



Popular Annual Financial Report For Fiscal Year Ended September 30, 2015

March 2016

A MESSAGE FROM THE CITY MANAGER

TO THE CITIZENS OF THE CITY OF BURLESON:

I am pleased to present to you the City of Burleson's Popular Annual Financial Report for the year ended September 30, 2015. This report is intended to increase awareness of the financial operations of the City as well as educate those who are affected -- the residents and those who work in the community.

This report is not just about the City's finances. We take pride in the highlights of fiscal year 2015 and the changes/improvements we incorporated in the fiscal year 2016 budget. It is important to us, as a City, to illustrate what makes Burleson a great place to live, work and play, and to demonstrate the role the City plays in supporting those programs, services and events.

My thanks go out to the City's directors and their staff for their commitment to developing a budget that provides funding for quality services while, at the same time, keeping expenditures within fiscally conservative parameters. This would not be possible without the support of the citizens and business people of Burleson, as well as the Mayor and City Council. Your commitment to your local City government is greatly appreciated.

I welcome any feedback, comments, or concerns regarding the information included in this Popular Annual Financial Report for the fiscal year that ended September 30, 2015. Please email city-manager@burlesontx.com or call 817-426-9680.

Sincerely,

Dale Cheatham
City Manager



INSIDE ...

City's Profile	2
About this Financial Report	3
2015 Highlights	3
What Your Government Does	5
Financial Overview	6
Revenues & Expenses	10
Citywide Net Position	12
Outstanding Debt	13

City's Profile

Burleson is located along the southwestern edge of the Dallas/Fort Worth Metroplex, on Interstate Highway 35W and State Highway 174. The City is a political subdivision and municipal corporation of the State, duly organized and existing under the laws of the State and City's home rule charter.

Burleson was incorporated in 1912 and operates under a council-manager form of government. The City Council shapes the City's governmental functions through adoption of ordinances (laws) and resolutions that provide policy direction for the City's administration staff. The City Manager oversees day-to-day operations, implements ordinances and policies, and prepares the annual budget. This position is similar to a corporate CEO. The City Manager works with a management team that oversees the various departments and divisions of the City.



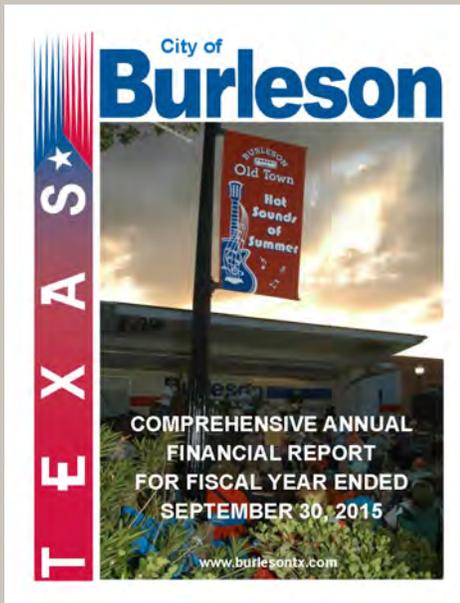
2015 FAST FACTS

Population:	41,213
Median Age:	33.0
Per Capita Income:	\$ 28,530
Public Safety	
Number of police calls	82,340
Number of fire calls	4,121
Public Works	
Number of street lights	1,457
Miles of street	185
Animal Control	
Animals adopted	478
Animals impounded	1,942
Library	
Books in collection	70,545
Materials borrowed	413,732
Water and Sewer	
Number of water customers	13,877
Number of sewer connections	14,087

Economically, the City is situated in a region that ranked as one of the most robust in Texas. Once largely agricultural, the area has developed into a form of semi-urban, residential use. Many of the individuals residing in adjacent areas shop, dine and send their kids to school located in Burleson. Functionally speaking, Burleson's estimated population of over 41,000 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, growing trading area.

Proximity to Fort Worth and Dallas also makes Burleson an attractive shipping point for manufactured products. Interstate 20 is just eight miles north, while Interstate 35W and State Highway 174 intersect in Burleson, providing easy access to major markets by truck. Two major rail lines (the Union Pacific and the Burlington Northern Santa Fe), serve Burleson. Spinks General Aviation Airport just north of Burleson offers flyers a lighted, 6,000-foot concrete runway. Both Alliance Airport and DFW International Airport are within 45 minutes of Burleson.

About this Financial Report



The financial information within this report is derived from the City's 2015 independently audited set of financial statements that are prepared in accordance with generally accepted accounting principles (GAAP). These audited statements are part of the City's 2015 Comprehensive Annual Financial Report (CAFR). We are proud to say that the City's CAFR has been awarded the Certificate of Achievement for Excellence in Financial Reporting by the Governmental Finance Officers Association (GFOA) for each of the past 18 years.

The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to standards. Such CAFR must satisfy both GAAP and applicable legal requirements.

Unlike the CAFR, the Popular Annual Financial Report (PAFR) is unaudited and presented on a non-GAAP basis. The GAAP basis presentation in the CAFR includes the presentation of the individual funds, as well as full disclosure of all material events, financial and nonfinancial, in notes and financial statements. Copies of the CAFR are available at City Hall and online at www.burlesontx.com.

2015 Highlights

- 402 single family permits were issued in 2015 with an average value of \$213,842. This represents more than \$85 million in residential construction. The most active neighborhoods for 2015 were Oak Valley, Mistletoe Hill, and Shannon Creek.
- In December 2015, building permit data showed more than \$44 million in active commercial development permits.



2015 Highlights (cont.)

- Old Town Station is under construction on Phase I of their Old Town redevelopment. The first building is three stories tall at the corner of Renfro and IH-35W. It has an estimated value of \$12 million and will include retail, restaurants, and office uses. The anchor tenant is Keller Williams with more than 140 agents. Rio Mambo, a growing Mexican food sit-down restaurant, will be the first tenant on the ground floor. The building will be followed by additional phases of mixed-use construction.



- FWave, a roofing and emerging technology company, is under construction and will open in 2016. Phase 1 includes more than \$10m in machinery and property improvements. The company will start with 30 employees. Future phases would allow for a facility that would be the highest value industrial property in Burleson and one of the largest employers in the City.

- Partial List of Business Openings

- Kroger Marketplace
- HEB Plus
- Raising Cane's
- Schlotsky's
- Harley Davidson
- Hickory Tree Restaurant



- Looking forward to 2016 and beyond, the City will continue to see substantial commercial growth. Residential growth will slow during 2016 due to the lack of lot availability. Developers continue to seek new subdivision development; however, with approximately only 600 platted lots remaining, the City is likely to see a temporary slowdown until new subdivisions are opened.

2015 Top Ten Employers

Burleson I.S.D.	1,491
Wal-Mart	380
City of Burleson	405
H.E.B. Grocery	353
Champion Buildings Mfg	340
Target	175
Basden Steel	150
Lowe's Companies	150
KWS Manufacturing	150
Thomas Conveyor Mfg	126

2015 POPULAR ANNUAL FINANCIAL REPORT - CITY OF BURLESON, TX

What Your Government Does

City government must ensure that adequate services are being provided to City residents and businesses in order to maintain its economy. A large portion of the City's budget provides for police and fire protection as well as public works projects such as resurfacing streets, maintaining roads and collecting garbage.



Financial Overview

Fund Financial Statements

Fund financial statements provide detailed information about significant funds - not the City as a whole. Funds are accounting devices used to track specific sources of funding and spending for particular purposes. Some funds are required by state law or bond covenants. Burleson City Council establishes other funds to control and manage money for particular purposes or to show proper use of certain taxes and grants.

The City has two types of funds: governmental and proprietary funds. This report presents the operating statements of the general fund, water and wastewater fund and the solid waste funds. The City has included government-wide data on pages 10-12. For information on the funds as well as more detailed information and discussion on the funds presented here, a copy of the City's Comprehensive Annual Financial report (CAFR) may be picked up at Burleson City Hall, 141 W. Renfro St., or online at www.burlesontx.com.

Governmental Funds

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. The City maintains 17 individual governmental funds. This report includes the general fund's statement of revenues, expenditures and changes in fund balance with comparative data from fiscal year 2014. The general fund is the largest of all governmental funds.

When assessing the financial result of the City, it is important to focus on the City's general fund. The general fund accounts for the majority of City services, including library, police, fire, street maintenance and administrative services.

City of Burleson, Texas GENERAL FUND		
Statement of Revenues, Expenditures, and Changes in Fund Balance For the Year Ended September 30, 2015		
	FY 2014	FY 2015
REVENUES		
Property taxes	\$ 12,612,927	\$ 13,904,595
Sales taxes	7,844,970	8,170,993
Franchise fees	2,940,465	3,193,511
Licenses and permits	1,446,281	1,415,034
Intergovernmental	208,979	264,161
Fines and forfeitures	917,391	1,003,663
Charges for goods and services	1,567,967	1,638,045
Interest income	34,598	32,952
Miscellaneous	912,563	796,531
Total Revenues	28,486,141	30,419,485
EXPENDITURES		
Current operations:		
General government	4,593,295	4,926,545
Public safety	14,317,114	17,274,559
Public works	5,747,144	5,748,637
Community development	491,041	559,548
Culture and recreation	2,725,583	2,751,130
Debt service:		
Principal retirement	93,379	99,643
Interest and fiscal agent fees	32,264	27,838
Total Expenditures	27,999,820	31,387,900
Excess (deficiency) of revenue over (under) expenditures	486,321	(968,415)
OTHER FINANCING SOURCES (USES)		
Transfers in	475,000	541,620
Transfers out	(13,000)	(291,000)
Proceeds of capital lease	-	-
Total other financing sources (uses)	462,000	250,620
Net change in fund balance	948,321	(717,795)
Fund balance - beginning	11,192,558	12,140,879
Fund balance - ending	<u>\$ 12,140,879</u>	<u>\$ 11,423,084</u>

While this presentation does not conform to Generally Accepted Accounting Principles (GAAP), the purpose of these statements is to provide the citizens with a selection of the information contained within the City's Comprehensive Annual Financial Report (CAFR). The City's accounting policies do con-

2015 POPULAR ANNUAL FINANCIAL REPORT - CITY OF BURLESON, TX

Financial Overview

form to GAAP as set forth by the Governmental Accounting Standards Board. 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 online at www.burlesontx.com.

City Water Customers

2005	10,265
2006	10,962
2007	11,440
2008	12,000
2009	12,157
2010	12,435
2011	12,693
2012	12,844
2013	13,251
2014	13,501
2015	13,877

Proprietary Funds

The City maintains two types of proprietary funds: enterprise funds and internal service funds. Enterprise funds are used to account for water and wastewater, golf, solid waste 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. The water and wastewater and solid waste statement of revenues, expenditures and changes in net assets is presented in this report with comparative data from fiscal year 2014.

CITY OF BURLESON, TEXAS Water and Wastewater Fund Statement of Revenues, Expenditures and Changes in Fund Balance For the Year Ended September 30, 2015

	FY2014	FY2015
Operating Revenues:		
Charges for sales and services	\$ 15,662,552	\$ 16,360,431
Penalties and interest	419,069	417,300
Impact fee revenue	1,004,948	846,581
Miscellaneous	156,542	143,181
Total Operating Revenues	17,243,111	17,767,493
Operating Expenses:		
Water and wastewater services	9,455,143	10,314,944
Cost of collecting revenues and other administrative expenses	1,766,642	1,798,182
Depreciation	1,928,827	2,105,630
Total Operating Expenses	13,150,612	14,218,756
Net Operating Income (Loss)	4,092,499	3,548,737
Non-Operating Revenues (Expenses)		
Gain (loss) on disposition of fixed assets		(20,617)
Investment income	20,188	25,049
Interest and fiscal agent expense	(1,832,712)	(1,484,515)
Total Non-Operating Revenue (Expenses)	(1,812,524)	(1,480,083)
Income (Loss) Before Capital Contributions and Transfers	2,279,975	2,068,654
Transfers from (to) other funds	(475,000)	(541,620)
Capital contributions	1,938,294	1,766,788
Net Income	3,743,269	3,293,822
Net assets (liabilities) at beginning of year	60,360,352	63,517,859
Prior period adjustment	(585,762)	(676,507)
Net assets at end of year	\$ 63,517,859	\$ 66,135,174



Financial Overview

SALES TAX COLLECTIONS IN 2015

In 2015, sales tax collections were \$16,689,391, up from \$16,051,878 in 2014. Sales tax revenue represented approximately 23% and 22% of the City’s total revenue in 2014 and 2015, respectively.

CITY’S SHARE IS 2%

In the City of Burleson, the sales tax rate is 8.25% of eligible sales. Of that, the City’s portion is 2% -- 1% general and 1/2% each of Type A and Type B economic development sales tax. The general portion of the sales tax is used to support basic City operations like public safety, public works, community development and culture and recreation. The economic development sales taxes are administered by separate entities -- economic development corporations or EDC’s -- that are reported as component units of the City.

The Burleson 4A Economic Development Corporation, Burleson’s Type A EDC, is primarily intended for manufacturing and industrial development. Burleson’s Type A corporation is responsible for such projects as Hidden Creek Parkway and High Point Business Park.

The Burleson Community Services Development Corporation (BCSDC) is Burleson’s Type B EDC. Type B EDC’s can fund all projects eligible for Type A, as well as parks, museums, sports facilities and affordable housing. The BCSDC is responsible for such projects as the Burleson Public Library, and the BRiCK.

CITY OF BURLESON, TEXAS Solid Waste Fund Statement of Revenues, Expenditures and Changes in Fund Balance For the Year Ended September 30, 2015		
	FY 2014	FY 2015
Operating Revenues:		
Charges for sales and services	\$ 2,851,808	\$ 3,100,390
Total Operating Revenues	2,851,808	3,100,390
Operating Expenses:		
Solid Waste Operations	2,741,554	2,778,683
Depreciation	545	545
Total Operating Expenses	2,742,099	2,779,228
Net Operating Income (Loss)	109,709	321,162
Non-Operating Revenues (Expenses)		
Investment income	573	940
Total Non-Operating Revenue (Expenses)	573	940
Income (Loss) Before Capital Contributions and Transfers	110,282	322,102
Transfers from (to) other funds		
Net Income	110,282	322,102
Net assets (liabilities) at beginning of year	282,767	393,049
Prior period adjustment		
Net assets at end of year	\$ 393,049	\$ 715,151

Solid Waste manages private contracts for both solid waste and recycling collection. Solid Waste also manages the recycling drop off center and the compost facility, which are both located at 620 Memorial Plaza.

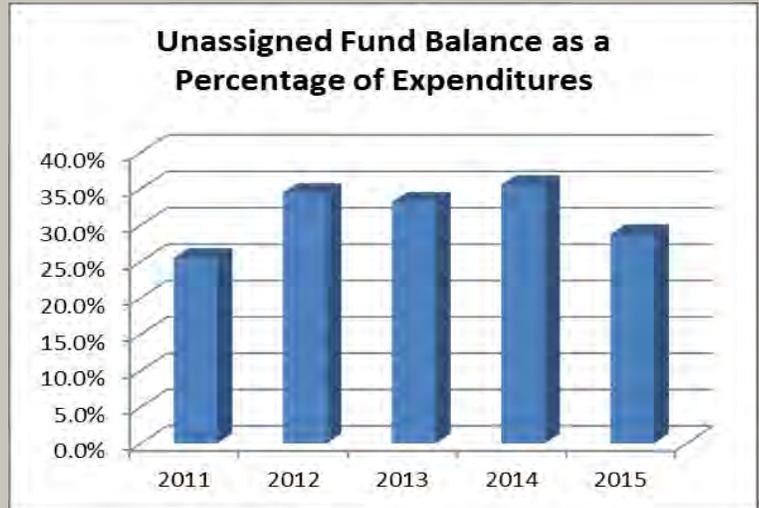


Financial Overview

Fund Balance

Fund balance is the amount by which a fund's assets exceed its liabilities. It is basically the accumulated excess of inflows over outflows. Fund balance increases when revenues exceed expenditures, and decreases when expenditures exceed revenues. Fund balance demonstrates financial stability. Unassigned fund balance provides working capital for the City and is used as a hedge against future uncertainties.

Bond agencies regard the level of fund balance in the general fund as an indicator of the quality of the City's financial management. It is the City's policy that the general fund unreserved fund balance be at least 20 percent of the general fund annual expenditures. This percentage is the equivalent of 73 days operating expenditures. The unassigned fund balance for fiscal year 2015 was 28.7% of general fund expenditures.



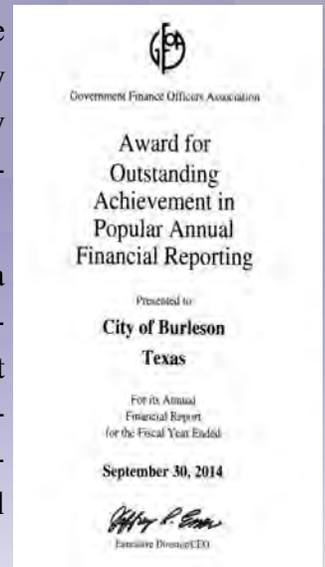
WE WOULD LIKE TO ACKNOWLEDGE ...

The presentation and development of this report would not have been possible without the special efforts of the City Council and cooperation of contributing City staff members. We would also like to express our appreciation to the Mayor, City Council and City management for their interest in and support of City financial operations.

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the City of Burleson for its Popular Annual Financial Report for the fiscal year ended September 30, 2014. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to achieve an Award of Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose content conform to program standards of creativity, presentation, understandability and reader appeal.

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. The City of Burleson has received this award for the last 17 consecutive fiscal years. We believe our current report continues to conform to the Popular Annual Financial Report requirements and we are submitting it to GFOA.



Where the Money Comes From

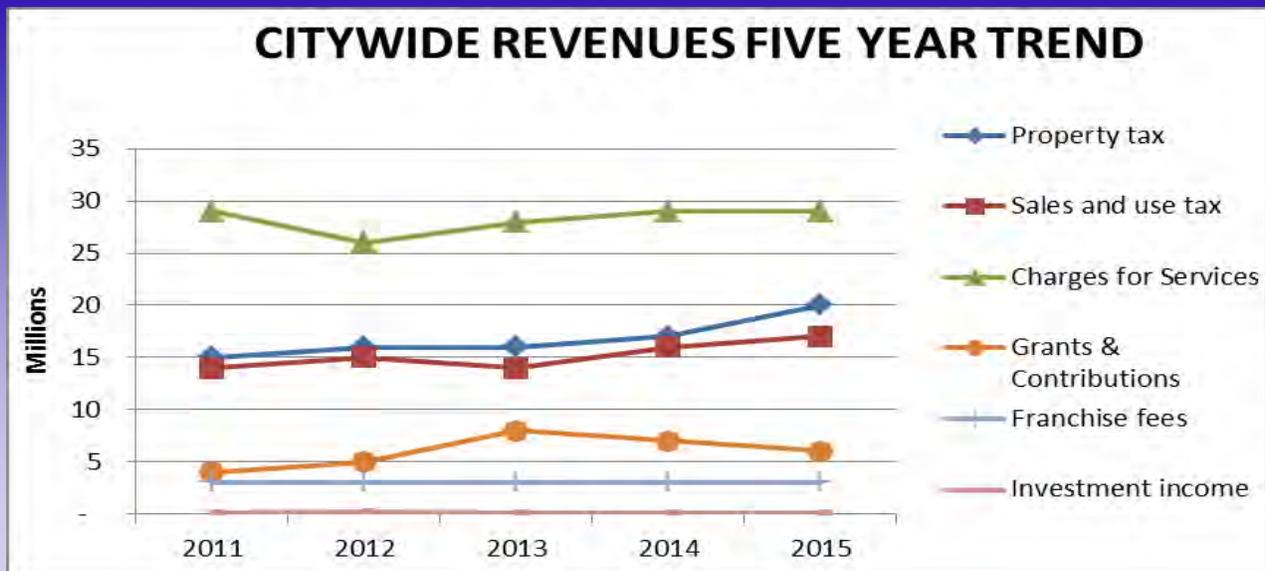
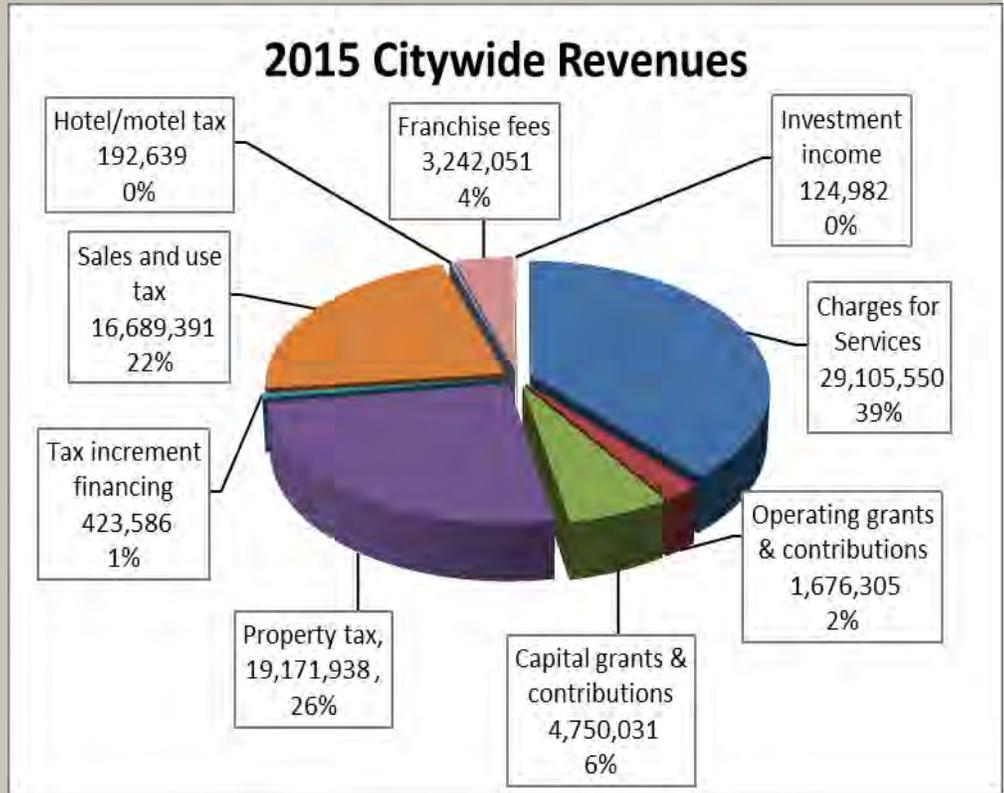
Like all governments the City must raise funds to pay for the services that it provides to its citizens and businesses. These sources of funds, referred to as revenue, are raised through taxes, charges for services and grants.

For fiscal year ended September 30, 2015, the city wide revenue totaled \$75,376,473. The three largest sources of revenue are property tax, sales tax, and charges for services.

Charges for services represent fees paid by individuals, business, or other governments who

purchase, use or directly benefit from the goods and service the City provides. For 2015, the largest items in this category include \$16.9 million for water and wastewater charges, \$2.7 million in culture and recreation fees and \$3 million in solid waste charges.

Property tax is an ad valorem levy on the value of property that the owner is required to pay. The ad valorem tax rate for FY2015 was \$0.74/\$100 valuation. Of the total tax rate, \$0.5278 was designated for operations and maintenance, including the Library, and \$0.2122 was allocated to debt service.



Where the Money Goes

Once the City collects taxes and other revenues, the monies must be spent efficiently to provide services to the citizens and businesses of the City. Expenditures represent the cost of delivering adopted service levels. The city’s main categories of expenditures are:

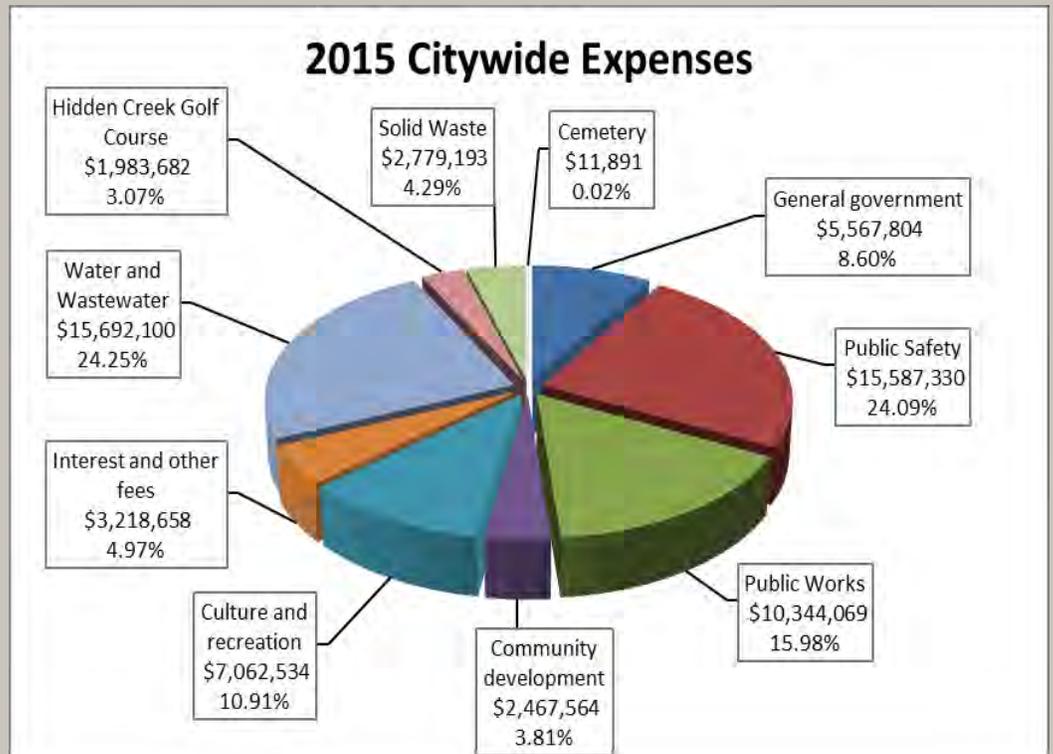
General Government expenditures are related to the administration of the City’s affairs. These expenses include the cost of the City’s elected officials, city management and finance department, among others.

Public safety expenditures represent the police, fire, fire prevention, emergency services, code enforcement and animal services departments.

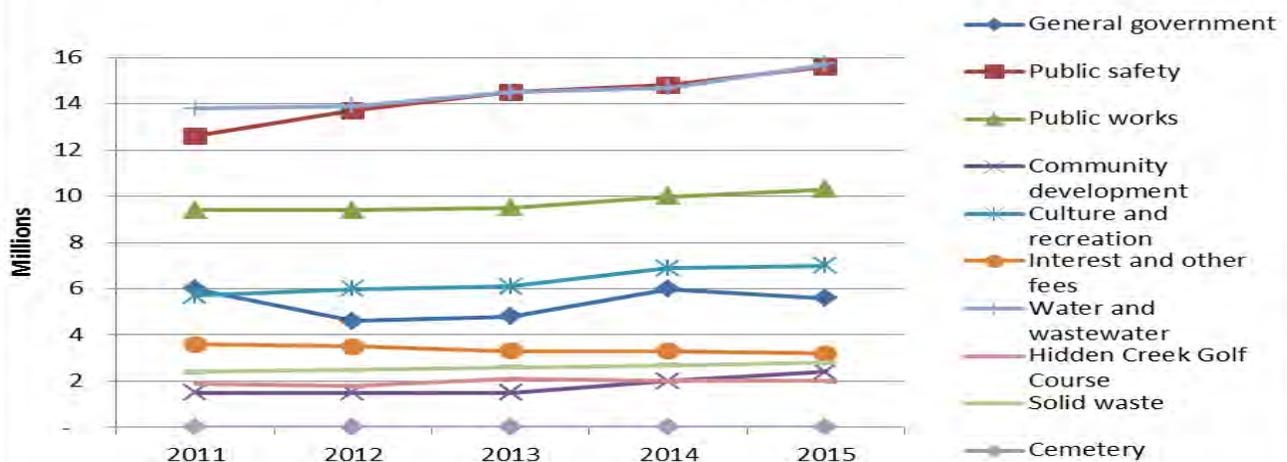
Public works expenditures include administration, facilities maintenance, pavement, drainage, street traffic maintenance, and engineering departments.

Community development costs are related to preservation and enhancement of the economic base and community development within the city and it includes the community and economic development departments.

Culture and recreation includes costs related to the library, parks maintenance, senior center and the recreation department.



CITYWIDE EXPENSES FIVE YEAR TREND



Citywide Net Position

We have focused on where the City’s money comes from and where it goes. This focus is beneficial in understanding the flow of current financial resources.

When we look at the overall financial condition of the City, it is better to use the full accrual basis of accounting, which is similar to the basis of accounting used in the private sector. This permits consideration of all assets, liabilities, revenue and expenses of the City.

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, with the difference between the two presented as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

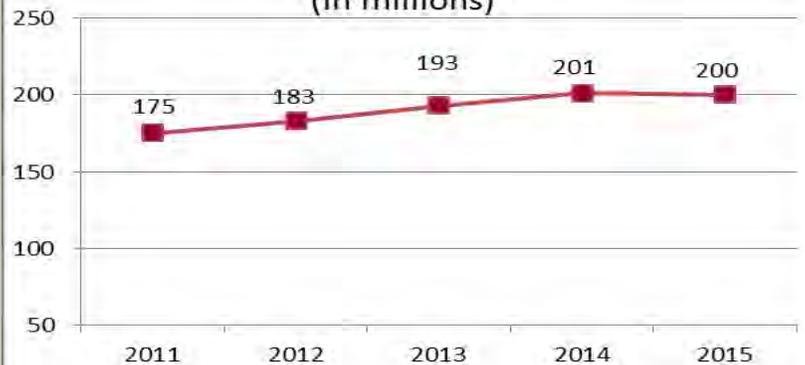
The statement of activities presents information showing how the government’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing related to cash flows. Thus, revenues and expenses are reported in this statement for items that may only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave). The change in net position is not reported here, but is the difference of total revenues and total expenses. This year, net position decreased by \$250,023.

Citywide Net Position

	FY 2014	FY 2015
Current & other assets	69,438,911	75,608,909
Capital & other assets	288,300,525	301,401,438
TOTAL ASSETS	357,739,436	377,010,347
Current liabilities	18,316,967	22,237,377
Debt & other noncurrent liabilities	139,847,342	159,241,645
TOTAL LIABILITIES	158,164,309	181,479,022
Invested in capital assets, net of related debt	157,866,246	164,941,777
Restricted	16,378,682	17,294,194
Unrestricted	26,408,730	18,167,664
TOTAL NET ASSETS	\$200,653,658	\$200,403,635

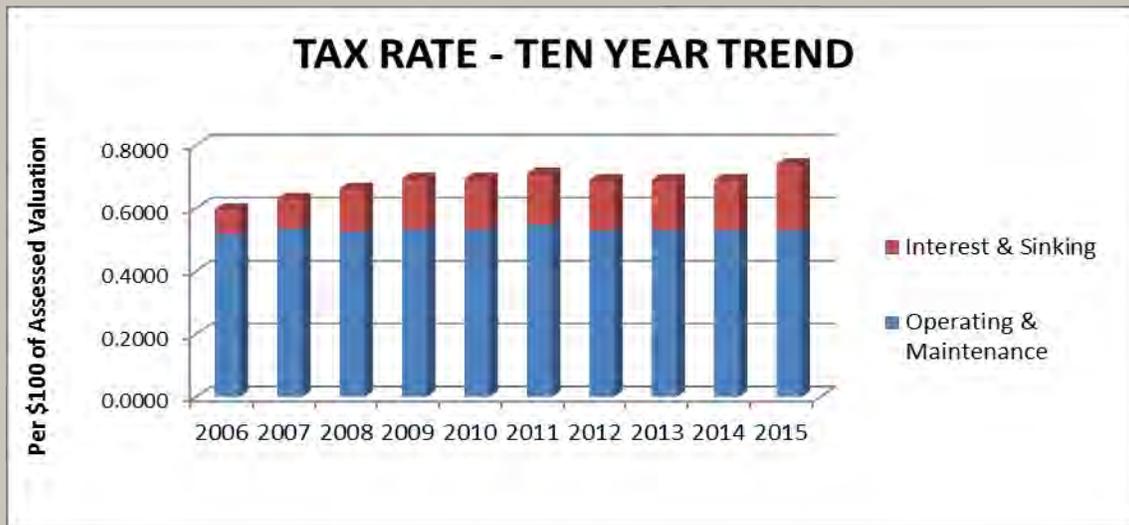
The statement of net position presents information on all City’s assets and liabilities, with the difference between the two presented as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

CITYWIDE NET POSITION - FIVE YEAR TREND
(in millions)

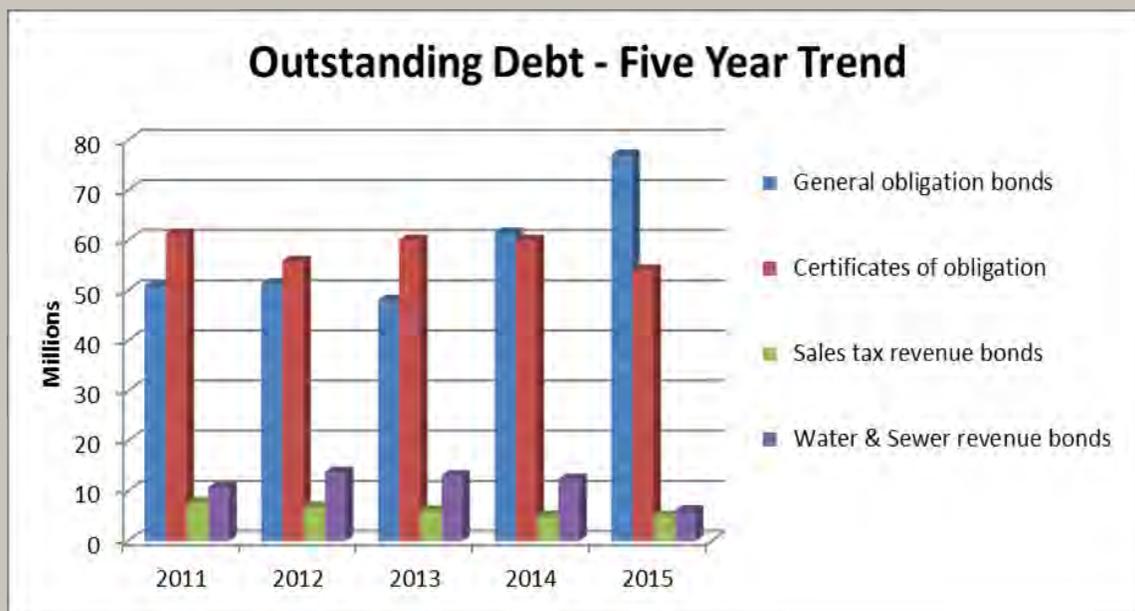


Outstanding Debt

At the end of fiscal year 2015, the City had total bonded debt issues of \$142,295,000. Of this amount, \$77,080,000 comprises bonded debt backed solely by the full faith and credit of the government; \$54,205,000 represent bonds secured by a combination of property taxes and a limited pledge of other revenues; \$4,490,000 represents bonds secured solely by sales tax revenues; and \$6,520,000 secured by revenues generated by the City’s water and wastewater utility. Of the total general obligation outstanding debt of \$77,080,000, \$18,555,000 is to be repaid with revenue generated from the City’s water and wastewater utility, and \$8,965,310 is to be repaid with revenue generated from sales tax. This is the amount approved directly by citizens in various bond elections.



The adopted tax rate for fiscal year 2015 of \$0.74 reflects a 5 cent increase from the fiscal year 2014 adopted rate of \$0.69. The maintenance and operations portion of the tax rate remained the same at \$0.5278. The debt service rate increased by 5 cents to \$0.2122 as approved by voters in November, and is the first change to the debt rate since FY 08-09. The debt rate is 28.7% of the total tax rate, 3.4% below the median of 32.1% for the 34 Tarrant County cities which had a debt rate in FY 2014.



A View of Things to Come

Thanks to a healthy fund balance in the General Fund at the end of Fiscal Year 2015, the City Council and City staff earmarked \$592,164 for one-time purchases in 2016. The fund balance is a 73-day reserve required by City Charter and at the end of the 2015 fiscal year, fund balance was 31 days beyond the 73-day reserve.

The one-time purchases included:

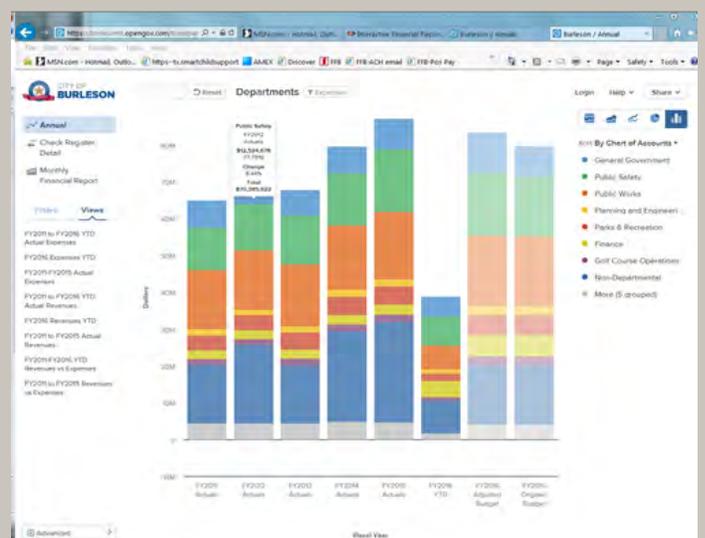
- Update zoning ordinance and comprehensive plan, \$165,000.
- Vehicles and equipment for CROs, \$135,210.
- EMS squad, \$75,000.
- Vehicle for the Code Enforcement Officer, \$33,000.
- Municipal Court—vehicle and equipment upgrades, \$44,320.
- Parks—resurface tennis courts, \$30,000.
- Minor City Hall modifications and one-time expenses for Deputy City Manager, \$22,000.
- Code software, \$20,745.
- Parks—picnic tables and trash receptacles, \$20,000.
- Animal Control—sandblast shelter, \$18,059
- Parks—28 foot Christmas tree, \$14,000.
- Various copiers and equipment, \$11,561.
- Animal Control—commercial washer and dryer, \$10,369.
- Street and Environmental Services equipment, \$10,000.
- Various PD items—guns, bikes, scanners, etc., \$9,300.
- Library—Cash handling, \$6,600.



New Interactive Financial Reports

available online at

[www.burlesontx.opengov.com/
transparency#](http://www.burlesontx.opengov.com/transparency#)



CITY COUNCIL

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Dan McClendon
Mayor Pro Tem
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Ronnie Johnson
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CONTACT (CITY COUNCIL)
817-426-9690

The Burleson City Council meets on the first and third Mondays at 7 p.m. at city hall, 141 W. Renfro St. For meeting dates and agendas go to the City Council Agendas and Minutes page at www.burlesontx.com.

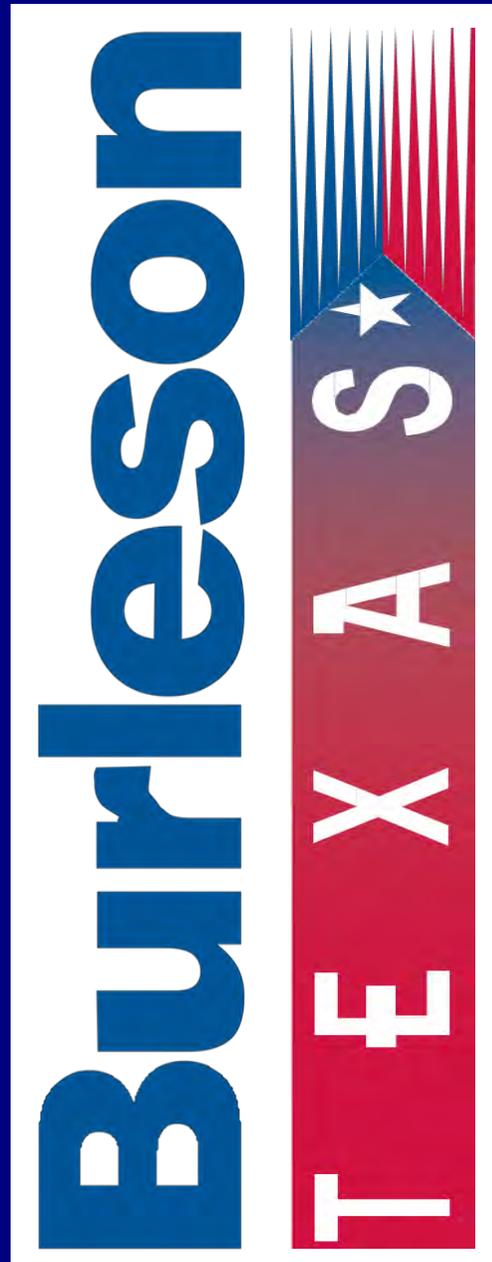
CITY MANAGEMENT

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City Manager

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Rhett Clark, CPA
Director of Finance

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