

CITY OF BURLESON, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2017

CITY OFFICIALS

Kenneth Shetter
Mayor

Dan McClendon	Mayor Pro Tem
Rick Green	Councilmember
DanO Strong	Councilmember
Todd K. Hulsey	Councilmember
Stuart Gillaspie	Councilmember
Ronnie Johnson	Councilmember

Dale Cheatham
City Manager

Paul Cain
Deputy City Manager

Robert Ranc
Deputy City Manager

Rhett Clark
Director of Finance

Prepared by: Finance Department



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CITY OF BURLESON, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2017

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INTRODUCTORY SECTION

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February 14, 2018

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, 2017. 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, Tax Increment Finance Reinvestment Zone Number Two, and Tax Increment Finance Reinvestment Zone Number Three 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 \$107 million in new taxable value added in 2017, 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 nearly 44,000 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, 2016, 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".

Rhett Clark, CPA
Director of Finance



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

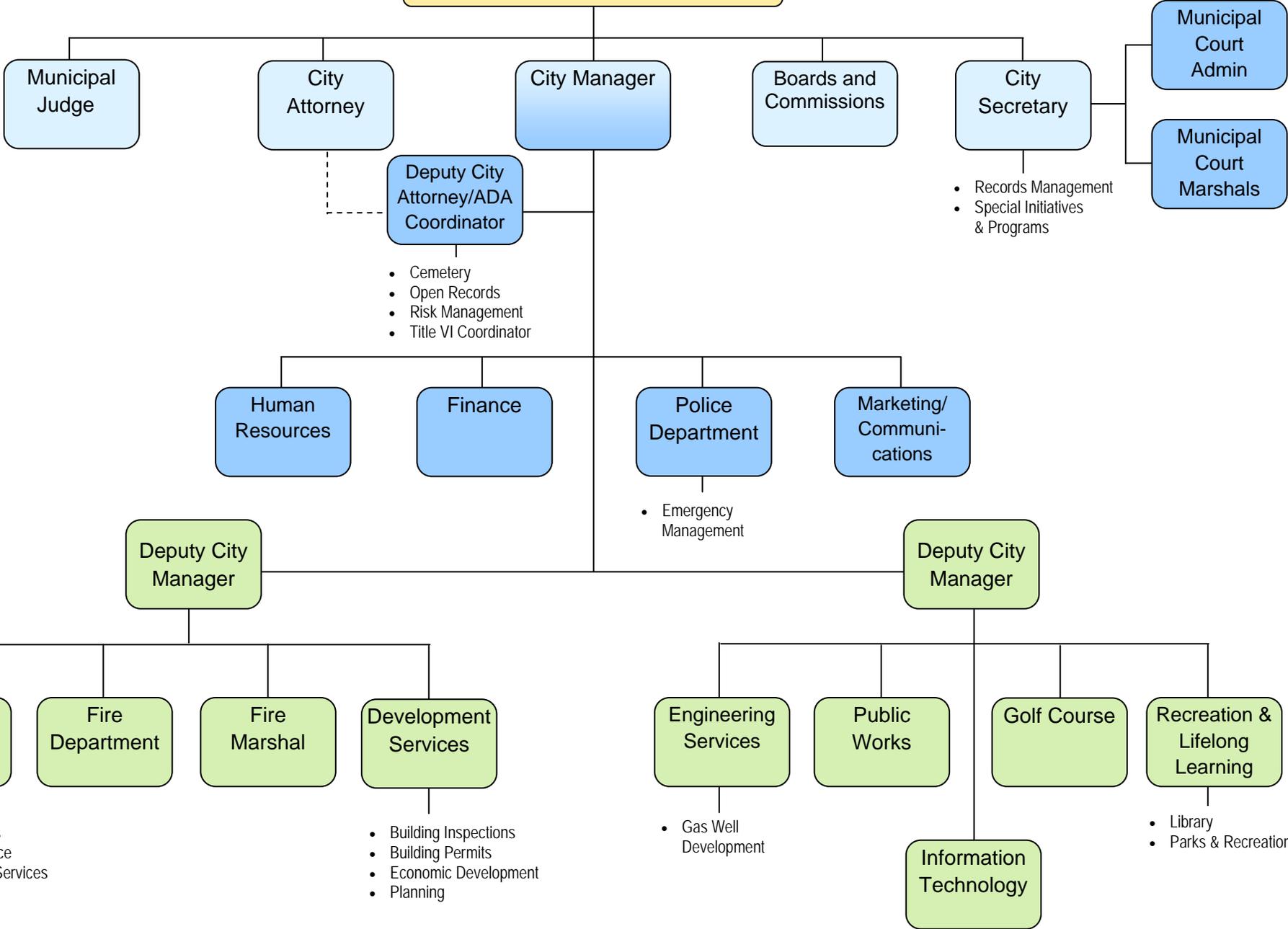
September 30, 2016

Christopher P. Morill

Executive Director/CEO

Citizens of Burleson

City Council



CITY OF BURLESON, TEXAS

List of Principal Officials

September 30, 2017

Elected Officials

Mayor	Kenneth Shetter
Mayor Pro-Tem	Dan McClendon
Councilmember	Rick Green
Councilmember	DanO Strong
Councilmember	Todd K. Hulsey
Councilmember	Stuart Gillaspie
Councilmember	Ronnie Johnson

City Officials

City Manager	Dale Cheatham
Deputy City Manager	Paul Cain
Deputy City Manager	Robert Ranc
Director of Finance	Rhett Clark
City Attorney	Allen Taylor
Police Chief	Billy Cordell
City Secretary	Amanda McCrory
Fire Chief	Kenneth Freeman
Director of Recreation and Lifelong Learning	Marc Marchand
Director of Human Resources	Wanda Bullard
Director Fire Prevention/Fire Marshall	Stacy Singleton
Director of Neighborhood Services	Lisa Duello
Director of Information Technology	Mark Eder
Director of Development Services	Mandy Clark
Director of Public Works	Aaron Russell
Director of Engineering Services	Laura Melton
Director of Golf	Dave White

FINANCIAL SECTION

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P A T T I L L O , B R O W N & H I L L , L . L . P .
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

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 (the "City") as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's 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 as of September 30, 2017, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, 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's basic financial statements. The introductory section, combining and individual 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 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 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 14, 2018, on our consideration of the City's 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 the City's internal control over financial reporting and compliance.

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

Waco, Texas
February 14, 2018

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CITY OF BURLESON, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED SEPTEMBER 30, 2017
(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, 2017. 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 and deferred inflows at the close of the most recent fiscal year by \$227,642,019 (net position). Of this amount, \$18,667,638 (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 \$20,714,210. The current year increase 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 \$8,334,083 or 24.5% of total general fund expenditures.
- The City's total debt increased by \$2,325,000 (1.59%) during the current fiscal year. The increase represents the net effect of scheduled debt retirement and the issuance of \$2,155,000 general obligation bonds and \$10,210,000 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 City'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 and deferred inflows by \$227,642,019 as of September 30, 2017.

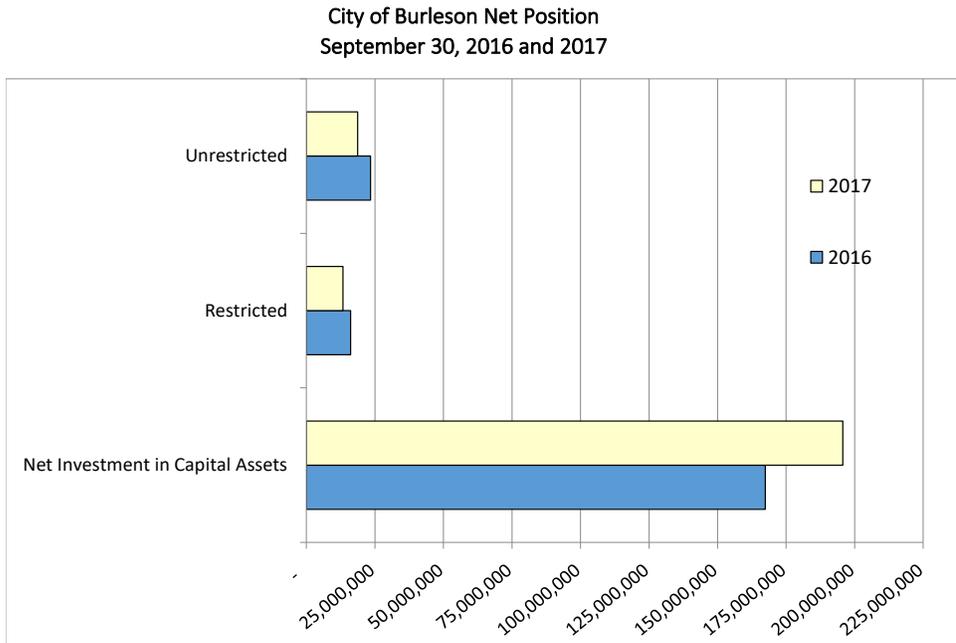
The largest portion of the City’s net position (85.9%) reflects its investments in capital assets (e.g. land, buildings, improvements, construction in progress, and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these assets to provide service to 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	
	2016	2017	2016	2017	2016	2017
Current & other assets	\$ 59,525,611	\$ 57,226,294	\$ 35,933,710	\$ 41,801,492	\$ 95,459,321	\$ 99,027,786
Capital assets	<u>197,161,897</u>	<u>211,950,848</u>	<u>96,607,944</u>	<u>101,246,453</u>	<u>293,769,841</u>	<u>313,197,301</u>
Total assets	<u>256,687,508</u>	<u>269,177,142</u>	<u>132,541,654</u>	<u>143,047,945</u>	<u>389,229,162</u>	<u>412,225,087</u>
Total deferred outflows of resources	<u>8,237,909</u>	<u>7,267,981</u>	<u>1,601,671</u>	<u>1,355,022</u>	<u>9,839,580</u>	<u>8,623,003</u>
Noncurrent liabilities – due in more than one year	116,144,016	114,718,451	54,260,873	57,414,747	125,343,673	172,133,198
Other liabilities	<u>14,782,315</u>	<u>13,847,675</u>	<u>6,762,898</u>	<u>7,079,013</u>	<u>21,545,213</u>	<u>20,926,688</u>
Total liabilities	<u>130,926,331</u>	<u>128,566,126</u>	<u>61,023,771</u>	<u>64,493,760</u>	<u>146,888,886</u>	<u>193,059,886</u>
Total deferred inflows of resources	<u>173,293</u>	<u>132,662</u>	<u>17,538</u>	<u>13,523</u>	<u>190,831</u>	<u>146,185</u>
Net position:						
Net investment in capital asset	111,368,435	127,316,098	56,061,308	68,346,297	167,429,743	195,662,395
Restricted	11,548,400	12,262,240	4,592,463	1,049,746	16,140,863	13,311,986
Unrestricted	<u>10,908,958</u>	<u>8,167,997</u>	<u>12,448,245</u>	<u>10,499,641</u>	<u>23,357,203</u>	<u>18,667,638</u>
Total net position	<u>\$ 133,825,793</u>	<u>\$ 147,746,335</u>	<u>\$ 73,102,016</u>	<u>\$ 79,895,684</u>	<u>\$ 206,927,809</u>	<u>\$ 227,642,019</u>

An additional portion of the City’s net position (5.9%) represents resources that are subject to external restriction on how they may have been used. The remaining balance of unrestricted net position (8.2%) may be used to meet the City’s ongoing obligation to citizens and creditors.

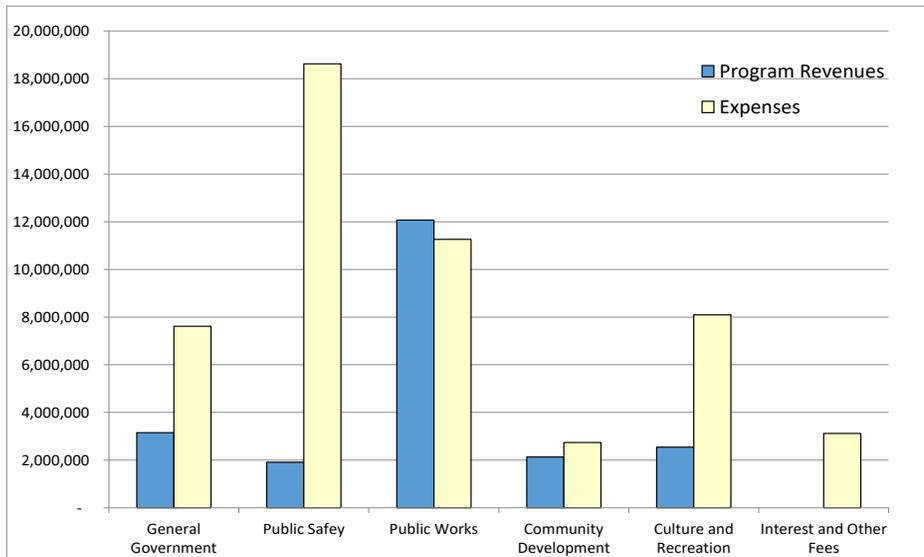
At the end of the current fiscal year, the City is able to report positive balances in all reported categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.



The City’s overall net position increased \$20,714,210 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 \$13,920,542 from the prior fiscal year for an ending balance of \$147,746,335. The reason for the overall increase is primarily the contribution of infrastructure assets by developers.

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 \$79,895,684. The total increase in net position for business-type activities (water and wastewater, Hidden Creek Golf Course, solid waste, and the cemetery) was \$6,793,668 or 9.2% from the prior fiscal year. The growth, in large part, is attributable to the contribution of infrastructure assets by developers.

The following table provides a summary of the City’s operations for the year ended September 30, 2017. Overall fiscal year 2017 expenses increased 4.7%. The majority of this increase was created by an across-the-board 3.0% salary increase.

CITY OF BURLESON, TEXAS – CHANGES IN NET POSITION

	Governmental		Business-Type		Total	
	Activities		Activities			
	2016	2017	2016	2017	2016	2017
Revenues:						
Program Revenues:						
Charges for services	\$ 7,566,246	\$ 8,782,144	\$ 22,263,652	\$ 23,108,557	\$ 29,829,898	\$ 31,890,701
Operating grants and contributions	971,500	1,592,388	827,614	1,108,892	1,799,114	2,701,280
Capital grants and contributions	2,144,534	11,440,915	1,067,383	4,020,669	3,211,917	15,461,584
General Revenues:						
Taxes:						
Property taxes levied for general purposes	20,510,482	21,776,804	-	-	20,510,482	21,776,804
Tax Increment Financing	457,438	536,812	-	-	457,438	536,812
Sales and use taxes	16,595,528	17,099,917	-	-	16,595,528	17,099,917
Hotel / motel taxes	219,250	222,652	-	-	219,250	222,652
Franchise fees	3,166,620	3,113,999	-	-	3,166,620	3,113,999
Gain on sale of capital assets	-	-	-	33,919	-	33,919
Investment income	243,568	471,436	114,274	311,582	357,842	783,018
Total revenues	<u>51,875,166</u>	<u>65,037,067</u>	<u>24,272,923</u>	<u>28,583,619</u>	<u>76,148,089</u>	<u>93,620,686</u>
Expenses						
General government	3,406,957	7,611,844	-	-	3,406,957	7,611,844
Public safety	18,135,674	18,619,648	-	-	18,135,674	18,619,648
Public works	11,100,276	11,263,930	-	-	11,100,276	11,263,930
Community development	4,701,517	2,740,816	-	-	4,701,517	2,740,816
Culture and recreation	7,801,924	8,091,904	-	-	7,801,924	8,091,904
Interest and other fees	3,237,341	3,118,052	-	-	3,237,341	3,118,052
Water & wastewater	-	-	16,333,488	16,349,125	16,333,488	16,349,125
Hidden Creek Golf course	-	-	2,049,089	2,141,509	2,049,089	2,141,509
Solid Waste	-	-	2,846,497	2,957,738	2,846,497	2,957,738
Cemetery	-	-	11,152	11,910	11,152	11,910
Total expenses	<u>48,383,689</u>	<u>51,446,194</u>	<u>21,240,226</u>	<u>21,460,282</u>	<u>69,623,915</u>	<u>72,906,476</u>
Change in net position before transfers	3,491,477	13,590,873	3,032,697	7,123,337	6,524,174	20,714,210
Transfers	(108,909)	329,669	108,909	(329,669)	-	-
Change in net position	3,382,568	13,920,542	3,141,606	6,793,668	6,524,174	20,714,210
Net position - beginning	<u>130,443,225</u>	<u>133,825,793</u>	<u>69,960,410</u>	<u>73,102,016</u>	<u>200,403,635</u>	<u>206,927,809</u>
Net position - ending	<u>\$ 133,825,793</u>	<u>\$ 147,746,335</u>	<u>\$ 73,102,016</u>	<u>\$ 79,895,684</u>	<u>\$ 206,927,809</u>	<u>\$ 227,642,019</u>

FINANCIAL ANALYSIS OF THE CITY'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 \$47,375,156. 82.4 percent or \$39,041,073 of this total is not available for spending because it is classified as non-spendable (1) for inventory and prepaid items \$31,959; restricted for (2) debt service \$2,545,853, (3) culture and recreation \$408, (4) economic development \$9,597,492, (5) tourism \$647,895, and (6) capital projects \$15,166,607; committed for (7) culture and recreation \$889,250, (8) economic development \$395,759, (9) capital projects \$8,127,991, (10) debt service \$291,558 and (11) encumbrances \$299,254; and as assigned for risk management \$1,047,047. Approximately 17.6% of the combined ending fund balance or \$8,334,083 constitutes unassigned fund balance.

Of the \$47,375,156 ending fund balance, \$10,070,901 is accounted for in non-major governmental funds. The General Fund balance is \$9,998,711 at year end – a decrease of \$1,005,797. This decrease was created by health insurance claims \$1,475,000 in excess of expectations and a variety of one-time purchases totaling around \$507,000. These included several vehicles and a GPS vehicle tracking system. The Burleson Community Services Development Corporation (BCSDC) fund balance increased \$33,771 to \$3,069,989 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 \$920,777 to a year-end total of \$5,516,835. This increase is due to sales tax revenue exceeding debt service and economic development incentive needs. Continued construction work during the period reduced by bond proceeds of \$4,965,000 decreased fund balances in the Bond Funded Capital Projects fund by \$1,066,597 finishing the year at \$15,166,607. The Mineral Lease Capital Project fund balance decreased \$1,442,291 to \$1,836,048. This increase represents the degree to which current capital project expenditures exceeded mineral income. The Parks Performance fund balance increased by \$208,724, end of the year fund balance for this fund was \$894,440. General Debt Service Fund balance increased \$5,899 to \$821,625.

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 \$75,351,749, and that of Hidden Creek Golf Course totaled (\$800,587). Net position in the water and wastewater fund increased \$6,695,548, and Hidden Creek Golf Course net position increased \$71,291. Approximately 60% 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.

At the end of the fiscal year, the Solid Waste fund reported net position of \$1,481,973. This represents an increase of \$342,163, 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 \$351,000 or 1.1%) when compared with the original budget

Total actual revenue collections exceeded the revised estimates by about \$1,076,000, or about 3.2% of the revised estimate.

The general fund’s final revised expenditure budget was approximately \$2,210,000 greater than the figure originally adopted, (an increase of about 6.6%). This increase was precipitated primarily by supplemental appropriations of \$1,100,000 capital improvements, and \$1,475,000 for excess health insurance claims.

Measured on a GAAP basis, actual year-end expenditures totaled about \$1,576,000 less than the revised budget total. Most of this difference is attributable to presentation and measurement differences inherent to the GAAP and budgetary basis of accounting.

CAPITAL ASSETS

The City of Burleson’s investment in capital assets for its governmental and business type activities as of September 30, 2017 amounts to \$313,197,301 (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 6.6%.

Capital Assets at Year End (net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2016	2017	2016	2017	2016	2017
Land	\$ 29,178,750	\$ 30,503,174	\$ 5,142,325	\$ 5,205,986	\$ 34,321,075	\$ 35,709,160
Buildings & improvements	54,547,525	60,145,925	3,487,384	3,318,703	58,034,909	63,464,628
Infrastructure	75,502,037	93,241,068	10,989	7,936	75,513,026	93,249,004
Machinery & equipment	4,034,448	4,800,679	71,929	75,373	4,106,377	4,876,052
Vehicles	2,680,832	3,359,674	1,017,701	953,454	3,698,533	4,313,128
Other	45,000	45,000	-	-	45,000	45,000
Water distribution system	-	-	41,668,658	43,513,086	41,668,658	43,513,086
Wastewater system	-	-	37,523,727	41,823,456	37,523,727	41,823,456
Capitalized interest	-	-	749,273	746,933	749,273	746,933
Construction in progress	31,173,305	19,855,328	6,935,958	5,601,526	38,109,263	25,456,854
Total	\$ <u>197,161,897</u>	\$ <u>211,950,848</u>	\$ <u>96,607,944</u>	\$ <u>101,246,453</u>	\$ <u>293,769,841</u>	\$ <u>313,197,301</u>

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

- Construction costs related to arterial roads amounted to approximately \$9,003,927.
- Construction and right-of-way costs related to construction of water infrastructure amounted to approximately \$2,632,791.
- Construction and right-of-way costs related to construction of sanitary sewer lines amounted to approximately \$906,805.
- Cost of purchasing land and buildings to be used as City facilities amounted to \$1,332,693.
- Costs related to construction of City recreational facilities amounted to \$2,420,828.
- Approximately \$1,363,206 of water lines were donated by developers.
- Approximately \$2,197,819 of sewer lines were donated by developers.
- Streets and sidewalks worth approximately \$6,710,363 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 \$148,210,000. Of this amount, \$89,775,000 comprises bonded debt backed solely by the full faith and credit of the City, \$51,850,000 represent bonds secured by a combination of property taxes and a limited pledge of other revenues, \$3,115,000 represents bonds secured solely by sales tax revenues, and \$3,470,000 secured by revenues generated from the City’s water and wastewater utility. Of the total general obligation outstanding debt of \$89,775,000, \$22,564,073 is to be repaid with revenue generated from the City’s water and wastewater utility and \$17,292,794 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	
	2016	2017	2016	2017	2016	2017
	\$	\$	\$	\$	\$	\$
General obligation bonds	68,653,213	67,210,927	24,816,787	22,564,073	93,470,000	89,775,000
Certificate of obligation bonds	20,895,000	21,820,000	24,050,000	30,030,000	44,945,000	51,850,000
Utility system revenue bonds	-	-	3,655,000	3,470,000	3,655,000	3,470,000
Sales tax revenue bonds	3,815,000	3,115,000	-	-	3,815,000	3,115,000
	<u>93,363,213</u>	<u>92,145,927</u>	<u>52,521,787</u>	<u>56,064,073</u>	<u>145,885,000</u>	<u>148,210,000</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 \$10,210,000 in combination tax and revenue certificates of obligation. These were issued for the purpose of constructing street improvements throughout the City, fire station improvements 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, 2017 Tax and Revenue (\$2,810,000), and business type activities as Certificates of Obligation, 2017 Tax and Revenue (\$7,400,000). General obligation bonds in the amount of \$2,155,000 were issued to finance construction of street improvements throughout the City. These bonds are labeled in the notes under governmental activities as General Obligation Bonds, 2017 Series (\$2,155,000).

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In the fiscal year 2018 budget, general fund revenues and transfers-in are budgeted to increase by about 5.8% from the fiscal year 2017 final budget. Sales tax revenues are budgeted to increase by about \$253,000 but franchise fees are anticipated to decrease about \$176,000. General fund expenditures are budgeted to increase by about 7% from the prior year totals, or a total of about \$2,340,000.

Projected results should retain unassigned fund balance in the General Fund to a level above the City's policy target, i.e. an amount equal to at least 20% of annual operating expenses.

A 5.5% increase in water sewer rates were implemented beginning October 1, 2017 due to increases in future debt service resulting from the \$7.4 million bond issuance during fiscal year 2017.

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 policy minimum. This same rate will be carried over into FY 2018, and should result in a working capital equal to 40% of operating expenditures at year end. Policy minimum for working capital is 20% of operating expenditures.

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, 2017

	Governmental Activities	Business-Type Activities	Total
ASSETS			
<u>Current Assets</u>			
Cash and investments	\$ 52,714,856	\$ 10,150,237	\$ 62,865,093
Receivables, net:			
Taxes	115,481	-	115,481
Accounts and other	4,157,339	2,984,263	7,141,602
Accrued interest	11,047	3,615	14,662
Inventories	21,436	667,824	689,260
Internal balances	145,201	(145,201)	-
Total current assets	<u>57,165,360</u>	<u>13,660,738</u>	<u>70,826,098</u>
<u>Noncurrent assets</u>			
Restricted cash and investments	-	26,422,958	26,422,958
Restricted accrued interest receivable	-	620	620
Other assets	60,934	1,717,176	1,778,110
Capital assets:			
Nondepreciable	50,403,502	10,807,512	61,211,014
Depreciable, net of depreciation	<u>161,547,346</u>	<u>90,438,941</u>	<u>251,986,287</u>
Total noncurrent assets	<u>212,011,782</u>	<u>129,387,207</u>	<u>341,398,989</u>
TOTAL ASSETS	<u>269,177,142</u>	<u>143,047,945</u>	<u>412,225,087</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	2,101,002	828,360	2,929,362
Deferred outflow related to pensions	<u>5,166,979</u>	<u>526,662</u>	<u>5,693,641</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>7,267,981</u>	<u>1,355,022</u>	<u>8,623,003</u>
LIABILITIES			
<u>Current Liabilities</u>			
Accounts payable and accrued liabilities	4,252,325	1,884,947	6,137,272
Accrued interest payable	529,000	224,618	753,618
Deposits payable	-	672,133	672,133
Current portion of:			
Bonds payable	6,643,572	4,136,429	10,780,001
Obligations under capital lease	124,384	3,189	127,573
Compensated absences	<u>2,298,394</u>	<u>157,697</u>	<u>2,456,091</u>
Total current liabilities	<u>13,847,675</u>	<u>7,079,013</u>	<u>20,926,688</u>
<u>Noncurrent Liabilities</u>			
Bonds payable	92,921,324	55,277,255	148,198,579
Obligations under capital lease	173,012	5,748	178,760
Compensated absences	3,070,176	234,450	3,304,626
Net pension liability	17,785,289	1,812,826	19,598,115
Net OPEB obligation	<u>768,650</u>	<u>84,468</u>	<u>853,118</u>
Total noncurrent liabilities	<u>114,718,451</u>	<u>57,414,747</u>	<u>172,133,198</u>
TOTAL LIABILITIES	<u>128,566,126</u>	<u>64,493,760</u>	<u>193,059,886</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	<u>132,662</u>	<u>13,523</u>	<u>146,185</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>132,662</u>	<u>13,523</u>	<u>146,185</u>
NET POSITION			
Net investment in capital assets	127,316,098	68,346,297	195,662,395
Restricted for:			
Debt service	2,016,853	1,049,746	3,066,599
Economic development/tourism	10,245,387	-	10,245,387
Unrestricted	<u>8,167,997</u>	<u>10,499,641</u>	<u>18,667,638</u>
TOTAL NET POSITION	<u>\$ 147,746,335</u>	<u>\$ 79,895,684</u>	<u>\$ 227,642,019</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, 2017

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 7,611,844	\$ 3,120,572	\$ 33,776	\$ -
Public safety	18,619,648	1,202,013	711,816	-
Public works	11,263,930	63,155	643,263	11,363,515
Community development	2,740,816	1,930,224	203,533	-
Culture and recreation	8,091,904	2,466,180	-	77,400
Interest and other fees	<u>3,118,052</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>51,446,194</u>	<u>8,782,144</u>	<u>1,592,388</u>	<u>11,440,915</u>
Business type activities:				
Water and wastewater	16,349,125	18,407,993	1,108,892	4,020,669
Hidden Creek Golf Course	2,141,509	1,383,163	-	-
Solid waste	2,957,738	3,289,465	-	-
Cemetery	<u>11,910</u>	<u>27,936</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>21,460,282</u>	<u>23,108,557</u>	<u>1,108,892</u>	<u>4,020,669</u>
Total	<u>\$ 72,906,476</u>	<u>\$ 31,890,701</u>	<u>\$ 2,701,280</u>	<u>\$ 15,461,584</u>

General revenues:

Taxes:

 Property

 Tax increment financing

 Sales

 Hotel/motel

Franchise fees based on gross receipts

Unrestricted investment earnings

Gain on sale of capital assets

Transfers between governmental and business type activities

 Total general revenues and transfers

Change in net position

Net position - beginning

Net position - ending

Net (Expense) Revenue and
Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$(4,457,496)	\$ -	\$(4,457,496)
(16,705,819)	-	(16,705,819)
806,003	-	806,003
(607,059)	-	(607,059)
(5,548,324)	-	(5,548,324)
(3,118,052)	-	(3,118,052)
<u>(29,630,747)</u>	<u>-</u>	<u>(29,630,747)</u>
-	7,188,429	7,188,429
-	(758,346)	(758,346)
-	331,727	331,727
<u>-</u>	<u>16,026</u>	<u>16,026</u>
<u>-</u>	<u>6,777,836</u>	<u>6,777,836</u>
<u>(29,630,747)</u>	<u>6,777,836</u>	<u>(22,852,911)</u>
21,776,804	-	21,776,804
536,812	-	536,812
17,099,917	-	17,099,917
222,652	-	222,652
3,113,999	-	3,113,999
471,436	311,582	783,018
-	33,919	33,919
<u>329,669</u>	<u>(329,669)</u>	<u>-</u>
<u>43,551,289</u>	<u>15,832</u>	<u>43,567,121</u>
13,920,542	6,793,668	20,714,210
<u>133,825,793</u>	<u>73,102,016</u>	<u>206,927,809</u>
<u>\$ 147,746,335</u>	<u>\$ 79,895,684</u>	<u>\$ 227,642,019</u>

CITY OF BURLESON, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2017

	Major Funds			
	General	BCSDC Special Revenue	4A Corp Special Revenue	Parks Performance Fund
ASSETS				
Cash and investments	\$ 9,262,076	\$ 2,344,045	\$ 4,787,813	\$ 974,777
Receivables:				
Taxes, net	23,433	-	-	-
Accounts	975,628	1,589	11,869	27,205
Due from other funds	213,420	-	-	-
Due from other governmental units	1,456,727	724,327	724,327	-
Accrued interest	4,560	28	31	394
Inventories	-	-	-	5,190
Other	26,864	-	-	-
Total Assets	<u>\$ 11,962,708</u>	<u>\$ 3,069,989</u>	<u>\$ 5,524,040</u>	<u>\$ 1,007,566</u>
LIABILITIES				
Accounts payable	\$ 594,307	\$ -	\$ 3,426	\$ 66,003
Accrued liabilities	911,931	-	3,779	47,123
Due to other funds	-	-	-	-
Total Liabilities	<u>1,506,238</u>	<u>-</u>	<u>7,205</u>	<u>113,126</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - mowing liens	58,008	-	-	-
Unavailable revenue - franchise fees	399,751	-	-	-
Total Deferred Inflows of Resources	<u>457,759</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable:				
Inventory	-	-	-	5,190
Prepaid items	26,769	-	-	-
Restricted:				
Debt service	-	-	-	-
Culture and recreation	-	-	-	-
Economic development	-	3,069,989	5,516,835	-
Tourism	-	-	-	-
Capital projects	-	-	-	-
Committed:				
Culture and recreation	-	-	-	889,250
Economic development	-	-	-	-
Capital projects	-	-	-	-
Debt service	291,558	-	-	-
Other purposes	299,254	-	-	-
Assigned:				
Risk management	1,047,047	-	-	-
Unassigned	8,334,083	-	-	-
Total Fund Balances	<u>9,998,711</u>	<u>3,069,989</u>	<u>5,516,835</u>	<u>894,440</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 11,962,708</u>	<u>\$ 3,069,989</u>	<u>\$ 5,524,040</u>	<u>\$ 1,007,566</u>

Major Funds				
Bond Funded Capital Projects	Mineral Lease Funded Capital Projects	General Debt Service	Other Governmental Funds	Total Governmental Funds
\$ 15,697,116	\$ 2,011,700	\$ 788,089	\$ 12,166,342	\$ 48,031,958
-	-	33,536	58,512	115,481
146	-	-	2,296	1,018,733
-	-	-	-	213,420
-	-	-	232,162	3,137,543
326	1,216	-	2,547	9,102
-	-	-	-	5,190
-	-	-	-	26,864
<u>\$ 15,697,588</u>	<u>\$ 2,012,916</u>	<u>\$ 821,625</u>	<u>\$ 12,461,859</u>	<u>\$ 52,558,291</u>
\$ 530,981	\$ 176,868	\$ -	\$ 859,288	\$ 2,230,873
-	-	-	1,318,250	2,281,083
-	-	-	213,420	213,420
<u>530,981</u>	<u>176,868</u>	<u>-</u>	<u>2,390,958</u>	<u>4,725,376</u>
-	-	-	-	58,008
-	-	-	-	399,751
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>457,759</u>
-	-	-	-	5,190
-	-	-	-	26,769
-	-	821,625	1,724,228	2,545,853
-	-	-	408	408
-	-	-	1,010,668	9,597,492
-	-	-	647,895	647,895
15,166,607	-	-	-	15,166,607
-	-	-	-	889,250
-	-	-	395,759	395,759
-	1,836,048	-	6,291,943	8,127,991
-	-	-	-	291,558
-	-	-	-	299,254
-	-	-	-	1,047,047
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,334,083</u>
<u>15,166,607</u>	<u>1,836,048</u>	<u>821,625</u>	<u>10,070,901</u>	<u>47,375,156</u>
<u>\$ 15,697,588</u>	<u>\$ 2,012,916</u>	<u>\$ 821,625</u>	<u>\$ 12,461,859</u>	<u>\$ 52,558,291</u>

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CITY OF BURLESON, TEXAS

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION

SEPTEMBER 30, 2017

Total fund balances - governmental funds	\$ 47,375,156
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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.	207,972,004
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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 statements.	2,135,072
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Internal service funds are used by the City's management for equipment maintenance and vehicle replacement. The assets and liabilities of certain internal service funds are included with governmental activities in the Statement of Net Position but are not included at the fund level.	7,926,532
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Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	457,759
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Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.

Bonds payable	99,564,896	
Obligation under capital lease (net of ISF of \$5,837)	291,559	
Accrued interest payable	529,000	
Compensated absences (net of internal service funds \$235,620)	4,763,410	
Net pension liability (net of internal service funds \$715,330)	17,069,959	
Deferred resources related to pensions (net of ISF of \$202,482)	(4,831,835)	
Other post-employment benefits (net of ISF of \$35,451)	<u>733,199</u>	
Combined adjustment		<u>(118,120,188)</u>

Total net position - governmental activities	\$ <u>147,746,335</u>
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CITY OF BURLESON, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Major Funds			
	General	BCSDC Special Revenue	4A Corp Special Revenue	Parks Performance Fund
REVENUES				
Property taxes	\$ 15,795,579	\$ -	\$ -	\$ -
Sales taxes	8,493,810	4,248,052	4,248,052	-
Franchise fees	3,089,998	-	-	-
Licenses and permits	1,356,969	-	-	-
Intergovernmental	249,925	-	-	-
Fines and forfeitures	1,102,642	-	-	-
Donations	-	-	-	-
Charges for services	2,029,360	-	-	2,098,202
Investment earnings	125,785	17,853	32,239	8,267
Mineral lease	-	-	-	-
Street assessments	-	-	-	-
Miscellaneous	1,559,403	-	173,004	10,379
Total Revenues	<u>33,803,471</u>	<u>4,265,905</u>	<u>4,453,295</u>	<u>2,116,848</u>
EXPENDITURES				
Current:				
General government	6,937,340	-	-	-
Public safety	16,682,866	-	-	-
Public works	6,008,412	-	-	-
Community development	837,831	7,000	1,099,906	-
Culture and recreation	3,359,844	-	-	3,328,611
Capital outlay	-	-	-	-
Debt Service:				
Principal retirement	113,049	-	-	-
Interest and fiscal agent charges	18,108	-	-	-
Debt issuance costs	-	-	-	-
Total Expenditures	<u>33,957,450</u>	<u>7,000</u>	<u>1,099,906</u>	<u>3,328,611</u>
Excess of revenues over expenditures	(153,979)	4,258,905	3,353,389	(1,211,763)
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	-	-	-
Premium on debt issuance	-	-	-	-
Transfers in	676,000	-	-	1,420,487
Transfers out	(1,527,818)	(4,225,134)	(2,432,612)	-
Total Other Financing Sources (Uses)	<u>(851,818)</u>	<u>(4,225,134)</u>	<u>(2,432,612)</u>	<u>1,420,487</u>
Net change in fund balances	(1,005,797)	33,771	920,777	208,724
Fund balance - beginning	11,004,508	3,036,218	4,596,058	685,716
Fund balance - ending	<u>\$ 9,998,711</u>	<u>\$ 3,069,989</u>	<u>\$ 5,516,835</u>	<u>\$ 894,440</u>

Major Funds				
Bond Funded Capital Projects	Mineral Lease Funded Capital Projects	General Debt Service	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 5,613,777	\$ 1,252,979	\$ 22,662,335
-	-	-	315,834	17,305,748
-	-	-	-	3,089,998
-	-	-	-	1,356,969
-	-	-	1,095,667	1,345,592
-	-	-	440,615	1,543,257
-	-	-	133,652	133,652
-	-	-	-	4,127,562
146,752	26,793	-	70,733	428,422
-	311,715	-	-	311,715
-	-	-	47,481	47,481
-	-	-	88,380	1,831,166
<u>146,752</u>	<u>338,508</u>	<u>5,613,777</u>	<u>3,445,341</u>	<u>54,183,897</u>
-	-	-	21,486	6,958,826
-	-	-	853,503	17,536,369
-	-	-	12,291	6,020,703
-	-	-	1,214,897	3,159,634
-	158,030	-	229,781	7,076,266
6,307,486	1,622,769	-	1,698,833	9,629,088
-	-	3,476,835	2,705,451	6,295,335
-	-	2,488,393	1,266,011	3,772,512
<u>129,380</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>129,380</u>
<u>6,436,866</u>	<u>1,780,799</u>	<u>5,965,228</u>	<u>8,002,253</u>	<u>60,578,113</u>
(6,290,114)	(1,442,291)	(351,451)	(4,556,912)	(6,394,216)
4,965,000	-	-	-	4,965,000
214,037	-	-	-	214,037
1,544,480	-	357,350	6,675,179	10,673,496
(1,500,000)	-	-	(692,263)	(10,377,827)
<u>5,223,517</u>	<u>-</u>	<u>357,350</u>	<u>5,982,916</u>	<u>5,474,706</u>
(1,066,597)	(1,442,291)	5,899	1,426,004	(919,510)
<u>16,233,204</u>	<u>3,278,339</u>	<u>815,726</u>	<u>8,644,897</u>	<u>48,294,666</u>
<u>\$ 15,166,607</u>	<u>\$ 1,836,048</u>	<u>\$ 821,625</u>	<u>\$ 10,070,901</u>	<u>\$ 47,375,156</u>

10,067,847

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CITY OF BURLESON, TEXAS

**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, 2017

Net change in fund balances - total governmental funds		\$(919,510)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

Capital outlay (includes \$2,724,521 classified as program expenditures in fund statements)	9,710,391		
Depreciation (net of internal service funds)	(6,692,353)	3,018,038	

The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is reported with governmental activities.		11,019,824
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		19,984
--	--	--------

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		(1,624,863)
---	--	--------------

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		1,860,562
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Internal service funds are used by management to charge the costs of certain activities, such as equipment maintenance and vehicle replacement, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.		<u>546,507</u>
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Change in net position of governmental activities		<u><u>\$ 13,920,542</u></u>
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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, 2017

	Business-Type Activities Enterprise Funds	
	Water & Wastewater	Hidden Creek Golf Course
ASSETS		
Current assets:		
Deposits and investments	\$ 6,125,999	\$ -
Receivables:		
Accounts	2,445,205	-
Accrued interest	2,124	17
Due from other funds	298,164	-
Inventories	552,465	47,218
Land held for sale of cemetery lots	-	-
Total current assets	9,423,957	47,235
Noncurrent assets:		
Restricted deposits and investments	26,340,113	82,845
Restricted accrued interest receivable	620	-
Other assets	1,717,176	-
Capital assets, net	97,205,300	2,868,272
Total noncurrent assets	125,263,209	2,951,117
TOTAL ASSETS	134,687,166	2,998,352
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	745,319	83,041
Deferred outflow related to pensions	321,691	204,971
TOTAL DEFERRED OUTFLOWS	1,067,010	288,012
LIABILITIES		
Current liabilities:		
Accounts payable	1,494,019	32,367
Accrued liabilities	36,565	23,516
Accrued interest payable	216,238	8,380
Customer deposits	654,544	-
Due to other funds	-	298,164
Compensated absences	85,161	72,536
Current portion of bonds payable	3,875,000	261,429
Current portion of capital lease payable	1,367	1,822
Total current liabilities	6,362,894	698,214
Noncurrent liabilities:		
Revenue bonds payable	52,849,185	2,428,070
Capital lease payable	2,463	3,285
Net pension liability	1,107,294	705,532
Net OPEB obligation	52,415	32,053
Compensated absences	19,916	214,534
Total noncurrent liabilities	54,031,273	3,383,474
TOTAL LIABILITIES	60,394,167	4,081,688
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	8,260	5,263
TOTAL DEFERRED INFLOWS	8,260	5,263
NET POSITION		
Net investment in capital assets	66,999,750	173,666
Restricted for debt service and construction	966,901	82,845
Unrestricted	7,385,098	(1,057,098)
TOTAL NET POSITION	\$ 75,351,749	\$(800,587)
Net position of business-type activity internal service funds		
Adjustment to reflect activity between governmental and business type activities		
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
Solid Waste	Non-major	Total	Internal Service Funds
\$ 1,217,876	\$ 1,004,034	\$ 8,347,909	\$ 6,485,226
536,033	3,025	2,984,263	1,063
414	364	2,919	2,641
-	-	298,164	-
-	-	599,683	16,246
-	68,141	68,141	-
<u>1,754,323</u>	<u>1,075,564</u>	<u>12,301,079</u>	<u>6,505,176</u>
-	-	26,422,958	-
-	-	620	-
-	-	1,717,176	-
<u>26,130</u>	<u>193,297</u>	<u>100,292,999</u>	<u>4,932,298</u>
<u>26,130</u>	<u>193,297</u>	<u>128,433,753</u>	<u>4,932,298</u>
<u>1,780,453</u>	<u>1,268,861</u>	<u>140,734,832</u>	<u>11,437,474</u>
-	-	828,360	-
-	-	526,662	207,818
-	-	1,355,022	207,818
297,995	-	1,824,381	88,540
485	-	60,566	21,369
-	-	224,618	-
-	17,589	672,133	-
-	-	298,164	-
-	-	157,697	81,166
-	-	4,136,429	-
-	-	3,189	2,083
<u>298,480</u>	<u>17,589</u>	<u>7,377,177</u>	<u>193,158</u>
-	-	55,277,255	-
-	-	5,748	3,754
-	-	1,812,826	715,330
-	-	84,468	35,451
-	-	234,450	154,454
-	-	57,414,747	908,989
<u>298,480</u>	<u>17,589</u>	<u>64,791,924</u>	<u>1,102,147</u>
-	-	13,523	5,336
-	-	13,523	5,336
26,130	193,297	67,392,843	4,926,461
-	-	1,049,746	-
<u>1,455,843</u>	<u>1,057,975</u>	<u>8,841,818</u>	<u>5,611,348</u>
<u>\$ 1,481,973</u>	<u>\$ 1,251,272</u>	<u>77,284,407</u>	<u>\$ 10,537,809</u>
		2,756,478	
		(145,201)	
		<u>\$ 79,895,684</u>	

CITY OF BURLESON, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET POSITION - ALL PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Business-Type Activities Enterprise Funds		
	Water & Wastewater	Hidden Creek Golf Course	Solid Waste
Operating revenues:			
Charges for goods and services	\$ 17,888,333	\$ 1,383,163	\$ 3,289,465
Penalties and interest	422,417	-	-
Miscellaneous	97,243	-	-
Impact fees	1,108,892	-	-
Mineral lease	-	-	-
Total operating revenues	<u>19,516,885</u>	<u>1,383,163</u>	<u>3,289,465</u>
Operating expenses:			
Water and wastewater services	10,396,170	-	-
Cost of golf operations	-	1,977,623	-
Cost of collecting revenues and other administrative expenses	1,922,613	-	-
Cost of cemetery operations	-	-	-
Cost of solid waste operations	-	-	2,955,793
Cost of equipment services	-	-	-
Materials, supplies, and cemetery lots	-	-	-
Depreciation	2,352,125	97,345	1,945
Total operating expenses	<u>14,670,908</u>	<u>2,074,968</u>	<u>2,957,738</u>
Operating income (loss)	4,845,977	(691,805)	331,727
Non-operating revenues (expenses):			
Gain (loss) on disposition of capital assets	22,057	-	-
Investment earnings	272,503	421	10,436
Interest and fiscal agent charges	(1,789,658)	(83,656)	-
Total non-operating revenues	<u>(1,495,098)</u>	<u>(83,235)</u>	<u>10,436</u>
Income (loss) before capital contributions and transfers	3,350,879	(775,040)	342,163
Transfers in	-	846,331	-
Transfers out	(676,000)	-	-
Capital contributions	4,020,669	-	-
Change in net position	6,695,548	71,291	342,163
Net position at beginning of year	<u>68,656,201</u>	<u>(871,878)</u>	<u>1,139,810</u>
Net position at end of year	<u>\$ 75,351,749</u>	<u>\$ (800,587)</u>	<u>\$ 1,481,973</u>

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

Change in net position of business-type activities

<u>Business-Type Activities Enterprise Funds</u>		<u>Governmental Activities</u>
<u>Non-Major</u>	<u>Total</u>	<u>Internal Service Fund</u>
\$ 9,566	\$ 22,570,527	\$ 3,690,629
-	422,417	-
-	97,243	-
-	1,108,892	-
18,370	18,370	-
<u>27,936</u>	<u>24,217,449</u>	<u>3,690,629</u>
-	10,396,170	-
-	1,977,623	-
-	1,922,613	1,161,713
1,025	1,025	-
-	2,955,793	-
-	-	776,581
260	260	-
<u>10,625</u>	<u>2,462,040</u>	<u>1,163,578</u>
<u>11,910</u>	<u>19,715,524</u>	<u>3,101,872</u>
16,026	4,501,925	588,757
-	22,057	14,668
10,151	293,511	67,244
<u>-</u>	<u>(1,873,314)</u>	<u>(303)</u>
<u>10,151</u>	<u>(1,557,746)</u>	<u>81,609</u>
26,177	2,944,179	670,366
-	846,331	34,000
(500,000)	(1,176,000)	-
<u>-</u>	<u>4,020,669</u>	<u>-</u>
(473,823)	6,635,179	704,366
<u>1,725,095</u>		<u>9,833,443</u>
<u>\$ 1,251,272</u>		<u>\$ 10,537,809</u>
	<u>158,489</u>	
	<u>\$ 6,793,668</u>	

CITY OF BURLESON, TEXAS
STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Business-Type Activities Enterprise Funds	
	Water & Wastewater	Golf Course
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 19,211,557	\$ 1,386,235
Receipts from deposits	18,242	-
Receipts from interfund services provided	-	-
Payments to vendors, suppliers, and contractors	(8,363,575)	(775,698)
Payments to employees for services	(1,687,294)	(1,156,616)
Payments to other funds	(2,780,465)	59,671
Net cash provided by (used for) operating activities	6,398,465	(486,408)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfer from other funds	-	846,331
Transfer to other funds	(676,000)	-
Net cash provided by (used for) noncapital financing activities	(676,000)	846,331
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Receipts from disposal of capital assets	22,057	-
Principal paid on capital lease	(1,271)	(1,693)
Interest paid on capital lease	(199)	(266)
Principal paid on bonds	(3,605,000)	(252,714)
Interest payments on long-term debt	(2,113,811)	(105,671)
Proceeds of bond issuance	7,697,679	-
Acquisition of capital assets	(3,060,422)	-
Net cash provided by (used for) capital and related financial activities	(1,060,967)	(360,344)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	272,314	421
Net cash provided by investing activities	272,314	421
Net increase (decrease) in cash and cash equivalents	4,933,812	-
Cash and cash equivalents - beginning of year (including \$23,051,552 reported in restricted accounts)	27,532,300	82,845
Cash and cash equivalents - end of year (including \$26,422,958 reported in restricted accounts)	\$ 32,466,112	\$ 82,845

Business-Type Activities Enterprise Funds			Governmental Activities
Solid Waste	Non-Major	Total Enterprise Funds	Internal Service Funds
\$ 3,248,347	\$ 27,898	\$ 23,874,037	\$ -
-	-	18,242	-
-	-	-	3,692,933
(2,877,937)	(1,026)	(12,018,236)	(755,473)
(21,940)	-	(2,865,850)	(1,094,710)
-	-	(2,720,794)	-
<u>348,470</u>	<u>26,872</u>	<u>6,287,399</u>	<u>1,842,750</u>
-	-	846,331	34,000
-	(500,000)	(1,176,000)	-
-	(500,000)	(329,669)	34,000
-	-	22,057	17,667
-	-	(2,964)	(1,936)
-	-	(465)	(303)
-	-	(3,857,714)	-
-	-	(2,219,482)	-
-	-	7,697,679	-
-	-	(3,060,422)	(1,852,409)
-	-	(1,421,311)	(1,836,981)
<u>10,374</u>	<u>9,917</u>	<u>293,026</u>	<u>67,324</u>
<u>10,374</u>	<u>9,917</u>	<u>293,026</u>	<u>67,324</u>
358,844	(463,211)	4,829,445	107,093
<u>859,032</u>	<u>1,467,245</u>	<u>29,941,422</u>	<u>6,378,133</u>
<u>\$ 1,217,876</u>	<u>\$ 1,004,034</u>	<u>\$ 34,770,867</u>	<u>\$ 6,485,226</u>

CITY OF BURLESON, TEXAS
STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Business-Type Activities Enterprise Funds	
	Water & Wastewater	Golf Course
	Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	\$ 4,845,977	\$(691,805)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	2,352,125	97,345
(Increase) decrease in accounts receivable	(305,328)	3,072
(Increase) decrease in inventories	(270,029)	(26,665)
(Increase) decrease in deferred outflows related to TMRS	42,449	13,893
Increase (decrease) in vouchers and accounts payable	393	(28,184)
Increase (decrease) in accrued liabilities	4,325	699
Increase (decrease) in deposits payable	18,242	-
Increase (decrease) in due to other funds	(298,164)	59,671
Increase (decrease) in compensated absences	(15,795)	30,394
Increase (decrease) in net pension liability	26,964	56,493
Increase (decrease) in deferred inflows related to TMRS	(2,694)	(1,321)
Net cash provided by operating activities	6,398,465	(486,408)
Noncash capital and related financing activities:		
Contributions from developers	4,020,669	-
Total noncash capital and related financing activities	\$ 4,020,669	\$ -

Business-Type Activities Enterprise Funds			Governmental Activities
Solid Waste	Non-Major	Total Enterprise Funds	Internal Service Funds
\$ 331,727	\$ 16,026	\$ 4,501,925	\$ 588,757
1,945	10,625	2,462,040	1,163,578
(41,118)	(38)	(343,412)	2,304
-	259	(296,435)	12,591
-	-	56,342	25,003
55,914	-	28,123	8,517
2	-	5,026	463
-	-	18,242	-
-	-	(238,493)	-
-	-	14,599	18,694
-	-	83,457	24,511
-	-	(4,015)	(1,668)
<u>348,470</u>	<u>26,872</u>	<u>6,287,399</u>	<u>1,842,750</u>
-	-	4,020,669	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,020,669</u>	<u>\$ -</u>

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CITY OF BURLESON, TEXAS

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

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 more significant policies.

A. Reporting Entity

The City of Burleson, Texas (the "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 the 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 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 financial 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 (TIF 2) 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 TIF 2 are not available.

Tax Increment Finance Reinvestment Zone Number Three (TIF 3) 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 TIF 3 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 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 State 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 taxes, franchise fees, sales taxes, 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 City's primary operating fund. It accounts for all financial resources, except those required to be accounted for in other funds.

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

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

The **Parks Performance Special Revenue Fund** is used to account for the operation of the City's recreational facilities that derive a large portion of their support from user fees. These include the Burleson Recreation Center, Chisenhall Fields and Hidden Creek Softball Complex.

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

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

The **General Debt Service Fund** is used to account for the payment of debt supported by ad valorem taxes.

The City reports the following major enterprise funds:

The **Water/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 operations 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.

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 City's water and wastewater fund and various other funds of the City. 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 reported for the various funds concerned.

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 proprietary fund's principal ongoing operations. The principal operating revenues of enterprise funds and 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 deposit 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, 2017, the City did not own any types of securities other than those permitted by state law.

- (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 reports in the government-wide financial statements as “internal balances.”

Advances between funds, as reported in the fund financial statements are offset by a nonspendable fund balance 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 uncollectible receivables. Trade accounts receivable in excess of 60 days comprise the trade accounts receivable allowance for uncollectible receivables. The net property tax receivable is comprised of the property tax revenues collected within 60 days after year end. The City believes amounts remaining uncollected at sixty days after year-end are generally uncollectible.

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 2017 levy was based, was approximately \$3,095,941,627. 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 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, 2017 was \$0.73500 per \$100 of assessed valuation.

- (3) Inventories – All inventories are valued using the average cost method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.
- (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. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date. 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 and sewer system	50 years
Improvements other than building	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 \$5,696,323. Of this amount, \$205,394 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) Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS’s Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(8) Net Position - Net position represents 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.

(9) 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 resource 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 authorized the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and include 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 the 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 deployed 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 the City Manager, pursuant to the City’s fund balance policy.

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 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.

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.

(10) Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position and/or balance sheet 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 has the following items that qualify for reporting in this category.

- Deferred charges on refundings – 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.
- Pension contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five year period.
- Difference in expected and actual pension experience is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement 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 that qualify for reporting in this category, one of which arises only under the modified accrual basis of accounting and one that arises only under the full accrual basis of accounting. Accordingly, *unavailable revenue* is reported only in the governmental funds balance sheet. Governmental funds report unavailable revenue 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.

As mentioned above, the City also has one type of item that qualifies for reporting in this category in full accrual financial statements. The difference in expected and actual pension experience is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

(11) Fund Balances – A summary of governmental fund balances as of September 30, 2017, follows:

	General Fund	Special Revenue Fund (1)	Capital Project Funds (1)	Debt Service Funds	Total
Fund balances:					
Nonspendable:					
Inventory	\$ -	\$ 5,190	\$ -	\$ -	\$ 5,190
Prepays	26,769	-	-	-	26,769
Restricted for:					
Debt service	-	-	-	2,545,853	2,545,853
Culture and recreation	-	408	-	-	408
Economic development	-	9,597,492	-	-	9,597,492
Tourism	-	647,895	-	-	647,895
Capital projects	-	-	15,166,607	-	15,166,607
Committed for:					
Recreation facilities operation	-	889,250	-	-	889,250
Economic development incentives	-	395,759	-	-	395,759
Capital projects	-	-	8,127,991	-	8,127,991
Debt service	291,558	-	-	-	291,558
Other purposes:					
Public safety	31,239	-	-	-	31,239
Public works	98,882	-	-	-	98,882
Planning and engineering	169,133	-	-	-	169,133
Assigned to:					
Risk management	1,047,047	-	-	-	1,047,047
Unassigned:	<u>8,334,083</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,334,083</u>
 Total fund balances	 <u>\$ 9,998,711</u>	 <u>\$ 11,535,994</u>	 <u>\$ 23,294,598</u>	 <u>\$ 2,545,853</u>	 <u>\$ 47,375,156</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 General Fund annual expenditures. This percentage is the equivalent of 73 days of 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. At September 30, 2017, the General Fund unassigned fund balance equated to 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 the General Fund, debt service funds and all special revenue funds except for the Grants Special Revenue Fund. Budgetary data for capital projects 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, 2017, expenditures exceeded appropriations in the following:

Fund/Department	Excess of Expenditures Over Appropriations	Fund/Line Item	Excess of Expenditures Over Appropriations
General:		BCSDC Special Revenue:	
City Manager	(23,448)	Community development	(3,500)
Records management	(14)	BCSDC Debt Service:	
Judicial	(112)	Interest and fiscal agent charges	(503)
Human resources	(5,734)	4A EDC Debt Service:	
Fire prevention	(3,706)	Interest and fiscal agent charges	(130)
Animal services	(4,286)		
Marshals service	(1,172)		
Facilities maintenance	(94,017)		
Traffic control maintenance	(4,692)		
Neighborhood services	(419)		
Code enforcement	(1,602)		
Community Development	(146,671)		
Planning	(2,643)		
Building inspections	(5,315)		
Engineering/development	(19,834)		
Gas well development	(1,412)		

These excess expenditures were funded by revenues in excess of expenditures in other departments or by available fund balance.

F. Accounting Pronouncements

During fiscal year 2017, the City adopted the following Governmental Accounting Standards Board (“GASB”) Statements:

Statement No. 77 (“GASB 77”), *Tax Abatement Disclosures* requires disclosure of tax abatement information about (1) a reporting government’s own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government’s tax revenues.

Statement No. 82 (“GASB 82”), *Pension Issues – An Amendment of GASB Statements No. 67, No. 68 and No. 73* addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

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

Statement No. 75 (“GASB 75”), *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* is effective for fiscal years beginning after June 15, 2017. The objective of this statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB).

Statement No. 81 (“GASB 81”), *Irrevocable Split-Interest Agreements* is effective for reporting periods beginning after December 15, 2016. The objective of this statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

Statement No. 83 (“GASB 83”), *Certain Asset Retirement Obligations* is effective for reporting periods beginning after June 15, 2018. This statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this statement.

Statement No. 84 (“GASB 84”), *Fiduciary Activities* is effective for reporting periods beginning after December 15, 2018. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

Statement No. 85 (“GASB 85”), *Omnibus 2017*, is effective for periods beginning after June 15, 2017. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits).

Statement No. 86 (“GASB 86”), *Certain Debt Extinguishment Issues* is effective for reporting periods beginning after June 15, 2017. The primary objective of this statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt.

Statement No. 87 (“GASB 87”), *Leases* is effective for reporting periods beginning after December 15, 2019. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments.

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

G. Deficit Net Position

At September 30, 2017, the Hidden Creek Golf Course Fund had an accumulated deficit of \$800,587. This deficit will be eliminated as resources are obtained (e.g., from revenues and transfers in).

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

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, 2017, the carrying amount of the City's deposits was \$5,448,841 with an overall bank balance of approximately \$6,120,916. 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's 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.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles, which provides a framework for measuring fair value by

establishing a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs—other than quoted prices included within Level 1—that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

Of the City’s investments, \$1,725,000 was valued using an option-adjusted discount cash flow model, \$999,800 was valued using documented trade history in the exact security, and \$501,500 was valued using the present value of expected future cash flow model.

As of September 30, 2017, the City had the following cash and investments:

	9/30/2017	Fair Value Measurement Using			Percent	Weighted
		(Level 1)	(Level 2)	(Level 3)	of Total	Average
					Investment	Maturity
					Portfolio	(Days)
Cash	\$ 5,448,841					
Investments measured at net asset value per share:						
Investment pools:						
TexPool	21,635,930				26%	37
TexStar	6,703,169				8%	28
LOGIC	48,549,220				58%	33
Lone Star	3,724,591				4%	22
Investments by fair value level:						
Debt securities:						
Municipal Bonds	501,500	\$ -	\$ 501,500	\$ -	1%	224
FHLB	1,225,000	-	1,225,000	-	1%	597
FHLMC	1,499,800	-	1,499,800	-	2%	328
Total investments	83,839,210	-	3,226,300	-		
Total cash and investment:	\$ 89,288,051	\$ -	\$ 3,226,300	\$ -		

Portfolio weighted average maturity (days)

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Investment pools are not categorized as to investment risk since specific securities relating to the City cannot be identified. Under the TexPool Participation Agreement, administrative and investment services to TexPool are provided by Federated Investors, Inc. through an agreement

with the State of Texas Comptroller of Public Accountants. The State Comptroller is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company authorized to operate TexPool.

Under the LOGIC Participation Agreement, administrative and investment services to LOGIC are provided by Hilltop Securities, Inc. and JP Morgan Asset Management, Inc. as co-administrators. The administrators settle all trades for LOGIC and secure and value its assets every day. The fair value of the City's position in these pools is the same as the value of the pool shares. As of September 30, 2017, the City's investments in investment pools were all rated AAAM by Standard & Poor's.

The City's investment pools each have a redemption notice period of one day and may redeem daily. The investment pools' authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool's liquidity.

Interest Rate Risk

In order to limit interest and market rate risk from changes in interest rates, the City'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.

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's adopted Investment Policy is the safety or 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'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.

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 to diversity 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 issuers, or a specific class of securities.

Custodial Risk

To control custody and safekeeping risk, State law and the City’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.

3. RECEIVABLES AND DEFERRED INFLOWS OF RESOURCES

Receivables as of September 30, 2017 for the City’s individual major funds, and non-major funds in the aggregate, including the applicable allowances for uncollectible amounts, are as follows:

	General	BCSDC Special Revenue	4A Corp Special Revenue	Parks Performance	Bond Funded Capital Projects	Mineral Lease Funded Capital Projects	General Debt Service	Other Nonmajor Governmental Funds	Total Governmental Funds
Receivables:									
Taxes	\$ 480,302	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55,232	\$ 58,512	\$ 594,046
Accounts	975,628	1,589	11,869	27,205	360	-	-	2,296	1,018,947
Intergovernmental	1,456,727	724,327	724,327	-	-	-	-	232,162	3,137,543
Interest	4,560	28	31	394	112	1,216	-	2,547	8,888
Gross receivables	<u>2,917,217</u>	<u>725,944</u>	<u>736,227</u>	<u>27,599</u>	<u>472</u>	<u>1,216</u>	<u>55,232</u>	<u>295,517</u>	<u>4,759,424</u>
Less: allowance for uncollectibles	(456,869)	-	-	-	-	-	(21,696)	-	(478,565)
Net total receivable	<u>\$ 2,460,348</u>	<u>\$ 725,944</u>	<u>\$ 736,227</u>	<u>\$ 27,599</u>	<u>\$ 472</u>	<u>\$ 1,216</u>	<u>\$ 33,536</u>	<u>\$ 295,517</u>	<u>\$ 4,280,859</u>
Deferred inflows of resources:									
Mowing liens	\$ 58,008	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 58,008
Franchise fees	399,751	-	-	-	-	-	-	-	399,751
Total deferred inflow	<u>\$ 457,759</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 457,759</u>

	Water and Wastewater	Golf Course	Solid Waste	Non-major	Business-Type Activities Total
Receivables:					
Accounts	\$ 1,525,710	\$ -	\$ 282,717	\$ 6,045	\$ 1,814,472
Unbilled	930,405	-	256,874	-	1,187,279
Interest	<u>2,124</u>	<u>17</u>	<u>414</u>	<u>364</u>	<u>2,919</u>
Gross receivables	2,458,239	17	540,005	6,409	3,004,670
Less: Allowance for uncollectibles	<u>(10,910)</u>	<u>-</u>	<u>(3,558)</u>	<u>(3,020)</u>	<u>(17,488)</u>
Net total receivables	<u>\$ 2,447,329</u>	<u>\$ 17</u>	<u>\$ 536,447</u>	<u>\$ 3,389</u>	<u>\$ 2,987,182</u>

4. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2017 was as follows:

	Beginning Balance	Transfers/ Additions	Transfers/ Deletions	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 29,178,750	\$ 1,340,722	\$(16,298)	\$ 30,503,174
Construction in progress	31,173,305	7,228,759	(18,546,736)	19,855,328
Historical/Artwork collections	<u>45,000</u>	<u>-</u>	<u>-</u>	<u>45,000</u>
Total capital assets not being depreciated	<u>60,397,055</u>	<u>8,569,481</u>	<u>(18,563,034)</u>	<u>50,403,502</u>
Capital assets being depreciated:				
Buildings and improvements	43,052,132	17,292	(128,960)	42,940,464
Improvements other than buildings	27,410,726	7,698,751	-	35,109,477
Infrastructure	127,755,295	21,688,697	-	149,443,992
Vehicles	6,317,326	1,428,793	(195,049)	7,551,070
Machinery and equipment	<u>13,106,420</u>	<u>1,814,455</u>	<u>(73,559)</u>	<u>14,847,316</u>
Total capital assets being depreciated	<u>217,641,899</u>	<u>32,647,988</u>	<u>(397,568)</u>	<u>249,892,319</u>
Less accumulated depreciation for:				
Buildings	(7,954,130)	(856,196)	92,398	(8,717,928)
Improvements other than buildings	(7,961,203)	(1,224,885)	-	(9,186,088)
Infrastructure	(52,253,258)	(3,949,666)	-	(56,202,924)
Vehicles	(3,636,494)	(737,700)	182,798	(4,191,396)
Machinery and equipment	<u>(9,071,972)</u>	<u>(864,486)</u>	<u>(110,179)</u>	<u>(10,046,637)</u>
Total accumulated depreciation	<u>(80,877,057)</u>	<u>(7,632,933)</u>	<u>165,017</u>	<u>(88,344,973)</u>
Total capital assets being depreciated, net	<u>136,764,842</u>	<u>25,015,055</u>	<u>(232,551)</u>	<u>161,547,346</u>
Governmental activities capital assets, net	<u>\$ 197,161,897</u>	<u>\$ 33,584,536</u>	<u>\$(18,795,585)</u>	<u>\$ 211,950,848</u>

	Beginning Balance	Transfers/ Additions	Transfers/ Deletions	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 5,142,325	\$ 63,661	\$ -	\$ 5,205,986
Construction in progress	6,935,958	3,050,224	(4,384,656)	5,601,526
Total capital assets not being depreciated	<u>12,078,283</u>	<u>3,113,885</u>	<u>(4,384,656)</u>	<u>10,807,512</u>
Capital assets being depreciated:				
Water systems	55,837,072	3,042,042	-	58,879,114
Wastewater systems	47,656,349	5,309,819	-	52,966,168
Infrastructure	30,524	-	-	30,524
Buildings and improvements	6,850,965	-	(20,359)	6,830,606
Machinery and equipment	863,539	24,960	(15,234)	873,265
Vehicles	2,383,487	175,724	(34,438)	2,524,773
Capitalized interest	895,963	-	-	895,963
Total capital assets being depreciated	<u>114,517,899</u>	<u>8,552,545</u>	<u>(70,031)</u>	<u>123,000,413</u>
Less accumulated depreciation for:				
Water systems	(14,168,414)	(1,197,614)	-	(15,366,028)
Wastewater systems	(10,132,622)	(1,010,090)	-	(11,142,712)
Infrastructure	(19,535)	(3,053)	-	(22,588)
Buildings and improvements	(3,363,581)	(166,286)	17,964	(3,511,903)
Machinery and equipment	(791,610)	(21,516)	15,234	(797,892)
Vehicles	(1,365,786)	(236,971)	31,438	(1,571,319)
Capitalized interest	(146,690)	(2,340)	-	(149,030)
Total accumulated depreciation	<u>(29,988,238)</u>	<u>(2,637,870)</u>	<u>64,636</u>	<u>(32,561,472)</u>
Total capital assets being depreciated, net	<u>84,529,661</u>	<u>5,914,675</u>	<u>(5,395)</u>	<u>90,438,941</u>
Business-type activities capital assets, net	<u>\$ 96,607,944</u>	<u>\$ 9,028,560</u>	<u>\$(4,390,051)</u>	<u>\$ 101,246,453</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 \$953,454 and are included in the above schedule.

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 154,096
Public safety	617,778
Public works, which includes the depreciation of general infrastructure assets	5,955,911
Culture and recreation	905,148
Total governmental activities depreciation	<u>\$ 7,632,933</u>
Business-type activities:	
Water and wastewater	\$ 2,352,125
Golf course	97,345
Solid waste disposal and collection	1,945
Cemetery	10,625
Vehicle replacement fund	175,830
Total business-type activities depreciation	<u>\$ 2,637,870</u>

Construction Commitments

The City has active construction projects as of September 30, 2017. At year end the City has \$80,167 of outstanding construction commitments.

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 included lighting and controls, water conservation, HVAC improvements, and power management. Costs associated with this lease are partially covered by utility savings that are guaranteed by JCI through the energy efficiency contract. The City also financed the purchase of a fire truck for the fire department with no down payment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

See note 8 to the basic financial statements for the future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2017.

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Asset:		
Machinery and equipment	\$ 876,188	\$ 107,677
Infrastructure	592,423	30,524
Less: Accumulated depreciation	(917,343)	(130,265)
Total	<u>\$ 551,268</u>	<u>\$ 7,936</u>

6. OTHER ASSETS

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

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.	\$ 1,275
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.	1,677,759
Prepaid arbitrage liability	<u>38,142</u>
	<u>\$ 1,717,176</u>

The amounts above are net of accumulated amortization of \$1,327,106.

7. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund Receivables/Payables

The composition of interfund balances as of September 30, 2017, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Hidden Creek Golf Course Fund	\$ 298,164
Water and Wastewater	Non-Major Governmental Fund	213,420

The outstanding balances between funds result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund Transfers

Interfund transfers during the year ended September 30, 2017, were as follows:

	<u>Transfers out:</u>			<u>Transfers in:</u>				<u>Total</u>
	<u>General Fund</u>	<u>Parks Performance</u>	<u>Bond Funded Funded Capital Projects</u>	<u>Hidden Creek GC</u>	<u>Internal Service Funds</u>	<u>Nonmajor Governmental Funds</u>	<u>General Debt Service</u>	
General Fund	\$ -	\$ -	\$ -	\$ -	\$ 34,000	\$ 1,136,468	\$ 357,350	\$ 1,527,818
BCSDC Special Revenue	-	1,420,487	1,544,480	846,331	-	413,836	-	4,225,134
4A Corp Special Revenue	-	-	-	-	-	2,432,612	-	2,432,612
Water and Wastewater	676,000	-	-	-	-	-	-	676,000
Bond Funded Cap Proj	-	-	-	-	-	1,500,000	-	1,500,000
Nonmajor Enterprise	-	-	-	-	-	500,000	-	500,000
Nonmajor Governmental	-	-	-	-	-	692,263	-	692,263
Total	<u>\$ 676,000</u>	<u>\$ 1,420,487</u>	<u>\$ 1,544,480</u>	<u>\$ 846,331</u>	<u>\$ 34,000</u>	<u>\$ 6,675,179</u>	<u>\$ 357,350</u>	<u>\$ 11,553,827</u>

In the government-wide financial statements, interfund 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 a debt service fund as debt service payments become due, (3) transfer additional funds to the Golf Course (4) pay for property purchased in advance of bond issuances (5) 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 revenues in the General fund and expenses (expenditures) in the other funds. Interfund services provided and used are "arms-length" transactions between departments or funds that would be treated as revenues, expenditures or expenses if they were with an external organization. The distinguishing aspects of interfund services provided and used are that each department or fund both gives and receives consideration.

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

Fund	Amount
Water and Wastewater	\$ 1,345,175
4A Corp Special Revenue	269,300
Parks Performance Fund	280,214
Hotel Motel	11,000
Solid Waste	<u>54,221</u>
Total to General Fund	<u>\$ 1,959,910</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 expenses in the enterprise funds. Such fees paid during the year were:

Fund	Amount
Water and Wastewater	\$ 713,000
Solid Waste	<u>81,600</u>
Total to General Fund	<u>\$ 794,600</u>

Payments in Lieu of Property Taxes

For fiscal year 2017, the Water and Wastewater fund made a \$676,000 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 capital 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, 2017, are summarized as follows:

	Balance at October 1, 2016	Increased	Retired	Balance at September 30, 2017	Due Within One Year
<i>Governmental activities:</i>					
General obligation bonds	\$ 68,653,213	\$ 2,155,000	\$ 3,597,286	\$ 67,210,927	\$ 4,038,572
Certificates of obligation	20,895,000	2,810,000	1,885,000	21,820,000	1,870,000
Sales tax revenue bonds	3,815,000	-	700,000	3,115,000	735,000
Compensated absences	4,902,731	4,327,327	3,861,488	5,368,570	2,298,394
Capital leases	412,380	-	114,984	297,396	124,384
Premium on debt	8,325,210	214,037	1,120,278	7,418,969	-
Net OPEB obligation	646,393	199,468	77,211	768,650	-
Net pension liability	<u>17,211,974</u>	<u>3,454,271</u>	<u>2,880,956</u>	<u>17,785,289</u>	<u>-</u>
Governmental activities long-term debt	<u>\$ 124,861,901</u>	<u>\$ 13,160,103</u>	<u>\$ 14,237,203</u>	<u>\$ 123,784,801</u>	<u>\$ 9,066,350</u>
<i>Business-type activities:</i>					
General obligation bonds	\$ 24,816,787	\$ -	\$ 2,252,714	\$ 22,564,073	\$ 2,476,429
Certificates of obligation	24,050,000	7,400,000	1,420,000	30,030,000	1,475,000
Water and sewer revenue bond:	3,655,000	-	185,000	3,470,000	185,000
Compensated absences	377,549	316,079	301,481	392,147	157,697
Capital leases	11,902	-	2,965	8,937	3,189
Premium on debt	3,548,319	297,679	496,387	3,349,611	-
Net OPEB obligation	71,980	22,212	9,724	84,468	-
Net pension liability	<u>1,741,857</u>	<u>387,522</u>	<u>316,553</u>	<u>1,812,826</u>	<u>-</u>
Business-type activities long-term debt	<u>\$ 58,273,394</u>	<u>\$ 8,423,492</u>	<u>\$ 4,984,824</u>	<u>\$ 61,712,062</u>	<u>\$ 4,297,315</u>

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

Bonds payable at September 30, 2017, is comprised of the following individual issues:

	Interest Rate %	Issue Date	Maturity Date	Original Issue	Amount Outstanding
<i>Governmental Activities:</i>					
General obligation bonds:					
2008 Series	4.00-4.625	4/15/2008	3/1/2028	\$ 14,750,000	\$ 710,000
2010 Series	2.00-4.25	5/1/2010	3/1/2030	10,805,000	7,110,000
2012 Series	2.00-4.00	5/16/2012	5/16/2032	5,040,000	4,110,000
2014 Series	2.00-4.00	7/2/2014	3/1/2034	19,558,570	16,580,927
2015 Series	1.00-5.00	4/20/2015	3/1/2035	12,150,000	11,560,000
2016 Series	2.00-5.00	6/6/2016	3/1/2036	25,135,000	24,985,000
2017 Series	2.50-4.00	7/17/2017	3/1/2037	2,155,000	2,155,000
Total general obligated bonds				<u>89,593,570</u>	<u>67,210,927</u>
Certificates of Obligation:					
2008 Tax and Revenue	4.00-4.625	4/15/2008	3/1/2028	20,900,000	1,005,000
2013 Tax and Revenue	2.00-3.00	5/1/2013	3/1/2033	4,620,000	3,875,000
2014 Tax and Revenue	2.00-4.00	7/2/2014	3/1/2034	4,685,000	4,225,000
2015 Tax and Revenue	1.00-5.00	4/20/2015	3/1/2035	6,565,000	6,170,000
2016 Tax and Revenue	2.00-5.00	6/6/2016	3/1/2036	3,855,000	3,735,000
2017 Tax and Revenue	2.50-4.00	7/17/2017	3/1/2037	2,810,000	2,810,000
Total certificates of obligation				<u>43,435,000</u>	<u>21,820,000</u>
Sales tax revenue bonds:					
2010 Sales Tax Revenue bonds	2.00-4.00	5/1/2010	9/1/2021	8,565,000	3,115,000
				<u>8,565,000</u>	<u>3,115,000</u>
Total governmental activities				<u>\$ 141,593,570</u>	<u>\$ 92,145,927</u>
<i>Business Activities:</i>					
General obligation bonds:					
2011 Water & Sewer refunding	4.00-4.375	5/1/2011	3/1/2027	\$ 10,770,000	\$ 6,365,000
2014 Golf Course refunding	2.00-4.00	7/2/2014	3/1/2034	3,006,430	2,514,073
2015 Water & Sewer refunding	1.00-5.00	4/20/2015	3/1/2035	10,730,000	9,760,000
2016 Water & Sewer refunding	2.00-5.00	6/6/2016	3/1/2036	4,435,000	3,925,000
Total general obligated bonds				<u>28,941,430</u>	<u>22,564,073</u>
Certificates of Obligation:					
2008 Tax and Revenue	4.00-4.325	4/15/2008	3/1/2028	4,545,000	220,000
2011 Tax and Revenue	4.00-4.375	5/1/2011	3/1/2031	7,075,000	5,540,000
2013 Tax and Revenue	2.00-3.00	5/1/2013	3/1/2033	2,160,000	1,810,000
2014 Tax and Revenue	2.00-4.00	7/2/2014	3/1/2034	5,480,000	4,930,000
2015 Tax and Revenue	1.00-5.00	4/20/2015	3/1/2035	4,855,000	4,555,000
2016 Tax and Revenue	2.00-5.00	6/6/2016	3/1/2036	5,750,000	5,575,000
2017 Tax and Revenue	2.50-4.00	7/17/2017	3/1/2037	7,400,000	7,400,000
Total certificates of obligation				<u>43,390,000</u>	<u>30,030,000</u>
Water and sewer revenue bonds					
2012 Improvement	2.00-4.00	4/15/2012	3/1/2032	4,300,000	3,470,000
Total water and sewer revenue bonds				<u>4,300,000</u>	<u>3,470,000</u>
Total business-type activities				<u>\$ 76,631,430</u>	<u>\$ 56,064,073</u>

The annual requirements to amortize all debt outstanding as of September 20, 2017, are as follows:

Governmental Activities								
Year Ending September 30,	General Obligation	GO Interest	Certificates of Obligation	CO Interest	Sales Tax Revenue Bonds	STR Interest	Capital Leases	Capital Lease Interest
2018	\$ 4,038,571	\$ 2,625,488	\$ 1,870,000	\$ 767,426	\$ 735,000	\$ 124,600	\$ 122,301	\$ 12,998
2019	5,095,500	2,474,678	895,000	721,038	765,000	95,200	129,953	7,248
2020	5,273,071	2,292,664	910,000	696,713	790,000	64,600	45,142	1,413
2021	5,469,357	2,088,044	940,000	670,613	825,000	33,000	-	-
2022	5,427,571	1,887,357	970,000	640,988	-	-	-	-
2023-2027	27,156,857	6,019,793	5,410,000	2,627,022	-	-	-	-
2028-2032	10,575,000	1,736,001	6,560,000	1,475,125	-	-	-	-
2033-2037	4,175,000	270,959	4,265,000	274,547	-	-	-	-
Total	\$ 67,210,927	\$ 19,394,985	\$ 21,820,000	\$ 7,873,470	\$ 3,115,000	\$ 317,400	\$ 297,396	\$ 21,659
Business-Type Activities								
Year Ending September 30,	General Obligation	GO Interest	Certificates of Obligation	CO Interest	Water and Wastewater Revenue Bonds	Water and Wastewater Interest	Capital Leases	Capital Lease Interest
2018	\$ 2,476,429	\$ 867,147	\$ 1,475,000	\$ 1,115,842	\$ 185,000	\$ 114,925	\$ 3,189	\$ 339
2019	2,449,500	793,041	1,295,000	1,062,757	190,000	111,175	3,422	204
2020	2,371,929	707,849	1,345,000	1,022,232	195,000	106,838	2,326	73
2021	2,365,643	614,472	1,380,000	979,557	200,000	101,900	-	-
2022	2,442,429	522,386	1,425,000	933,057	205,000	96,325	-	-
2023-2027	10,153,143	1,056,688	8,040,000	3,776,348	1,130,000	379,025	-	-
2028-2032	305,000	7,625	9,280,000	1,988,942	1,365,000	141,100	-	-
2033-2037	-	-	5,790,000	412,406	-	-	-	-
Total	\$ 22,564,073	\$ 4,569,208	\$ 30,030,000	\$ 11,291,141	\$ 3,470,000	\$ 1,051,288	\$ 8,937	\$ 616

In prior years, the City defeased certain General Obligation Bonds, Certificates of Obligation, and Water and Sewer System Revenue 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, 2017, the unpaid amount of the defeased bonds total \$24,455,000.

The ordinances authorizing the issuance of Water and Sewer serial bonds created the revenue bond debt service and retirement funds. The gross revenues of the waterworks system, after deduction of reasonable expenses of operation and maintenance, are pledged to such funds in amounts equal to the total annual principal and interest requirements of the bonds and amounts required to maintain the revenue bond and emergency funds. At September 30, 2017, 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 requirement. At September 30, 2017, 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 an 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, 2017, this requirement had been met.

Compensated absences, the net pension liability, and the net OPEB obligation are typically liquidated by the fund to which they relate.

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, 2017, the City had no arbitrage liability.

10. WATER AND SEWER CONTRACT

On July 19, 2010, the City entered into a contract with the City of Fort Worth, Texas, for the purchase of treated water 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 2017, 1,514,492,518 gallons of treated water were purchased under the contract at a cost of \$4,172,910.

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 2017, 1,417,738,288 gallons of sanitary sewage were treated by the City of Fort Worth, Texas at a cost of \$3,176,933.

11. EMPLOYEES' RETIREMENT SYSTEM

Texas Municipal Retirement System

Plan Description - The City participates as one of 872 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agency multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Sections 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.

All eligible employees of the City are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options.

Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

The City grants monetary credits for service rendered of a theoretical amount equal to two times what would have been contributed by the employee, with interest. Monetary credits, also known as the matching ratio, are 200% of the employee's accumulated contributions and are only payable in the form of an annuity.

Beginning in 1996, the City granted an annually repeating (automatic) basis monetary credit referred to as an updated service credit (USC) which is a theoretical amount which takes into account salary increases or plan improvements. If at any time during their career an employee earns a USC, this amount remains in their account earning interest at 5% until retirement. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer match plus employer-financed monetary credits, such as USC, with interest were used to purchase an annuity. Additionally, initiated in 1996, the City provided on an annually repeating (automatic) basis cost of living adjustments (COLA) for retirees equal to a percentage of the change in the consumer price index (CPI).

A summary of plan provisions for the City are as follows:

Employee deposit rate	7%
Matching ratio (City to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility	20 years to any age, 5 years at age 60 and above
Updated service credit	100% Repeating, Transfers
Annuity increase to retirees	70% of CPI Repeating

Employees covered by benefit terms

At the December 31, 2016 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	108
Inactive employees entitled to but not yet receiving benefits	151
Active employees	<u>311</u>
	<u><u>570</u></u>

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contributions rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the

cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 15.46% and 15.55% in calendar years 2016 and 2017, respectively. The City's contributions to TMRS for the year ended September 30, 2017, were \$3,270,142, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2016, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions

The Total Pension Liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2016, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010, through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by

adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major assets class in fiscal year 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	4.15%
Real Return	10.0%	4.15%
Real Estate	10.0%	4.75%
Absolute Return	10.0%	4.00%
Private Equity	5.0%	7.75%
Total	100.0%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2015	\$ 81,655,715	\$ 62,701,884	\$ 18,953,831
Changes for the year:			
Service cost	3,628,862	-	3,628,862
Interest	5,536,081	-	5,536,081
Difference between expected and actual experience	324,293	-	324,293
Changes of assumptions	-	-	-
Contributions - employer	-	3,195,301	(3,195,301)
Contributions - employee	-	1,459,887	(1,459,887)
Net investment income	-	4,240,199	(4,240,199)
Benefit payments, including refunds of employee contributions	(2,908,249)	(2,908,249)	-
Administrative expense	-	(47,857)	47,857
Other changes	-	(2,578)	2,578
Net changes	<u>6,580,987</u>	<u>5,936,703</u>	<u>644,284</u>
Balance at 12/31/2016	<u>\$ 88,236,702</u>	<u>\$ 68,638,587</u>	<u>\$ 19,598,115</u>

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) of 1-percentage-higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
	City's net pension liability	\$ 33,940,359	\$ 19,598,115	$ 8,009,228

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. The report may be obtained on the Internet at www.tmr.org.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2017, the City recognized pension expense of \$4,524,573.

At September 30, 2017, the City reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 325,939	\$ 19,509
Changes in actuarial assumptions	-	126,676
Difference between projected and actual investment earnings	2,764,522	-
Contributions subsequent to the measurement date	<u>2,603,181</u>	<u>-</u>
Total	<u>\$ 5,693,641</u>	<u>\$ 146,185</u>

\$2,603,181 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2018. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expenses as follows:

Year Ending December 31,	
2018	\$ 1,001,458
2019	1,001,458
2020	863,011
2021	49,405
2022	28,944

12. DEFERRED COMPENSATION PLAN

The City participates in a deferred compensation plan which falls under Internal Revenue Code Section 475. 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 fiscal year 2017, employers or employees through salary reductions may contribute up to the limit of \$18,000 compensation on behalf of the participant under this plan. Employees age 50 or older may contribute up to an additional \$6,000, for a total of \$24,000. Employees taking advantage of the special pre-retirement catch-up may be eligible to contribute up to double the normal limit, for a total of \$36,000.

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 financial statements of the City.

The City has participated in a number of state and federally assisted grant programs. These programs were 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 it not believed to be material.

Risk Management

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The City has purchased commercial insurance to cover these general liabilities from the Texas Municipal League, a non-public entity risk pool. As an insured, the City is not obligated to reimburse the pool for losses. The TML risk pool is self-sustaining through annual member premiums and stop loss reinsurance coverage through various commercial insurers for excess claims. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage in each of the past three fiscal years. Any losses reported, but unsettled or incurred and not reported, are believed to be insignificant to the City's financial statements.

The City offers health coverage to its employees and retirees in a managed care plan administered by United Health Care and funded by the City with both employee and City contributions. The City retains risk for up to: \$125,000 per covered enrollee per year and up to \$2,750,324 per period benefit, and transfers risk in excess of these amounts to a reinsurer. The City's operating funds are charged with 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 interfund 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 services.

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 retiree's 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; these 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 parameters 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’s annual OPEB cost for the fiscal year ending September 30, 2017, is as follows:

Annual Required Contribution (ARC)	\$ 221,494
Interest on net OPEB obligation	28,734
Adjustment to the ARC	<u>(28,549)</u>
End of Year Annual OPEB Cost (Expense)	221,679
Net Estimated Employer Contributions	<u>(86,934)</u>
Increase in net OPEB obligation	<u>\$ 134,745</u>
Beginning of Year Net OPEB Obligation	\$ <u>718,373</u>
End of Year Net OPEB Obligation	<u>\$ 853,118</u>

The City ‘s annual OPEB cost, the amount contributed by the employer, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year ending September 30, 2017, and the preceding two fiscal years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Amount Contributed	Percentage Contributed	Net OPEB Obligation
2015	\$ 105,693	\$ 34,804	32.9%	\$ 571,480
2016	193,341	46,448	24.0%	718,373
2017	221,679	86,934	39.2%	853,118

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, 2016, is as follows:

Actuarial Valuation Date as of December 31	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b) - (a)]/(c)
2016	\$ -	\$ 1,700,642	\$ 1,700,642	0%	\$ 21,398,660	7.95%

Under the reporting parameters, the City’s retiree health care plan is 0% funded with an estimated actuarial accrued liability exceeding actuarial assets by \$1,700,642 as of December 31, 2016. As of the most recent valuation, the ratio of the unfunded actuarial liability to annual covered payroll is 7.95%.

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 recognition of the cost of 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 of 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 its 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.

Inflation rate	2.50% per annum
Investment rate of return	4.00%, 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
Payroll growth	3.00% per annum
Medical Trend	Initial rate of 7.50%, declining to an ultimate rate of 4.50% after 14 years

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status and the annual required contributions of the City's retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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-employee 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
2015	0.02%	0.02%	100.0%
2016	0.02%	0.02%	100.0%
2017	0.02%	0.02%	100.0%

15. RELATED PARTY TRANSACTIONS

During the fiscal year, the City contracted McClendon Construction Company, Inc. for various construction projects. This company is owned by City Council Member Dan McClendon. Total payments remitted to the company for the year were \$1,418,088.

16. TAX ABATEMENTS

The City enters into economic development agreements subject to the Burleson Economic Development Incentives Program adopted in 1993. Abatement incentives are provided in accordance with Chapter 312 of the Texas Tax Code.

- For the fiscal year ended September 30, 2017, there was one property tax abatement agreement in place. The agreement with Chicken E Food Services provides a 75% tax abatement for 7 years, beginning in 2014 for development of a restaurant distribution facility. In fiscal year 2017, this agreement resulted in abated property taxes of \$44,675.

Other incentives are provided according to Chapter 380 of the Texas Local Government Code. These consist of incentives tied to a percentage of property taxes paid, a percentage of sales taxes generated, or some other metric such as employment. The agreements are presented here in aggregate.

- Property tax rebate incentives - \$257,840
- Sales tax rebate incentives - \$208,750
- Grant payments for meeting other performance targets - \$337,375.

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CITY OF BURLESON, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		Actual Amounts	Adjustments	Actual Amounts	Variance -
	Original	Final	GAAP Basis	Budget Basis	Budget Basis	Positive (Negative)
REVENUES						
Property taxes	\$ 15,544,332	\$ 15,544,332	\$ 15,795,579	\$ -	\$ 15,795,579	\$ 251,247
Sales taxes	8,215,000	8,215,000	8,493,810	-	8,493,810	278,810
Franchise fees	3,205,000	3,089,706	3,089,998	-	3,089,998	292
Licenses and permits	1,238,250	1,277,700	1,356,969	-	1,356,969	79,269
Intergovernmental	265,808	265,808	249,925	-	249,925	(15,883)
Charges for services	1,667,880	1,873,655	2,029,360	-	2,029,360	155,705
Fines and forfeitures	1,100,000	1,075,754	1,102,642	-	1,102,642	26,888
Investment earnings	35,000	105,596	125,785	-	125,785	20,189
Miscellaneous	1,780,094	1,955,156	1,559,403	676,000	2,235,403	280,247
Total revenues	<u>33,051,364</u>	<u>33,402,707</u>	<u>33,803,471</u>	<u>676,000</u>	<u>34,479,471</u>	<u>1,076,764</u>
EXPENDITURES						
General government:						
City Council	93,926	82,800	82,773	-	82,773	27
City Manager's office	933,029	1,003,300	1,020,450	6,298	1,026,748	(23,448)
Legal	335,474	374,400	374,609	(274)	374,335	65
Communications	238,269	245,400	245,542	(223)	245,319	81
City Secretary's office	587,225	602,800	601,683	493	602,176	624
Records management	94,014	83,700	83,551	163	83,714	(14)
Judicial	118,479	102,200	102,203	109	102,312	(112)
Human resources	600,715	575,100	580,128	706	580,834	(5,734)
Finance	1,021,635	1,046,500	1,044,627	263	1,044,890	1,610
Tax	349,298	314,600	314,559	-	314,559	41
Support services	177,194	186,300	186,055	154	186,209	91
Purchasing	161,327	171,100	170,591	(1,869)	168,722	2,378
Non-Departmental	544,992	1,626,200	521,932	1,077,036	1,598,968	27,232
Risk management		1,475,600	1,475,514	-	1,475,514	86
	<u>5,255,577</u>	<u>7,890,000</u>	<u>6,804,217</u>	<u>1,082,856</u>	<u>7,887,073</u>	<u>2,927</u>
Public safety:						
Police	9,440,343	9,595,400	9,578,567	15,326	9,593,893	1,507
Fire	5,200,870	5,134,000	5,125,915	92	5,126,007	7,993
Fire prevention	549,237	557,100	558,009	2,797	560,806	(3,706)
Emergency services	98,830	97,800	97,754	-	97,754	46
Animal services	467,294	478,300	482,042	544	482,586	(4,286)
Municipal court	325,828	303,600	293,413	(2,760)	290,653	12,947
Marshals service	357,424	329,500	332,122	(1,450)	330,672	(1,172)
	<u>16,439,826</u>	<u>16,495,700</u>	<u>16,467,822</u>	<u>14,549</u>	<u>16,482,371</u>	<u>13,329</u>
Public works:						
Public works administration	731,331	733,000	726,353	(5,531)	720,822	12,178
Pavement maintenance	2,449,767	2,402,400	1,943,294	445,581	2,388,875	13,525
Drainage maintenance	495,109	486,700	485,918	(504)	485,414	1,286
Traffic control maintenance	286,603	268,900	268,552	5,040	273,592	(4,692)
Facilities maintenance	962,299	825,000	826,137	92,880	919,017	(94,017)
	<u>4,925,109</u>	<u>4,716,000</u>	<u>4,250,254</u>	<u>537,466</u>	<u>4,787,720</u>	<u>(71,720)</u>
Neighborhood services:						
Neighborhood services	198,999	198,000	198,235	184	198,419	(419)
Code enforcement	283,594	281,100	281,871	831	282,702	(1,602)
Environmental services	227,884	236,000	236,075	(140)	235,935	65
	<u>710,477</u>	<u>715,100</u>	<u>716,181</u>	<u>876</u>	<u>717,057</u>	<u>(1,957)</u>

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CITY OF BURLESON, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		Actual Amounts GAAP Basis	Adjustments Budget Basis	Actual Amounts Budget Basis	Variance - Positive (Negative)
	Original	Final				
Planning and engineering services:						
Community Development	\$ 297,138	\$ 263,600	\$ 267,935	\$ 142,336	\$ 410,271	\$(146,671)
Planning	652,060	567,200	569,114	729	569,843	(2,643)
Building inspections	579,894	493,500	494,399	4,416	498,815	(5,315)
Engineering/capital	476,438	461,100	460,794	(1,224)	459,570	1,530
Engineering/development	420,746	254,600	254,859	19,575	274,434	(19,834)
Gas well development	220,784	312,300	312,027	1,685	313,712	(1,412)
	<u>2,647,060</u>	<u>2,352,300</u>	<u>2,359,128</u>	<u>167,516</u>	<u>2,526,644</u>	<u>(174,344)</u>
Culture and recreation:						
Library	1,228,138	1,232,300	1,233,006	(1,520)	1,231,486	814
Parks and recreation administration	265,176	300,800	297,482	3,220	300,702	98
Recreation	242,695	239,900	240,307	(863)	239,444	456
Parks maintenance	1,440,574	1,433,300	1,430,524	1,093	1,431,617	1,683
Senior Center	169,230	158,600	158,529	(469)	158,060	540
	<u>3,345,813</u>	<u>3,364,900</u>	<u>3,359,848</u>	<u>1,461</u>	<u>3,361,309</u>	<u>3,591</u>
Total expenditures	<u>33,323,862</u>	<u>35,534,000</u>	<u>33,957,450</u>	<u>1,804,725</u>	<u>35,762,175</u>	<u>(228,175)</u>
Excess of revenues over expenditures	(272,498)	(2,131,293)	(153,979)	(1,128,725)	(1,282,704)	848,589
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	676,000	(676,000)	-	-
Transfers out	-	-	(1,527,818)	1,527,818	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(851,818)</u>	<u>851,818</u>	<u>-</u>	<u>-</u>
financing sources over expenditures and other financing uses	(272,498)	(2,131,293)	(1,005,797)	(276,907)	(1,282,704)	848,589
Fund balances - beginning	<u>11,004,508</u>	<u>11,004,508</u>	<u>11,004,508</u>	<u>-</u>	<u>11,004,508</u>	<u>-</u>
Fund balance - ending	<u>\$ 10,732,010</u>	<u>\$ 8,873,215</u>	<u>\$ 9,998,711</u>	<u>\$(276,907)</u>	<u>\$ 9,721,804</u>	<u>\$ 848,589</u>

Explanation of differences:
Encumbrances at September 30, 2017
are recognized as expenditures for budget purposes \$(299,254)
Non-cash GAAP items not included in budget 22,347
Net decrease in fund balance - GAAP to budget \$(276,907)

CITY OF BURLESON, TEXAS
MAJOR SPECIAL REVENUE FUNDS
BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	BCSDC Special Revenue			Variance Positive (Negative)	4A Corp Special Revenue
	Original Budget	Final Budget	Actual		Original Budget
REVENUES					
Sales taxes	\$ 4,176,000	\$ 4,176,000	\$ 4,248,052	\$ 72,052	\$ 4,176,000
Charges for goods and services	-	-	-	-	-
Investment earnings	1,575	14,000	17,853	3,853	3,000
Miscellaneous	-	-	-	-	155,625
Total revenues	<u>4,177,575</u>	<u>4,190,000</u>	<u>4,265,905</u>	<u>75,905</u>	<u>4,334,625</u>
EXPENDITURES					
Current:					
Community development	3,500	3,500	7,000	(3,500)	2,918,626
Culture and recreation	-	-	-	-	-
Total expenditures	<u>3,500</u>	<u>3,500</u>	<u>7,000</u>	<u>(3,500)</u>	<u>2,918,626</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,174,075</u>	<u>4,186,500</u>	<u>4,258,905</u>	<u>72,405</u>	<u>1,415,999</u>
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	(4,228,465)	(4,224,965)	(4,225,134)	(169)	(2,432,482)
Total other financing sources (uses)	<u>(4,228,465)</u>	<u>(4,224,965)</u>	<u>(4,225,134)</u>	<u>(169)</u>	<u>(2,432,482)</u>
Net change in fund balance	(54,390)	(38,465)	33,771	72,236	(1,016,483)
Fund balance - beginning	<u>3,036,218</u>	<u>3,036,218</u>	<u>3,036,218</u>	<u>-</u>	<u>4,596,058</u>
Fund balance - ending	<u>\$ 2,981,828</u>	<u>\$ 2,997,753</u>	<u>\$ 3,069,989</u>	<u>\$ 72,236</u>	<u>\$ 3,579,575</u>

4A Corp Special Revenue			Parks Performance Fund			
Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
\$ 4,176,000	\$ 4,248,052	\$ 72,052	\$ -	\$ -	\$ -	\$ -
-	-	-	2,099,880	2,162,380	2,098,202	(64,178)
26,000	32,239	6,239	600	6,500	8,267	1,767
<u>155,625</u>	<u>173,004</u>	<u>17,379</u>	<u>5,000</u>	<u>5,000</u>	<u>10,379</u>	<u>5,379</u>
<u>4,357,625</u>	<u>4,453,295</u>	<u>95,670</u>	<u>2,105,480</u>	<u>2,173,880</u>	<u>2,116,848</u>	<u>(57,032)</u>
1,307,338	1,099,906	207,432	-	-	-	-
-	-	-	3,525,967	3,563,466	3,328,611	234,855
<u>1,307,338</u>	<u>1,099,906</u>	<u>207,432</u>	<u>3,525,967</u>	<u>3,563,466</u>	<u>3,328,611</u>	<u>234,855</u>
<u>3,050,287</u>	<u>3,353,389</u>	<u>303,102</u>	<u>(1,420,487)</u>	<u>(1,389,586)</u>	<u>(1,211,763)</u>	<u>177,823</u>
(2,432,482)	(2,432,612)	(130)	1,420,487	1,420,487	1,420,487	-
(2,432,482)	(2,432,612)	(130)	1,420,487	1,420,487	1,420,487	-
617,805	920,777	302,972	-	30,901	208,724	177,823
<u>4,596,058</u>	<u>4,596,058</u>	<u>-</u>	<u>685,716</u>	<u>685,716</u>	<u>685,716</u>	<u>-</u>
<u>\$ 5,213,863</u>	<u>\$ 5,516,835</u>	<u>\$ 302,972</u>	<u>\$ 685,716</u>	<u>\$ 716,617</u>	<u>\$ 894,440</u>	<u>\$ 177,823</u>

CITY OF BURLESON, TEXAS

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS**

FOR THE YEAR ENDED SEPTEMBER 30, 2017

Plan Year	<u>2014</u>	<u>2015</u>	<u>2016</u>
A. Total pension liability			
Service Cost	\$ 2,909,890	\$ 3,299,052	\$ 3,628,862
Interest (on the Total Pension Liability)	4,907,692	5,311,694	5,536,081
Change of benefit terms	-	-	-
Difference between expected and actual experience	(42,330)	96,222	324,293
Change of assumptions	-	(200,754)	-
Benefit payments, including refunds of employee contributions	(2,232,107)	(2,164,637)	(2,908,249)
Net change in total pension liability	5,543,145	6,341,577	6,580,987
Total pension liability - beginning	<u>69,770,993</u>	<u>75,314,138</u>	<u>81,655,715</u>
Total pension liability - ending (a)	<u>\$ 75,314,138</u>	<u>\$ 81,655,715</u>	<u>\$ 88,236,702</u>
B. Plan fiduciary net position			
Contributions - employer	\$ 2,850,708	\$ 2,973,435	\$ 3,195,301
Contributions - employee	1,288,039	1,364,856	1,459,887
Net investment income	3,172,873	89,281	4,240,199
Benefit payments, including refunds of employee contributions	(2,232,107)	(2,164,637)	(2,908,249)
Administrative expenses	(33,119)	(54,372)	(47,857)
Other	<u>(2,723)</u>	<u>(2,684)</u>	<u>(2,578)</u>
Net change in plan fiduciary net position	5,043,671	2,205,879	5,936,703
Plan fiduciary net position - beginning	<u>55,452,334</u>	<u>60,496,005</u>	<u>62,701,884</u>
Plan fiduciary net position - ending (b)	<u>\$ 60,496,005</u>	<u>\$ 62,701,884</u>	<u>\$ 68,638,587</u>
C. Net pension liability - ending (a) - (b)	<u>\$ 14,818,133</u>	<u>\$ 18,953,831</u>	<u>\$ 19,598,115</u>
D. Plan fiduciary net position as a percentage of total pension liability	80.32%	76.79%	77.79%
E. Covered employee payroll	\$ 18,400,559	\$ 19,497,945	\$ 20,855,530
F. Net position liability as a percentage of covered employee payroll	80.53%	97.21%	93.97%

Note: 10 years of information is required to be provided in this schedule, but information prior to 2014 is not available.

CITY OF BURLESON TEXAS
SCHEDULE OF CONTRIBUTIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

Fiscal Year	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Actuarial determined contribution	\$ 2,801,196	\$ 2,929,061	\$ 3,290,623	\$ 3,270,142
Contributions in relation to the actuarially determined contribution	<u>2,801,196</u>	<u>2,929,061</u>	<u>3,290,623</u>	<u>3,270,142</u>
Contribution deficiency (excess)	-	-	-	-
Covered employee payroll	18,190,435	19,127,256	21,503,209	21,235,212
Contributions as a percentage of covered employee payroll	15.40%	15.31%	15.30%	15.40%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	29 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.5%
Salary Increases	3.5% to 10.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis of with scale BB.

Other Information There were no benefit changes during the year.

Note: 10 years of information is required to be provided in this schedule, but information prior to 2014 is not available.

CITY OF BURLESON TEXAS

**SCHEDULE OF FUNDING PROGRESS
POST-RETIREMENT HEALTH CARE BENEFIT PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Funded Ratio (a/b)	Unfunded AAL (UAAL) (b-a)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/(c)
12/31/2012	\$ -	\$ 2,878,786	0.0%	\$ 2,878,786	\$ 16,259,376	17.7%
12/31/2014	-	1,080,947	0.0%	1,080,947	19,342,846	5.6%
12/31/2016	-	1,700,642	0.0%	1,700,642	21,398,660	7.9%

CITY OF BURLESON, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2017

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 commitments; transfers of appropriations between funds; transfers between departments within funds; new interfund loans or advances; and creation of new capital projects or increases to existing capital projects.
 - b. Items delegated to the City Manager – transfers within departments.
5. Annual budgets are legally adopted and amended as required for the General Fund, the following special revenue funds: the BCSDC Special Revenue Fund, the 4A Corp Special Revenue Fund, the Parks Performance Fund and the Hotel/Motel Tax Fund, enterprise funds 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. However, the legal appropriation basis for the General Fund is at the department level. Encumbrance accounting, under which purchase orders, contracts, and the other commitments are recorded to reserve the applicable appropriations, is employed in 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 NONMAJOR 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 four nonmajor special revenue funds which include:

The *Hotel/Motel Tax Fund* – This fund is used to account 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.

The *Grants Fund* – This fund accounts for various miscellaneous grants from federal, state or local governments.

The *Tax Increment Financing District (TIF) Fund* – This fund accounts for the activity of the City’s TIF. Revenues collected are primarily interlocal property tax increment funding. A TIF is a public financial method used as a subsidy for development and community improvement projects.

The *Other Special Revenue Fund* – This fund accounts for the proceeds of other specific revenue sources that are legally restricted to expenditures for specified purposes. Traffic safety, public safety, public works, culture and recreation, and economic incentive funds are included under this heading.

Nonmajor Capital Projects Funds

Capital Projects Funds are used to account for capital improvements which are financed by designated resources other than City obligation bonds.

The *4A Economic Development Corporation Non-Bond Funded Fund* 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. This special revenue fund accounts for the receipts of the sales tax revenue, and subsequent transfers to the debt service fund. Funds in excess of debt service requirements are utilized on authorized capital projects.

The *Burleson Community Services Development Corporation (4B)* is another component unit of the City. The BCSDC administers ½ cents sales tax. The proceeds of this tax are used to pay debt service on bonds issued for various capital improvements. The special revenue 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 Projects Fund* includes the Park Dedication subfund and the miscellaneous non-bond funded capital project subfunds. These subfunds account for the proceeds of other sources of revenue and expenditures for authorized projects.

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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 *4A Economic Development Corporation Fund* accounts for receipts of sales tax revenue and payment of debt service.

The *Burleson Community Service Development Corporation (4B)* debt service fund accounts for the receipt of sales tax revenue and payment of debt service.

CITY OF BURLESON, TEXAS

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Special Revenue Funds			
	Hotel/Motel	Grants	TIF	Other Special Revenue
ASSETS				
Cash, cash equivalents and temporary investments	\$ 595,353	\$ -	\$ 983,302	\$ 2,400,270
Receivables:				
Accrued interest	230	-	-	-
Taxes	58,512	-	-	-
Accounts	2,200	-	-	96
Due from other governmental units	-	213,828	-	18,334
Total assets	<u>\$ 656,295</u>	<u>\$ 213,828</u>	<u>\$ 983,302</u>	<u>\$ 2,418,700</u>
LIABILITIES				
Accounts payable	\$ 8,400	\$ -	\$ -	\$ 677,325
Accrued liabilities	-	-	-	1,318,250
Due to other funds	-	213,420	-	-
Total liabilities	<u>8,400</u>	<u>213,420</u>	<u>-</u>	<u>1,995,575</u>
FUND BALANCES				
Restricted for:				
Debt service	-	-	-	-
Culture and recreation	-	408	-	-
Economic development	-	-	983,302	27,366
Tourism	647,895	-	-	-
Committed for:				
Economic development	-	-	-	395,759
Capital projects	-	-	-	-
Total fund balances	<u>647,895</u>	<u>408</u>	<u>983,302</u>	<u>423,125</u>
Total liabilities and fund balances	<u>\$ 656,295</u>	<u>\$ 213,828</u>	<u>\$ 983,302</u>	<u>\$ 2,418,700</u>

Capital Projects Funds				Debt Service Funds		Total
4A Non-bond Funded	BCSDC Non-bond Funded	Street Paving Trust	Miscellaneous Non-bond Funded	4A EDC Debt Service	BCSDC Debt Service	Other Governmental Funds
\$ 779,879	\$ 90,073	\$ 2,001,599	\$ 3,591,638	\$ 534,249	\$ 1,189,979	\$ 12,166,342
295	46	814	1,162	-	-	2,547
-	-	-	-	-	-	58,512
-	-	-	-	-	-	2,296
-	-	-	-	-	-	232,162
<u>\$ 780,174</u>	<u>\$ 90,119</u>	<u>\$ 2,002,413</u>	<u>\$ 3,592,800</u>	<u>\$ 534,249</u>	<u>\$ 1,189,979</u>	<u>\$ 12,461,859</u>
\$ -	\$ -	\$ -	\$ 173,563	\$ -	\$ -	\$ 859,288
-	-	-	-	-	-	1,318,250
-	-	-	-	-	-	213,420
-	-	-	173,563	-	-	2,390,958
-	-	-	-	534,249	1,189,979	1,724,228
-	-	-	-	-	-	408
-	-	-	-	-	-	1,010,668
-	-	-	-	-	-	647,895
-	-	-	-	-	-	395,759
<u>780,174</u>	<u>90,119</u>	<u>2,002,413</u>	<u>3,419,237</u>	<u>-</u>	<u>-</u>	<u>6,291,943</u>
<u>780,174</u>	<u>90,119</u>	<u>2,002,413</u>	<u>3,419,237</u>	<u>534,249</u>	<u>1,189,979</u>	<u>10,070,901</u>
<u>\$ 780,174</u>	<u>\$ 90,119</u>	<u>\$ 2,002,413</u>	<u>\$ 3,592,800</u>	<u>\$ 534,249</u>	<u>\$ 1,189,979</u>	<u>\$ 12,461,859</u>

CITY OF BURLESON, TEXAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Special Revenue Funds			
	Hotel/Motel	Grants	TIF	Other Special Revenue
REVENUES				
Property taxes	\$ -	\$ -	\$ 521,849	\$ 731,130
Street assessments	-	-	-	-
Sales taxes	205,830	-	-	110,004
Intergovernmental	-	1,035,808	-	-
Court costs and fines	-	-	-	440,615
Contributions and donations	-	-	-	133,652
Investment earnings	5,844	-	-	-
Miscellaneous	10,980	-	-	-
Total revenues	<u>222,654</u>	<u>1,035,808</u>	<u>521,849</u>	<u>1,415,401</u>
EXPENDITURES				
Current:				
General government	-	-	-	21,486
Community development	-	-	300,000	914,897
Public safety	-	392,545	-	460,958
Public works	-	-	-	12,291
Culture and recreation	198,562	688	-	30,531
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal agent charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>198,562</u>	<u>393,233</u>	<u>300,000</u>	<u>1,440,163</u>
Excess (deficiency) of revenues over (under) expenditures	<u>24,092</u>	<u>642,575</u>	<u>221,849</u>	<u>(24,762)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	(643,263)	-	(49,000)
Total other financing sources (uses)	-	(643,263)	-	(49,000)
Net change in fund balances	24,092	(688)	221,849	(73,762)
Fund balance - beginning	<u>623,803</u>	<u>1,096</u>	<u>761,453</u>	<u>496,887</u>
Fund balance - ending	<u>\$ 647,895</u>	<u>\$ 408</u>	<u>\$ 983,302</u>	<u>\$ 423,125</u>

Capital Projects Funds				Debt Service Funds		Total
4A Non-bond Funded	BCSDC Non-bond Funded	Street Paving Trust	Miscellaneous Non-bond Funded	4A EDC Debt Service	BCSDC Debt Service	Other Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,252,979
-	-	47,481	-	-	-	47,481
-	-	-	-	-	-	315,834
59,859	-	-	-	-	-	1,095,667
-	-	-	-	-	-	440,615
-	-	-	-	-	-	133,652
7,193	1,064	19,416	26,872	3,590	6,754	70,733
-	-	-	77,400	-	-	88,380
<u>67,052</u>	<u>1,064</u>	<u>66,897</u>	<u>104,272</u>	<u>3,590</u>	<u>6,754</u>	<u>3,445,341</u>
-	-	-	-	-	-	21,486
-	-	-	-	-	-	1,214,897
-	-	-	-	-	-	853,503
-	-	-	-	-	-	12,291
-	-	-	-	-	-	229,781
-	-	-	-	1,495,451	1,210,000	2,705,451
-	-	-	-	579,811	686,200	1,266,011
-	71,945	-	1,626,888	-	-	1,698,833
-	<u>71,945</u>	-	<u>1,626,888</u>	<u>2,075,262</u>	<u>1,896,200</u>	<u>8,002,253</u>
<u>67,052</u>	<u>(70,881)</u>	<u>66,897</u>	<u>(1,522,616)</u>	<u>(2,071,672)</u>	<u>(1,889,446)</u>	<u>(4,556,912)</u>
-	63,000	-	2,641,601	2,075,262	1,895,316	6,675,179
-	-	-	-	-	-	(692,263)
-	<u>63,000</u>	-	<u>2,641,601</u>	<u>2,075,262</u>	<u>1,895,316</u>	<u>5,982,916</u>
67,052	(7,881)	66,897	1,118,985	3,590	5,870	1,426,004
<u>713,122</u>	<u>98,000</u>	<u>1,935,516</u>	<u>2,300,252</u>	<u>530,659</u>	<u>1,184,109</u>	<u>8,644,897</u>
<u>\$ 780,174</u>	<u>\$ 90,119</u>	<u>\$ 2,002,413</u>	<u>\$ 3,419,237</u>	<u>\$ 534,249</u>	<u>\$ 1,189,979</u>	<u>\$ 10,070,901</u>

CITY OF BURLESON, TEXAS

**DEBT SERVICE FUNDS
BUDGETARY COMPARISON SCHEDULE**

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	General Debt Service			Variance Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Property taxes and assessments	\$ 5,516,063	\$ 5,545,431	\$ 5,613,777	\$ 68,346
Investment earnings	-	-	-	-
Total revenues	<u>5,516,063</u>	<u>5,545,431</u>	<u>5,613,777</u>	<u>68,346</u>
EXPENDITURES				
Debt service:				
Principal retirement	3,476,835	3,476,835	3,476,835	-
Interest and fiscal agent charges	<u>2,490,309</u>	<u>2,490,309</u>	<u>2,488,393</u>	<u>1,916</u>
Total expenditures	<u>5,967,144</u>	<u>5,967,144</u>	<u>5,965,228</u>	<u>1,916</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(451,081)</u>	<u>(421,713)</u>	<u>(351,451)</u>	<u>70,262</u>
OTHER FINANCING SOURCES				
Transfers in	<u>357,350</u>	<u>357,350</u>	<u>357,350</u>	-
Total other financing sources	<u>357,350</u>	<u>357,350</u>	<u>357,350</u>	-
Net change in fund balances	(93,731)	(64,363)	5,899	70,262
Fund balance - beginning	<u>815,726</u>	<u>815,726</u>	<u>815,726</u>	-
Fund balance - ending	<u>\$ 721,995</u>	<u>\$ 751,363</u>	<u>\$ 821,625</u>	<u>\$ 70,262</u>

BCSDC Debt Service				4A EDC Debt Service			
Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>510</u>	<u>5,500</u>	<u>6,754</u>	<u>1,254</u>	<u>250</u>	<u>3,000</u>	<u>3,590</u>	<u>590</u>
<u>510</u>	<u>5,500</u>	<u>6,754</u>	<u>1,254</u>	<u>250</u>	<u>3,000</u>	<u>3,590</u>	<u>590</u>
1,210,000	1,210,000	1,210,000	-	1,495,451	1,495,451	1,495,451	-
<u>685,697</u>	<u>685,697</u>	<u>686,200</u>	<u>(503)</u>	<u>579,681</u>	<u>579,681</u>	<u>579,811</u>	<u>(130)</u>
<u>1,895,697</u>	<u>1,895,697</u>	<u>1,896,200</u>	<u>(503)</u>	<u>2,075,132</u>	<u>2,075,132</u>	<u>2,075,262</u>	<u>(130)</u>
<u>(1,895,187)</u>	<u>(1,890,197)</u>	<u>(1,889,446)</u>	<u>751</u>	<u>(2,074,882)</u>	<u>(2,072,132)</u>	<u>(2,071,672)</u>	<u>460</u>
<u>1,894,647</u>	<u>1,894,647</u>	<u>1,895,316</u>	<u>669</u>	<u>2,074,593</u>	<u>2,074,593</u>	<u>2,075,262</u>	<u>669</u>
<u>1,894,647</u>	<u>1,894,647</u>	<u>1,895,316</u>	<u>669</u>	<u>2,074,593</u>	<u>2,074,593</u>	<u>2,075,262</u>	<u>669</u>
<u>(540)</u>	<u>4,450</u>	<u>5,870</u>	<u>1,420</u>	<u>(289)</u>	<u>2,461</u>	<u>3,590</u>	<u>1,129</u>
<u>1,184,109</u>	<u>1,184,109</u>	<u>1,184,109</u>	<u>-</u>	<u>530,659</u>	<u>530,659</u>	<u>530,659</u>	<u>-</u>
<u>\$ 1,183,569</u>	<u>\$ 1,188,559</u>	<u>\$ 1,189,979</u>	<u>\$ 1,420</u>	<u>\$ -</u>	<u>\$ 533,120</u>	<u>\$ 534,249</u>	<u>\$ 1,129</u>

CITY OF BURLESON, TEXAS

NONMAJOR SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Hotel/Motel Fund			Variance Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Sales taxes	\$ 160,000	\$ 160,000	\$ 205,830	\$ 45,830
Investment earnings	-	-	5,844	5,844
Miscellaneous	-	-	10,980	10,980
	<u>160,000</u>	<u>160,000</u>	<u>222,654</u>	<u>62,654</u>
EXPENDITURES				
Current:				
Culture and recreation	<u>203,142</u>	<u>203,472</u>	<u>198,562</u>	<u>4,910</u>
	<u>203,142</u>	<u>203,472</u>	<u>198,562</u>	<u>4,910</u>
Net change in fund balances	(43,142)	(43,472)	24,092	67,564
Fund balance - beginning	<u>623,803</u>	<u>623,803</u>	<u>623,803</u>	<u>-</u>
Fund balance - ending	<u>\$ 580,661</u>	<u>\$ 580,331</u>	<u>\$ 647,895</u>	<u>\$ 67,564</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:

The *Equipment Services 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.

The *Governmental Vehicle Replacement Fund* provides for the replacement of vehicles and equipment utilized by all other City departments. The two equipment replacement funds enable the City to fund major equipment purchases without substantially affecting the stability of the ad valorem tax rate.

The *Business-Type Vehicle 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.

The *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, 2017

	Equipment Services	Vehicle Replacement - Governmental	Vehicle Replacement - Business-Type	Support Services Fund	Total Internal Service Funds
ASSETS					
Current assets:					
Cash and investments	\$ 213,328	\$ 3,767,016	\$ 1,802,328	\$ 702,554	\$ 6,485,226
Receivables:					
Accounts	1,063	-	-	-	1,063
Accrued interest	75	1,623	696	247	2,641
Inventories	16,246	-	-	-	16,246
Total current assets	<u>230,712</u>	<u>3,768,639</u>	<u>1,803,024</u>	<u>702,801</u>	<u>6,505,176</u>
Noncurrent assets:					
Capital assets, net	92,453	3,359,669	953,454	526,722	4,932,298
Total noncurrent assets	<u>92,453</u>	<u>3,359,669</u>	<u>953,454</u>	<u>526,722</u>	<u>4,932,298</u>
Total assets	<u>323,165</u>	<u>7,128,308</u>	<u>2,756,478</u>	<u>1,229,523</u>	<u>11,437,474</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pensions	37,009	-	-	170,809	207,818
Total deferred outflows	<u>37,009</u>	<u>-</u>	<u>-</u>	<u>170,809</u>	<u>207,818</u>
LIABILITIES					
Current liabilities:					
Accounts payable	39,520	-	-	49,020	88,540
Compensated absences	15,043	-	-	66,123	81,166
Accrued liabilities	4,686	-	-	16,683	21,369
Capital lease payable	2,083	-	-	-	2,083
Total current liabilities	<u>61,332</u>	<u>-</u>	<u>-</u>	<u>131,826</u>	<u>193,158</u>
Noncurrent liabilities:					
Net pension liability	127,387	-	-	587,943	715,330
Other post-employment benefits	11,283	-	-	24,168	35,451
Capital lease payable	3,754	-	-	-	3,754
Compensated absences	30,854	-	-	123,600	154,454
Total noncurrent liabilities	<u>173,278</u>	<u>-</u>	<u>-</u>	<u>735,711</u>	<u>908,989</u>
Total liabilities	<u>234,610</u>	<u>-</u>	<u>-</u>	<u>867,537</u>	<u>1,102,147</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pensions	950	-	-	4,386	5,336
Total deferred inflows	<u>950</u>	<u>-</u>	<u>-</u>	<u>4,386</u>	<u>5,336</u>
NET POSITION					
Net investment in capital assets	86,616	3,359,669	953,454	526,722	4,926,461
Unrestricted	37,998	3,768,639	1,803,024	1,687	5,611,348
Total net position	<u>\$ 124,614</u>	<u>\$ 7,128,308</u>	<u>\$ 2,756,478</u>	<u>\$ 528,409</u>	<u>\$ 10,537,809</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, 2017

	Equipment Services	Vehicle Replacement - Governmental	Vehicle Replacement - Business-Type	Support Services Fund	Total Internal Service Funds
Operating revenues:					
Charges for goods and services	\$ 432,530	\$ 1,195,366	\$ 349,668	\$ 1,713,065	\$ 3,690,629
Total operating revenues	<u>432,530</u>	<u>1,195,366</u>	<u>349,668</u>	<u>1,713,065</u>	<u>3,690,629</u>
Operating expenses:					
Personnel services	190,550	-	-	971,163	1,161,713
Repairs and maintenance	54,846	-	-	456,594	511,440
Materials and supplies	151,269	-	-	113,872	265,141
Depreciation	<u>13,628</u>	<u>737,700</u>	<u>221,738</u>	<u>190,512</u>	<u>1,163,578</u>
Total operating expenses	<u>410,293</u>	<u>737,700</u>	<u>221,738</u>	<u>1,732,141</u>	<u>3,101,872</u>
Operating income (loss)	<u>22,237</u>	<u>457,666</u>	<u>127,930</u>	<u>(19,076)</u>	<u>588,757</u>
Nonoperating revenues (expenses):					
Gain on sale of capital assets	-	2,806	11,862	-	14,668
Investment earnings	1,377	42,066	18,067	5,734	67,244
Interest and fiscal agent charges	<u>(303)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(303)</u>
Total nonoperating revenues	<u>1,074</u>	<u>44,872</u>	<u>29,929</u>	<u>5,734</u>	<u>81,609</u>
Income (loss) before transfers	<u>23,311</u>	<u>502,538</u>	<u>157,859</u>	<u>(13,342)</u>	<u>670,366</u>
Transfers in	<u>11,000</u>	<u>-</u>	<u>-</u>	<u>23,000</u>	<u>34,000</u>
Change in net position	34,311	502,538	157,859	9,658	704,366
Net position - beginning of year	<u>90,303</u>	<u>6,625,770</u>	<u>2,598,619</u>	<u>518,751</u>	<u>9,833,443</u>
Net position - end of year	<u>\$ 124,614</u>	<u>\$ 7,128,308</u>	<u>\$ 2,756,478</u>	<u>\$ 528,409</u>	<u>\$ 10,537,809</u>

CITY OF BURLESON, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Equipment Services	Vehicle Replacement - Governmental	Vehicle Replacement - Business-Type	Support Services	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts for equipment replacement	\$ -	\$ 1,195,366	\$ -	\$ 1,715,369	\$ 2,910,735
Receipts for fleet maintenance services	432,530	-	349,668	-	782,198
Payments to vendors, suppliers and contractors	(179,482)	(3,270)	-	(572,721)	(755,473)
Payments to employees for services	(202,116)	-	-	(892,594)	(1,094,710)
Net cash provided by operating activities	<u>50,932</u>	<u>1,192,096</u>	<u>349,668</u>	<u>250,054</u>	<u>1,842,750</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfer from other funds	<u>11,000</u>	<u>-</u>	<u>-</u>	<u>23,000</u>	<u>34,000</u>
Net cash provided by noncapital financing activities	<u>11,000</u>	<u>-</u>	<u>-</u>	<u>23,000</u>	<u>34,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Receipts for disposal of capital assets	-	2,806	14,861	-	17,667
Principal payments on capital debt	(1,936)	-	-	-	(1,936)
Interest payments on capital debt	(303)	-	-	-	(303)
Acquisition and construction of capital assets	(72,276)	(1,416,542)	(160,490)	(203,101)	(1,852,409)
Net cash used by capital and related financing activities	<u>(74,515)</u>	<u>(1,413,736)</u>	<u>(145,629)</u>	<u>(203,101)</u>	<u>(1,836,981)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	<u>1,389</u>	<u>42,155</u>	<u>18,044</u>	<u>5,736</u>	<u>67,324</u>
Net cash provided by investing activities	<u>1,389</u>	<u>42,155</u>	<u>18,044</u>	<u>5,736</u>	<u>67,324</u>
Net increase (decrease) in cash and cash equivalents	(11,194)	(179,485)	222,083	75,689	107,093
Cash and cash equivalents - beginning of year	<u>224,522</u>	<u>3,946,501</u>	<u>1,580,245</u>	<u>626,865</u>	<u>6,378,133</u>
Cash and cash equivalents - end of year	<u>\$ 213,328</u>	<u>\$ 3,767,016</u>	<u>\$ 1,802,328</u>	<u>\$ 702,554</u>	<u>\$ 6,485,226</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	22,237	457,666	127,930	(19,076)	588,757
Depreciation	13,628	737,700	221,738	190,512	1,163,578
Change in operating assets and liabilities:					
Decrease (increase) in inventories	12,591	-	-	-	12,591
Decrease (increase) in accounts receivable	-	-	-	2,304	2,304
Decrease (increase) in deferred outflows related to TMRS	15,011	-	-	9,992	25,003
Increase (decrease) in accounts payable	14,042	(3,270)	-	(2,255)	8,517
Increase (decrease) in accrued liabilities	(499)	-	-	962	463
Increase (decrease) in compensated absences	1,697	-	-	16,997	18,694
Increase (decrease) in net pension liability	(27,160)	-	-	51,671	24,511
Increase (decrease) in deferred inflows related to TMRS	(615)	-	-	(1,053)	(1,668)
Net cash provided by operating activities	<u>\$ 50,932</u>	<u>\$ 1,192,096</u>	<u>\$ 349,668</u>	<u>\$ 250,054</u>	<u>\$ 1,842,750</u>

**CITY OF BURLESON, TEXAS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED SEPTEMBER 30, 2017
 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 City's overall financial health.

CONTENTS	TABLES
<p>FINANCIAL TRENDS These schedules contain trend information to help the reader understand how the City'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 City'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 City's current level of outstanding debt and the City'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 City'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 City'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			
	2008	2009	2010	2011
Governmental activities:				
Net investment in capital assets	\$ 75,675,895	\$ 84,795,578	\$ 89,235,983	\$ 91,490,189
Restricted	6,902,812	5,757,785	6,013,922	7,647,833
Unrestricted	<u>18,368,320</u>	<u>18,968,946</u>	<u>19,153,205</u>	<u>19,728,287</u>
Total governmental activities net position	<u>\$ 100,947,027</u>	<u>\$ 109,522,309</u>	<u>\$ 114,403,110</u>	<u>\$ 118,866,309</u>
Business-type activities:				
Net investment in capital assets	\$ 38,951,118	\$ 40,857,400	\$ 43,197,167	\$ 44,846,342
Restricted	3,172,307	3,172,307	3,203,528	2,469,836
Unrestricted	<u>6,198,905</u>	<u>7,485,644</u>	<u>6,193,764</u>	<u>8,976,274</u>
Total business-type activities net position	<u>\$ 48,322,330</u>	<u>\$ 51,515,351</u>	<u>\$ 52,594,459</u>	<u>\$ 56,292,452</u>
Primary government:				
Net investment in capital assets	\$ 114,627,013	\$ 125,652,978	\$ 132,433,150	\$ 136,336,531
Restricted	10,075,119	8,930,092	9,217,450	10,117,669
Unrestricted	<u>24,567,225</u>	<u>26,454,590</u>	<u>25,346,969</u>	<u>28,704,561</u>
Total primary government activities net position	<u>\$ 149,269,357</u>	<u>\$ 161,037,660</u>	<u>\$ 166,997,569</u>	<u>\$ 175,158,761</u>

(continued)

TABLE 1

Fiscal Year						
2012	2013	2014	2015	2016	2017	
\$ 96,854,973	\$ 101,280,575	\$ 102,518,051	\$ 105,900,578	\$ 111,368,435	\$ 127,316,098	
9,129,987	10,262,236	11,786,219	13,626,779	11,548,400	12,262,240	
<u>17,251,062</u>	<u>18,176,631</u>	<u>19,052,951</u>	<u>10,915,868</u>	<u>10,908,958</u>	<u>8,167,997</u>	
<u>\$ 123,236,022</u>	<u>\$ 129,719,442</u>	<u>\$ 133,357,221</u>	<u>\$ 130,443,225</u>	<u>\$ 133,825,793</u>	<u>\$ 147,746,335</u>	
\$ 45,090,529	\$ 53,375,788	\$ 55,348,196	\$ 59,041,199	\$ 56,061,308	\$ 68,346,297	
4,081,263	3,250,923	4,592,463	3,667,415	4,592,463	1,049,746	
<u>10,417,168</u>	<u>6,943,042</u>	<u>7,355,782</u>	<u>7,251,796</u>	<u>12,448,245</u>	<u>10,499,641</u>	
<u>\$ 59,588,960</u>	<u>\$ 63,569,753</u>	<u>\$ 67,296,441</u>	<u>\$ 69,960,410</u>	<u>\$ 73,102,016</u>	<u>\$ 79,895,684</u>	
\$ 141,945,502	\$ 154,656,363	\$ 157,866,247	\$ 164,941,777	\$ 167,429,743	\$ 195,662,395	
13,211,250	13,513,159	16,378,682	17,294,194	16,140,863	13,311,986	
<u>27,668,230</u>	<u>25,119,673</u>	<u>26,408,733</u>	<u>18,167,664</u>	<u>23,357,203</u>	<u>18,667,638</u>	
<u>\$ 182,824,982</u>	<u>\$ 193,289,195</u>	<u>\$ 200,653,662</u>	<u>\$ 200,403,635</u>	<u>\$ 206,927,809</u>	<u>\$ 227,642,019</u>	

(concluded)

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

	Fiscal Year			
	2008	2009	2010	2011
Expenses:				
Governmental activities:				
General government	\$ 5,265,957	\$ 5,858,171	\$ 4,743,333	\$ 5,985,553
Public safety	11,664,905	11,721,926	12,841,230	12,597,427
Public works	4,602,125	8,105,075	9,216,349	9,414,047
Community Development	2,879,432	1,004,358	1,287,097	1,483,991
Culture and recreation	2,851,686	3,025,067	4,503,830	5,671,656
Interest and other fees	<u>2,870,665</u>	<u>3,619,571</u>	<u>3,416,974</u>	<u>3,643,362</u>
Total governmental activities expenses	<u>30,134,770</u>	<u>33,334,168</u>	<u>36,008,813</u>	<u>38,796,036</u>
Business-type activities:				
Water and wastewater	12,593,338	12,673,707	13,934,334	13,776,701
Hidden Creek Golf Course	1,735,181	2,005,748	1,886,326	1,872,971
Solid Waste	2,211,449	2,218,385	2,358,589	2,385,558
Cemetery	<u>1,069</u>	<u>3,699</u>	<u>16,260</u>	<u>13,598</u>
Total business-type activities expenses	<u>16,541,037</u>	<u>16,901,539</u>	<u>18,195,509</u>	<u>18,048,828</u>
Total primary government expenses	<u>\$ 46,675,807</u>	<u>\$ 50,235,707</u>	<u>\$ 54,204,322</u>	<u>\$ 56,844,864</u>
Program Revenues:				
Governmental activities:				
Charges for services	\$ 10,850,388	\$ 8,714,188	\$ 7,052,495	\$ 8,948,079
Operating grants and contributions	534,172	578,243	705,142	621,034
Capital grants and contributions	<u>4,299,747</u>	<u>3,033,884</u>	<u>3,558,406</u>	<u>2,265,193</u>
Total governmental activities program revenues	<u>15,684,307</u>	<u>12,326,315</u>	<u>11,316,043</u>	<u>11,834,306</u>
Business-type activities:				
Charges for services	16,784,496	18,433,105	17,823,579	19,924,565
Operating grants and contributions	597,780	337,613	414,260	359,271
Capital grants and contributions	<u>2,242,694</u>	<u>1,461,885</u>	<u>1,044,954</u>	<u>920,504</u>
Total business-type activities program revenues	<u>19,624,970</u>	<u>20,232,603</u>	<u>19,282,793</u>	<u>21,204,340</u>
Total primary government program revenues	<u>\$ 35,309,277</u>	<u>\$ 32,558,918</u>	<u>\$ 30,598,836</u>	<u>\$ 33,038,646</u>
Net (expense)/revenue				
Governmental activities	\$(14,450,463)	\$(21,007,853)	\$(24,692,770)	\$(26,961,730)
Business-type activities	<u>3,083,933</u>	<u>3,331,064</u>	<u>1,087,284</u>	<u>3,155,512</u>
Total primary government net expense	<u>\$(11,366,530)</u>	<u>\$(17,676,789)</u>	<u>\$(23,605,486)</u>	<u>\$(23,806,218)</u>

TABLE 2

		Fiscal Year									
		2012	2013	2014	2015	2016	2017				
\$	4,579,709	\$	4,779,683	\$	6,027,808	\$	5,567,804	\$	3,406,957	\$	7,611,844
	13,755,003		14,505,108		14,793,251		15,587,330		18,135,674		18,619,648
	9,400,406		9,476,476		10,025,105		10,344,069		11,100,276		11,263,930
	1,443,045		1,534,915		2,071,758		2,467,564		4,701,517		2,740,816
	6,050,849		6,148,475		6,851,657		7,062,534		7,801,924		8,091,904
	3,490,537		3,256,327		3,319,768		3,218,658		3,237,341		3,118,052
	<u>38,719,549</u>		<u>39,700,984</u>		<u>43,089,347</u>		<u>44,247,959</u>		<u>48,383,689</u>		<u>51,446,194</u>
	13,858,927		14,553,979		14,699,969		15,692,100		16,333,488		16,349,125
	1,774,465		2,100,255		1,922,102		1,983,682		2,049,089		2,141,509
	2,451,503		2,595,756		2,742,100		2,779,193		2,846,497		2,957,738
	17,743		10,994		11,498		11,891		11,152		11,910
	<u>18,102,638</u>		<u>19,260,984</u>		<u>19,375,669</u>		<u>20,466,866</u>		<u>21,240,226</u>		<u>21,460,282</u>
\$	<u>56,822,187</u>	\$	<u>58,961,968</u>	\$	<u>62,465,016</u>	\$	<u>64,714,825</u>	\$	<u>69,623,915</u>	\$	<u>72,906,476</u>
\$	7,799,248	\$	8,127,467	\$	8,036,809	\$	7,773,637	\$	7,566,246	\$	8,782,144
	721,595		603,962		294,371		829,724		971,500		1,592,388
	<u>2,624,666</u>		<u>3,769,399</u>		<u>3,752,163</u>		<u>2,983,243</u>		<u>2,144,534</u>		<u>11,440,915</u>
	<u>11,145,509</u>		<u>12,500,828</u>		<u>12,083,343</u>		<u>11,586,604</u>		<u>10,682,280</u>		<u>21,815,447</u>
	18,442,552		19,788,547		20,526,744		21,331,913		22,263,652		23,108,557
	364,359		561,332		1,004,948		846,581		827,614		1,108,892
	<u>1,800,117</u>		<u>2,976,121</u>		<u>1,938,294</u>		<u>1,766,788</u>		<u>1,067,383</u>		<u>4,020,669</u>
	<u>20,607,028</u>		<u>23,326,000</u>		<u>23,469,986</u>		<u>23,945,282</u>		<u>24,158,649</u>		<u>28,238,118</u>
\$	<u>31,752,537</u>	\$	<u>35,826,828</u>	\$	<u>35,553,329</u>	\$	<u>35,531,886</u>	\$	<u>34,840,929</u>	\$	<u>50,053,565</u>
\$(	27,574,040)	\$(	27,200,156)	\$(	31,006,004)	\$(	32,661,355)	\$(	37,701,409)	\$(	29,630,747)
	<u>2,504,390</u>		<u>4,065,016</u>		<u>4,094,317</u>		<u>3,478,416</u>		<u>2,918,423</u>		<u>6,777,836</u>
\$(	<u>25,069,650</u>	\$(	<u>23,135,140</u>	\$(	<u>26,911,687</u>	\$(	<u>29,182,939</u>	\$(	<u>34,782,986</u>	\$(	<u>22,852,911</u>

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

	Fiscal Year			
	2008	2009	2010	2011
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	\$ 11,564,509	\$ 13,473,315	\$ 15,206,250	\$ 15,074,189
Tax Increment Financing	61,730	147,414	294,119	320,737
Sales and use taxes	11,650,147	11,805,360	12,121,386	13,453,923
Hotel/motel taxes	199,309	170,116	128,635	144,520
Franchise fees	2,316,229	2,560,705	2,521,842	2,844,181
Investment income	1,600,937	793,416	187,338	92,091
Gain on sale of assets	-	343,648	-	-
Lawsuit settlement	-	-	(953,453)	-
Transfers	(959,463)	289,160	67,454	(504,712)
Total governmental activities	<u>26,433,398</u>	<u>29,583,134</u>	<u>29,573,571</u>	<u>31,424,929</u>
Business-type activities:				
Investment income	714,810	270,274	59,278	37,765
Gain on sale of assets	55,576	(119,157)	-	-
Transfers	959,463	(289,160)	(67,454)	504,712
Total business-type revenues	<u>1,729,849</u>	<u>(138,043)</u>	<u>(8,176)</u>	<u>542,477</u>
Total primary government	<u>\$ 28,163,247</u>	<u>\$ 29,445,091</u>	<u>\$ 29,565,395</u>	<u>\$ 31,967,406</u>
Change in Net Position				
Governmental activities	\$ 11,982,935	\$ 8,575,281	\$ 4,880,801	\$ 4,463,199
Business-type activities	<u>4,813,782</u>	<u>3,193,021</u>	<u>1,079,108</u>	<u>3,697,989</u>
Total primary government	<u>\$ 16,796,717</u>	<u>\$ 11,768,302</u>	<u>\$ 5,959,909</u>	<u>\$ 8,161,188</u>

TABLE 2

		Fiscal Year					
2012	2013	2014	2015	2016	2017		
\$ 15,414,948	\$ 15,853,216	\$ 16,377,575	\$ 19,171,938	\$ 20,510,482	\$ 21,776,804		
199,229	254,600	406,445	423,586	457,438	536,812		
14,818,398	14,110,028	16,051,878	16,689,391	16,595,528	17,099,917		
146,202	146,986	165,550	192,639	219,250	222,652		
2,760,074	2,659,237	2,968,801	3,242,051	3,166,620	3,113,999		
105,892	536,572	80,273	95,192	243,568	471,436		
-	-	-	-	-	-		
-	-	-	-	-	-		
(263,167)	122,937	(258,909)	(244,589)	(108,909)	329,669		
<u>33,181,576</u>	<u>33,683,576</u>	<u>35,791,613</u>	<u>39,570,208</u>	<u>41,083,977</u>	<u>43,551,289</u>		
48,613	38,714	26,334	29,790	114,274	311,582		
-	-	-	-	-	33,919		
263,167	(122,937)	258,909	244,589	108,909	(329,669)		
<u>311,780</u>	<u>(84,223)</u>	<u>285,243</u>	<u>274,379</u>	<u>223,183</u>	<u>15,832</u>		
<u>\$ 33,493,356</u>	<u>\$ 33,599,353</u>	<u>\$ 36,076,856</u>	<u>\$ 39,844,587</u>	<u>\$ 41,307,160</u>	<u>\$ 43,567,121</u>		
\$ 5,607,536	\$ 6,483,420	\$ 4,785,609	\$ 6,908,853	\$ 3,382,568	\$ 13,920,542		
<u>2,816,170</u>	<u>3,980,793</u>	<u>4,379,560</u>	<u>3,752,795</u>	<u>3,141,606</u>	<u>6,793,668</u>		
<u>\$ 8,423,706</u>	<u>\$ 10,464,213</u>	<u>\$ 9,165,169</u>	<u>\$ 10,661,648</u>	<u>\$ 6,524,174</u>	<u>\$ 20,714,210</u>		

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

	Fiscal Year			
	2008	2009	2010	2011
General Fund:				
Reserved	\$ 292,510	\$ 176,254	\$ 179,419	\$ -
Unreserved	5,871,057	6,557,013	7,008,776	-
Nonspendable	-	-	-	59,832
Committed to:				
Debt service	-	-	-	872,880
Other Purposes	-	-	-	63,826
Assigned to:				
Risk management	-	-	-	1,007,782
Uassigned	-	-	-	6,442,458
Total general fund	<u>\$ 6,163,567</u>	<u>\$ 6,733,267</u>	<u>\$ 7,188,195</u>	<u>\$ 8,446,778</u>
All Other Governmental Funds:				
Reserved	\$ 64,065,336	\$ 45,495,454	\$ 29,567,700	\$ -
Unreserved, reported in:				
Special Revenue Funds	629,680	895,046	839,018	-
Nonspendable				
Restricted for:				
Debt service	-	-	-	2,666,165
Culture and recreation	-	-	-	-
Economic development	-	-	-	4,714,757
Tourism	-	-	-	293,192
Capital projects	-	-	-	11,340,114
Committed to:				
Culture and recreation	-	-	-	362,472
Economic development	-	-	-	283,046
Capital projects	-	-	-	6,269,916
Debt service	-	-	-	4,063,471
Total all other governmental funds	<u>\$ 64,695,016</u>	<u>\$ 46,390,500</u>	<u>\$ 30,406,718</u>	<u>\$ 29,993,133</u>

The City implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in fiscal year 2011.

TABLE 3

Fiscal Year						
2012	2013	2014	2015	2016	2017	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
59,031	53,769	24,806	32,024	28,174	26,769	
791,215	703,824	610,445	510,802	404,607	291,558	
149,771	718,732	513,332	809,956	251,257	299,254	
733,781	874,825	1,047,047	1,047,047	1,047,047	1,047,047	
8,796,643	8,841,408	9,945,249	9,023,255	9,273,423	8,334,083	
<u>\$ 10,530,441</u>	<u>\$ 11,192,558</u>	<u>\$ 12,140,879</u>	<u>\$ 11,423,084</u>	<u>\$ 11,004,508</u>	<u>\$ 9,998,711</u>	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
	300	1,437	1,389	2,617	5,190	
2,677,418	2,704,260	2,576,315	2,580,870	2,530,494	2,545,853	
-	-	-	10,000	1,096	408	
6,066,072	7,074,668	8,702,328	10,473,189	8,406,131	9,597,492	
386,497	483,308	507,576	572,720	623,803	647,895	
-	-	-	18,992,927	16,233,204	15,166,607	
539,541	723,587	530,845	585,144	683,099	889,250	
67,249	140,743	272,383	409,834	484,485	395,759	
13,779,002	19,994,818	27,119,647	8,843,780	8,325,229	8,127,991	
2,872,822	511,000	-	-	-	-	
<u>\$ 26,388,601</u>	<u>\$ 31,632,684</u>	<u>\$ 39,710,531</u>	<u>\$ 42,469,853</u>	<u>\$ 37,290,158</u>	<u>\$ 37,376,445</u>	

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

	Fiscal Year			
	2008	2009	2010	2011
Revenues:				
Property taxes	\$ 11,506,820	\$ 13,647,213	\$ 15,509,577	\$ 15,430,774
Sales taxes	11,849,457	11,975,477	12,250,021	13,598,440
Franchise fees	2,309,467	2,516,642	2,527,140	2,842,740
Licenses and permits	886,238	1,336,454	1,150,796	1,017,237
Intergovernmental	168,544	429,498	450,031	369,865
Fines and forfeitures	1,472,535	1,530,831	1,406,892	1,267,346
Donations	19,343	10,970	18,052	251,169
Charges for service	1,476,841	1,597,794	2,057,565	2,911,172
Investment income	1,542,276	787,753	178,867	88,992
Mineral lease	5,985,783	3,556,228	1,838,611	2,113,091
Street assessments	126,041	9,163	213,913	24,285
Miscellaneous	1,601,601	1,906,011	1,268,989	1,783,682
Total revenues	<u>38,944,946</u>	<u>39,304,034</u>	<u>38,870,454</u>	<u>41,698,793</u>
Expenditures:				
Current:				
General government	5,018,217	5,361,405	4,658,823	5,697,945
Public safety	10,776,171	11,475,649	12,981,168	12,269,841
Public works	4,773,860	4,644,616	5,339,771	5,110,274
Sanitation	-	-	-	-
Community development	519,651	1,230,424	1,503,442	1,700,475
Culture and recreation	2,568,836	2,536,777	3,899,848	4,929,907
Capital outlay	15,060,574	24,730,676	27,891,966	2,674,837
Debt service:				
Principal	2,342,000	3,242,000	4,180,000	4,835,507
Interest and fiscal agent charges	3,244,180	4,070,379	3,879,046	3,726,968
Total expenditures	<u>44,303,489</u>	<u>57,291,926</u>	<u>64,334,064</u>	<u>40,945,754</u>
Excess (deficiency) of revenues over (under) expenditures	(5,358,543)	(17,987,892)	(25,463,610)	753,039
Other financing sources (uses):				
Transfers in	5,241,662	11,319,490	6,813,507	6,825,205
Transfers out	(5,541,191)	(11,066,415)	(6,820,858)	(6,734,919)
Issuance of capital lease	-	-	1,369,061	1,673
Issuance of bonds	35,650,000	-	19,370,000	-
Payment to refunded bonds escrow agent	-	-	(11,326,305)	-
Premium	75,384	-	529,352	-
Total other financing sources (uses)	<u>35,425,855</u>	<u>253,075</u>	<u>9,934,757</u>	<u>91,959</u>
Net change in fund balances	<u>\$ 30,067,312</u>	<u>\$(17,734,817)</u>	<u>\$(15,528,853)</u>	<u>\$ 844,998</u>
Debt service as a percentage of non-capital expenditures (1)	15.32%	17.45%	20.81%	69.16%

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

TABLE 4

		Fiscal Year									
		2012	2013	2014	2015	2016	2017				
\$	15,659,684	\$	16,247,528	\$	16,980,934	\$	19,856,938	\$	21,228,368	\$	22,662,335
	14,964,599		14,257,015		16,216,375		16,880,929		16,798,919		17,305,748
	2,755,431		2,714,231		2,940,465		3,193,511		3,150,851		3,089,998
	1,014,677		1,147,361		1,446,281		1,415,034		1,335,198		1,356,969
	278,234		212,609		242,262		287,832		599,310		1,345,592
	1,212,414		1,127,906		1,282,599		1,422,084		1,402,152		1,543,257
	443,361		391,353		52,110		533,822		251,840		133,652
	3,394,823		3,267,802		3,555,560		3,727,378		3,840,360		4,127,562
	101,182		81,002		74,873		88,026		223,806		428,422
	1,096,666		1,058,233		969,979		521,976		268,183		311,715
	80,031		86,535		70,473		166,226		143,429		47,481
	1,391,018		2,296,743		1,581,916		1,874,647		1,578,783		1,831,166
	<u>42,392,120</u>		<u>42,888,318</u>		<u>45,413,827</u>		<u>49,968,403</u>		<u>50,821,199</u>		<u>54,183,897</u>
	4,698,889		5,109,652		4,596,577		5,178,035		5,356,449		6,958,826
	13,189,268		13,916,985		14,734,093		17,829,372		18,320,238		17,536,369
	5,088,899		5,434,287		5,755,348		5,869,224		6,416,556		6,020,703
	-		-		-		-		-		-
	1,645,680		1,790,790		2,401,704		2,834,550		5,057,885		3,159,634
	5,102,392		5,527,597		6,249,210		6,275,252		6,867,778		7,076,266
	4,986,097		1,723,052		11,310,554		10,414,349		14,986,952		9,629,088
	4,890,666		5,106,392		4,627,379		5,230,643		5,741,552		6,295,335
	3,493,688		3,262,591		3,202,770		3,815,653		3,558,020		3,901,892
	<u>43,095,579</u>		<u>41,871,346</u>		<u>52,877,635</u>		<u>57,447,078</u>		<u>66,305,430</u>		<u>60,578,113</u>
(	<u>703,459</u>)		<u>1,016,972</u>	(	<u>7,463,808</u>)	(	<u>7,478,675</u>)	(	<u>15,484,231</u>)	(	<u>6,394,216</u>)
	7,482,456		7,193,956		6,214,654		8,009,497		12,017,189		10,673,496
(	<u>7,767,346</u>)	(	<u>7,096,019</u>)	(	<u>6,486,563</u>)	(	<u>8,288,086</u>)	(	<u>12,160,098</u>)	(	<u>10,377,827</u>)
	-		-		-		-		-		-
	5,040,000		4,620,000		24,243,570		18,715,000		30,051,092		4,965,000
(	<u>5,239,802</u>)		-	(	<u>10,009,448</u>)	(	<u>11,047,964</u>)	(	<u>23,304,563</u>)		-
	241,346		171,291		2,527,764		2,131,755		3,282,340		214,037
(	<u>243,346</u>)		<u>4,889,228</u>		<u>16,489,977</u>		<u>9,520,202</u>		<u>9,885,960</u>		<u>5,474,706</u>
\$	<u>(946,805)</u>	\$	<u>5,906,200</u>	\$	<u>9,026,169</u>	\$	<u>2,041,527</u>	\$	<u>(5,598,271)</u>	\$	<u>(919,510)</u>
	21.09%		22.65%		15.47%		19.75%		19.22%		19.84%

TABLE 5

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	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
2008	\$ 1,491,849,951	\$ 464,695,420	\$ 565,598	\$ 159,584,700	\$ 1,797,526,269	0.6618	\$ 1,797,526,269	100%
2009	1,609,346,120	511,393,600	24,518,800	170,733,571	1,974,524,949	0.6940	1,974,524,949	100%
2010	1,731,504,630	578,037,676	105,935,597	183,007,960	2,232,469,943	0.6940	2,232,469,943	100%
2011	1,770,352,770	579,118,177	93,920,686	220,261,774	2,223,129,859	0.7100	2,223,129,859	100%
2012	1,907,739,189	629,673,799	111,060,424	347,152,435	2,301,320,977	0.6900	2,301,320,977	100%
2013	1,949,702,876	690,001,727	111,483,802	341,644,076	2,409,544,329	0.6900	2,409,544,329	100%
2014	2,039,186,901	723,992,280	84,403,921	358,372,460	2,488,710,642	0.6900	2,488,710,642	100%
2015	2,237,761,861	730,854,710	184,302,872	369,333,494	2,783,585,949	0.7400	2,783,585,949	100%
2016	2,423,710,740	809,276,528	160,436,595	381,084,153	3,012,339,710	0.7400	3,012,339,710	100%
2017	2,770,858,176	865,977,924	42,719,357	435,249,706	3,244,305,751	0.7350	3,244,305,751	100%

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 6

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
OVERLAPPING RATES										
Tarrant County	0.2665	0.2640	0.2640	0.2640	0.2640	0.2640	0.2640	0.2640	0.2640	0.2540
Tarrant County Hospital District	0.2340	0.2278	0.2278	0.2279	0.2279	0.2279	0.2279	0.2279	0.2279	0.2279
Tarrant County College	0.1394	0.1379	0.1379	0.1379	0.1490	0.1495	0.1495	0.1495	0.1495	0.1447
Tarrant County Regional Water District	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0194
Johnson County	0.4098	0.3067	0.3006	0.3275	0.3305	0.3332	0.3712	0.4054	0.4077	0.4227
Burleson Independent School District	1.4051	1.4688	1.5400	1.5400	1.5400	1.5400	1.5400	1.5400	1.5400	1.5400
Joshua Independent School District	1.4600	1.3900	1.3900	1.3900	1.4900	1.4900	1.4900	1.4200	1.6000	1.6100
Crowley Independent School District	1.4099	1.5350	1.5350	1.5350	1.6700	1.6700	1.6700	1.6500	1.6500	1.6500
CITY DIRECT RATES										
Operating & maintenance	0.5241	0.5318	0.5318	0.5478	0.5278	0.5278	0.5278	0.5278	0.5278	0.5228
Interest & sinking	0.1377	0.1622	0.1622	0.1622	0.1622	0.1622	0.1622	0.2122	0.2122	0.2122
Total Direct Rate	0.6618	0.6940	0.6940	0.7100	0.6900	0.6900	0.6900	0.7400	0.7400	0.7350

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 7

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

Taxpayer	2017			2008		
	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation
Wagner Smith Equipment CO	\$ 29,172,786	1	0.90	\$ -		0.00
Burleson Gateway Station LP	27,352,416	2	0.84	-		0.00
Sam's Real Estate Business/Sam's East	20,420,261	3	0.63	-		0.00
Halliburton Energy Services	20,236,762	4	0.62	-		0.00
H E BUTT Grocery Company	19,824,323	5	0.61	-		0.00
EB Reserve LLC & RL Reserve LLC	15,808,651	6	0.49	-		0.00
Mariopsa Elk Drive LP	15,741,546	7	0.49	-		0.00
JAHCO Burleson Town Center	14,000,000	8	0.43	11,331,302	6	0.00
Kroger Texas LP	13,717,123	9	0.42	-		0.00
MA Summercrest at Burleson LLC	13,454,590	10	0.41	-		0.00
EE Burleson LP	-		-	25,447,531	1	1.42
WalMart Stores Inc.	-		-	18,133,969	2	1.01
Chesapeake Operating LLC	-		-	13,219,131	3	0.74
B-CDC Corporation	-		-	12,978,310	4	0.72
Home Depot	-		-	11,971,409	5	0.67
Target Corporation	-		-	10,930,678	7	0.61
Oncor Electric Delivery	-		-	10,291,360	8	0.57
Burleson Commons LP	-		-	9,751,930	9	0.54
Lynn Smith Chevrolet	-		-	8,962,491	10	0.50
Total	\$ 189,728,458		5.85	\$ 133,018,111		6.77

Source: Johnson County Appraisal District

TABLE 8

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

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
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%
2015	2014	19,537,616	19,313,610	98.85%	119,028	19,432,638	99.46%
2016	2015	20,896,042	20,713,371	99.13%	74,875	20,788,246	99.48%
2017	2016	22,079,157	21,915,940	99.26%	-	21,915,940	99.26%

Sources: Johnson County Tax Office reports

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
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	621,676	11,770,430	23,220,000
2015	55,518,570	31,685,000	4,490,000	520,372	21,561,430	22,520,000
2016	68,653,213	20,895,000	3,815,000	419,067	24,816,787	24,050,000
2017	73,129,176	23,256,570	3,179,150	297,396	24,159,171	31,672,038

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</u>	<u>Water</u>	<u>Total</u>	<u>Percentage</u>	
	<u>Leases</u>	<u>Revenue</u>	<u>Primary</u>	<u>of</u>	<u>Per</u>
		<u>Bonds</u>	<u>Government (2)</u>	<u>Personal</u>	<u>Capita (3)</u>
				<u>Income (3)</u>	
\$	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	136,493,874	11.84%	3,353
	14,653	6,520,000	142,830,025	12.15%	3,466
	12,108	3,655,000	146,316,175	12.04%	3,438
	8,937	3,582,475	159,284,913	12.33%	3,623

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

Fiscal Year	GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES	
	General Obligation Bonds	Certificates of Obligation (3)	Less: Amounts Available in Debt Service Fund	General Obligation Bonds (3)	Certificates of Obligation (3)
2008	\$ 32,162,000	\$ 44,520,000	\$ 707,132	\$ 4,716,000	\$ 16,015,000
2009	30,935,000	43,325,000	805,575	4,542,000	15,510,000
2010	37,782,000	41,610,000	1,002,215	4,363,000	14,910,000
2011	35,910,000	39,825,000	778,717	14,945,000	21,365,000
2012	36,836,000	35,220,000	819,907	14,499,000	20,555,000
2013	34,692,000	37,925,000	846,752	13,608,000	21,780,000
2014	49,584,570	33,800,000	857,274	11,770,430	26,220,000
2015	55,518,570	31,685,000	873,316	21,561,430	22,520,000
2016	68,653,213	20,895,000	815,726	24,816,787	24,050,000
2017	73,129,176	23,256,570	2,016,853	24,159,171	31,672,038

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

Total General Bonded Debt	Less: Self-supported Debt (4)	Net General Bonded Debt Outstanding	Percentage of Actual Property Value (1)	Per Capita (2)
\$ 96,705,868	\$ 52,646,840	\$ 44,059,028	2.83%	\$ 1,392
93,506,425	50,280,052	43,226,373	2.19%	1,258
97,662,785	49,047,054	48,615,731	2.18%	1,388
111,266,283	64,809,846	46,456,437	2.09%	1,266
106,290,093	62,455,146	43,834,947	1.90%	1,150
107,158,248	61,140,001	46,018,247	1.91%	1,180
120,517,726	66,191,289	54,326,437	2.18%	1,334
130,411,684	73,906,740	56,504,944	2.03%	1,371
137,599,274	70,561,740	67,037,534	2.23%	1,575
150,200,102	78,104,527	72,095,575	2.22%	1,640

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TABLE 11

CITY OF BURLESON, TEXAS
DIRECT AND OVERLAPPING
GOVERNMENTAL ACTIVITIES DEBT (Unaudited)
SEPTEMBER 30, 2017

<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	\$ 92,145,927	100%	\$ 92,145,927
Johnson County	29,810,000	25.41%	7,574,647
Tarrant County	339,570,000	0.41%	1,390,177
Tarrant County Hospital District	39,500,000	0.41%	160,976
Tarrant County Junior College District	-	0.41%	-
Crowley ISD	317,516,602	**	-
Burleson ISD	288,945,852	55.30%	159,791,724
Joshua ISD	107,090,002	25.41%	<u>27,211,305</u>
Total overlapping debt			<u>\$ 196,128,830</u>
Total direct and overlapping debt			<u>\$ 288,274,757</u>
Per capita direct and overlapping debt			<u>\$ 6,558</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: 43,960

** Less than 0.01%

CITY OF BURLESON, TEXAS
PLEGDED - 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
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
2015	17,792,538	11,053,011	6,739,527	1,070,000	492,014
2016	18,593,177	10,989,736	7,603,441	890,000	365,595
2017	19,789,388	10,568,950	9,220,438	185,000	118,625

- 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
		Debt Service				Water & Sewer
Total	Coverage	Principal	Interest	Total	Coverage	Bond Coverage
\$ 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
1,562,014	4.31	1,250,000	871,317	2,121,317	3.18	1.83
1,255,595	6.06	1,450,000	924,667	2,374,667	3.20	2.09
303,625	30.37	1,420,000	941,453	2,361,453	3.90	3.46

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TABLE 13

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

Fiscal Year	Population (1)	Personal Income (thousands of dollars) (2)	Per Capita Income (6)	Median Age (3)	Education Level In School (3)	Public School Enrollment (4)	Unemployment Rate (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%
2015	41,213	1,175,807	28,530	33.0	14.2	11,363	3.2%
2016	42,560	1,214,833	28,544	32.9	14.2	11,376	3.1%
2017	43,960	1,291,589	29,381	32.8	14.2	11,748	3.2%

Sources: (1) North Central Texas Council of Governments(Census 2000 information average)

(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) Texas Workforce Commission

(6) U.S. Census Bureau

TABLE 14

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

Employer	2017			2012		
	Employees	Rank	Percent(1)	Employees	Rank	Percent
Burleson Independent School District	1,482	1	10.22	1,480	1	11.64
Wal-Mart	533	2	3.67	416	2	3.27
City of Burleson	426	3	2.94	383	3	3.01
H.E.B. Grocery	405	4	2.79	375	4	2.95
Champion Buildings Mfg	376	5	2.59	125	7	0.98
Kroger	194	6	1.34			
Lowe's Companies	175	7	1.21			
Target	130	8	0.90	144	6	1.13
KWS Manufacturing	130	9	0.90	145	5	1.14
Home Depot	125	10	0.86			
Thomas Conveyor Mfg				115	8	0.90
Indicom Buildings				85	9	0.67
Industrial Screw Conveyor				<u>65</u>	10	<u>0.51</u>
Total	<u>3,976</u>		<u>27.41</u>	<u>3,333</u>		<u>26.21</u>

Source: City of Burleson Economic Development Department & Burleson Independent School District
(1) 2015 Jobs in the City (Census on the Map)

TABLE 15

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

<u>Function/Program</u>	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General government and Administration:										
City manager's office	6	6	6.5	6.5	4.5	4.5	4	4	5	4
City secretary's office	2	2	2	2	3	3	3.5	4.5	5	4
Support Services	2	2	1.5	1.5	1	1	1	1	1	1
Records management	1	1	1	1	1	1	1	1	1	1
Information technology	4	5	7	7	7	7	8	8	8	8
Economic development	1	1	1	1	1	2.5	2	2	2.5	2.5
Human resources	3	4	3.5	3.5	3.5	4	3	4	4	4
Communications	1	1	1	1	1	1	1	1	1	2
* Judicial	-	-	-	-	-	1.2	0.5	0.5	1.5	1
Legal	-	-	-	-	-	0.5	1	1	1	1
Finance	8	9	9	9	9	9	9	9	8	8
Purchasing	1	1	1	1	1	1	1	1	1	1
Municipal court	6	8	8	8	8	8.5	6.5	8	3	4
Public Safety:										
Police	76	76	76.5	76.5	76.5	79	82	78.5	84	84.5
Fire	34	34	34	34	34	34	36	38	40	48
Fire prevention	3	3	2	2	2	2	2	3	3	3
Public Works:										
Public works administration	5	5	4.5	4.5	3.5	5	5	5	6	6
Street maintenance	18	18	20	20	19	20	18	17	17	18
Neighborhood services	1	1	1	1	1	2	2	2	2	2
Animal services	5	5	5	5	5	5	5	5	5	5.5
Environmental services	1	1	1	1	1	3	1	1	1.5	2
Facility maintenance	7	7	6.5	6.5	6.5	2	2	2	3	5
Planning	4	6	5	5	3	4	4	4	5	5
Building code enforcement	9	9	8.5	8.5	6.5	6.5	6.5	9	9	9
Community development	3	4	5	5	5	5	3	2	2.5	2.5
Engineering	11	10	9.7	9.7	9.7	10	9	9	12	12
Culture & Recreation:										
Library	16	16	10	10	10	10.5	11.5	12.5	11	11
Parks & recreation administration	3	3	4.3	4.3	3.3	3.3	2	3	2	2
* Recreation	18	18	38.5	38.5	57.8	39.1	34.7	42.2	41.9	37.1
Park maintenance	14	14	9.5	9.5	9.5	12.5	11	11.5	12	12
Senior citizens center	1	1	1.5	1.5	1.5	1.5	2	2	2	2
Athletic Fields	-	-	2.5	2.5	3.5	10	10	10	10	10
Russell Farm	-	-	-	-	1	1	1	1	1	1
Enterprise Operations and Administration:										
Water/Wastewater:										
Water & sewer services	23	17	22	22	22	21	19	19	21	21
Utility billing	8	8	8	8	8	8	8	8	8	8
Hidden Creek Golf Course:										
Golf course administration	2	2	2	2	2	2	1	1	2	2
Golf course club house & pro shop	9	9	7.4	7.4	7.4	6.1	6.3	6.3	6.5	6.5
Golf course maintenance	9	9	8	8	8	8	7	6	8.5	9
Golf course food & beverage	7	8	5.6	5.6	6	5.7	4.5	4.5	5.9	5.3
Solid Waste	26	5	2	2	2	0.8	1	2	1	1
Internal Service Operations:										
Equipment services	6	6	6	6	5	5	5	4	3	3
Total	<u>332</u>	<u>355</u>	<u>347.5</u>	<u>347.5</u>	<u>359.7</u>	<u>356.0</u>	<u>340.9</u>	<u>353.5</u>	<u>367.8</u>	<u>374.9</u>

*Based on actual hours worked divided by 2080 hours (full time employees)

Source: City of Burleson Human Resources Department

TABLE 16

**CITY OF BURLESON, TEXAS
SCHEDULE OF INSURANCE POLICIES IN FORCE (Unaudited)
AS OF SEPTEMBER 30, 2017**

	<u>AM Best Rating</u>	<u>Policy Number</u>	<u>Policy Period</u>	<u>Coverage</u>	<u>Deductibles</u>	<u>Liability Limits</u>
Texas Municipal League Intergovernmental Risk Pool	A++	3511	10/1/2016- 9/30/2017	General Liability	\$ -	\$ 1,000,000
				Real & Personal Property	2,500	80,761,996
				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

TABLE 17

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public safety:										
Police:										
Number of employees	76	81	76	77	77	80	83	83	84	84.5
Total calls	57,693	61,154	77,792	76,570	75,506	78,426	83,937	82,340	72,900	63,460
Arrests	1,583	1,246	1,386	1,243	1,192	1,068	1,050	1,077	1,089	1,045
Traffic enforcement	16,798	12,222	10,814	8,440	7,380	7,929	8,981	6,470	6,312	11,374
Fire:										
Number of employees	46	46	48	34	34	34	36	38	40	48
Number of calls for service	3,148	3,300	3,400	3,400	3,096	3,622	3,821	4,121	4,338	4,491
Inspections	725	725	800	830	1,152	2,038	2,719	3,957	4,012	2,895
Animal Control:										
Animals Adopted	550	700	720	558	452	352	426	478	457	564
Animals Impounded	2,900	2,900	3,188	2,930	1,870	1,900	1,907	1,942	2,041	2,352
Environmental Health:										
Permits ¹	-	-	-	-	-	-	-	-	-	265
Inspections	-	-	-	-	-	-	131	162	182	521
Community Development:										
Permits Issued	6,994	6,316	7,264	3,660	4,028	4,627	4,734	4,826	7,088	4,829
Inspections Made	21,199	12,444	14,311	9,365	8,065	11,015	13,827	15,071	15,186	14,225
Culture and Recreation:										
Recreation:										
Special Event Participants	25,000	32,565	33,216	33,216	45,800	33,725	28,415	38,181	41,300	44,225
Senior Citizen Participants	28,891	31,000	31,500	31,500	33,357	34,219	35,124	33,535	37,688	36,450
Senior Van Riders	1,054	550	600	600	632	1,075	1,081	1,044	562	574
Library:										
Books in Collection	58,425	64,800	65,500	65,832	64,327	64,640	66,435	70,545	70,828	70,210
Materials borrowed ²	233,669	313,762	316,899	418,977	437,547	406,379	432,189	413,732	436,033	333,290
Water and Sewer:										
Number of water customers	12,000	12,157	12,435	12,693	12,844	13,251	13,501	13,877	14,224	14,432
Number of sewer connections	12,074	11,250	11,250	12,975	13,086	13,396	13,495	14,087	14,457	14,513
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	3,033	2,964	3,380

Source: Various City Departments¹ All permits collected by Tarrant County Health Department

² Beginning 2017, Library discontinued counting in-house circulations.

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

	Fiscal Year			
	2008	2009	2010	2011
Date of incorporation	May 12, 1912			
Date of charter	April 5, 1989			
Area incorporated (square miles)	26.34	26.04	26.04	26.06
Form of government	Council/Manager			
Education:				
Attendance centers	11	14	15	15
Number of teachers	595	640	672	658
Number of students	9,583	9,834	10,045	9,833
Miles of streets ⁽¹⁾	140.00	200.00	200.00	200.00
Miles of sewers:				
Sanitary sewers	158.00	182.00	182.00	190.91
Storm sewers	30.00	32.82	46.12	52.44
Culture and recreation:				
Parks - number of acres	358	334	334	348
Number of municipal pools	1	1	1	2
Number of lighted ball diamonds	12	12	20	23
Number of community centers	1	1	1	1
Municipal water system:				
Number of water customers	12,040	12,209	12,321	12,475
Daily average consumption (gallons)	3,915,426	4,443,470	3,880,821	4,931,611
System capacity (gallons per day)	14,550,000	14,550,000	14,550,000	14,550,000
Miles of water mains	159.00	175.00	175.00	192.36
Number of fire hydrants	1,064	1,200	1,200	1,331
Municipal sewer system:				
Number of sewer connections	12,000	12,222	12,474	12,693
System capacity (gallons per day)	11,890,000	11,800,000	11,800,000	11,890,000
Number of street lights	1,297	1,357	1,406	1,415
City employees:				
Full-time	301	397	303	290
Part-time	29	21	61	66
Temporary	19	4	20	11

(continued)

Source: Various City Departments

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

TABLE 18

Fiscal Year						
2012	2013	2014	2015	2016	2017	
26.34	26.17	26.17	26.33	28.06	28.21	
15	15	15	15	16	16	
669	665	675	685	706	759	
10,211	10,457	10,618	10,807	11,376	11,748	
200.00	185.00	181.00	185.17	192.76	196.86	
197.64	200.00	199.39	202.39	203.38	209.15	
54.50	49.00	49.70	49.47	50.68	55.74	
364	454	463.44	463.44	486.19	477.66	
2	2	2	2	2	2	
23	16	16	16	16	16	
1	2	2	2	2	2	
12,844	13,251	13,501	13,877	14,224	14,432	
4,315,099	4,227,154	4,344,483	4,129,146	4,196,295	4,582,278	
14,550,000	14,550,000	14,550,000	17,500,000	17,500,000	17,500,000	
193.68	189.00	192.09	205.24	204.72	208.61	
1,348	1,349	1,431	1,463	1,497	1,553	
13,086	13,396	13,495	14,087	14,457	14,513	
11,890,000	11,890,000	11,890,000	11,890,000	11,890,000	11,890,000	
1,421	1,421	1,442	1,457	1,539	1,576	
290	294	295	305	311	315	
60.25	81	83	83	93	96	
16.75	5	6	4	4	4	

(concluded)

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