

**Award for
Outstanding
Achievement in
Popular Annual
Financial Reporting**

PRESENTED TO

**City of Burleson,
Texas**

for the Fiscal Year Ended
September 30, 2006



Oliver S. Cox
President

Jeffrey L. Esser
Executive Director

CITY'S GAS WELL LEASES DIRECTLY BENEFIT FAMILIES, CHILDREN

The City of Burleson's leases for Barnett Shale drilling have paid off for the City's families, especially the children.

Revenues derived from gas well leases on City of Burleson park property are funneled directly to parks and recreation in the form of capital improvements such as park playgrounds, pavilions and restrooms.

To date, there are six City-owned park properties under lease with various gas companies. They are Chisenhall Park, Heberle Park, Oak Valley Park (north and south), and the park property south of Spinks Airport. All of these leases are for subterranean exploration only and have caused no surface disruption to any of the park property.

The revenues from the gas wells have also advanced the design of the

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WHAT'S THE COST, AND HOW IS IT FINANCED?

The City of Burleson provides many services to its 30,000-plus citizens. Police and fire protection, street maintenance, parks and recreation facilities, a public library, and water and sewer service are all amenities provided by the City. These services are funded through a wide range of revenue sources, including sales tax, property tax, user fees, grants and contributions.

The following financial information is designed to give the citizen some idea of what these services cost, and how they are financed. The annual report, which this special newsletter is built around, is not designed to answer every question a citizen might have about City finances, but to provide an introduction to the City's Comprehensive Annual Financial Report (CAFR).

The following information is adapted from the City's CAFR for the fiscal year that ended Sept. 30, 2007. Produced by the City's finance department, the CAFR contains detailed information about the City's financial performance. The CAFR is presented in accordance with Generally Accepted Accounting Principles and is audited by an independent accounting firm.



IMPACT OF BARNETT SHALE RIPPLES THROUGH COMMUNITY



Gunfighters have made Burleson's Founders Day celebration a tradition.



The famed Quebe Sisters Band from Burleson brought in the fans at the Founders Day celebration.



A group of teenagers showed their patriotism at the annual Fourth of July celebration at Hidden Creek Sports Complex.



This little guy was too hot to smile for the camera at the City's Fourth of July celebration at Hidden Creek Sports Complex.

CONTINUED ON PAGE 7

CITY ADDS FIREFIGHTERS TO PREPARE FOR NEW FIRE STATION



What did you get for your money in 2006-2007? The City of Burleson added three new firefighters to its paid firefighter roster. The firefighters were added to prepare for the opening of Fire Station #3, which is expected to occur in 2008.

Projected full staffing for the third fire station is nine positions. In the 2006-2007 fiscal year budget for the City, \$144,630 was set aside to fund three firefighters starting in January 2007. Station #3, located on Lakewood Drive (off of Hwy. 174 in southwest Burleson), will primarily serve the western part of the city.

The department's newest firefighters, including one hired in 2007-2008, are (left to right) Jake Hopps, Robert Clarkin, Matt Moseley and Eddie Limon. They are standing in front of the department's most recent equipment, the new ladder truck.

GAS WELL LEASES PAY FOR COLLEGE

If you think that lease holders are the only ones benefiting from Barnett Shale gas well revenues, think again. Burleson-area graduates can earn two years paid tuition to Hill College.

The Burleson City Council voted in January 2008 to authorize payment of \$25,000 from natural gas revenues from City-owned property as seed money for scholarships. The scholarships will be awarded through the Burleson Higher Education Opportunity Fund, a nonprofit corporation that has a 501© (3) designation pending.

The endowment was the vision of many individuals who represent education, social service, city government, health care, and faith-based institutions. This group wanted to provide Burleson graduates greater access to post-secondary education.

The Burleson Higher Education Opportunity Fund was established, via Burleson City Council resolution, in July 2007. Several corporations have already donated money to ensure that scholarships are available for the Class of 2008. The Burleson Independent School District has made an in-kind donation by hiring an additional staff person in the Burleson High School counseling office to support the Burleson Higher Education Opportunity Fund.

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. Presented here as a bar graph, the **statement of net assets** presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing related to cash flows. Thus, revenues and expenses are reported in this statement for items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave). The change in net assets is not reported here, but is the difference of total revenues and total expenses ... this year, an increase of \$16,088,432.

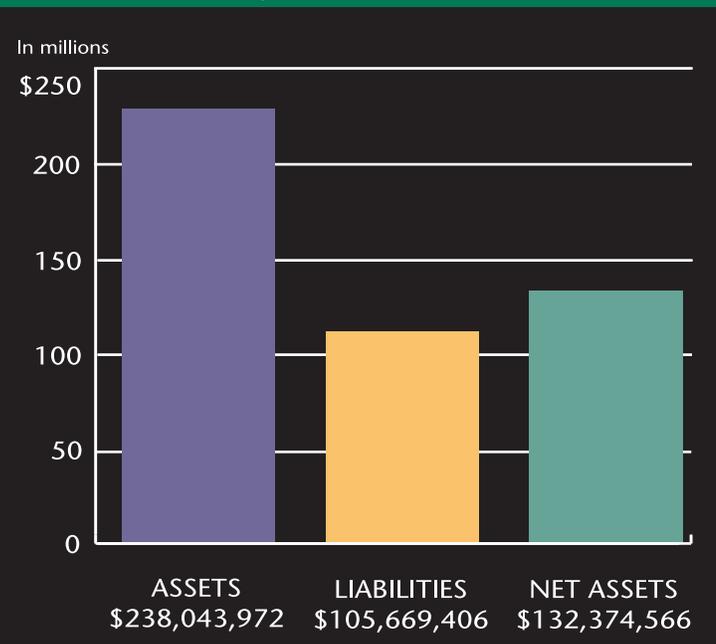
Fund Financial Statements

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

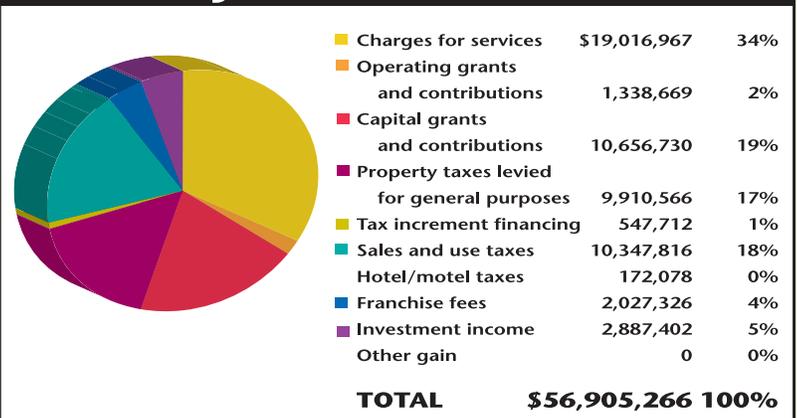
The City has two types of funds: **governmental funds** and **proprietary funds**. This report presents only the operating statements of the general fund and the water and wastewater fund ... the largest **governmental** and **proprietary fund**, respectively. For information on the other funds as well as more detailed information on the funds presented here, a copy of the City's Comprehensive Annual Financial Report (CAFR) may be picked up from the finance department at Burleson City Hall, 141 W. Renfro St.

Citywide Net Assets

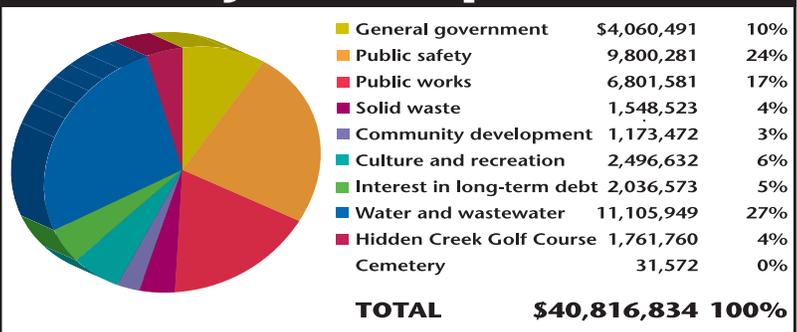
September 30, 2007



Citywide Revenues



Citywide Expenses



Revenues and expenses are for the fiscal year ended September 30, 2007.

CITY OF BURLESON, TEXAS
General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance
 for the Year Ended September 30, 2007

	FY 2006	FY 2007
REVENUES		
Property taxes and special assessments	\$7,393,859	\$8,324,294
Sales taxes	4,417,556	5,021,672
Franchise fees	1,935,224	2,020,661
Licenses and permits	1,098,670	1,106,496
Intergovernmental revenue	106,588	145,688
Fines and forfeitures	767,477	1,149,028
Charges for service	2,965,190	3,169,601
Interest income	316,776	411,065
Miscellaneous	691,295	1,212,472
TOTAL REVENUES	19,692,635	22,560,977
EXPENDITURES		
General government	4,481,390	3,893,811
Public safety	7,668,163	8,712,829
Public works	3,900,009	4,335,462
Solid waste	1,453,661	1,658,587
Community development	420,549	396,463
Culture and recreation	2,041,984	2,099,216
TOTAL EXPENDITURES	19,965,756	21,096,368
Excess of revenues over expenditures	(273,121)	1,464,609
OTHER FINANCING SOURCES (USES)		
Transfers in	885,383	200,000
Transfers out	(789,710)	(202,940)
Capital lease proceeds	740,000	69,990
TOTAL OTHER FINANCING SOURCES (USES)	835,673	67,050
Net change in fund balances	562,552	1,531,659
Fund balance - beginning	4,448,991	5,011,543
FUND BALANCE - ENDING	\$5,011,543	\$6,543,202

The General Fund accounts for most activities of the City, including police, fire, solid waste collection and street maintenance.

Governmental Funds

These funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, governmental fund financial statements focus on near-term inflows of spendable resources as well as on balances of spendable resources at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is more narrow 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, citizens may better understand the long-term impact of the government's near-term financing decisions.

The City of Burleson maintains 14 individual governmental funds. Included in this special newsletter is the general fund statement of revenues, expenditures and changes in fund balance with comparative data from fiscal year 2006. Largest of the City's funds, the general fund accounts for the majority of City services, including library, parks, police, fire, street maintenance, solid waste and administrative services.

All financial data in this Popular Annual Financial Report (PAFR) is compiled by Director of Finance Rhett Clark.

City Water Customers

1998	6,666
1999	7,131
2000	7,655
2001	7,968
2002	8,460
2003	9,042
2004	9,620
2005	10,265
2006	10,962
2007	11,440

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 fund-wide financial statements. Enterprise funds are used to account for water and wastewater, golf and cemetery operations.

Internal service funds are an accounting device 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 pieces of equipment used throughout the organization, such as the fleet of City vehicles, as well as for the repair and maintenance of significant pieces 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 and wastewater fund statement of revenues, expenditures and changes in fund balance is presented in this special newsletter with comparative data from fiscal year 2006.

CITY OF BURLESON, TEXAS
Water and Wastewater Fund

Statement of Revenues, Expenditures and Changes in Fund Balance
 for the Year Ended September 30, 2007

	FY 2006	FY 2007
OPERATING REVENUES		
Charges for services	\$12,084,253	\$10,109,405
Penalties and interest	336,046	348,604
Impact fee revenue	135,457	122,555
Miscellaneous	154,156	751,266
TOTAL OPERATING REVENUES	12,709,912	11,331,830
OPERATING EXPENSES		
Water and wastewater services	6,493,258	7,063,045
Cost of collecting revenues and other administrative expenses	1,068,453	892,822
Depreciation	1,277,369	1,440,464
TOTAL OPERATING EXPENSES	8,839,080	9,396,331
NET OPERATING INCOME (LOSS)	3,870,832	1,935,499
NON-OPERATING REVENUES (EXPENSES)		
Investment income	614,945	799,541
Interest expense	(1,336,611)	(1,600,228)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(721,666)	(800,687)
Income (loss) before capital contributions and transfers	3,149,166	1,134,812
Transfers from (to) other funds	(200,000)	(200,000)
Capital contributions	3,449,995	2,843,679
NET INCOME	6,399,161	3,778,491
Net assets (liabilities) at beginning of year	32,484,896	38,884,057
NET ASSETS AT END OF YEAR	\$38,884,057	\$42,662,548

While this presentation does not conform to Generally Accepted Accounting Principles (GAAP), the purpose of these statements is to provide the citizen with a selection of the information contained within the City's Comprehensive Annual Financial Report (CAFR). The City's accounting policies do conform to GAAP as set forth by the Governmental Accounting Standards Board (GASB). The City's separately prepared and audited CAFR offers a complete description of the City's significant accounting policies and other disclosures required by GAAP, as well as a more detailed analysis of the City's financial position. A copy of the CAFR can be picked up at the finance department at Burleson City Hall (141 W. Renfro St.) or log on to www.burlesontx.com and click on the finance department's web page under the "Departments" link.

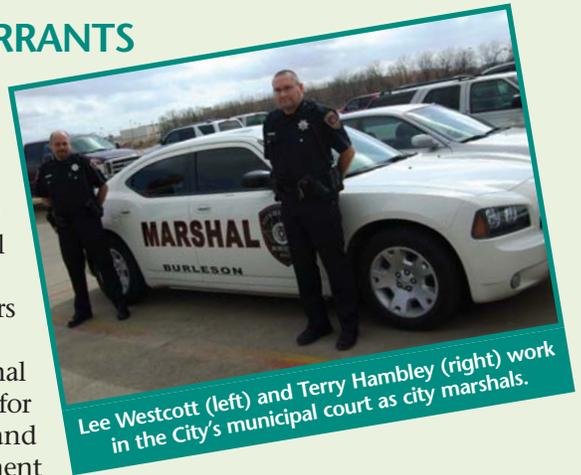
MARSHALS KEEP THE PEACE, COLLECT ON WARRANTS

Thanks to funding in the 2006-2007 fiscal year budget for the City of Burleson, municipal court welcomed a city marshal to the staff. Terry Hambley was the first on board. Lee Westcott recently came on board as the City's second city marshal.

The marshals serve as bailiffs when municipal court is in session. The marshals serve all active Class C misdemeanor warrants and search for all wanted people through skip trace computer programs.

Before the city marshal positions were created, Burleson police officers were serving as bailiffs and were being paid overtime to do so.

In 2006-2007, the council approved \$65,538 for the first city marshal position. That breaks down to \$41,578 for salary and benefits; \$1,360 for uniforms, weapons and ammunition; \$2,016 for equipment and maintenance; \$19,464 for the contribution to the equipment replacement fund; \$500 for training; and \$620 for fuel.



Lee Westcott (left) and Terry Hambley (right) work in the City's municipal court as city marshals.

ADDITIONAL TRAFFIC OFFICERS, CARS EARNED FUNDING IN 2006-2007



Manning the Burleson Police Department's Dodge Chargers are Jarrett Downs and Jay Davis.

Chances are you have experienced firsthand one of the enhancements in the 2006-2007 City of Burleson budget.

The city council approved adding two traffic officers and two Dodge Charger traffic patrol vehicles at a cost of \$241,272. The officers were added to the patrol roster in January 2007 to concentrate enforcement efforts on major federal and state highways to reduce the number and severity of accidents.

Those dollars break down to \$109,000 in salary and benefits; \$61,000 to purchase and equip the two Dodge Chargers; \$27,000 for the equipment replacement fund; \$14,000 for uniforms, weapons and ammunition; and \$30,000 for the video equipment, mobile data terminals (MDTs), ticketwriters and software.

As of March 2008, the Burleson Police Department's traffic unit now boasts one sergeant and three officers on Harley Davidson motorcycles and two officers in the Dodge Chargers. The traffic unit includes Sgt. Sean Bolton and officers Kevin Cordell, David Wardlaw, Jarrett Downs, Jay Davis and Robert Sorrels.

Things have changed in five years ...

How have things changed inside the Burleson city limits between 2002 and 2007?

- ▲ In 2002, there were 103.71 miles of streets. In 2007, that number grew to 137 miles.
- ▲ Then, there were 107.21 miles of sanitary sewer; now, 154 miles.
- ▲ Then, there were 14.07 miles of storm sewers; now, 28 miles.
- ▲ Then, there were 179 acres devoted to parks; in 2007, 248 acres.
- ▲ In 2002, there were 8,460 water customers; in 2007, 11,440. Then, the average daily consumption of water in gallons was almost 2.57 million. In 2007, it averaged almost 3.24 million gallons.
- ▲ Then, there were 122.07 miles of water mains and 723 fire hydrants. Now, there are 153 miles and 1,002 fire hydrants.
- ▲ In 2002, there were 8,303 sewer connections; now, 11,503.
- ▲ In 2002, there were 878 street lights; in 2007, 1,255 street lights.
- ▲ And, in 2002, there were 221 full-time, 25 part-time, and 27 temporary City of Burleson employees. In 2007, there were 263 full-time, 30 part-time, and 19 temporary City employees.

HOTEL TAX USED TO ENCOURAGE TOURISM

The City of Burleson's hotel/motel fund accounts for the expenditure of revenues derived from a 7 percent tax imposed on visitors to local hotels and motels. In 2006-2007, those hotels included Days Inn, Comfort Suites, and Five-Star Inn. In fiscal year 2006-2007, more than \$100,000 went toward activities to promote Burleson as a tourist attraction.

The City contributed \$38,350 to the Burleson Area Chamber of Commerce to use for promotion of festivals such as the annual Honeyfest in May. The City uses the balance of the fund to promote tourism through events such as the summer concert series and through the operation of the Burleson Heritage Visitors Center located in Old Town. The center is operated by volunteers from the Burleson Heritage Foundation.



In 2006-2007, Days Inn, Comfort Suites, and Five-Star Inn paid a 7 percent tax into the City's hotel/motel fund. Best Western (background) was under construction.



The City's hotel/motel fund contributes to the Burleson Heritage Visitors Center.

IMPACT OF BARNETT SHALE CONTINUED

Johnson and Tarrant counties). The Barnett Shale basin stretches west to Wichita Falls and south to Waco.

The group that did the study is a Texas-based economic research and analysis firm with extensive experience in analyzing the Fort Worth area and its economy.

According to the Perryman study, the exploration, drilling and production of Barnett Shale has resulted in thousands of jobs and millions of dollars in investment; led to royalty and bonus payments to local residents, cities and school districts; and increased property tax receipts to counties, schools and cities.

The influx of money comes from two primary sources: property taxes paid on oil and gas properties and enhanced retail sales and real estate development due to the economic impact

of the Barnett Shale. In addition to the royalties and bonuses, the income includes severance taxes to the state, permits and fees to local governments, and levies from hotel/motel occupancy taxes.

The spillover effects of the Barnett Shale development include oil field service companies raising incomes, payrolls and purchasing due to the expanded business; restaurants seeing increased patronage from drilling crews; attorneys, accountants and engineers expanding their client base with Barnett Shale-related transactions; and hotels and motels seeing their profits rising as they cater to the business traveler.

All counties (Johnson, Tarrant, Parker, Clay, Montague, Cooke, Young, Jack, Wise, Denton, Palo Pinto, Erath, Hood and Hill) in the 14-county

region are gaining jobs. In Johnson County, jobs linked to Barnett Shale activity numbers 5,724. In Tarrant County, the number is even higher at 12,303.

Barnett Shale development in 2006 resulted in taxes and fees of almost \$7 million to cities in Johnson County, \$10.59 million to school districts, and \$1.41 million to the county. In 2006, Tarrant County's taxes and fees added \$18.25 million to the cities, \$15.19 million to the school districts, and \$14.02 million to Tarrant County.

According to Tom Price of Chesapeake Operating Inc., a typical producing well will provide \$4 million in local royalties, \$500,000 in property taxes, and will create 40 direct jobs.

The development of the Barnett Shale depends on whether it can keep pace with technological advancement, gas prices and geology. According to the study, industry observers expect the activity to continue for the next 20 to 30 years.



Bettie and Jim Bailey, pioneers of the Founders Day celebration, came dressed for the occasion.

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CITY'S GAS WELL LEASES CONTINUED

Village Creek Trail and the City's park/trail master plan; paid for the new pavilion at Warren Park (Johnson Avenue); funded a walking trail, pavilion, irrigation/hydro mulch and play equipment at Mistletoe Hill Park (McAlister Road); footed the bill for a boat dock, trail lights and minor park equipment at Bailey Lake Park (Hidden Creek Parkway); paid for restrooms at various parks as well as play equipment and exercise equipment at Meadowcrest Park (Barracuda Drive); and funded the replacement of existing play equipment at Cedar Ridge Park as well as construction of two new parks at the Villages of Wakefield addition (Elizabeth Street) and West Bend Park (West Bend Boulevard) with state-of-the-art play equipment and park amenities.

In fiscal year 2008, additional planned improvements that will be made possible thanks in part to revenues from the gas wells include a universally accessible playground, signage, a parking lot, and irrigation and electrical/park lighting at Burleson Meadows (McAlister Road); fencing at the McAlister School park; park signage, irrigation and electrical/park lighting at Meadowcrest Park; park signage at Prairie Timber Park (Prairie Timber Road); and the purchase of park property adjacent to Bailey Lake.

Plans for Phase 2 for park improvements include walking trails, pavilions, drinking fountains, irrigation improvements, restrooms, park signage, and a continued emphasis on improving city parks and playgrounds.

The revenues are also being used to make the one-time contribution of \$25,000 to the Burleson Higher Education Opportunity Fund (see story, Page 2). The gas well industry itself builds up the City's hotel/motel fund when workers stay in Burleson hotels/motels. In 2007-2008, the hotel/motel fund contributed money to the Burleson Area Chamber of Commerce, Burleson Heritage Foundation, and La Buena Vida de Burleson to assist in funding events that promote tourism.



City of Burleson

141 W. Renfro, Burleson, Texas 76028-4261



An official publication of the City of Burleson

City Council

*Mayor Ken Shetter,
Mayor Pro Tem Stuart Gillaspie,
Jim Wadlow, Matt Powell, Claudia Humphreys,
Dan McClendon and Chip Stephens*

The Burleson City Council normally meets on the second and fourth Thursday of each month at 7 p.m. in the city hall, 141 W. Renfro. Call 817-447-5400 (toll free 877-447-5460) for meeting dates. Visit our web site at www.burlesontx.com.

**Published by the City of Burleson
Office of Communication Services**

Director of Finance Rhett Clark



Printed on recycled paper.

PRSRT STD
U.S. Postage
PAID
Burleson, TX 76028
Permit No. 11