338	1,640	1,583	1,246	1,386	1,243	1,192	1,068	1,050
Traffic enforcement	11,338	11,210	17,565	16,798	12,222	10,814	8,440	7,380	7,929	8,981
Fire										
Number of employees	51	55	40	46	46	48	34	34	34	36
Number of calls for service	2,614	2,700	3,300	3,148	3,300	3,400	3,400	3,096	3,622	3,821
Inspections	250	530	650	725	725	800	830	1,152	2,038	2,719
Public Works										
Preventive Maintenance Hours	497	560	405	435	400	395	395	*488	*661	573
Facility repairs	1,300	1,400	1,400	1,400	1,400	1,660	1,660	*1809	*2182	2,447
Animal Control										
Animals Adopted	400	450	500	550	700	720	558	452	352	426
Animals Impounded	2,000	2,000	2,485	2,900	2,900	3,188	2,930	1,870	1,900	1,907
Environmental Health										
Permits	165	-	-	-	-	-	-	-	-	-
Inspections	3	-	-	-	-	-	-	-	-	131
Community Development										
Permits Issued	4,048	8,075	9,922	6,994	6,316	7,264	3,660	4,028	4,627	4,734
Inspections Made	17,886	19,280	23,186	21,199	12,444	14,311	9,365	8,065	11,015	13,827
Culture and Recreation										
Recreation										
Special Event Participants	25,750	24,650	25,000	25,000	32,565	33,216	33,216	45,800	33,725	28,415
Swim Lesson Participants	300	300	480	470	415	460	920	1,477	4,412	1,434
Swim Programs	45	45	70	70	40	100	100	100	25	298
Senior Citizen Participants	26,345	27,000	28,050	28,891	31,000	31,500	31,500	33,357	34,219	35,124
Senior Van Riders	1,400	1,500	1,320	1,054	550	600	600	632	1,075	1,081
Library										
Books in Collection	55,000	51,012	56,075	58,425	64,800	65,500	65,832	64,327	64,640	66,435
Materials borrowed	185,483	225,000	209,576	233,669	313,762	316,899	418,977	437,547	406,379	432,189
Water and Sewer										
Number of water customers	10,265	10,962	11,440	12,000	12,157	12,435	12,693	12,844	13,251	13,501
Number of sewer connections	10,153	10,870	11,503	12,074	11,250	11,250	12,975	13,086	13,396	13,495
Gas Well										
Number of Permits	-	-	-	-	56	55	64	18	-	7
Number of Pad Site Inspections	-	-	-	-	2,464	950	1,350	5,928	6,350	6,032

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

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

		FISCAL YEAR			
		2005	2006	2007	2008
Date of incorporation	May 12, 1912				
Date of charter	April 5, 1989				
Area incorporated (square miles)		23.31	23.31	24.36	26.34
Form of government	Council/Manager				
Education:					
Attendance centers		11	11	11	11
Number of teachers		600	531	586	595
Number of students		8,007	8,527	8,999	9,583
Miles of streets ⁽¹⁾		128.00	137.00	137.00	140.00
Miles of sewers:					
Sanitary sewers		133.00	143.00	154.00	158.00
Storm sewers		21.00	23.00	28.00	30.00
Culture and recreation:					
Parks - number of acres		198	262	248	358
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
Municipal water system:					
Number of water customers		10,265	10,265	11,556	12,040
Daily average consumption (gallons)		3,167,502	4,100,620	3,237,941	3,915,426
System capacity (gallons per day)		12,200,000	14,550,000	14,550,000	14,550,000
Miles of water mains		145.00	153.00	153.00	159.00
Number of fire hydrants		942	1,002	1,002	1,064
Municipal sewer system:					
Number of sewer connections		10,153	10,870	11,503	12,000
System capacity (gallons per day)		9,840,000	11,890,000	11,890,000	11,890,000
Number of street lights		985	1,171	1,255	1,297
City employees:					
Full-time		263	263	263	301
Part-time		30	30	30	29
Temporary		19	19	19	19

(continued)

Source: Various City Departments

(1) Beginning in 2013 this includes only streets maintained by the City

TABLE 18

FISCAL YEAR					
2009	2010	2011	2012	2013	2014
26.04	26.04	26.06	26.34	26.17	26.17
14	15	15	15	15	15
640	672	658	669	665	675
9,834	10,045	9,833	10,211	10,457	10,618
200.00	200.00	200.00	200.00	185.00	181.00
182.00	182.00	190.91	197.64	200.00	199.39
32.82	46.12	52.44	54.50	49.00	49.70
334	334	348	364	454	463.44
1	1	2	2	2	2
12	20	23	23	16	16
1	1	1	1	2	2
12,209	12,321	12,475	12,844	13,251	13,501
4,443,470	3,880,821	4,931,611	4,315,099	4,227,154	4,344,483
14,550,000	14,550,000	14,550,000	14,550,000	14,550,000	14,550,000
175.00	175.00	192.36	193.68	189.00	192.09
1,200	1,200	1,331	1,348	1,349	1,431
12,222	12,474	12,693	13,086	13,396	13,495
11,800,000	11,800,000	11,890,000	11,890,000	11,890,000	11,890,000
1,357	1,406	1,415	1,421	1,421	1,442
397	303	290	290	294	295
21	61	66	60.25	81	83
4	20	11	16.75	5	6

(concluded)

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