

CITY OF BURLESON, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2010

CITY OFFICIALS

Kenneth Shetter
Mayor

Stuart Gillaspie
Rick Green
Matt Powell
Matt Aiken
Chip Stephens
Dan McClendon

Mayor Pro Tem
Councilmember
Councilmember
Councilmember
Councilmember
Councilmember

Curtis E. Hawk
City Manager

Paul Cain
Deputy City Manager

Rhett Clark
Director of Finance

Prepared by: Finance Department



CITY OF BURLESON, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2010

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February 7, 2011

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, 2010. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operation of the City, on a Government-wide and Fund basis. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The Governmental Accounting Standards Board (GASB) requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of management's discussion and analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the independent auditor's report.

THE REPORTING ENTITY

The City is a political subdivision and municipal corporation of the State, duly organized and existing under the laws of the State and the City's home rule Charter. Burleson was incorporated in 1912. The City operates under a council-manager form of government and provides a full range of services that include: police and fire protection, sanitation services, library services, construction and maintenance of streets and infrastructure, parks and recreation, code enforcement, planning and zoning, economic development, water and wastewater services, and general administrative services. The accompanying CAFR includes all governmental organizations and functions for which the City is financially accountable as well as its blended component units, of which there are three. The Burleson Community Services Development Corporation, the Burleson 4A Economic Development Corporation, and Tax Increment Finance Reinvestment Zone Number Two although legally separate entities, are in substance part of the primary government's operations and are included as part of the primary government. Additional information on these component units can be found in the notes to the financial statements.

ECONOMY AND BUSINESS CLIMATE

Burleson is located along the southwestern edge of the Dallas / Fort Worth Metroplex, on Interstate Highway 35W and State Highway 174. Economically, this region is ranked as one of the most robust in Texas, a state that in recent years has trended well ahead of a strong national economy. The development of the Barnett Shale natural gas reserves has pumped more than \$100 million in new annual wages into the local economy since 2006 which has helped maintain this trend as the national economy has struggled.

Although the City of Fort Worth abuts much of Burleson's northern boundary, the remaining three directions are surrounded by an extensive extra-territorial jurisdiction (ETJ). Under Texas Law, cities maintain important rights and controls within areas designated as part of their ETJ. These include the ability to control the development of land, the right to annex property into their city limits, and perhaps most importantly, the right to prevent other municipalities from incorporating or annexing property designated as belonging in another municipality's ETJ. Burleson's ETJ occupies a landmass more than four times the area contained

within the corporate city limits. Combined, Burleson's city limit and ETJ include more than 29,000 undeveloped acres.

Once largely agricultural, these areas have developed into a form of semi-urban, residential use. With little significant retail or commercial development situated in these unincorporated residential communities, many of the individuals residing in these adjacent areas shop, dine, and send their children to schools located in Burleson. Thus, functionally speaking, Burleson's estimated population of over 35,000 belies the true size of the community's economy. The combination of highway accessibility and more than 295,000 people located within a 15 minute drive-time create a community with a strong and growing trade area.

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal accounting controls. These controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability of assets. The concept of reasonable assurance recognizes that the costs of a control should not exceed the benefits likely to be derived from the control. The evaluation of costs and benefits requires estimates and judgments by management. We believe that the City's current system of internal accounting controls adequately safeguards assets and provides reasonable assurance of proper recording of financial transactions.

In addition to the system of internal controls, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance of legal provisions embodied in the annual appropriation budget adopted by the City Council. Budgetary controls over the General and Water and Wastewater Funds are exercised at the departmental level. This level of control occurs at the fund level for other funds. Activities of the General Fund, Special Revenue Fund (Hotel / Motel Tax Fund), Debt Service Fund, and the Enterprise Funds are closely reviewed at mid-year. If necessary, the original budget is modified and incorporated into a proposed mid-year budget, which is then used as the working budget for the remainder of the fiscal year. The City also maintains an encumbrance accounting system as one technique to help prevent the overspending of authorized appropriations.

RELEVANT FINANCIAL POLICIES

The development of the Barnett Shale natural gas fields has not only provided jobs and tax revenues to the area, but has generated direct royalty and bonus revenues to the City coffers. While not actually a "one-time" revenue, these royalties are too short-lived to be considered a recurring part of the City's revenue stream. It is the City of Burleson's policy that one-time or non-recurring revenues not be used to finance current ongoing operations. Accordingly, the Burleson City Council has designated these revenues be used to help finance capital improvements.

INDEPENDENT AUDIT

The City Charter requires an audit of all accounts of the City by an independent auditor. Pattillo, Brown and Hill, LLP was selected by the City Council to perform the annual audit.

AWARDS

For the year ended September 30, 2009, the Government Finance Officers Association (GFOA) recognized the City for achievement in the presentation of the annual budget document, the annual financial report (CAFR), as well as the presentation of the City's popular annual financial report (PAFR).

ACKNOWLEDGEMENTS

I would like to thank the staff of the Finance Department, City management, and department directors and managers for their cooperative effort and help in the leadership and support of the City that made this report possible. Credit also must be given to the mayor and the city council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Burleson's finances.

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read "Rhett Clark", written in a cursive style.

Rhett Clark, CPA
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Burleson
Texas

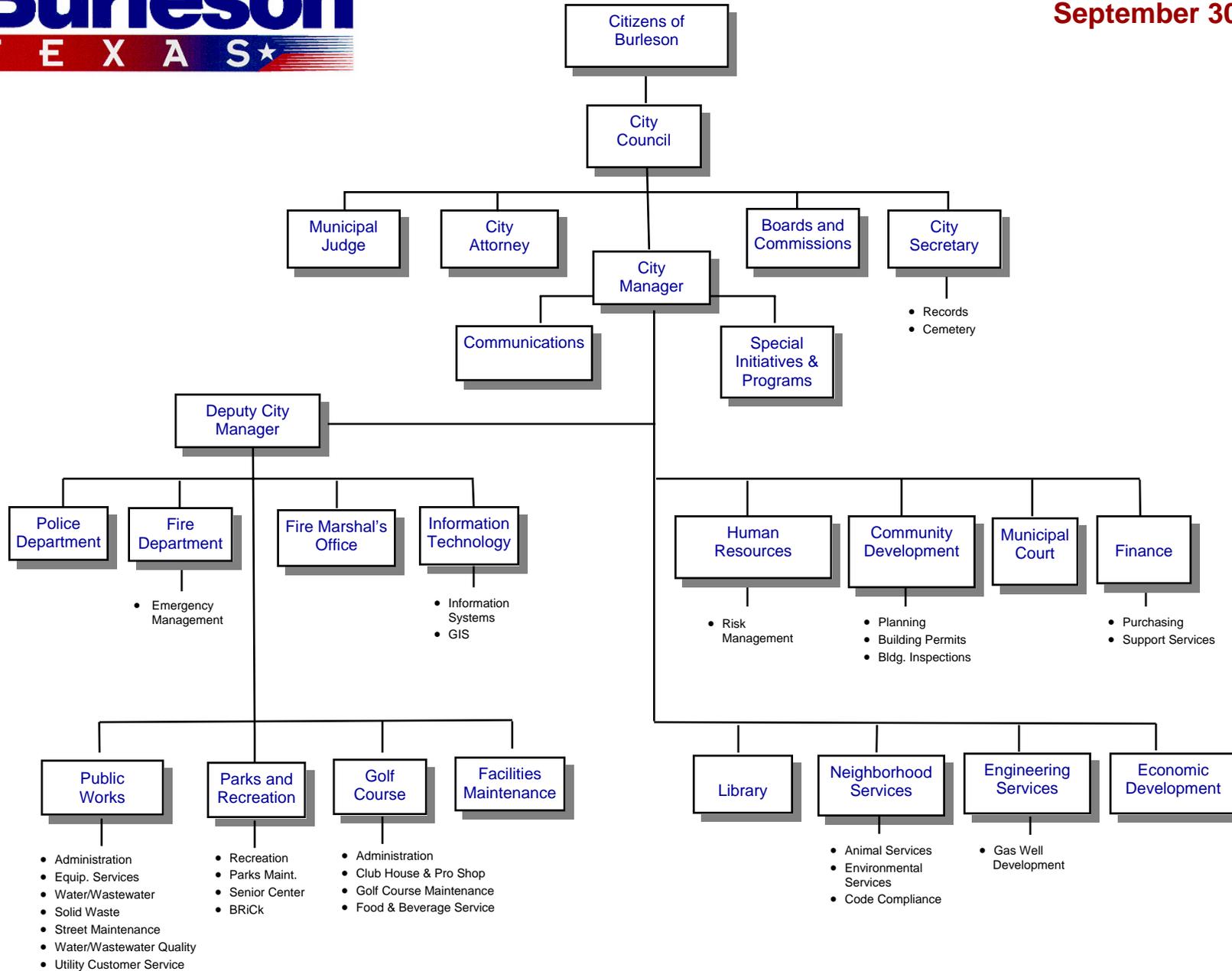
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director



CITY OF BURLESON, TEXAS

List of Principal Officials

September 30, 2010

Elected Officials

Mayor	Kenneth Shetter
Mayor Pro-Tem	Stuart Gillaspie
Councilmember	Rick Green
Councilmember	Matt Powell
Councilmember	Matt Aiken
Councilmember	Dan McClendon
Councilmember	Chip Stephens

City Officials

City Manager	Curtis E. Hawk
Deputy City Manager	Paul Cain
Director of Finance	Rhett Clark
City Attorney	Allen Taylor
Police Chief	Thomas Cowan
City Secretary	Amanda McCrory
Fire Chief	Gary Wisdom
Parks and Recreation Director	Peter Krause
Director of Human Resources	Maria Reed
Director Fire Prevention	Stacy Singleton
Director of Neighborhood Services	Lisa Duello
Library Director	Rodney Bland
Director of Information Technology	Mark Eder
Director of Community Development	Shailaja Roos
Director of Public Works	Aaron Russell
Director of Engineering Services	Laura Melton
Director of Golf	David White

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Burleson, Texas, as of and for the year ended September 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Burleson, Texas' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Burleson, Texas, as of September 30, 2010, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have issued our report dated February 7, 2011, on our consideration of the City of Burleson, Texas' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the analysis of funding progress and budgetary comparison information on pages 3 through 11 and 55 through 61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Burleson, Texas' financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory 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 it.

Pattillo, Burm + Hill, L.L.P.

February 7, 2011

CITY OF BURLESON, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

FISCAL YEAR ENDED SEPTEMBER 30, 2010

(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, 2010. Please read it in conjunction with the transmittal letter, which can be found preceding this narrative, and with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The assets of the City of Burleson exceeded its liabilities at the close of the most recent fiscal year by \$166,997,569 (net assets). Of this amount, \$25,346,969 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$5,959,909 due primarily to the contribution of assets from developers.
- As of the close of the current fiscal year, unreserved fund balance for the general fund was \$7,008,776 or 28% of total general fund expenditures.
- The City's total debt increased by \$2,847,032 (2.2%) during the current fiscal year. The key factor in this increase was the issuance of general obligation debt.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

Government-wide Financial Statements - Government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

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

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing related to cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. (e.g., earned but unused vacation leave).

Both of the government-wide statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, parks and recreation, and community development. The business-type activities include water and wastewater operations, solid waste collection, the City's Hidden Creek Golf Course, and a cemetery.

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

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

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

The City of Burleson maintains fifteen 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, BCDC special revenue fund, 4A Corporation special revenue fund, parks performance fund, bond supported capital projects fund, and mineral lease funded capital projects fund, all of which are considered to be major funds. Data from the other nine governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary Funds – The City of Burleson maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Enterprise funds are used to account for water and wastewater, solid waste, golf, and cemetery operations. Internal Service Funds are accounting devices used to accumulate and allocate costs internally among the City’s various functions. Burleson uses internal service funds to account for the acquisition and replacement of major components of equipment used throughout the organization, such as the fleet of City vehicles, as well as for the repair and maintenance of significant components of equipment used by the organization.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The water & wastewater, solid waste, and Hidden Creek Golf operations are considered to be major funds of the City. All internal service funds are combined in a single presentation in the proprietary fund financial statements. Individual data for internal service funds is provided in the form of combining statements elsewhere in this report.

Notes to the Basic Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information - The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the notes to the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Burleson, assets exceeded liabilities by \$166,997,569 as of September 30, 2010.

The largest portion of the City's net assets (79.3%) reflects its investments in capital assets (e.g. land, buildings, improvements, construction in progress, and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these assets to provide service to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets (5.5%) represents resources that are subject to external restriction on how they may have been used. The remaining balance of unrestricted net assets (15.2%) may be used to meet the government's ongoing obligation to citizens and creditors.

CITY OF BURLESON, TEXAS – NET ASSETS

	Governmental Activities		Business-Type Activities		Total	
	2009	2010	2009	2010	2009	2010
Current & other assets	\$ 64,359,169	\$ 45,581,801	\$ 26,673,225	\$ 23,010,743	\$ 91,032,394	\$ 68,592,544
Capital assets	141,387,235	166,561,290	71,143,784	73,662,528	212,531,019	240,223,818
Total assets	<u>205,746,404</u>	<u>212,143,091</u>	<u>97,817,009</u>	<u>96,673,271</u>	<u>303,563,413</u>	<u>308,816,362</u>
Noncurrent liabilities – due in more than one year	83,716,784	87,775,224	41,721,339	39,748,361	125,438,123	127,523,585
Other liabilities	12,507,311	9,964,757	4,580,319	4,330,451	17,087,630	14,295,208
Total liabilities	<u>96,224,095</u>	<u>97,739,981</u>	<u>46,301,658</u>	<u>44,078,812</u>	<u>142,525,753</u>	<u>141,818,793</u>
Net Assets:						
Invested in capital assets, net of related debt	84,795,578	89,235,983	40,857,400	43,197,167	125,652,978	132,433,150
Restricted	5,757,785	6,013,922	3,172,307	3,203,528	8,930,092	9,217,450
Unrestricted	18,968,946	19,153,205	7,485,644	6,193,764	26,454,590	25,346,969
Total net assets	<u>\$ 109,522,309</u>	<u>\$ 114,403,110</u>	<u>\$ 51,515,351</u>	<u>\$ 52,594,459</u>	<u>\$ 161,037,660</u>	<u>\$ 166,997,569</u>

The following table provides a summary of the City's operations for the year ended September 30, 2010. Governmental activities increased the City's net assets by \$4,880,801. Business-type activities increased the City's net assets by \$1,079,108.

Overall 2010 fiscal year expenses rose by about 7.9% over the prior fiscal year. This increase was largely driven by the opening of new recreation and public safety facilities. Notable increases between 2009 and 2010 fiscal year expenses in governmental activities may be observed in the public works, public safety, and culture and recreation categories. A portion of these increases are attributable to the transfer of the information technology from a general government activity of the general fund to an internal service where

the cost of the service is spread amongst the various functional categories based on usage. This is also the reason for the decrease in the general government category.

Public works expenses increased by about \$1,111,000 (or about 14%). A significant portion of this figure was created by the transition of the solid waste function to a contracted service, and the subsequent absorption of some employees and equipment into general fund departments.

Culture and Recreation expenses increased by about \$1,479,000 over the prior fiscal year (or approximately 49%). This increase is due to the opening of the Burleson Recreation Center and Chisenhall Fields athletic complex.

Public Safety expenses increased by about \$1,119,000 (or 9.5%). This is due to increases in employee health insurance cost, and a full year of costs associated with the opening of Fire Station 3.

CITY OF BURLESON, TEXAS – CHANGES IN NET ASSETS

	Governmental		Business-Type		Total	
	Activities		Activities			
	2009	2010	2009	2010	2009	2010
Revenues:						
Program Revenues:						
Charges for services	\$ 8,714,188	\$ 7,052,495	\$ 18,433,105	\$ 17,823,579	\$ 27,147,293	\$ 24,876,074
Operating grants and contributions	578,243	705,142	337,613	414,260	915,856	1,119,402
Capital grants and contributions	3,033,884	3,558,406	1,461,885	1,044,954	4,495,769	4,603,360
General Revenues:						
Taxes:						
Property taxes levied for general purposes	13,473,315	15,206,250	-	-	13,473,315	15,206,250
Tax Increment Financing	147,414	294,119	-	-	147,414	294,119
Sales and use taxes	11,805,360	12,121,386	-	-	11,805,360	12,121,386
Hotel / motel taxes	170,116	128,635	-	-	170,116	128,635
Franchise fees	2,560,705	2,521,842	-	-	2,560,705	2,521,842
Investment income	793,416	187,338	270,274	59,278	1,063,690	246,616
Gain (loss) on sale of assets	343,648	(953,453)	(119,157)	-	224,491	(953,453)
Total revenues	41,620,289	40,822,160	20,383,720	19,342,071	62,004,009	60,164,231
Expenses						
General government	5,858,171	4,743,333	-	-	5,858,171	4,743,333
Public safety	11,721,926	12,841,230	-	-	11,721,926	12,841,230
Public works	8,105,075	9,216,349	-	-	8,105,075	9,216,349
Community development	1,004,358	1,287,097	-	-	1,004,358	1,287,097
Culture and recreation	3,025,067	4,503,830	-	-	3,025,067	4,503,830
Interest and other fees	3,619,571	3,416,974	-	-	3,619,571	3,416,974
Water & wastewater	-	-	12,673,707	13,934,334	12,673,707	13,934,334
Hidden Creek Golf course	-	-	2,005,748	1,886,326	2,005,748	1,886,326
Solid Waste	-	-	2,218,385	2,358,589	2,218,385	2,358,589
Cemetery	-	-	3,699	16,260	3,699	16,260
Total expenses	33,334,168	36,008,813	16,901,539	18,195,509	50,235,707	54,204,322
Change in net assets						
before transfers	8,286,121	4,813,347	3,482,181	1,146,562	11,768,302	5,959,909
Transfers	289,160	67,454	(289,160)	(67,454)	-	-
Change in net assets	8,575,281	4,880,801	3,193,021	1,079,108	11,768,302	5,959,909
Net assets - beginning	100,947,028	109,522,309	48,322,330	51,515,351	149,269,358	161,037,660
Net assets - ending	\$ 109,522,309	\$ 114,403,110	\$ 51,515,351	\$ 52,594,459	\$ 161,037,660	\$ 166,997,569

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds – The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balances may serve as a useful measure of a government's net resources at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$37,594,913. Seventy-nine percent or \$29,747,119 of this total is reserved to indicate that it is not available for spending because it has already been committed (1) to pay for encumbrances \$115,170, (2) for prepaid items \$64,249, (3) to pay debt service \$2,854,533, (4) reserved for culture and recreation \$228,229, (5) reserved for economic development \$3,159,389 and (6) reserved for capital projects \$23,325,549. Approximately 21% of the combined ending fund balance or \$7,847,794 constitutes unreserved fund balance.

Of the \$37,594,913 ending fund balance, \$6,638,348 is accounted for in non-major governmental funds. The General Fund balance is \$7,188,195 at year end – an increase of \$454,928. This increase was created primarily by a combination of greater than expected property tax revenues and savings in some large expenses like health insurance. The Burleson Community Services Development Corporation (BCSDC) fund balance decreased \$543,573 to \$2,178,976 at year end. This decrease is the primarily the result of a mid-year decision to transfer \$1,500,000 to other governmental funds for pay-as-you-go capital projects. The Burleson 4A Economic Development (4AEDC) fund balance increased \$652,141 to a year-end total of \$980,413. The continued construction work without a bond sale during the period decreased fund balances in bond funded capital project funds by \$15,920,802 – finishing the year at \$13,152,261. The Mineral Lease Capital Project fund balance increased \$295,032 to \$7,228,491. This increase represents the degree to which mineral income exceeded the current need to supplement capital projects or debt service. The Parks Performance fund is a new fund this year. This fund is used to account for the operation of the City's recreational facilities that are largely supported by user fees. End of the year fund balance for this fund was \$228,229.

Proprietary funds – The City of Burleson's proprietary funds provide the same type of information found in government-wide financial statements, but in more detail.

Year-end net assets (deficit) in the water and wastewater fund amounted to \$50,294,287, and those for Hidden Creek Golf Course totaled (\$538,401). Net assets in these funds increased \$1,391,071 and \$98,410 respectively. The increase in the water and wastewater fund's net assets is largely the result of capital asset contributions from developers. Hidden Creek has targeted a level of operations under which operating revenues plus an annually declining subsidy from the Burleson Community Services Development Corporation, offset operating expenditures on a budgetary basis, (depreciation expense is consequently not included in this calculation). Contributions funding items such as principal on debt and capital purchases, exceeded non-cash operating expense, resulting in the \$98,410 increase in net assets, when measured on an accrual basis. The increase in Hidden Creek Golf Course net assets reduced the previous period's year-end deficit by about 15%. The existing deficit in this fund is a function of initial start-up losses associated with this (and most) courses during the early years of operations.

At the end of the fiscal year, the Solid Waste fund reported net assets of \$370,560. This represents a decrease of \$271,465. This decline is due primarily to cash transfers made in compliance with the plan of transition to a privatized service.

General Fund Budgetary Highlights – The City's revenue projections were decreased slightly (about \$1,900 or 0.01%) when compared with the original budget. Budgeted sales tax revenues were revised downward by about \$469,000 as the downward trend that began before the end of FY 2008-2009 continued through most of the year. Before year-end, however, this trend had begun to reverse itself resulting in revenues about \$285,000 more than the revised budget. The budget for fines and forfeitures was decreased by

about \$190,000 as the traffic enforcement section of the police department was short-staffed for much of the year.

Total actual revenue collections exceeded the revised estimates by about \$379,000, or about 1.5% of the revised estimate.

The general fund's final revised expenditure budget was about \$165,000 greater than the figure originally adopted, (an increase of about 0.7%).

Measured on a GAAP basis, actual year-end expenditures totaled about \$27,000 more than the revised budget total. A significant portion of this difference is attributable to presentation and measurement differences inherent to the GAAP and budgetary basis of accounting. For example, the \$112,000 budgeted for the contribution from the General fund to the golf course fund is presented in the non-departmental line item of the Budgetary Comparison Schedule. On a GAAP basis, the actual transfer is appropriately listed as a transfer in the Other Financing Sources section. Another \$110,000 in savings is related to unexpectedly low legal costs. Most of the difference, however, is the result of conservative estimation followed by even more conservative spending with few notably large variances from budget.

CAPITAL ASSETS

The City of Burleson's investment in capital assets for its governmental and business type activities as of September 30, 2010 amounts to \$239,570,244 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment and roads. Major capital asset events during the current fiscal year included the following:

- Approximately \$7,920,000 was spent toward construction of the new recreation center.
- Design and construction costs related to Chisenhall Fields, the City's new baseball complex amounted to approximately \$11,673,000.
- Construction and right-of-way costs related to construction of water infrastructure amounted to approximately 1,626,000.
- Construction and right-of-way costs related to construction of sanitary sewer lines amounted to approximately \$2,534,000.
- Approximately \$1,587,000 of drainage improvements were donated by developers.
- Approximately \$505,000 of water lines were donated by developers.
- Approximately \$466,000 of sewer lines were donated by developers.
- Streets and sidewalks worth approximately \$1,136,000 were donated by developers.

Additional information on the City's capital assets can be found in Note 4 in the basic financial statements.

DEBT ADMINISTRATION

At the end of the current fiscal year, the City had total bonded debt issues of \$129,680,000. Of this amount, \$42,145,000 comprises bonded debt backed solely by the full faith and credit of the government, \$56,520,000 represent bonds secured by a combination of property taxes and a limited pledge of other revenues, \$8,540,000 represents bonds secured solely by sales tax revenues, and \$22,475,000 secured by revenues generated from the City's water and wastewater utility.

Outstanding Debt at Year End

	Governmental Activities		Business-type Activities		Total	
	2009	2010	2009	2010	2009	2010
General obligation bonds	\$ 30,935,000	\$ 37,782,000	\$ 4,542,000	\$ 4,363,000	\$ 35,477,000	\$ 42,145,000
Certificate of obligation bonds	43,325,000	41,610,000	15,510,000	14,910,000	58,835,000	56,520,000
Utility system revenue bonds	-	-	23,785,000	22,475,000	23,785,000	22,475,000
Sales tax revenue bonds	9,560,000	8,540,000	-	-	9,560,000	8,540,000
	<u>\$ 83,820,000</u>	<u>\$ 87,932,000</u>	<u>\$ 43,837,000</u>	<u>\$ 41,748,000</u>	<u>\$ 127,657,000</u>	<u>\$ 129,680,000</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	A2	AA-	A+
4B sales tax revenue bonds	A2	A+	A+

During the year, the City issued \$10,805,000 in general obligation bonds and \$8,565,000 in sales tax revenue refunding bonds. The general obligation bonds were issued for the purpose of improving transportation infrastructure and recreation facilities, and for the purpose of lowering debt service requirements. These bonds are labeled in the notes on governmental activities as general obligation bonds, 2010 series (\$10,805,000). The sales tax revenue refunding bonds were issued for the purpose of lowering the overall debt service requirements of the City. These bonds are labeled in the notes on governmental activities as sales tax revenue bonds, 2010 sales tax revenue bonds (\$3,540,000 and \$5,025,000).

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 2011 budget, general fund revenues and transfers-in are budgeted to increase by less than 1% from the fiscal year 2010 budget. Increases in property valuations and the ad valorem tax rate are responsible for an increase in ad valorem taxes of approximately \$501,000 offsetting declines in other revenues. The adopted tax rate was 71.00 cents per \$100 of taxable value (1.6 cents higher than last years rate of 69.40 cents). Sales tax revenues are budgeted to decline by about \$463,000 and franchise fees are anticipated to increase about \$37,000. General fund expenditures are budgeted to increase less than 1% above prior year totals, or a total of about \$94,000. This increase represents a full year's cost of recurring items added for only part of the year in 2009-2010.

Projected results should retain undesignated fund balance in the General Fund to a level above the City's policy target, i.e. an amount equal to at least 60 days of operating expenses.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Burleson's finances. Questions concerning any of the information provided in this report or requests for additional information may be obtained by contacting the City of Burleson, Attn: Finance Department, 141 West Renfro Street, Burleson, Texas 76028.

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City of Burleson, Texas
Statement of Net Assets
September 30, 2010

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	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS:			
<u>Current Assets</u>			
Cash and investments	\$ 39,981,375	\$ 5,557,285	\$ 45,538,660
Receivables			
Taxes, net of allowance for uncollectible accounts	61,885	-	61,885
Accounts and other	3,760,725	2,332,159	6,092,884
Inventories	80,032	251,454	331,486
Accrued interest	38,376	12,831	51,207
Deferred charges	1,541,049	-	1,541,049
Internal balances	118,359	(118,359)	-
Total Current Assets	<u>45,581,801</u>	<u>8,035,370</u>	<u>53,617,171</u>
<u>Noncurrent Assets</u>			
Reserved cash and investments	-	12,623,040	12,623,040
Reserved accrued interest	-	1,260	1,260
Other assets	-	2,351,073	2,351,073
Capital Assets			
Nondepreciable	25,792,414	7,200,531	32,992,945
Depreciable, net of depreciation	140,704,563	65,872,736	206,577,299
Other assets	64,313	589,261	653,574
Total Noncurrent Assets	<u>166,561,290</u>	<u>88,637,901</u>	<u>255,199,191</u>
TOTAL ASSETS	<u>212,143,091</u>	<u>96,673,271</u>	<u>308,816,362</u>
LIABILITIES			
<u>Current Liabilities</u>			
Accounts payable and accrued liabilities	3,558,675	1,253,670	4,812,345
Accrued interest payable	426,567	152,390	578,957
Deposits	-	540,071	540,071
Arbitrage rebate liability	1,091	-	1,091
Current portion of :			
Long-term debt	4,552,000	2,168,000	6,720,000
Obligations under capital lease	361,768	87,193	448,961
Liability for compensated absences	1,064,656	129,127	1,193,783
Total Current Liabilities	<u>9,964,757</u>	<u>4,330,451</u>	<u>14,295,208</u>
<u>Noncurrent Liabilities</u>			
Long-term debt	84,268,686	39,272,895	123,541,581
Obligations under capital lease	1,295,114	310,936	1,606,050
Liability for compensated absences	1,886,977	124,117	2,011,094
Net pension obligation	324,447	40,413	364,860
Total Noncurrent Liabilities	<u>87,775,224</u>	<u>39,748,361</u>	<u>127,523,585</u>
TOTAL LIABILITIES	<u>97,739,981</u>	<u>44,078,812</u>	<u>141,818,793</u>
NET ASSETS			
Invested in capital assets, net of related debt	89,235,983	43,197,167	132,433,150
Restricted for:			
Debt service	2,854,533	3,203,528	6,058,061
Economic Development	3,159,389	-	3,159,389
Unrestricted	19,153,205	6,193,764	25,346,969
TOTAL NET ASSETS	<u>\$ 114,403,110</u>	<u>\$ 52,594,459</u>	<u>\$ 166,997,569</u>

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

City of Burleson, Texas
Statement of Activities
Year Ended September 30, 2010

Functions/Programs	Expenses	Program Revenues		
		Charges for services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
General government	\$ 4,743,333	\$ 1,726,724	\$ 267,452	\$ -
Public safety	12,841,230	1,232,229	408,522	13,200
Public works	9,216,349	90,815	-	3,239,806
Community development	1,287,097	1,264,410	18,052	-
Culture and recreation	4,503,830	2,738,317	11,116	305,400
Interest and other fees	3,416,974	-	-	-
Total governmental activities	<u>36,008,813</u>	<u>7,052,495</u>	<u>705,142</u>	<u>3,558,406</u>
Business type activities:				
Water and wastewater	13,934,334	14,162,379	414,260	1,044,954
Hidden Creek Golf Course	1,886,326	1,344,424	-	-
Solid waste	2,358,589	2,311,221	-	-
Cemetery	16,260	5,555	-	-
Total business-type activities	<u>18,195,509</u>	<u>17,823,579</u>	<u>414,260</u>	<u>1,044,954</u>
Total primary government	<u>\$ 54,204,322</u>	<u>\$ 24,876,074</u>	<u>\$ 1,119,402</u>	<u>\$ 4,603,360</u>

General revenues:

- Taxes:
 - Property taxes
 - Tax increment financing
 - Sales taxes
 - Hotel/motel taxes
- Franchise fees
- Unrestricted investment earnings
- Loss on retirement of capital assets
- Transfers between governmental and business type activities
- Total general revenues and transfers

Change in net assets

Net assets-beginning

Net assets-ending

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

Net (Expense) Revenue and
Changes in Net Assets

Primary Government		
Governmental Activities	Business Type Activities	Total
\$ (2,749,157)	\$ -	\$ (2,749,157)
(11,187,279)	-	(11,187,279)
(5,885,728)	-	(5,885,728)
(4,635)	-	(4,635)
(1,448,997)	-	(1,448,997)
(3,416,974)	-	(3,416,974)
(24,692,770)	-	(24,692,770)
-	1,687,259	1,687,259
-	(541,902)	(541,902)
-	(47,368)	(47,368)
-	(10,705)	(10,705)
-	1,087,284	1,087,284
(24,692,770)	1,087,284	(23,605,486)
15,206,250	-	15,206,250
294,119	-	294,119
12,121,386	-	12,121,386
128,635	-	128,635
2,521,842	-	2,521,842
187,338	59,278	246,616
(953,453)	-	(953,453)
67,454	(67,454)	-
29,573,571	(8,176)	29,565,395
4,880,801	1,079,108	5,959,909
109,522,309	51,515,351	161,037,660
\$ 114,403,110	\$ 52,594,459	\$ 166,997,569

City of Burleson, Texas
Balance Sheet
Governmental Funds
September 30, 2010

	Major Funds			
	General	BCDC Special Revenue	4A Corp Special Revenue	Parks Performance Fund
ASSETS				
Cash and investments	\$ 6,585,906	\$ 1,646,619	\$ 1,676,028	\$ 333,388
Receivables, net:				
Property tax	44,218	-	-	-
Accounts	1,074,695	-	-	3,733
Loan	-	-	-	-
Due from other governments	1,050,937	531,976	539,110	-
Accrued interest	16,296	381	6	491
Inventory	-	-	-	2,654
Other assets	64,313	-	-	-
Total assets	\$ 8,836,365	\$ 2,178,976	\$ 2,215,144	\$ 340,266
LIABILITIES				
Accounts payable	287,648	-	-	59,792
Accrued liabilities	994,266	-	-	52,245
Due to other funds	-	-	1,234,731	-
Deferred revenue	366,256	-	-	-
Total liabilities	1,648,170	-	1,234,731	112,037
FUND BALANCES				
Reserved for:				
Encumbrances	115,170	-	-	-
Prepaid Items	64,249	-	-	-
Debt service	-	-	-	-
Culture and recreation	-	-	-	228,229
Economic development	-	2,178,976	980,413	-
Capital expenditures	-	-	-	-
Unreserved, undesignated reported in:				
General fund	7,008,776	-	-	-
Special revenue funds	-	-	-	-
Total fund balances	7,188,195	2,178,976	980,413	228,229
Total liabilities and fund balances	\$ 8,836,365	\$ 2,178,976	\$ 2,215,144	\$ 340,266

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

Major Funds			
Bond Funded Capital Projects	Mineral Lease Funded Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 13,451,980	\$ 7,284,316	\$ 8,177,082	\$ 39,155,319
-	-	17,667	61,885
19,436	-	22,087	1,119,951
-	-	137,872	137,872
-	-	371,027	2,493,050
668	12,417	6,650	36,909
-	-	-	2,654
-	-	-	64,313
<u>\$ 13,472,084</u>	<u>\$ 7,296,733</u>	<u>\$ 8,732,385</u>	<u>\$ 43,071,953</u>
319,823	68,242	706,643	1,442,148
-	-	1,249,522	2,296,033
-	-	137,872	1,372,603
-	-	-	366,256
<u>319,823</u>	<u>68,242</u>	<u>2,094,037</u>	<u>5,477,040</u>
-	-	-	115,170
-	-	-	64,249
-	-	2,854,533	2,854,533
-	-	-	228,229
-	-	-	3,159,389
13,152,261	7,228,491	2,944,797	23,325,549
-	-	-	7,008,776
-	-	839,018	839,018
<u>13,152,261</u>	<u>7,228,491</u>	<u>6,638,348</u>	<u>37,594,913</u>
<u>\$ 13,472,084</u>	<u>\$ 7,296,733</u>	<u>\$ 8,732,385</u>	<u>\$ 43,071,953</u>

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City of Burleson, Texas
Statement of Net Assets
Reconciliation of the Balance Sheet to the Statement of Net Assets
September 30, 2010

B-2

Total fund balances--governmental funds **\$ 37,594,913**

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

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. 163,017,171

Certain charges related to the issuance of debt were expended in this year, but will be amortized over the life of the debt, and therefore are deferred in the government wide statement. 1,541,049

Internal service funds (ISF) are used by the City's management for equipment maintenance, support services and vehicle replacement. The assets and liabilities of the funds are included with governmental activities in the Statement of Net Assets but are not included at the fund level. 5,316,910

Certain receivables will be collected this year, but are not available soon enough to pay for the current period's expenditures and are, therefore, not recognized at the fund level. 366,256

Long-term liabilities, including liabilities for compensated absences, bonds payable, accrued interest and obligations under capital lease are not due and payable in the current period and therefore are not reported as liabilities in the funds.

Bonds payable	88,820,686	
Obligation under capital lease (net of ISF of \$362,179)	1,294,703	
Accrued interest	417,444	
Compensated absences (net of ISF \$153,771)	2,589,173	
Arbitrage liability	1,091	
Net pension obligation	310,092	
Combined adjustment		(93,433,189)

Total net assets--governmental activities **\$ 114,403,110**

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

City of Burleson, Texas
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2010

	Major Funds			
	General	BCDC Special Revenue	4A Corp Special Revenue	Parks Performance Fund
REVENUES				
Property tax	\$ 11,838,884	\$ -	\$ -	\$ -
Sales tax	5,855,414	2,972,078	3,014,882	-
Franchise tax	2,527,140	-	-	-
Licenses and permits	1,150,796	-	-	-
Intergovernmental	219,713	-	-	-
Fines and forfeitures	962,387	-	-	-
Contributions and donations	-	-	-	-
Charges for goods and services	1,280,456	-	-	777,109
Interest income	70,334	4,041	3,298	860
Mineral lease revenue	-	-	-	-
Street assessments	-	-	-	-
Miscellaneous	634,377	-	600	24,841
Total revenues	<u>24,539,501</u>	<u>2,976,119</u>	<u>3,018,780</u>	<u>802,810</u>
EXPENDITURES				
Current operations:				
General government	4,442,561	-	-	-
Public safety	12,397,853	-	-	-
Public works	5,233,887	-	-	-
Community development	678,012	3,500	129,646	-
Culture and recreation	2,212,085	-	-	1,438,581
Capital expenditures	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal agent charges	-	-	-	-
Cost of debt issuance	-	-	-	-
Arbitrage expense	-	-	-	-
Total expenditures	<u>24,964,398</u>	<u>3,500</u>	<u>129,646</u>	<u>1,438,581</u>
Excess (deficiency) of revenues over (under) expenditures	(424,897)	2,972,619	2,889,134	(635,771)
OTHER FINANCING SOURCES (USES)				
Transfers in	615,862	-	-	864,000
Transfers out	(247,592)	(3,516,192)	(2,236,993)	-
Capital lease proceeds	511,555	-	-	-
Bond proceeds	-	-	-	-
Issuance of refunding bonds	-	-	-	-
Premium on debt issuance	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Total other financing sources (uses)	<u>879,825</u>	<u>(3,516,192)</u>	<u>(2,236,993)</u>	<u>864,000</u>
Net change in fund balances	454,928	(543,573)	652,141	228,229
Fund balance - beginning	<u>6,733,267</u>	<u>2,722,549</u>	<u>328,272</u>	<u>-</u>
Fund balance - ending	<u>\$ 7,188,195</u>	<u>\$ 2,178,976</u>	<u>\$ 980,413</u>	<u>\$ 228,229</u>

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

Major Funds			
Bond Funded Capital Projects	Mineral Lease Funded Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 3,670,693	\$ 15,509,577
-	-	407,647	12,250,021
-	-	-	2,527,140
-	-	-	1,150,796
38,436	-	191,882	450,031
-	-	444,505	1,406,892
-	-	18,052	18,052
-	-	-	2,057,565
49,617	24,254	26,463	178,867
-	1,838,611	-	1,838,611
-	-	213,913	213,913
-	-	609,171	1,268,989
88,053	1,862,865	5,582,326	38,870,454
-	-	216,262	4,658,823
-	-	583,315	12,981,168
-	-	105,884	5,339,771
-	-	692,284	1,503,442
64,890	-	184,292	3,899,848
24,101,744	797,833	2,992,389	27,891,966
-	-	4,180,000	4,180,000
-	-	3,371,700	3,371,700
220,642	-	227,256	447,898
59,448	-	-	59,448
24,446,724	797,833	12,553,382	64,334,064
(24,358,671)	1,065,032	(6,971,056)	(25,463,610)
-	-	5,333,645	6,813,507
(81)	(770,000)	(50,000)	(6,820,858)
-	-	857,506	1,369,061
8,375,000	-	-	8,375,000
-	-	10,995,000	10,995,000
62,950	-	466,402	529,352
-	-	(11,326,305)	(11,326,305)
8,437,869	(770,000)	6,276,248	9,934,757
(15,920,802)	295,032	(694,808)	(15,528,853)
29,073,063	6,933,459	7,333,156	53,123,766
\$ 13,152,261	\$ 7,228,491	\$ 6,638,348	\$ 37,594,913

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CITY OF BURLESON, TEXAS
Governmental Funds
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balance to the Statement of Activities
For the Year Ended September 30, 2010

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Net change in fund balances--total governmental funds	\$	(15,528,853)
Amounts reported for governmental activities in the statement of activities are different because:		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>		
Capital Outlay (includes \$672,828 not classified as capital expenditures on the fund statements)	28,564,794	
Depreciation (net of internal service)	(5,018,131)	23,546,663
Certain other capital-related amounts result in differences between the government-wide and fund-level statements.		2,104,502
Capital lease proceeds provide current financial resources to governmental funds, but increases long-term liabilities in the government-wide statement of net assets.		(1,376,250)
A transfer of capital assets and long-term liabilities between the governmental activities and the business type activities is not reported at the fund level.		(1,550,368)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(16,360)
Certain long-term liabilities are accrued at the government-wide level but not at the fund level. This is the current year change in those liabilities, reported as expense in the statement of activities.		(56,565)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments.		(3,600,605)
A reduction of Internal charges between the governmental activities and the business type activities is not reported at the fund level.		58,882
Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet maintenance, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.		1,299,755
Change in net assets of governmental activities		4,880,801

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

City of Burleson, Texas
Statement of Net Assets
All Proprietary Funds
September 30, 2010

	Business-Type Activities Enterprise Funds			
	Water & Wastewater	Hidden Creek Golf Course	Solid Waste	Non-major
ASSETS				
Current assets:				
Cash and investments	\$ 4,049,441	\$ 158,113	\$ 246,048	\$ 619,798
Receivables:				
Accounts	1,982,034	1,031	297,920	1,174
Due from other funds	-	-	-	-
Accrued interest	9,086	903	724	1,210
Inventories	150,758	31,087	-	-
Land held for sale of cemetery lots	-	-	-	69,609
Total current assets	<u>6,191,319</u>	<u>191,134</u>	<u>544,692</u>	<u>691,791</u>
Non-current assets:				
Restricted deposits and investments	12,538,450	84,590	-	-
Restricted accrued interest receivable	1,260	-	-	-
Other assets	2,226,314	124,759	-	-
Capital assets:				
Other assets	589,261	-	-	-
Property, plant, and equipment, net	<u>67,807,555</u>	<u>3,858,830</u>	<u>25,044</u>	<u>262,124</u>
Total noncurrent assets	<u>83,162,840</u>	<u>4,068,179</u>	<u>25,044</u>	<u>262,124</u>
TOTAL ASSETS	<u>89,354,159</u>	<u>4,259,313</u>	<u>569,736</u>	<u>953,915</u>
LIABILITIES				
Current liabilities:				
Accounts payable	954,221	23,079	192,194	4,461
Accrued liabilities	46,018	29,763	3,934	-
Accrued interest payable	136,238	16,152	-	-
Customer deposits	522,482	-	-	17,589
Compensated absences	87,665	40,014	1,448	-
Bonds payable	1,980,000	188,000	-	-
Capital lease payable	3,093	84,100	-	-
Total current liabilities	<u>3,729,717</u>	<u>381,108</u>	<u>197,576</u>	<u>22,050</u>
Noncurrent liabilities:				
Revenue bonds payable	35,175,365	4,043,126	-	-
Unamortized premium on bonds payable	54,404	-	-	-
Capital lease payable	10,148	300,788	-	-
Net pension obligation	24,608	14,205	1,600	-
Compensated absences	65,630	58,487	-	-
Total noncurrent liabilities	<u>35,330,155</u>	<u>4,416,606</u>	<u>1,600</u>	<u>-</u>
TOTAL LIABILITIES	<u>39,059,872</u>	<u>4,797,714</u>	<u>199,176</u>	<u>22,050</u>
NET ASSETS				
Invested in capital assets, net of related debt	42,125,641	(632,425)	25,044	262,124
Restricted for debt service and construction	3,203,528	-	-	-
Unrestricted	<u>4,965,118</u>	<u>94,024</u>	<u>345,516</u>	<u>669,741</u>
Total net assets (liabilities)	<u>\$ 50,294,287</u>	<u>\$ (538,401)</u>	<u>\$ 370,560</u>	<u>\$ 931,865</u>

Net assets of business-type activity internal service funds
Adjustment to reflect activity between governmental and business type activities

Net assets of business type activities

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

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<u>Total</u>	<u>Governmental Activities</u>	
	<u>Internal Service Funds</u>	
\$ 5,073,400	\$	1,309,941
2,282,159		59,852
-		1,372,603
11,923		2,375
181,845		77,378
69,609		-
<u>7,618,936</u>		<u>2,822,149</u>
12,623,040		-
1,260		-
2,351,073		-
589,261		-
<u>71,953,553</u>		<u>4,599,519</u>
<u>87,518,187</u>		<u>4,599,519</u>
<u>95,137,123</u>		<u>7,421,668</u>
1,173,955		38,306
79,715		28,677
152,390		-
540,071		-
129,127		57,498
2,168,000		-
87,193		111,851
<u>4,330,451</u>		<u>236,332</u>
39,218,491		-
54,404		-
310,936		250,328
40,413		14,355
124,117		96,273
<u>39,748,361</u>		<u>360,956</u>
<u>44,078,812</u>		<u>597,288</u>
41,780,384		4,339,533
3,203,528		-
<u>6,074,399</u>		<u>2,484,847</u>
51,058,311	\$	<u><u>6,824,380</u></u>
1,654,507		
<u>(118,359)</u>		
<u>\$ 52,594,459</u>		

City of Burleson, Texas
Statement of Revenues, Expenses, and Changes in Fund Net Assets
All Proprietary Funds
For the Year Ended September 30, 2010

	Business-Type Activities			
	Enterprise Funds			
	Water & Wastewater	Hidden Creek Golf Course	Solid Waste	Non-major
Operating revenues:				
Charges for goods and services	\$ 13,703,256	\$ 1,283,624	\$ 2,311,221	\$ 5,555
Penalties and interest	387,586	-	-	-
Miscellaneous	71,537	-	-	-
Impact fee revenue	414,260	-	-	-
Operating revenues	<u>14,576,639</u>	<u>1,283,624</u>	<u>2,311,221</u>	<u>5,555</u>
Operating expenses:				
Water and wastewater services	9,508,174	-	-	-
Golf operations	-	1,385,377	-	-
Administrative expenses	794,415	-	-	-
Cemetery operations	-	-	-	466
Solid waste operations	-	-	2,353,430	-
Equipment services	-	-	-	-
Support services	-	-	-	-
Materials, supplies, and cemetery lots	-	-	-	10,160
Depreciation	1,734,856	285,804	545	5,634
Total operating expenses	<u>12,037,445</u>	<u>1,671,181</u>	<u>2,353,975</u>	<u>16,260</u>
Net operating income (loss)	2,539,194	(387,557)	(42,754)	(10,705)
Non-operating revenues (expenses)				
Gain (loss) on disposition of fixed assets	(5,743)	20,962	-	-
Investment income	46,904	5,786	2,151	2,323
Interest and fiscal agent charges	(1,792,607)	(224,355)	-	-
Miscellaneous	-	60,800	-	-
Total non-operating revenue	<u>(1,751,446)</u>	<u>(136,807)</u>	<u>2,151</u>	<u>2,323</u>
Income (loss) before capital contributions and transfers	787,748	(524,364)	(40,603)	(8,382)
Transfers in	-	623,213	-	-
Transfer out	(441,631)	(439)	(230,862)	-
Capital contributions	1,044,954	-	-	-
Net Income	1,391,071	98,410	(271,465)	(8,382)
Net assets (liabilities) at beginning of year	48,903,216	(636,811)	642,025	940,247
Net assets at end of year	<u>\$ 50,294,287</u>	<u>\$ (538,401)</u>	<u>\$ 370,560</u>	<u>\$ 931,865</u>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds
Change in net assets of business type activities

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

<u>Total</u>	<u>Governmental Activities</u>	
	<u>Internal Service Funds</u>	
\$ 17,303,656	\$	2,499,808
387,586		-
71,537		66,146
414,260		-
<u>18,177,039</u>		<u>2,565,954</u>
9,508,174		-
1,385,377		-
794,415		937,053
466		-
2,353,430		-
-		158,713
-		705,279
10,160		-
2,026,839		1,127,334
<u>16,078,861</u>		<u>2,928,379</u>
2,098,178		(362,425)
15,219		1,229
57,164		9,985
(2,016,962)		(28,116)
60,800		-
<u>(1,883,779)</u>		<u>(16,902)</u>
214,399		(379,327)
623,213		2,110,995
(672,932)		(503,557)
<u>1,044,954</u>		<u>-</u>
1,209,634		1,228,111
		5,596,269
	\$	<u>6,824,380</u>
<u>(130,526)</u>		
<u>\$ 1,079,108</u>		

City of Burleson, Texas
Statement of Cash Flows
All Proprietary Funds
For the Year Ended September 30, 2010

	Business-Type Activities			
	Enterprise Funds			
	Water and Wastewater	Golf Course	Solid Waste	Non-major
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 14,167,050	\$ 1,283,004	\$ 2,315,549	\$ 4,923
Cash received for deposits	12,741	-	-	(75)
Cash received from interfund services provided	-	-	-	-
Cash payments (loan receivable) from other funds	-	-	-	-
Cash payments to vendors, suppliers and contractors	(8,957,264)	(538,961)	(2,350,106)	(11,874)
Payments to employees for services	(1,507,376)	(897,970)	(7,298)	-
Payments to other funds	-	-	-	-
Other operating cash receipts (payments)	71,537	60,800	-	-
Net cash provided by (used for) operating activities	<u>3,786,688</u>	<u>(93,127)</u>	<u>(41,855)</u>	<u>(7,026)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfer from other funds	-	623,213	-	-
Transfer to other funds	(441,631)	(439)	(230,862)	-
Net cash provided by (used for) noncapital financing activities	<u>(441,631)</u>	<u>622,774</u>	<u>(230,862)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital contributions	73,696	-	-	-
Proceeds from disposal of capital assets	(5,743)	20,962	-	-
Principal paid on bonds	(1,910,000)	(179,000)	-	-
Interest payments on long-term debt	(1,761,082)	(209,659)	-	-
(Acquisition) disposal of capital assets	(3,058,125)	(136,868)	-	(237,689)
Net cash provided by (used for) capital and related financing activities	<u>(6,661,254)</u>	<u>(504,565)</u>	<u>-</u>	<u>(237,689)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	44,594	8,328	2,338	1,979
Proceeds from sale of investments	5,062,802	-	363,237	606,441
Purchase of investments	(6,352,972)	-	(455,802)	(760,982)
Net cash provided by investing activities	<u>(1,245,576)</u>	<u>8,328</u>	<u>(90,227)</u>	<u>(152,562)</u>
Net increase (decrease) in cash and cash equivalents	(4,561,773)	33,410	(362,944)	(397,277)
Cash and cash equivalents--beginning of year	16,062,327	209,293	516,427	613,083
Cash and cash equivalents--end of year	11,500,554	242,703	153,483	215,806
Investments	5,087,337	-	92,565	403,992
Total cash and investments	<u>\$ 16,587,891</u>	<u>\$ 242,703</u>	<u>\$ 246,048</u>	<u>\$ 619,798</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 2,539,194	\$ (387,557)	\$ (42,754)	\$ (10,705)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	1,734,856	285,804	545	5,634
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	(338,052)	60,180	4,328	(632)
(Increase) decrease in inventories	79,542	2,094	-	161
(Increase) decrease in due from other funds	-	-	-	-
Increase (decrease) in vouchers and accounts payable	(249,261)	(28,659)	3,324	(1,409)
Increase in intergovernmental payables	-	-	-	-
Increase (decrease) in accrued liabilities	7,668	(24,989)	(7,298)	-
Increase (decrease) in deposits payable	12,741	-	-	(75)
Net cash provided by operating activities	<u>\$ 3,786,688</u>	<u>\$ (93,127)</u>	<u>\$ (41,855)</u>	<u>\$ (7,026)</u>
Noncash investing, capital and financing activities				
Contributions of capital assets from government	\$ -	\$ -	\$ -	\$ -
Contributions from developers	971,258	-	-	-
Total noncash investing, capital and financing activities	<u>\$ 971,258</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Total Enterprise Funds	Governmental Activities
	Internal Service Funds
\$ 17,770,526	\$ -
12,666	-
-	2,469,410
-	568,761
(11,858,205)	(849,965)
(2,412,644)	(839,156)
-	(32,458)
132,337	-
<u>3,644,680</u>	<u>1,316,592</u>
623,213	2,110,995
<u>(672,932)</u>	<u>(503,557)</u>
<u>(49,719)</u>	<u>1,607,438</u>
73,696	-
15,219	1,229
(2,089,000)	-
(1,970,741)	-
<u>(3,432,682)</u>	<u>(2,836,713)</u>
<u>(7,403,508)</u>	<u>(2,835,484)</u>
57,239	8,942
6,032,480	1,190,497
<u>(7,569,756)</u>	<u>(1,494,505)</u>
<u>(1,480,037)</u>	<u>(295,066)</u>
(5,288,584)	(206,520)
<u>17,401,130</u>	<u>(1,070,777)</u>
12,112,546	(1,277,297)
<u>5,583,894</u>	<u>2,587,238</u>
<u>\$ 17,696,440</u>	<u>\$ 1,309,941</u>
\$ 2,098,178	\$ (362,425)
2,026,839	1,127,334
(274,176)	(30,398)
81,797	8,443
-	502,615
(276,005)	5,584
-	(32,458)
(24,619)	97,897
12,666	-
<u>\$ 3,644,680</u>	<u>\$ 1,316,592</u>
\$ -	\$ 1,993,356
971,258	-
<u>\$ 971,258</u>	<u>\$ 1,993,356</u>

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City's major operations include public safety, public works, culture, recreation and community development. In addition, the City owns and operates a water and wastewater system, solid waste system, a golf course and a cemetery.

The accounting policies of the City conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies:

A. Reporting Entity

The City of Burleson ("City") Home Rule Charter was adopted by the voters at an election held on April 5, 1969. The City operates under a Council-Manager form of government. As required by accounting principles generally accepted in the United States of America, the basic financial statements present the City (primary government) and its component units.

The Burleson Community Service Development Corporation ("BCDC") was incorporated June 25, 1993 as a nonprofit industrial development corporation under the Development Corporation Act of 1979 ("Act"). The Corporation is organized exclusively for the purposes of benefiting and accomplishing public purposes of, and to act on behalf of, the City, and the specific purposes for which the Corporation is organized. This includes the construction and renovation of the municipal buildings and other facilities. Although it is legally separate from the City, the BCDC is reported as if it were part of the primary government (blended) because its Board of Directors is substantially the same as the City Council and the City is the primary beneficiary of the financing services provided. Separate financial statements for the BCDC are not available.

The Burleson 4A Economic Development Corporation (the "4A Corporation") was incorporated September 28, 2000. The Corporation as organized is to promote and provide for economic development within the city and the State of Texas in order to eliminate unemployment and underemployment, and to promote and encourage employment and the public welfare of, for, and on behalf of the City by developing, implementing, providing, and financing projects under the Act and as defined in Section 4A of the Act. Although it is legally separate from the City, the 4A Corporation is reported as a blended component unit because its Board of Directors is substantially the same as the City Council and the City is the primary beneficiary of the services it provides. Separate financial statements for the 4A Corporation are not available.

Tax Increment Finance Reinvestment Zone Number Two (the TIF) was formed to finance and make public improvements serving only the City, under the authority of the Tax Increment Financing Act. The TIF is governed by a five-member board of directors, of which four members are appointed by the City Council. Although it is legally separate from the City, the TIF is reported as a blended component unit because its Board of Directors is substantially the same as the City Council and the City is the primary beneficiary of the services it provides. Separate financial statements for the TIF are not available.

B. Basic Financial Statements

The basic financial statements include both government-wide financial statements (based on the City as a whole) and fund financial statements. The focus is on either the City as a whole or major individual funds (within the fund financial statements). Both the government-wide and fund financial statements categorize activities as either governmental activities or business-type activities. In the government-

wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reflected on a full accrual economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The government-wide Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus refers to what is being measured and basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the time of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. Debt service expenditures and expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property, franchise, sales and hotel occupancy taxes and investment income (including unrealized gains and losses) are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

The *General Fund* is the primary operating fund of the City. It accounts for all financial resources of the City except those required to be accounted for in another fund.

The *BCDC 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* accounts 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 City reports the following major enterprise funds:

The *Water and Wastewater fund* is used to account for the provision of water and sewer services to residents of the City and certain nonresidents. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service and billing and collection.

The *Golf Course fund* accounts for the operations of the City's golf course, Hidden Creek Golf Course.

The *Solid Waste fund* accounts for the operation of the City's solid waste collection utility.

The *Cemetery* enterprise fund, which is not a major fund, is used to account for the operations of the City's cemetery.

The internal service funds are used to account for the financing of goods and services provided by the Equipment Services and Information Technology departments to other City departments and for the purchase of City vehicles not budgeted for in other funds.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's water and wastewater fund and various other funds of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various funds concerned.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund and the government's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating 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, and Net Assets or Equity

- 1) Deposits and Investments – Substantially all operating deposits and investments are maintained in pooled deposits and investment accounts. Investment income relating to consolidated deposits and investments is allocated to the individual funds primarily based on each fund's pro rata share of total consolidated deposits and investments. For purposes of cash flows, the City considers cash on hand, demand deposits, and investments with original maturities of three months or less to be cash equivalents.

Legal provisions generally permit the City to invest in direct obligations of the Federal government, municipal investment pools and interest-bearing deposit accounts. During the year ended September 30, 2010, the City did not own any types of securities other than those permitted by state law.

All investments are stated at fair value, which is based on quoted market prices.

- 2) Receivables and Payables – Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds” (i.e., the current portion of inter-fund loans) or “advances to/from other funds” (i.e., the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Advances between funds, as reported in the fund financial statements are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 60 days comprise the trade accounts receivable allowance for uncollectibles. The net property tax receivable is comprised of the property tax revenues collected within 60 days after year end. The City believes that amounts remaining uncollected at sixty days after year-end are generally uncollectible and have been reserved in total.

The City's property taxes are levied on October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the City. Assessed values are established at 100% of estimated market value. The assessed value, net of exemptions, upon which the fiscal 2010 levy was based, was approximately \$2,232,469,943. Property taxes attach as an enforceable lien on property as of January 1. Taxes are due by January 31 following the October 1 levy date and are considered delinquent after January 31 of each year.

General property taxes are limited by the Texas Constitution to \$2.50 per \$100 of assessed valuation. The City's Home Rule Charter authorizes assessment, levy and collection of property taxes: a) at a rate not exceeding \$1.00 per \$100 of assessed valuation for the purpose of paying the general governmental operating costs of the City; b) at a rate not exceeding six cents per \$100 of assessed valuation for the purpose of maintaining the public libraries of the City; and c) at a rate sufficient to pay the principal and interest on bonds of the City. The City's combined tax rate for the year ended September 30, 2010 was \$0.6940 per \$100 of assessed valuation.

- 3) Inventories – Inventories, which are expended as they are consumed, are stated at the lower of cost or market on a first-in, first-out basis.

- 4) Restricted Assets – Certain bond proceeds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.
- 5) Capital assets – Capital assets, which include land, buildings, improvements, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), purchased or acquired, are carried at historical cost or estimated historical cost if historical cost is not available. Contributed assets are recorded at fair market value as of the date of donation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed. A capitalization threshold of \$5,000 is used for all capital assets. Depreciation on capital assets is calculated on the straight-line basis over the following estimated useful lives:

Buildings	30 - 50 years
Machinery and equipment	5 - 30 years
Vehicles	5 - 30 years
Water & sewer system	50 years
Improvements other than buildings	20 years
Infrastructure	15 - 40 years

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest accrued during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the City during the current year was \$5,433,936. Of this amount, none was included as part of the cost of capital assets under construction.

- 6) Compensated absences – Vacation and sick leave are granted to City employees in varying amounts. The City accrues vacation benefits as they are earned. In the event of termination, an employee is reimbursed for accumulated unused vacation days if the employee has at least six months service. The City’s policy regarding unused sick leave allows terminated employees with at least five years of service to receive reimbursement of accumulated unused sick leave.
- 7) Fund equity – In the fund financial statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balances represent tentative management plans that are subject to change.

E. Budgetary Information

Budget Policy – Prior to September 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing October 1. The operating budget includes proposed expenditures and the means of financing them. The proposed budget and all supporting schedules are filed with the City Clerk when submitted to the City Council. Public hearings are conducted to obtain taxpayer comments. Prior to September 30, the budget is adopted by affirmative vote of a majority of the members of the City Council.

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

Budgetary Data – Budget amounts presented in the required supplementary information reflect the original budget and the amended budget (which has been adjusted for legally authorized revisions to the

annual budget during the year). Appropriations, except remaining project appropriations and encumbrances, lapse at the end of each fiscal year.

Excess of Expenditures over Appropriations – For the year ended September 30, 2010, expenditures exceeded appropriations in the purchasing, non-departmental, fire, pavement maintenance, recreation, and senior center departments (the legal level of budgeting control) of the general fund by \$11, \$123,508, \$45,758, \$19,505, \$2,804 and \$6,053 respectively. These over-expenditures were funded by savings in other departments.

F. Accounting Pronouncements

During fiscal year 2010, the City adopted the following Governmental Accounting Standards Board (“GASB”) Statements:

Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, which requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. This statement also provides authoritative guidance that specifically addresses the nature of these intangible assets. Such guidance should be applied in addition to the existing authoritative guidance for capital assets.

Statement No. 53, *Accounting and Reporting for Derivative Instruments*, is intended to improve how state and local governments report information about derivative instruments which are financial arrangements used by governments to manage specific risks or make investments, in their financial statements. The Statement specifically requires governments to measure most derivative instruments at fair value in their financial statements that are prepared using the economic resources measurement focus and the accrual basis of accounting. The guidance in this Statement also addresses hedge accounting requirements.

Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*. The objective of this Statement is to provide accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. It requires governments to remeasure liabilities that are adjusted in bankruptcy when the bankruptcy court confirms (that is, approves) a new payment plan.

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

Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definition*, is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds and is effective for fiscal year 2011.

Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, The objective of this Statement is to address issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other post-employment benefit (OPEB) plans (that is, agent employers) and is effective for fiscal year 2012.

Statement No. 59, *Financial Instruments Omnibus*, is intended to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. This statement is effective for fiscal year 2011.

Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. As used in this Statement, an SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a “facility”) in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. This Statement is effective for fiscal year 2013.

Statement No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34* is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. This Statement modifies certain requirements for inclusion of component units in the financial reporting and is effective for fiscal year 2013.

Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* is intended to incorporate into the GASB’s authoritative literature Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants’ (AICPA) Committee on Accounting Procedure issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. This Statement also supersedes Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*. The requirements of this Statement are effective for fiscal year 2013

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

G. Deficit Net Assets

At September 30, 2010, The Hidden Creek Golf Course Fund had an accumulated deficit of \$538,401. Of this net deficit, \$632,425 is reported as invested in capital assets net of related debt. This deficit is caused by depreciation in excess of debt reduction. Future operating revenues coupled with increasing principal retirements are expected to eliminate this deficit.

H. Oil and Gas Royalties

The City receives royalties related to various oil and gas leases for which the City acts as lessor. The royalties are generally payable to the City when production begins at the lease site, and revenue is recognized at the time the royalty is earned and considered measurable and available if received within 60 days of year-end.

2. CASH AND INVESTMENTS

Cash and investments as of September 30, 2010, are classified in the statement of net assets as cash and investments and restricted cash and investments. The cash and investments include the following:

Cash on hand	\$ 4,710
Demand deposits	(126,135)
Money market mutual funds	2,628,561
Certificates of deposit	738,730
TexPool (State of Texas Treasurer's Investment Pool)	11,461,207
TexPool Prime (State of Texas Treasurer's Investment Pool)	12,198,487
Lone Star Investment Pool - Liquidity Plus Fund	3,999,056
TexSTAR Investment Pool	10,256,379
Federally backed mortgage securities	<u>17,000,705</u>
Total cash and investments	<u>\$ 58,161,700</u>

Deposits

State statutes authorize the City's cash to be deposited in demand deposits, time deposits, or certificates of deposit, and require that all deposits be fully collateralized or insured.

Custodial credit risk

Custodial credit risk for deposits is the risk that, in the event of failure of a depository financial institution, the City will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The City's policy requires that all deposits with financial institutions must be collateralized to the extent not protected by F.D.I.C. insurance.

At September 30, 2010, the carrying amount of the City's deposits was a deficit of \$126,135, with an overall bank balance of approximately \$700,072. The bank balances were entirely covered either by Federal Depository Insurance or by collateral held by the City's agent in the City's name.

Investments

In accordance with the Texas Public Funds Investment Act and the City of Burleson investment policy, the City invests in:

- a. Obligations of the United States or its agencies or instrumentalities;
- b. Fully insured or collateralized certificates of deposit at commercial banks and savings and loan associations;
- c. SEC registered, no load money market funds in accordance with state law;
- d. Eligible statewide investment pools authorized by the City Council;
- e. Repurchase Agreements (direct security repurchase agreements and reverse repurchase agreements in accordance with state law) collateralized by U.S. Treasury or U.S. Government Agency Securities.

Interest Rate Risk

In order to limit interest and market rate risk from changes in interest rates, the City of Burleson's adopted Investment Policy sets a maximum stated maturity limit of two years for operating funds. Non-operating funds on individual investment have a maximum maturity of three years. Debt service reserve funds have a stated maximum maturity of ten years. The Policy also sets a maximum maturity for debt service sinking funds of five years. The maximum weighted average maturity (WAM) for is one year for operating funds and two years for non-operating funds.

Information about the sensitivity of the fair values of the City’s investments to market interest rate fluctuations is provided by the following table that shows the distribution of the City’s investments by maturity.

	Total Amounts	Remaining Maturity		
		12 months or Less	13 to 24 months	25 to 30 months
Money market mutual funds	\$ 2,628,561	\$ 2,628,561	-	-
TexPool (State of Texas Treasurer's Investment Pool)	11,461,207	11,461,207	-	-
TexPool Prime (State of Texas Treasurer's Investment Pool)	12,198,487	12,198,487	-	-
Lone Star Investment Pool - Liquidity Plus Fund	3,999,056	3,999,056	-	-
TexSTAR Investment Pool	10,256,379	10,256,379	-	-
Certificates of deposit	738,730	738,730	-	-
Federally backed mortgage securities	17,000,705	-	\$ 17,000,705	-
	<u>\$ 58,283,125</u>	<u>\$ 41,282,420</u>	<u>\$ 17,000,705</u>	<u>\$ -</u>

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized rating agency.

A primary stated objective of the City of Burleson's adopted Investment Policy is the safety of principal and avoidance of principal loss. Credit risk within the City’s portfolio among the authorized investments approved by the City’s adopted Investment Policy includes only time and demand deposits, repurchase agreements, SEC registered no load money market mutual funds, and statewide investment pools. Investments are made primarily in obligations of the US Government, its agencies or instrumentalities. State law and the City of Burleson's adopted Investment Policy restricts both time and demand deposits, including certificates of deposit (CD) , to those banks doing business in the State of Texas and further requires full insurance or collateralized from these depositories (banks only).

Collateral is required at a 102% margin with securities priced at market on a daily basis as a contractual responsibility of the bank. Collateral is restricted to obligations of the US Government, its agencies or instrumentalities or direct obligations of any state, its subdivisions or agencies rated at least A, or equivalent, as to investment quality by two nationally recognized statistical rating agencies. Independent safekeeping is required outside the bank holding company with monthly reporting.

Repurchase agreements are limited to those with defined termination dates with a primary dealers (as defined by the Federal Reserve) and require an industry standard written master repurchase agreement and a minimum 102% margin on collateral as well as delivery versus payment settlement and independent safekeeping. Repurchase agreements may not exceed six months to stated maturity with the exception of flex repurchase agreements with a stated termination date not to exceed the planned completion date of the project(s). The state law and the City’s adopted Investment Policy restricts investment in SEC registered mutual funds to money market mutual funds striving to maintain a \$1 net asset value and defined by State law. Neither the state law nor the Policy requires a rating. Local government investment pools in Texas are required to be rated AAA, or equivalent by at least one nationally recognized rating agency. The City Policy is restricted to AAA-rated, “2a-7 like” (constant dollar) local government investment pools.

As of September 30, 2010:

- commercial paper represented 0.00% of the total portfolio,
- certificates of deposit and money market accounts represented 5.78% of the total portfolio,
- investment in the State Treasurer's AAA-rated local government investment pool (TexPool or TexPool Prime) represented 40.59% of the total portfolio,
- investment in a AAA-rated local government investment pool (TexStar) represented 17.60 % of the total portfolio,
- investment in a AAA-rated local government investment pool (Lone Star) represented 6.86% of the total portfolio, and
- the remainder of the portfolio 29.17% was in US Government agency securities rated AAA.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. It is the policy of the City of Burleson to diversify its investment portfolios. Whenever practical, assets held in the common investment portfolio shall be diversified to minimize the risk of loss resulting from one concentration of assets in a specific maturity, a specific issuer, or a specific class of securities. Investments in any one issuer that represent 5% or more of the City's total investment portfolio as of September 30, 2010, are as follows:

<u>Investment Type</u>	<u>Issuer</u>	<u>Reported Amount</u>	<u>Percentage of total Portfolio</u>
Federal Agency Securities	Federal Home Loan Mortgage Coporation	12,000,080	20.59%
	Federal National Mortgage Association	3,000,000	5.15%
Local Government Investment Pools			
	TexPool	23,659,694	40.60%
	Lone Star - Liquidity Plus Fund	3,999,056	6.86%
	TexSTAR Investment Pool	10,256,379	17.60%

Custodial Risk

To control custody and safekeeping risk State law and the City of Burleson's adopted Investment Policy requires collateral for all time and demand deposits, as well as collateral for repurchase agreements, be transferred delivery versus payment and held by an independent party approved by the City and held in the City's name. The custodian is required to provide original safekeeping receipts and monthly reporting of positions with position descriptions including market value. Repurchase agreements and deposits must be collateralized to 102% and be executed under written agreements. Depository agreements are executed under the terms of US Financial Institutions Resource and Recovery Enforcement Act ("FIRREA"). The counter-party of each type transaction is held contractually liable for monitoring and maintaining the required collateral margins on a daily basis.

Portfolio disclosure as of September 30, 2010:

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

3. RECEIVABLES AND DEFERRED REVENUES

Receivables as of September 30, 2010 for the government's individual major funds, and non-major funds in the aggregate, including the applicable allowances for uncollectible amounts, are as follows:

	General	BCDC Special Revenue	4A Corp Special Revenue	Park Performance Fund	Bond Funded Capital Projects	Mineral Lease Funded Capital Projects	Other Nonmajor Governmental Funds	Governmental Funds Total
Receivables:								
Property tax	\$ 328,256	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 93,301	\$ 421,557
Accounts	1,074,695	-	-	4,008	19,436	-	22,087	1,120,226
Loan	-	-	-	-	-	-	137,872	137,872
Intergovernmental	1,050,937	531,976	539,110	-	-	-	371,027	2,493,050
Interest	16,296	381	6	491	668	12,417	6,650	36,909
Gross receivables	2,470,184	532,357	539,116	4,499	20,104	12,417	630,937	4,209,614
Less: Allowance for uncollectibles	(284,038)	-	-	(275)	-	-	(75,634)	(359,947)
Net total receivables	<u>2,186,146</u>	<u>532,357</u>	<u>539,116</u>	<u>4,224</u>	<u>20,104</u>	<u>12,417</u>	<u>555,303</u>	<u>3,849,667</u>
Deferred Revenues								
Mowing Liens	34,241	-	-	-	-	-	-	34,241
Franchise Fees	332,015	-	-	-	-	-	-	332,015
Total deferred revenues	<u>\$ 366,256</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 366,256</u>

	Water and Wastewater	Golf Course	Solid Waste	Non-major	Business-Type Activities Total
Receivables:					
Accounts	\$ 1,060,076	\$ 1,031	\$ 169,981	\$ 17,709	\$ 1,248,797
Unbilled accounts	937,652	-	135,926	-	1,073,578
Interest	10,346	903	724	1,210	13,183
Gross receivables	2,008,074	1,934	306,631	18,919	2,335,558
Less: Allowance for uncollectibles	(15,694)	-	(7,987)	(16,535)	(40,216)
Net total receivables	<u>\$ 1,992,380</u>	<u>\$ 1,934</u>	<u>\$ 298,644</u>	<u>\$ 2,384</u>	<u>\$ 2,295,342</u>

4. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2010, was as follows:

<u>Governmental activities:</u>	<u>Beginning Balance</u>	<u>Transfers/ Additions</u>	<u>Transfers/ Deletions</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 22,408,751	\$ 819,173	\$ (6,000)	\$ 23,221,924
Construction in progress	17,781,537	23,306,273	(38,562,320)	2,525,490
Historical/Artwork Collections	-	45,000	-	45,000
Total capital assets not being depreciated	<u>40,190,288</u>	<u>24,170,446</u>	<u>(38,568,320)</u>	<u>25,792,414</u>
Capital assets being depreciated:				
Buildings	18,285,244	20,756,837	(930,743)	38,111,338
Improvements other than buildings	7,590,131	14,035,258	(1,362,935)	20,262,454
Infrastructure	102,655,627	9,876,586	-	112,532,213
Vehicles	3,546,770	366,865	(317,701)	3,595,934
Machinery and equipment	9,800,296	5,673,082	(4,221,754)	11,251,624
Total capital assets being depreciated	<u>141,878,068</u>	<u>50,708,628</u>	<u>(6,833,133)</u>	<u>185,753,563</u>
Less accumulated depreciation for:				
Buildings	(3,212,255)	(572,457)	560,416	(3,224,296)
Improvements other than buildings	(2,870,340)	(595,683)	783,155	(2,682,868)
Infrastructure	(27,828,262)	(3,219,795)	-	(31,048,057)
Vehicles	(1,523,156)	(427,714)	267,355	(1,683,515)
Machinery and equipment	(5,247,108)	(3,392,939)	2,229,783	(6,410,264)
Total accumulated depreciation	<u>(40,681,121)</u>	<u>(8,208,588)</u>	<u>3,840,709</u>	<u>(45,049,000)</u>
Total capital assets being depreciated, net	<u>101,196,947</u>	<u>42,500,040</u>	<u>(2,992,424)</u>	<u>140,704,563</u>
Governmental activities capital assets, net	<u>\$ 141,387,235</u>	<u>\$ 66,670,486</u>	<u>\$ (41,560,744)</u>	<u>\$ 166,496,977</u>

<u>Business-type activities:</u>	<u>Beginning Balance</u>	<u>Transfers/ Additions</u>	<u>Transfers/ Deletions</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 3,207,310	\$ 28,658	\$ -	\$ 3,235,968
Construction in progress	2,552,336	2,299,773	(887,546)	3,964,563
Total capital assets not being depreciated	<u>5,759,646</u>	<u>2,328,431</u>	<u>(887,546)</u>	<u>7,200,531</u>
Capital assets, being depreciated:				
Water systems	38,739,535	1,777,860	(6,755)	40,510,640
Wastewater systems	32,429,287	926,816	-	33,356,103
Infrastructure	-	27,472	-	27,472
Building and improvements	5,715,084	238,688	-	5,953,772
Machinery and equipment	1,509,746	342,839	(711,651)	1,140,934
Vehicles	1,918,982	147,013	(204,082)	1,861,913
Capitalized interest	338,852	-	-	338,852
Total capital assets being depreciated	<u>80,651,486</u>	<u>3,460,688</u>	<u>(922,488)</u>	<u>83,189,686</u>
Less accumulated depreciation for:				
Water systems	(7,254,851)	(864,150)	4,661	(8,114,340)
Wastewater systems	(4,700,852)	(662,017)	-	(5,362,869)
Infrastructure	-	(1,374)	-	(1,374)
Building and improvements	(2,079,289)	(213,865)	-	(2,293,154)
Machinery and equipment	(1,102,522)	(177,223)	562,089	(717,656)
Vehicles	(666,417)	(168,613)	92,832	(742,198)
Capitalized interest	(77,238)	(8,121)	-	(85,359)
Total accumulated depreciation	<u>(15,881,169)</u>	<u>(2,095,363)</u>	<u>659,582</u>	<u>(17,316,950)</u>
Total capital assets being depreciated, net	<u>64,770,317</u>	<u>1,365,325</u>	<u>(262,906)</u>	<u>65,872,736</u>
Business-type activities capital assets, net	<u>\$ 70,529,963</u>	<u>\$ 3,693,756</u>	<u>\$ (1,150,452)</u>	<u>\$ 73,073,267</u>

Because the City maintains an internal service fund solely for the purpose of servicing business-type activities of the City, capital assets in this schedule are not equal to those reported in the statement of net assets for proprietary funds. Capital assets in the Proprietary Vehicle Replacement fund are \$1,119,711 and are included in the above schedule.

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

Governmental activities:	
General government	\$ 1,701,380
Public safety	1,471,611
Public works, which includes the depreciation of general infrastructure assets	4,347,461
Culture and recreation	688,136
Total depreciation expense - governmental activities	<u>\$ 8,208,588</u>
Business-type activities:	
Water and wastewater	\$ 1,636,917
Golf course	283,654
Solid waste	545
Cemetery	5,634
Vehicle replacement fund	168,613
Total depreciation expense - business-type activities	<u>\$ 2,095,363</u>

Construction commitments

The City continues to participate with the Texas Department of Transportation for purchase of ROW parcels necessary for the construction of State Highway 121. It is anticipated that the City will expend the remaining \$7,000 toward this endeavor next fiscal year.

The City has commitments in the amount of \$153,472 in change orders for the on-going construction of capital improvement projects.

All these commitments will be financed from the proceeds of previous year bond issues and are fully funded.

5. LEASES

The City entered into a lease agreement as lessee to finance an energy efficiency performance contract with Johnson Controls Inc. (JCI) with no down payment. Proposed energy improvements in this contract include lighting and controls, water conservation, HVAC improvements, and power management. Costs associated with this lease will be covered by utility savings that are guaranteed by JCI through this energy efficiency contract. The City also financed the purchase of fitness equipment for the new recreation center with a down payment of \$60,000. In addition, the City also entered into a lease agreement to finance the purchase of equipment for Hidden Creek Golf Course by means of a capital lease 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, 2010.

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Asset:		
Machinery & Equipment	\$ 1,773,335	\$ 431,466
Infrastructure	592,423	30,524
Less: Accumulated depreciation	<u>(884,418)</u>	<u>(28,988)</u>
Total	<u>\$ 1,481,340</u>	<u>\$ 433,002</u>

6. OTHER ASSETS

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

Water and Sewer other assets:

Deferred bond issuance costs resulting from the 2002 water and sewer revenue bonds. The costs are being amortized over the life of the bond issue.	\$ 167,876
Deferred bond issuance costs resulting from the 2005 water and sewer revenue bonds. The costs are being amortized over the life of the bond issue.	148,043
Deferred bond issuance costs resulting from the 2006 water and sewer CO bonds. The costs are being amortized over the life of the bond issue.	63,781
Deferred bond issuance costs resulting from the 2006 water and sewer revenue bonds. The costs are being amortized over the life of the bond issue.	89,102
Deferred bond issuance costs resulting from the 2007 water and sewer CO bonds. The costs are being amortized over the life of the bond issue.	103,893
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.	87,109
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.	1,508,954
Prepaid arbitrage liability.	38,143
Costs incurred in the construction of a water meter station which is owned by the City of Fort Worth. The costs are being amortized over the life of a nine year contract with the City of Fort Worth.	19,413
	<u>\$ 2,226,314</u>

The amounts above are net of accumulated amortization of \$1,004,187.

Water and Sewer other capital assets:

Purchase of water rights in Mountain Valley estates, a residential housing development. The costs are being amortized over 40 years.	\$ 494,201
Costs incurred in the development of a long-term master infrastructure plan. The costs are being amortized over 20 years.	95,060
	<u>\$ 589,261</u>

The amounts above are net of accumulated amortization of \$261,621.

Golf Course other assets:

Cost of a market viability study performed prior to the construction of the golf course. The costs are being amortized over 20 years.	\$ 13,975
Deferred bond issuance costs resulting from the 2004 golf course revenue bonds. The costs are being amortized over the life of the bond issue.	110,784
	<u>\$ 124,759</u>

The amounts above are net of accumulated amortization of \$126,411.

7. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of inter-fund balances as of September 30, 2010, is as follows:

Advances from / to other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Equipment Replacement	4A Special Revenue Fund	\$1,234,731
Governmental Equipment Replacement	Economic Development Fund	\$ 137,872

The amount payable to the equipment replacement fund is related to a loan made to the 4A special revenue fund for the purchase of property to be used as a commercial business park. This amount is scheduled to be repaid by the end of the 2012-2013 fiscal year. The amount payable to the Economic Development fund was to pre-fund an economic development incentive to be repaid in June 2013.

Inter-fund transfers during the year ended September 30, 2010, were as follows:

	<u>Transfers From:</u>			<u>Transfers To:</u>			<u>Total Transfers From</u>
	<u>General Fund</u>	<u>Golf Course</u>	<u>Governmental Equipment Replacement</u>	<u>Support Services</u>	<u>Parks Performance</u>	<u>Non-major Governmental</u>	
Water & Wastewater	\$ 385,000	\$ -	\$ -	\$ 56,631	\$ -	\$ -	\$ (441,631)
Hidden Creek Golf Course	-	-	-	439	-	-	(439)
Equipment Services	-	-	-	411	-	-	(411)
Gov Equip Replacement	-	-	-	42,423	-	-	(42,423)
Prop Equip Replacement	-	-	17,735	-	-	-	(17,735)
BCDC Special Revenue	-	375,621	-	-	864,000	2,276,571	(3,516,192)
4A Corp Special Revenue	-	-	-	-	-	2,236,993	(2,236,993)
Solid Waste Fund	230,862	-	-	-	-	-	(230,862)
Non-Major Governmental	-	-	-	-	-	50,000	(50,000)
Bond Funded Capital Projects	-	-	-	-	-	81	(81)
Mineral Lease Capital Projects	-	-	-	-	-	770,000	(770,000)
General Fund	-	247,592	-	-	-	-	(247,592)
Total	\$ 615,862	\$ 623,213	\$ 17,735	\$ 99,904	\$ 864,000	\$ 5,333,645	\$ (7,554,359)

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

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

In previous years, the Information Technology (IT) department was reported as part of the General fund. During the year, the Support Services fund was added as an Internal Service fund to support this department. As a result of this change, \$1,993,356 in assets and \$442,988 in liabilities, for a net of \$1,550,368 were transferred in order to properly report this department in the Support Services fund. These transfers are not reflected in the table above, but are included in the financial statements.

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, 2010, are summarized as follows:

	Balance at October 1, 2009	Increased	Retired	Balance at September 30, 2010	Due within one year
<i>Governmental activities:</i>					
General obligation bonds	\$ 30,935,000	\$ 10,805,000	\$ 3,958,000	\$ 37,782,000	\$ 1,872,000
Certificates of Obligation	43,325,000	-	1,715,000	41,610,000	1,785,000
Sales tax revenue bonds	9,560,000	8,565,000	9,585,000	8,540,000	895,000
Compensated absences	2,971,554	1,044,735	1,064,656	2,951,633	1,064,656
Capital leases	997,190	884,629	224,937	1,656,882	361,768
Premium on Debt	847,531	529,352	113,665	1,263,218	-
Deferred loss on refunding	-	(394,219)	(19,687)	(374,532)	-
Governmental activities long-term debt	<u>\$ 88,636,275</u>	<u>\$ 21,434,497</u>	<u>\$ 16,641,571</u>	<u>\$ 93,429,201</u>	<u>\$ 5,978,424</u>
<i>Business-type activities:</i>					
General obligation bonds	\$ 4,542,000	\$ -	\$ 179,000	\$ 4,363,000	\$ 188,000
Certificates of Obligation	15,510,000	-	600,000	14,910,000	620,000
Water & Sewer revenue bonds	23,785,000	-	1,310,000	22,475,000	1,360,000
Compensated absences	271,056	111,315	129,127	253,244	129,127
Capital leases	290,239	348,295	240,405	398,129	87,193
Premium on Debt	62,269	-	7,865	54,404	-
Deferred loss on refunding	(422,402)	-	(60,893)	(361,509)	-
Business-type activities long-term debt	<u>\$ 44,038,162</u>	<u>\$ 459,610</u>	<u>\$ 2,405,504</u>	<u>\$ 42,092,268</u>	<u>\$ 2,384,320</u>

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

Bonds payable at September 30, 2010, are comprised of the following individual issues:

	Interest Rate (%)	Issue Date	Maturity Date	Original Issue	Amount Out standing
<i>Governmental activities:</i>					
General obligation bonds:					
2002 Series	3.00 - 5.00	8/15/2002	3/1/2023	\$ 5,770,000	\$ 3,045,000
2004 Series	2.50 - 5.00	4/15/2004	3/1/2025	875,000	637,000
2005 Series	3.00 - 4.25	2/1/2005	3/1/2025	3,970,000	3,340,000
2006 Series	4.00 - 4.25	11/15/2006	3/1/2026	2,400,000	2,300,000
2007 Series	4.00 - 4.625	6/15/2007	3/1/2024	4,100,000	3,715,000
2008 Series	4.00 - 4.625	4/15/2008	3/1/2028	14,750,000	13,940,000
2010 Series	2.00 - 4.25	5/1/2010	3/1/2030	10,805,000	10,805,000
Total general obligation bonds				<u>42,670,000</u>	<u>37,782,000</u>
Certificates of obligation:					
2005 Tax and Revenue	3.00 - 5.00	2/1/2005	3/1/2025	14,965,000	12,695,000
2006 Tax and Revenue	4.00 - 4.25	11/15/2006	3/1/2026	3,440,000	3,295,000
2006 Tax and Revenue	4.00 - 4.25	11/15/2006	3/1/2026	2,400,000	2,135,000
2007 Tax and Revenue	4.00 - 4.625	6/15/2007	3/1/2024	4,100,000	3,715,000
2008 Tax and Revenue	4.00 - 4.625	4/15/2008	3/1/2028	20,900,000	19,770,000
Total certificates of obligation				<u>45,805,000</u>	<u>41,610,000</u>
Sales tax revenue bonds:					
2010 Sales Tax Revenue bonds	2.00 - 4.00	5/1/2010	9/1/2021	3,540,000	3,530,000
2010 Sales Tax Revenue bonds	2.00 - 4.00	5/1/2010	9/1/2021	5,025,000	5,010,000
Total sales tax revenue bonds				<u>8,565,000</u>	<u>8,540,000</u>
Total governmental activities				<u>\$ 97,040,000</u>	<u>\$ 87,932,000</u>

	Interest Rate (%)	Issue Date	Maturity Date	Original Issue	Amount Out standing
<i>Business-type activities:</i>					
General obligation bonds:					
2004 Golf Course refunding	2.50 - 5.00	4/15/2004	3/1/2025	\$ 5,985,000	\$ 4,363,000
Certificates of Obligation					
2006 Tax and Revenue	4.00 - 4.25	11/15/2006	3/1/2026	6,125,000	5,445,000
2007 Tax and Revenue	4.00 - 4.625	6/15/2007	3/1/2024	5,700,000	5,165,000
2008 Tax and Revenue	4.00 - 4.625	4/15/2008	3/1/2028	4,545,000	4,300,000
Total certificates of obligation				<u>16,370,000</u>	<u>14,910,000</u>
Water and sewer revenue bonds					
2001 Improvement	4.00 - 5.00	6/1/2001	3/1/2021	6,475,000	1,150,000
2002 Improvement	3.00 - 5.05	8/15/2002	3/1/2027	10,850,000	10,330,000
2005 Improvement	3.00 - 4.40	5/15/2005	9/1/2025	5,370,000	4,935,000
2006 Refunding	4.00 - 4.50	4/1/2006	3/1/2021	8,995,000	6,060,000
Total sales tax revenue bonds				<u>31,690,000</u>	<u>22,475,000</u>
Total business-type activities				<u>\$ 54,045,000</u>	<u>\$ 41,748,000</u>

The City currently has \$2,633,079 of authorized, but unissued, general obligation bonds.

The annual requirements to amortize all debt outstanding as of September 30, 2010, are as follows:

Years Ending September 30,	Governmental Activities							Capital
	General Obligation	GO Interest	Certificates of Obligation	CO Interest	Sales Tax Revenue	STR Interest	Capital Leases	Lease Interest
2011	\$ 1,872,000	\$ 1,585,555	\$ 1,785,000	\$ 1,773,656	\$ 895,000	\$ 341,600	\$ 361,768	\$ 85,713
2012	2,034,000	1,395,474	1,855,000	1,703,682	920,000	305,800	252,136	46,378
2013	2,099,000	1,321,859	1,915,000	1,635,598	960,000	269,000	267,167	40,535
2014	1,714,000	1,254,851	1,995,000	1,564,972	625,000	230,600	154,135	34,360
2015	1,776,000	1,194,499	2,065,000	1,486,335	650,000	205,600	101,305	27,838
2016-2020	9,934,000	4,917,922	11,795,000	5,973,755	3,665,000	616,600	520,371	63,574
2021-2025	10,978,000	2,830,187	14,730,000	3,007,055	825,000	33,000	-	-
2026-2030	7,130,000	672,505	5,470,000	347,770	-	-	-	-
2031-2035	245,000	12,375	-	-	-	-	-	-
Total	\$ 37,782,000	\$ 15,185,227	\$ 41,610,000	\$ 17,492,823	\$ 8,540,000	\$ 2,002,200	\$ 1,656,882	\$ 298,398

Years Ending September 30,	Business-type Activities							Capital
	General Obligation	GO Interest	Certificates of Obligation	CO Interest	Water and Wastewater Revenue	Water and Wastewater Interest	Capital Leases	Lease Interest
2011	\$ 188,000	\$ 190,649	\$ 620,000	\$ 622,481	\$ 1,360,000	\$ 977,872	\$ 87,193	\$ 16,740
2012	196,000	184,045	650,000	596,694	1,405,000	919,698	81,784	16,786
2013	201,000	176,846	675,000	571,082	1,420,000	860,273	59,031	20,692
2014	231,000	168,457	700,000	514,494	1,470,000	811,061	62,549	9,521
2015	244,000	158,806	730,000	486,844	1,545,000	731,365	93,898	2,435
2016-2020	1,426,000	622,600	4,140,000	2,102,583	7,895,000	2,622,717	13,674	1,662
2021-2025	1,877,000	241,719	5,130,000	1,105,820	6,500,000	1,026,345	-	-
2026-2030	-	-	2,265,000	117,461	880,000	42,000	-	-
Total	\$ 4,363,000	\$ 1,743,122	\$ 14,910,000	\$ 6,117,459	\$ 22,475,000	\$ 7,991,331	\$ 398,129	\$ 67,836

In prior years, the City defeased certain Sales Tax Revenue Bonds, Water and Sewer System Revenue Bonds and General Obligation Bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts and defeased bonds are not included in the City's financial statements. At September 30, 2010, the unpaid amount of the defeased bonds total \$25,973,000.

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, 2010, the minimum amount required by the ordinances for the revenue bond debt service and retirement funds had been accumulated.

The revenue bond ordinances also require that the City charge for services sufficient to produce net revenues, as defined, in an amount not less than 1.25 times the average annual principal and interest requirements. At September 30, 2010, this requirement had been met.

The ordinance authorizing the issuance of General Obligation Bonds created the Debt Service Fund. All taxes levied and collected for and on account of said bonds are pledged to the Debt Service Fund in amounts authorized by the City Council, but never less than annual maturing interest and principal requirements with the provision that the principal portion will never be less than 2% of the outstanding principal amount. At September 30, 2010, this requirement had been met.

The City has several capital leases for various equipment. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, *Accounting for Leases*, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee.

Compensated absences are typically liquidated by the fund to which they relate.

At the end of the fiscal period, there is no short-term debt outstanding.

9. ARBITRAGE LIABILITY

The City accrues a liability for an amount of rebatable arbitrage resulting from investing low-yielding, tax-exempt bond proceeds in higher-yielding, taxable securities. Such investment activities can result in interest revenue exceeding interest cost. The arbitrage liability is payable to the federal government every five years; however the City calculates and records its arbitrage liability annually. The arbitrage liability is recorded as a liability in the government-wide and proprietary fund financial statements, as applicable, on the accrual basis of accounting. At September 30, 2010, the City had an estimated governmental arbitrage liability of \$1,091.

10. WATER AND SEWER CONTRACT

In 1989 the City entered into a contract with the City of Fort Worth, Texas for the purchase of water which expired on December 31, 2010. On July 19, 2010 the City renewed this contract to be effective January 1, 2011 and to expire on September 30, 2031. This contract requires the City to pay varying amounts based on annual consumption rates established under the terms of the contract. During 2010 approximately 1,621,145,996 gallons of water were purchased under the contract at a cost of approximately \$3,026,012.

11. EMPLOYEES’ RETIREMENT SYSTEM

Texas Municipal Retirement System

Plan Description - The City provides pension benefits for all of its eligible employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the city are within the options available in the governing state statutes of TMRS. TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained by writing to TMRS, P.O. Box 149153, Austin, TX 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS’ website at www.TMRS.com.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

	Plan Year 2009	Plan Year 2010
Employee deposit rate	7.00%	7.00%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	60/5,0/20	60/5,0/20
Updated Service Credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity Increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating

Contributions - Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (over-funded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect. The annual pension cost and net pension obligation/(asset) are as follows:

1. Annual Required Contribution (ARC)	\$ 2,388,463
2. Interest on Net Pension Obligation	-
3. Adjustment to the ARC	-
4. Annual Pension Cost (APC)	<u>2,388,463</u>
5. Contributions Made	<u>(2,401,196)</u>
6. Increase (decrease) in net pension obligation	(12,733)
7. Net Pension Obligation/(Asset), beginning of year	377,593
8. Net Pension Obligation/(Asset), end of year	\$ 364,860

Three-Year Trend Information for TMRS:

Fiscal Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed	Net Pension Obligation
9/30/2008	\$ 1,575,896	100%	\$ -
9/30/2009	2,152,127	82%	377,593
9/30/2010	2,388,463	85%	364,860

The required contribution rates for fiscal year 2010 were determined as part of the December 31, 2007 and 2008 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2009, also follows:

Valuation Date	12/31/2007	12/31/2008	12/31/2009
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
Remaining Amortization Period	30 years; open period	29 years; closed period	28 years; closed period
Asset Valuation Method	Amortized Cost	Amortized Cost	Amortized Cost
Actuarial Assumptions			
Investment Rate of Return	7.00%	7.50%	7.50%
Projected Salary Increases*	Varies by age and service	Varies by age and service	Varies by age and service
* Includes inflation at	3.00%	3.00%	3.00%
Cost-of-Living Adjustments	2.10%	2.10%	2.10%

The funded status as of December 31, 2009, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	Actuarial value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(1)	(2)	(3)	(4)	(5)	(6)
			(1) / (2)	(2) - (1)		(4) / (5)
12/31/2009	\$ 26,743,000	\$ 42,496,105	62.90%	\$ 15,753,105	\$ 16,538,615	95.30%

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

12. DEFERRED COMPENSATION PLAN

The City participates in a deferred compensation plan which falls under Internal Revenue code Section 457. Virtually all employees are eligible to participate in the plan. The deferred compensation plan allows the deferral of individual Federal income taxes until funds are withdrawn. Funds may be withdrawn at termination, retirement, death or unforeseeable emergency. Employees may contribute a maximum of \$16,500 of compensation.

13. COMMITMENTS AND CONTINGENCIES

The City is a defendant in certain pending litigation. In the opinion of management, the potential claims against the City not covered by insurance would not materially affect the basic financial statements of the City.

The City has participated in a number of state and federally assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

Risk Management

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The City has purchased commercial insurance to cover these general liabilities from the Texas Municipal League, a non-public entity risk pool. As an insured, the City is not obligated to reimburse the pool for losses. 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.

14. OTHER POSTEMPLOYMENT BENEFITS

Health Insurance:

During 2009-2010, the City allowed eligible retired employees to purchase health insurance from the City's healthcare provider at no cost to the City. Eligible retirees could also purchase health insurance from the City's healthcare provider for dependents if the dependents were covered at the point of retirement, also at no cost to the City. The City incurs no cost for providing these benefits, as retirees are included in a separate risk pool, there is no direct or implicit rate subsidy and the City has no measurable OPEB liability. At September 30, 2010, there were five retired employees receiving these 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-employment benefit,” or OPEB.

The city contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees’ entire careers.

Schedule of Contribution Rates
(Retiree-only portion of the rate)

Plan Year	Annual Required Contribution (Rate)	Actual Contribution Made (Rate)	Percentage of ARC Contributed
2008	0.02%	0.02%	100%
2009	0.02%	0.02%	100%
2010	0.01%	0.01%	100%

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CITY OF BURLESON, TEXAS
General Fund
Budgetary Comparison Schedule
For the Year Ended September 30, 2010

D-1

	Budgeted Amounts		Actual Amounts GAAP Basis	Adjustments Budget Basis	Actual Amounts Budget Basis	Variance - Positive (Negative)
	Original	Final				
REVENUES						
Property taxes	\$ 11,539,387	\$ 12,318,000	\$ 11,838,884	\$ 385,000	\$ 12,223,884	\$ (94,116)
Sales taxes	6,038,918	5,570,000	5,855,414	-	5,855,414	285,414
Franchise fees	2,454,000	2,523,000	2,527,140	-	2,527,140	4,140
Licenses and permits	1,162,000	1,091,000	1,150,796	-	1,150,796	59,796
Intergovernmental	212,879	216,990	219,713	-	219,713	2,723
Charges for services	1,337,571	1,281,801	1,280,456	-	1,280,456	(1,345)
Fines and forfeitures	1,139,000	948,540	962,387	-	962,387	13,847
Investment income	100,000	44,600	70,334	(6,772)	63,562	18,962
Miscellaneous and other	787,422	775,298	634,377	230,862	865,239	89,941
Total revenues	24,771,177	24,769,229	24,539,501	609,090	25,148,591	379,362
EXPENDITURES						
General government						
City Council	65,059	66,191	58,336	-	58,336	7,855
City Manager's Office	793,808	947,140	862,308	2,352	864,660	82,480
Legal	290,765	290,765	180,414	-	180,414	110,351
Communications	96,626	96,278	95,735	223	95,958	320
City Secretary's Office	278,912	298,747	287,896	665	288,561	10,186
Support Services	208,519	154,306	150,175	(29)	150,146	4,160
Records and Information Services	75,534	72,053	65,404	(56)	65,348	6,705
Human Resources	413,812	414,675	388,257	(345)	387,912	26,763
Finance	925,555	935,698	914,402	540	914,942	20,756
Tax	179,034	184,895	180,762	-	180,762	4,133
Purchasing	105,583	106,076	106,189	(102)	106,087	(11)
Non-Departmental	535,475	535,798	418,133	241,173	659,306	(123,508)
Municipal Court	634,111	630,564	617,660	545	618,205	12,359
Neighborhood Services	117,461	117,771	116,890	(471)	116,419	1,352
	4,720,254	4,850,957	4,442,561	244,495	4,687,056	163,901
Public safety						
Police	7,107,887	7,205,880	7,227,926	(38,496)	7,189,430	16,450
Fire	3,777,989	3,729,194	4,274,062	(499,110)	3,774,952	(45,758)
Fire Prevention	313,485	306,031	296,721	(739)	295,982	10,049
Emergency Services	101,557	98,265	92,258	-	92,258	6,007
Animal Services	362,124	366,073	345,794	1,462	347,256	18,817
Code Enforcement	167,540	167,064	161,092	(763)	160,329	6,735
	11,830,582	11,872,507	12,397,853	(537,646)	11,860,207	12,300
Public works						
Public Works Administration	497,678	470,397	464,443	(949)	463,494	6,903
Pavement Maintenance	2,249,699	2,274,435	2,295,976	(2,036)	2,293,940	(19,505)
Drainage Maintenance	329,687	354,411	346,453	(483)	345,970	8,441
Traffic Control Maintenance	245,246	248,934	246,268	(2,277)	243,991	4,943
Facilities Maintenance	651,007	610,559	593,773	(2,297)	591,476	19,083
Environmental Services	117,999	108,397	106,401	(352)	106,049	2,348
Engineering/Capital	150,587	156,913	152,242	2,227	154,469	2,444
Engineering/Development	365,745	331,381	305,732	14,861	320,593	10,788
Gas Well Development	272,404	251,715	242,871	(4,270)	238,601	13,114
Building Inspections	469,798	484,050	479,728	(846)	478,882	5,168
	5,349,850	5,291,192	5,233,887	3,578	5,237,465	53,727

(Continued)

CITY OF BURLESON, TEXAS
General Fund
Budgetary Comparison Schedule
For the Year Ended September 30, 2010

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	Budgeted Amounts		Actual Amounts GAAP Basis	Adjustments Budget Basis	Actual Amounts Budget Basis	Variance - Positive (Negative)
	Original	Final				
Culture and recreation						
Library	832,482	823,191	821,965	243	822,208	983
Parks and Recreation Administration	220,827	218,447	215,013	1,009	216,022	2,425
Recreation	205,656	196,736	198,439	1,101	199,540	(2,804)
Parks Maintenance	872,660	901,279	872,699	1,580	874,279	27,000
Senior Center	102,658	98,178	103,969	262	104,231	(6,053)
	<u>2,234,283</u>	<u>2,237,831</u>	<u>2,212,085</u>	<u>4,195</u>	<u>2,216,280</u>	<u>21,551</u>
Community development						
Economic Development	34,037	154,009	153,036	(277)	152,759	1,250
Community development	602,711	530,565	524,976	761	525,737	4,828
	<u>636,748</u>	<u>684,574</u>	<u>678,012</u>	<u>484</u>	<u>678,496</u>	<u>6,078</u>
Total expenditures	<u>24,771,717</u>	<u>24,937,061</u>	<u>24,964,398</u>	<u>(284,894)</u>	<u>24,679,504</u>	<u>257,557</u>
Excess of revenues over expenditures	(540)	(167,832)	(424,897)	893,984	469,087	636,919
OTHER FINANCING SOURCES (USES)						
Capital lease proceeds	-	-	511,555	(511,555)	-	-
Transfers in	-	-	615,862	(615,862)	-	-
Transfers out	-	-	(247,592)	247,592	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>879,825</u>	<u>(879,825)</u>	<u>-</u>	<u>-</u>
Excess of revenues and other sources over expenditures and other uses	(540)	(167,832)	454,928	14,159	469,087	636,919
Fund balances - beginning	<u>6,733,267</u>	<u>6,733,267</u>	<u>6,733,267</u>	<u>-</u>	<u>6,733,267</u>	<u>-</u>
Fund balances - ending	<u>\$ 6,732,727</u>	<u>\$ 6,565,435</u>	<u>\$ 7,188,195</u>	<u>\$ 14,159</u>	<u>\$ 7,202,354</u>	<u>\$ 636,919</u>

Explanation of differences:

Reserved (GAAP) for encumbrances at September 30, 2010 but recognized as expenditures for budget purposes	(115,170)
Prior year encumbrances	113,079
Non-cash GAAP items not included in budget	16,250
Net decrease in fund balance - GAAP to budget	<u>\$ 14,159</u>

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City of Burleson, Texas
Major Special Revenue Funds
Budgetary Comparison Schedule
For the Year Ended September 30, 2010

	BCDC Special Revenue			Variance Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Sales taxes	\$ 2,972,000	\$ 2,932,000	\$ 2,972,078	\$ 40,078
Interest revenue	60,000	3,090	4,041	951
Miscellaneous	-	-	-	-
Total Revenues	<u>3,032,000</u>	<u>2,935,090</u>	<u>2,976,119</u>	<u>41,029</u>
EXPENDITURES				
Current				
Community development	3,500	3,500	3,500	-
Culture and recreation	-	-	-	-
Total Expenditures	<u>3,500</u>	<u>3,500</u>	<u>3,500</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,028,500</u>	<u>2,931,590</u>	<u>2,972,619</u>	<u>41,029</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in (out)	<u>(3,296,406)</u>	<u>(3,296,406)</u>	<u>(3,516,192)</u>	<u>(219,786)</u>
Total Other Financing Sources (Uses)	<u>(3,296,406)</u>	<u>(3,296,406)</u>	<u>(3,516,192)</u>	<u>(219,786)</u>
Net change in fund balances	(267,906)	(364,816)	(543,573)	(178,757)
Fund balance - beginning	<u>2,722,549</u>	<u>2,722,549</u>	<u>2,722,549</u>	<u>-</u>
Fund balance - ending	<u>\$ 2,454,643</u>	<u>\$ 2,357,733</u>	<u>\$ 2,178,976</u>	<u>\$ (178,757)</u>

4A Corp Special Revenue				Parks Performance Fund			
Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
\$ 3,015,000	\$ 2,977,000	\$ 3,014,882	\$ 37,882	\$ 1,229,638	\$ 783,580	\$ 777,109	\$ (6,471)
150,000	5,010	3,298	(1,712)	-	480	860	380
-	-	600	600	-	-	24,841	24,841
<u>3,165,000</u>	<u>2,982,010</u>	<u>3,018,780</u>	<u>36,770</u>	<u>1,229,638</u>	<u>784,060</u>	<u>802,810</u>	<u>18,750</u>
90,530	150,530	129,646	20,884	-	-	-	-
-	-	-	-	2,092,475	1,577,820	1,438,581	139,239
<u>90,530</u>	<u>150,530</u>	<u>129,646</u>	<u>20,884</u>	<u>2,092,475</u>	<u>1,577,820</u>	<u>1,438,581</u>	<u>139,239</u>
<u>3,074,470</u>	<u>2,831,480</u>	<u>2,889,134</u>	<u>57,654</u>	<u>(862,837)</u>	<u>(793,760)</u>	<u>(635,771)</u>	<u>157,989</u>
<u>(2,386,456)</u>	<u>(2,386,456)</u>	<u>(2,236,993)</u>	<u>149,463</u>	<u>864,000</u>	<u>864,000</u>	<u>864,000</u>	<u>-</u>
<u>(2,386,456)</u>	<u>(2,386,456)</u>	<u>(2,236,993)</u>	<u>149,463</u>	<u>864,000</u>	<u>864,000</u>	<u>864,000</u>	<u>-</u>
688,014	445,024	652,141	207,117	1,163	70,240	228,229	157,989
328,272	328,272	328,272	-	-	-	-	-
<u>\$ 1,016,286</u>	<u>\$ 773,296</u>	<u>\$ 980,413</u>	<u>\$ 207,117</u>	<u>\$ 1,163</u>	<u>\$ 70,240</u>	<u>\$ 228,229</u>	<u>\$ 157,989</u>

City of Burleson, Texas
TMRS Analysis of Funding Progress
For the Year Ended September 30, 2010

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Actuarial Valuation Date	December 31, 2009	December 31, 2008	December 31, 2007
Actuarial Value of Assets	\$ 26,743,000	\$ 23,128,541	\$ 20,864,139
Actuarial Accrued Liability	\$ 42,496,105	\$ 36,658,624	\$ 33,207,678
Percentage Funded	62.90%	63.10%	62.80%
Unfunded (over-funded) Actuarial Accrued Liability (UAAL)	\$ 15,753,105	\$ 13,530,083	\$ 12,343,539
Annual Covered Payroll	\$ 16,538,615	\$ 15,041,711	\$ 13,484,939
UAAL as a Percentage of Covered Payroll	95.30%	90.00%	91.50%

CITY OF BURLESON, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

September 30, 2010

(Unaudited)

BUDGETARY INFORMATION - The City follows these procedures annually in establishing the budgetary data reflected in the budgetary comparison schedules:

1. The City Manager submits to the City Council a proposed budget for the fiscal year commencing the following October 1. The budget includes proposed expenditures and the means of financing them.
2. The City Council reviews the proposed budget at specially scheduled sessions, which are open to the public. The Council also conducts a public hearing on the proposed budget to obtain comments from interested persons.
3. Prior to October 1, the budget is legally adopted through passage of an ordinance. This budget is reported as the Original Budget in the budgetary comparison schedules.
4. During the fiscal year, changes to the adopted budget may be authorized, as follows:
 - a. Items requiring City Council action - appropriation of fund balance reserves; transfers of appropriations between funds; transfers between departments within funds; new inter-fund 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, the following special revenue funds: BCDC Special Revenue, 4A Corp Special Revenue, Parks Performance Fund and Hotel/Motel Tax Fund, enterprise and internal service funds. Project length budgets are adopted for the capital project funds. All budgets are prepared on a budgetary basis, and budgetary comparisons for the general and major special revenue funds are presented on this basis in the required supplementary information. A debt service payment schedule for the debt service funds is also approved as part of the budget process. The budget is based on the modified accrual basis of accounting with the exception of certain non-cash expenditure accruals which are not budgeted.
6. Budget amounts are reflected after all authorized amendments and revisions. This budget is reported as the Final Budget in the budgetary comparison schedules.
7. For each legally adopted operating budget, expenditures should not exceed budgeted appropriations at the fund level.
8. The legal appropriation basis in the General Fund is at the department level. Other governmental funds are appropriated at the fund level. Encumbrance accounting, under which purchase orders, contracts and other commitments are recorded to reserve the applicable appropriations, is employed in the governmental funds. The City does, however, honor the contracts represented by year-end encumbrances and the subsequent year's appropriations provide authority to complete these transactions.

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COMBINING FINANCIAL STATEMENTS NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

- Hotel/Motel Tax Fund - accounts for the receipts and allocation of the City's 7% room occupancy tax imposed on the rental of hotel-motel rooms located within the corporate city limits and extraterritorial jurisdiction of the City. These funds are used to promote tourism, conventions, and related activities within the City.
- Other Special Revenue Funds - accounts for various miscellaneous grants from the federal, state, or local governments. In addition, other separately funded projects are included. Tax Increment Financing Districts (TIF), Traffic Safety, General Government, Public Safety, Public Works, Culture and Recreation, and Economic Incentive Funds are included under this heading.

Non-major Capital Project Funds

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

- The Burseson 4A Economic Development Corporation is a blended component unit of the City. The 4A Corporation administers a 1/2 cent sales tax. The proceeds of this tax are used to pay debt service on bonds issued for various capital improvements. The special revenue fund accounts for the receipts of the sales tax revenue, and subsequent transfers to the debt service fund. Funds in excess of debt service requirements are utilized on authorized capital projects.
- The Burseson Community Services Development Corporation (4B) is another component unit of the City. The BCDC administers 1/2 cent sales tax. The proceeds of this tax are used to pay debt service on bonds issues for various capital improvements. The special revenue fund accounts for the receipt of the sales tax revenue, and subsequent transfer of the debt service fund. Funds in excess of debt service requirements are utilized on authorized capital projects.
- The Street Paving Trust Fund is used to account for funds deposited by developers in lieu of constructing public facilities such as streets and drainage.
- The Miscellaneous Capital Project Fund includes the Park Dedication Fund and the Miscellaneous non-bond funded Capital Project funds. These funds account for the proceeds of other sources of revenue and expenditures for authorized projects.

Debt Service Funds

The City's Debt Service Funds account for the accumulation of financial resources for the payment of principal and interest on the City's general obligation (property and sales tax supported) debt.

- The General Debt Service Fund is used to pay principal and interest on General Obligation Bonds.
- The Burseson 4A Economic Development Corporation debt service fund accounts for receipts of sales tax revenue transfer and payment of the debt service.
- The Burseson Community Service Development Corporation (4B) debt service fund accounts for the receipt of sales tax revenue transfer and payment of the debt service.

City of Burleson, Texas
 Nonmajor Governmental Funds
 Combining Balance Sheet
 September 30, 2010

	Special Revenue Funds		Capital Project Funds		
	Hotel/Motel	Other Special Revenue	4A REVENUE	4B REVENUE	STREET PAVING TRUST FUND
ASSETS					
Current assets:					
Cash and investments	\$ 252,804	\$ 2,112,076	\$ 687,869	\$ 83,218	\$ 1,373,457
Receivables, net:					
Property tax	-	-	-	-	-
Accounts	-	-	-	-	-
Loan	-	137,872	-	-	-
Due from other governments	39,436	331,591	-	-	-
Accrued interest	-	-	1,539	743	2,544
Total assets	<u>\$ 292,240</u>	<u>\$ 2,581,539</u>	<u>\$ 689,408</u>	<u>\$ 83,961</u>	<u>\$ 1,376,001</u>
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 874	\$ 684,293	\$ 18,580	\$ 2,896	\$ -
Accrued liabilities	-	1,211,722	-	-	-
Due to other funds	-	137,872	-	-	-
Total liabilities	<u>874</u>	<u>2,033,887</u>	<u>18,580</u>	<u>2,896</u>	<u>-</u>
FUND BALANCES					
Fund balance, reserved for:					
Capital projects	-	-	670,828	81,065	1,376,001
Debt service	-	-	-	-	-
Fund balance, unreserved, reported in:					
Special revenue funds	<u>291,366</u>	<u>547,652</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>291,366</u>	<u>547,652</u>	<u>670,828</u>	<u>81,065</u>	<u>1,376,001</u>
Total liabilities and fund balances	<u>\$ 292,240</u>	<u>\$ 2,581,539</u>	<u>\$ 689,408</u>	<u>\$ 83,961</u>	<u>\$ 1,376,001</u>

Capital Project Funds		Debt Service Funds			Total Other Governmental Funds
Miscellaneous Capital Projects	General Debt Service	4A Debt Service	4B Debt Service		
\$ 815,804	\$ 1,016,810	\$ 688,328	\$ 1,146,716	\$ 8,177,082	
-	17,667	-	-	17,667	
-	5,532	10,597	5,958	22,087	
-	-	-	-	137,872	
-	-	-	-	371,027	
1,099	6	516	203	6,650	
<u>\$ 816,903</u>	<u>\$ 1,040,015</u>	<u>\$ 699,441</u>	<u>\$ 1,152,877</u>	<u>\$ 8,732,385</u>	
\$ -	\$ -	\$ -	\$ -	\$ 706,643	
-	37,800	-	-	1,249,522	
-	-	-	-	137,872	
-	37,800	-	-	2,094,037	
816,903	-	-	-	2,944,797	
-	1,002,215	699,441	1,152,877	2,854,533	
-	-	-	-	839,018	
<u>816,903</u>	<u>1,002,215</u>	<u>699,441</u>	<u>1,152,877</u>	<u>6,638,348</u>	
<u>\$ 816,903</u>	<u>\$ 1,040,015</u>	<u>\$ 699,441</u>	<u>\$ 1,152,877</u>	<u>\$ 8,732,385</u>	

City of Burleson, Texas
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2010

	Special Revenue Funds		Capital Project Funds		
	Hotel/Motel	Other Special Revenue	4A Revenue	4B Revenue	Street Paving Trust
REVENUES					
Property tax	\$ -	\$ 438,427	\$ -	\$ -	\$ -
Sales tax	128,635	279,012	-	-	-
Intergovernmental	-	191,882	-	-	-
Red light camera	-	444,505	-	-	-
Contributions and donations	-	18,052	-	-	-
Interest income	-	-	4,591	1,885	5,706
Street assessments	-	-	-	-	213,913
Miscellaneous	-	275,495	85,576	-	-
Total revenues	128,635	1,647,373	90,167	1,885	219,619
EXPENDITURES					
Current operations:					
General government	-	216,262	-	-	-
Community development	-	692,284	-	-	-
Public safety	-	583,315	-	-	-
Public works	-	105,884	-	-	-
Culture and recreation	155,124	29,168	-	-	-
Capital expenditures	-	-	199,023	1,829,871	24,096
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal agent charges	-	-	-	-	-
Cost of debt issuance	-	-	-	-	-
Total expenditures	155,124	1,626,913	199,023	1,829,871	24,096
Excess (deficiency) of revenues over (under) expenditures	(26,489)	20,460	(108,856)	(1,827,986)	195,523
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	376,000	360,000	-
Transfers out	-	(50,000)	-	-	-
Capital lease proceeds	-	-	-	-	-
Issuance of refunding bonds	-	-	-	-	-
Premium on debt issuance	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-
Total other financing sources (uses)	-	(50,000)	376,000	360,000	-
Net change in fund balance	(26,489)	(29,540)	267,144	(1,467,986)	195,523
Fund balance - beginning	317,855	577,192	403,684	1,549,051	1,180,478
Fund balance - ending	\$ 291,366	\$ 547,652	\$ 670,828	\$ 81,065	\$ 1,376,001

<u>Capital Project Funds</u>		<u>Debt Service Funds</u>			<u>Total Other Governmental Funds</u>
<u>Miscellaneous Capital Projects</u>	<u>General Debt Service</u>	<u>4A Debt Service</u>	<u>4B Debt Service</u>		
\$ -	\$ 3,232,266	\$ -	\$ -	\$ 3,670,693	
-	-	-	-	407,647	
-	-	-	-	191,882	
-	-	-	-	444,505	
-	-	-	-	18,052	
9,953	6	2,350	1,972	26,463	
-	-	-	-	213,913	
248,100	-	-	-	609,171	
<u>258,053</u>	<u>3,232,272</u>	<u>2,350</u>	<u>1,972</u>	<u>5,582,326</u>	
-	-	-	-	216,262	
-	-	-	-	692,284	
-	-	-	-	583,315	
-	-	-	-	105,884	
-	-	-	-	184,292	
939,399	-	-	-	2,992,389	
-	2,073,002	966,998	1,140,000	4,180,000	
7,188	1,735,752	877,512	751,248	3,371,700	
-	51,383	75,709	100,164	227,256	
<u>946,587</u>	<u>3,860,137</u>	<u>1,920,219</u>	<u>1,991,412</u>	<u>12,553,382</u>	
<u>(688,534)</u>	<u>(627,865)</u>	<u>(1,917,869)</u>	<u>(1,989,440)</u>	<u>(6,971,056)</u>	
50,000	770,081	1,860,993	1,916,571	5,333,645	
-	-	-	-	(50,000)	
857,506	-	-	-	857,506	
-	2,430,000	3,540,000	5,025,000	10,995,000	
-	39,465	184,967	241,970	466,402	
-	(2,415,041)	(3,689,706)	(5,221,558)	(11,326,305)	
<u>907,506</u>	<u>824,505</u>	<u>1,896,254</u>	<u>1,961,983</u>	<u>6,276,248</u>	
218,972	196,640	(21,615)	(27,457)	(694,808)	
<u>597,931</u>	<u>805,575</u>	<u>721,056</u>	<u>1,180,334</u>	<u>7,333,156</u>	
<u>\$ 816,903</u>	<u>\$ 1,002,215</u>	<u>\$ 699,441</u>	<u>\$ 1,152,877</u>	<u>\$ 6,638,348</u>	

City of Burleson, Texas
Debt Service Funds
Budgetary Comparison Schedule
For the Year Ended September 30, 2010

	General Debt Service Fund			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Property taxes and assessments	\$ 3,057,693	\$ 3,300,311	\$ 3,232,266	\$ (68,045)
Investment income	-	-	6	6
Total Revenues	<u>3,057,693</u>	<u>3,300,311</u>	<u>3,232,272</u>	<u>(68,039)</u>
EXPENDITURES				
Principal retirement	2,073,002	2,073,002	2,073,002	-
Interest and fiscal agent charges	1,802,222	1,742,637	1,735,752	6,885
Cost of debt issuance	-	63,616	51,383	12,233
Total Expenditures	<u>3,875,224</u>	<u>3,879,255</u>	<u>3,860,137</u>	<u>19,118</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(817,531)</u>	<u>(578,944)</u>	<u>(627,865)</u>	<u>(48,921)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	770,000	770,000	770,081	81
Bond proceeds	-	2,476,966	2,430,000	(46,966)
Premium on debt issuance	-	-	39,465	39,465
Payment to refunded bond escrow agent	-	(2,415,041)	(2,415,041)	-
Total Other Financing Sources (Uses)	<u>770,000</u>	<u>831,925</u>	<u>824,505</u>	<u>(7,420)</u>
Net change in fund balances	(47,531)	252,981	196,640	(56,341)
Fund balance - beginning	<u>805,575</u>	<u>805,575</u>	<u>805,575</u>	<u>-</u>
Fund balance - ending	<u>\$ 758,044</u>	<u>\$ 1,058,556</u>	<u>\$ 1,002,215</u>	<u>\$ (56,341)</u>

4A Corp Debt Service Fund				BCDC Debt Service Fund			
Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	3,950	2,350	(1,600)	15,000	1,200	1,972	772
-	3,950	2,350	(1,600)	15,000	1,200	1,972	772
956,998	966,998	966,998	-	1,125,000	1,140,000	1,140,000	-
937,282	895,412	877,512	17,900	827,279	777,698	751,248	26,450
-	100,039	75,709	24,330	-	125,950	100,164	25,786
1,894,280	1,962,449	1,920,219	42,230	1,952,279	2,043,648	1,991,412	52,236
(1,894,280)	(1,958,499)	(1,917,869)	40,630	(1,937,279)	(2,042,448)	(1,989,440)	53,008
1,894,280	1,894,280	1,860,993	(33,287)	1,952,279	1,952,279	1,916,571	(35,708)
-	3,786,605	3,540,000	(246,605)	-	5,342,882	5,025,000	(317,882)
-	-	184,967	184,967	-	-	241,970	241,970
-	(3,736,812)	(3,689,706)	47,106	-	(5,276,843)	(5,221,558)	55,285
1,894,280	1,944,073	1,896,254	(47,819)	1,952,279	2,018,318	1,961,983	(56,335)
-	(14,426)	(21,615)	(7,189)	15,000	(24,130)	(27,457)	(3,327)
721,056	721,056	721,056	-	1,180,334	1,180,334	1,180,334	-
\$ 721,056	\$ 706,630	\$ 699,441	\$ (7,189)	\$ 1,195,334	\$ 1,156,204	\$ 1,152,877	\$ (3,327)

City of Burleson, Texas
 Other Governmental Funds
 Budgetary Comparison Schedule
 For the Year Ended September 30, 2010

E-4

	<u>Hotel/Motel Fund</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Sales tax	\$ 150,000	\$ 100,000	\$ 128,635	\$ 28,635
Total Revenues	<u>150,000</u>	<u>100,000</u>	<u>128,635</u>	<u>28,635</u>
EXPENDITURES				
Current				
Culture and recreation	<u>150,000</u>	<u>150,483</u>	<u>155,124</u>	<u>(4,641)</u>
Total Expenditures	<u>150,000</u>	<u>150,483</u>	<u>155,124</u>	<u>(4,641)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(50,483)</u>	<u>(26,489)</u>	<u>23,994</u>
Net change in fund balances	-	(50,483)	(26,489)	23,994
Fund balance - beginning	<u>317,855</u>	<u>317,855</u>	<u>317,855</u>	<u>-</u>
Fund balance - ending	<u>\$ 317,855</u>	<u>\$ 267,372</u>	<u>\$ 291,366</u>	<u>\$ 23,994</u>

**COMBINING FINANCIAL STATEMENTS
INTERNAL SERVICE FUNDS**

Internal Service Funds are used to account for the financing of goods and/or services provided by one department to another department within the City:

- Equipment Service Fund - accounts for a full range of services in managing and maintaining the City's fleet of vehicles and equipment. All costs associated with these operations are charged to the using department to offset the adopted budget to this fund.

- Business-Type Equipment Replacement Fund is used as a funding, management and planning tool that provides a systematic approach to the replacement of City-owned vehicles and equipment used by the Water-Wastewater, Golf and Solid Waste funds.

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

- Support Services Fund is designed to record the activities of support services function (currently only Information Technology), and allow for the costs of these services to be reflected as expenditures of the "customer" departments.

City of Burleson, Texas
Combining Statement of Net Assets
Internal Service Funds
September 30, 2010

F-1

	Equipment Services	Vehicle Replacement - Governmental	Vehicle Replacement - Business-Type	Support Services	Total Internal Service Funds
ASSETS:					
Current assets:					
Cash and investments	\$ 48,968	\$ 690,598	\$ 483,885	\$ 86,490	\$ 1,309,941
Receivables, net:					
Accounts	1,063	8,371	50,000	418	59,852
Accrued interest	42	973	908	452	2,375
Due from other funds	-	1,372,603	-	-	1,372,603
Inventories	77,378	-	-	-	77,378
Total current assets	<u>127,451</u>	<u>2,072,545</u>	<u>534,793</u>	<u>87,360</u>	<u>2,822,149</u>
Noncurrent assets:					
Property, plant and equipment, net	19,352	1,912,419	1,119,714	1,548,034	4,599,519
Total noncurrent assets	<u>19,352</u>	<u>1,912,419</u>	<u>1,119,714</u>	<u>1,548,034</u>	<u>4,599,519</u>
Total assets	<u>146,803</u>	<u>3,984,964</u>	<u>1,654,507</u>	<u>1,635,394</u>	<u>7,421,668</u>
LIABILITIES					
Current liabilities:					
Accounts payable	27,481	-	-	10,825	38,306
Compensated absences	31,084	-	-	26,414	57,498
Accrued liabilities	13,662	-	-	15,015	28,677
Capital lease payable	4,713	-	-	107,138	111,851
Total current liabilities	<u>76,940</u>	<u>-</u>	<u>-</u>	<u>159,392</u>	<u>236,332</u>
Noncurrent liabilities:					
Net pension obligation	6,766	-	-	7,589	14,355
Compensated absences	47,876	-	-	48,397	96,273
Capital lease payable	15,221	-	-	235,107	250,328
Total noncurrent liabilities	<u>69,863</u>	<u>-</u>	<u>-</u>	<u>291,093</u>	<u>360,956</u>
Total liabilities	<u>146,803</u>	<u>-</u>	<u>-</u>	<u>450,485</u>	<u>597,288</u>
NET ASSETS (LIABILITIES)					
Invested in capital assets, net of related debt	127,451	1,912,419	1,119,714	1,179,949	4,339,533
Unrestricted	(127,451)	2,072,545	534,793	4,960	2,484,847
Total net assets (liabilities)	<u>\$ -</u>	<u>\$ 3,984,964</u>	<u>\$ 1,654,507</u>	<u>\$ 1,184,909</u>	<u>\$ 6,824,380</u>

City of Burleson, Texas
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended September 30, 2010

F-2

	Equipment Services	Vehicle Replacement - Governmental	Vehicle Replacement - Business-Type	Support Services	Total Internal Service Funds
OPERATING REVENUE					
Charges for goods and services	\$ 552,290	\$ 475,567	\$ 142,734	\$ 1,329,217	\$ 2,499,808
Miscellaneous	-	66,146	-	-	66,146
Total operating revenue	<u>552,290</u>	<u>541,713</u>	<u>142,734</u>	<u>1,329,217</u>	<u>2,565,954</u>
OPERATING EXPENSE					
Personnel services	408,305	-	-	528,748	937,053
Repairs and maintenance	52,380	-	-	500,579	552,959
Purchased services and supplies	106,333	-	-	204,700	311,033
Depreciation	2,436	422,878	168,613	533,407	1,127,334
Total operating expense	<u>569,454</u>	<u>422,878</u>	<u>168,613</u>	<u>1,767,434</u>	<u>2,928,379</u>
Net operating income (loss)	<u>(17,164)</u>	<u>118,835</u>	<u>(25,879)</u>	<u>(438,217)</u>	<u>(362,425)</u>
NONOPERATING REVENUES (EXPENSES)					
Gain (loss) on disposition of fixed assets	-	32,232	(30,144)	(859)	1,229
Investment income	54	5,988	2,114	1,829	9,985
Interest and fiscal agent charges	-	-	-	(28,116)	(28,116)
Total nonoperating revenue (expense)	<u>54</u>	<u>38,220</u>	<u>(28,030)</u>	<u>(27,146)</u>	<u>(16,902)</u>
Income (loss) before transfers	<u>(17,110)</u>	<u>157,055</u>	<u>(53,909)</u>	<u>(465,363)</u>	<u>(379,327)</u>
OTHER SOURCES (USES)					
Transfers in	-	17,735	-	2,093,260	2,110,995
Transfers out	<u>(411)</u>	<u>(42,423)</u>	<u>(17,735)</u>	<u>(442,988)</u>	<u>(503,557)</u>
Change in net assets	<u>(17,521)</u>	<u>132,367</u>	<u>(71,644)</u>	<u>1,184,909</u>	<u>1,228,111</u>
Net assets - beginning of the year	<u>17,521</u>	<u>3,852,597</u>	<u>1,726,151</u>	<u>-</u>	<u>5,596,269</u>
Net assets - end of the year	<u>\$ -</u>	<u>\$ 3,984,964</u>	<u>\$ 1,654,507</u>	<u>\$ 1,184,909</u>	<u>\$ 6,824,380</u>

City of Burleson, Texas
Statement of Cash Flows
All Internal Service Funds
For the Year Ended September 30, 2010

	Equipment Services	Vehicle Replacement - Governmental	Vehicle Replacement - Business-Type	Support Services	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received for equipment replacement	\$ -	\$ 485,513	\$ 101,387	\$ -	\$ 586,900
Cash received for fleet maintenance services	553,711	-	-	-	553,711
Cash received for support services	-	-	-	1,328,799	1,328,799
Cash payments received from other funds	-	536,303	32,458	-	568,761
Cash payments due to other funds	-	(32,458)	-	-	(32,458)
Payments to vendors, suppliers and contractors	(155,511)	-	-	(694,454)	(849,965)
Payments to employees for services	(407,823)	-	-	(431,333)	(839,156)
Net cash provided by (used for) operating activities	(9,623)	989,358	133,845	203,012	1,316,592
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfer to other funds	(411)	(42,423)	(17,735)	(442,988)	(503,557)
Transfer from other funds	-	17,735	-	2,093,260	2,110,995
Net cash provided by (used for) noncapital financing activities	(411)	(24,688)	(17,735)	1,650,272	1,607,438
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from disposal of capital assets	-	32,232	(30,144)	(859)	1,229
Acquisition of capital assets	(37,465)	(311,682)	(35,764)	(2,451,802)	(2,836,713)
Net cash used for capital and related financing activities	(37,465)	(279,450)	(65,908)	(2,452,661)	(2,835,484)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	167	5,378	2,021	1,376	8,942
Proceeds from sale of investments	21,749	487,505	454,987	226,256	1,190,497
Purchase of investments	(27,921)	(611,738)	(570,933)	(283,913)	(1,494,505)
Net cash provided by investing activities	(6,005)	(118,855)	(113,925)	(56,281)	(295,066)
Net increase (decrease) in cash and cash equivalents	(53,504)	566,365	(63,723)	(655,658)	(206,520)
Cash and cash equivalents--beginning of the year	14,899	(1,207,693)	122,017	-	(1,070,777)
Cash and cash equivalents--end of the year	(38,605)	(641,328)	58,294	(655,658)	(1,277,297)
Investments	87,573	1,331,926	425,591	742,148	2,587,238
Total cash and investments	\$ 48,968	\$ 690,598	\$ 483,885	\$ 86,490	\$ 1,309,941
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (17,164)	\$ 118,835	\$ (25,879)	\$ (438,217)	\$ (362,425)
Depreciation	2,436	422,878	168,613	533,407	1,127,334
Change in operating assets and liabilities:					
Decrease in inventories	8,443	-	-	-	8,443
(Increase) decrease in accounts receivable	1,421	9,946	(41,347)	(418)	(30,398)
Decrease in due from other funds	-	470,157	32,458	-	502,615
Increase (decrease) in accrued compensated absences	(1,916)	-	-	74,811	72,895
Decrease in intergovernmental payables	-	(32,458)	-	-	(32,458)
Increase (decrease) in accounts payable	(5,241)	-	-	10,825	5,584
Increase in accrued liabilities	2,398	-	-	22,604	25,002
Net cash provided by (used for) operating activities	\$ (9,623)	\$ 989,358	\$ 133,845	\$ 203,012	\$ 1,316,592
Noncash investing, capital and financing activities:					
Contributions of capital assets from government	\$ -	\$ -	\$ -	\$ 1,993,356	\$ 1,993,356

**CITY OF BURLESON, TEXAS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED SEPTEMBER 30, 2010
 STATISTICAL SECTION INDEX
 (Unaudited)**

This part of the City of Burleson's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements note disclosures, and required supplementary information says about the government's overall financial health.

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

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

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

	Fiscal Year			
	2003	2004	2005	2006
Governmental activities:				
Invested in capital assets, net of related debt	\$ 43,166,286	\$ 41,788,733	\$ 51,316,982	\$ 59,064,614
Restricted	1,700,826	5,610,990	7,024,586	7,685,387
Unrestricted	6,900,733	6,949,533	7,186,975	10,199,823
Total governmental activities net assets	<u>\$ 51,767,845</u>	<u>\$ 54,349,256</u>	<u>\$ 65,528,543</u>	<u>\$ 76,949,824</u>
Business-type activities:				
Invested in capital assets, net of related debt	\$ 23,395,202	\$ 24,558,080	\$ 28,902,546	\$ 33,820,175
Restricted	2,157,853	2,157,853	2,800,492	2,601,200
Unrestricted	1,804,296	1,628,308	1,040,549	2,914,935
Total business-type activities net assets	<u>\$ 27,357,351</u>	<u>\$ 28,344,241</u>	<u>\$ 32,743,587</u>	<u>\$ 39,336,310</u>
Primary government:				
Invested in capital assets, net of related debt	\$ 66,561,488	\$ 66,346,813	\$ 80,219,528	\$ 92,884,789
Restricted	3,858,679	7,768,843	9,825,078	10,286,587
Unrestricted	8,705,029	8,577,841	8,227,524	13,114,758
Total primary government activities net assets	<u>\$ 79,125,196</u>	<u>\$ 82,693,497</u>	<u>\$ 98,272,130</u>	<u>\$ 116,286,134</u>

(continued)

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

TABLE 1

Fiscal Year			
2007	2008	2009	2010
\$ 67,844,305	\$ 75,675,895	\$ 84,795,578	\$ 89,235,983
6,127,141	6,902,812	5,757,785	6,013,922
14,992,647	18,368,320	18,968,946	19,153,205
<u>\$ 88,964,093</u>	<u>\$ 100,947,027</u>	<u>\$ 109,522,309</u>	<u>\$ 114,403,110</u>
\$ 35,616,520	\$ 38,951,118	\$ 40,857,400	\$ 43,197,167
2,800,492	3,172,307	3,172,307	3,203,528
5,091,536	6,198,905	7,485,644	6,193,764
<u>\$ 43,508,548</u>	<u>\$ 48,322,330</u>	<u>\$ 51,515,351</u>	<u>\$ 52,594,459</u>
\$ 103,460,825	\$ 114,627,013	\$ 125,652,978	\$ 132,433,150
8,927,633	10,075,119	8,930,092	9,217,450
20,084,183	24,567,225	26,454,590	25,346,969
<u>\$ 132,472,641</u>	<u>\$ 149,269,357</u>	<u>\$ 161,037,660</u>	<u>\$ 166,997,569</u>

(concluded)

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

	Fiscal Year			
	2003	2004	2005	2006
Expenses				
Governmental activities:				
General government	\$ 3,135,534	\$ 3,298,510	\$ 3,424,919	\$ 3,727,261
Public safety	5,193,712	6,321,200	7,203,194	8,100,853
Public works	4,345,649	5,246,994	5,305,779	6,026,802
Community Development	485,422	766,423	1,213,921	1,254,161
Culture and recreation	1,769,612	1,798,391	2,167,841	2,359,258
Interest and other fees	1,163,511	1,070,503	1,385,277	1,716,670
Total governmental activities expenses	<u>16,093,440</u>	<u>18,502,021</u>	<u>20,700,931</u>	<u>23,185,005</u>
Business-type activities:				
Water and wastewater	8,644,282	9,084,086	9,896,012	10,287,872
Hidden Creek Golf Course	1,967,941	2,211,168	1,901,480	1,773,118
Solid Waste	990,101	1,106,306	1,355,240	1,381,597
Cemetery	19,379	18,302	20,983	26,183
Total business-type activities expenses	<u>11,621,703</u>	<u>12,419,862</u>	<u>13,173,715</u>	<u>13,468,770</u>
Total primary government expenses	<u>\$ 27,715,143</u>	<u>\$ 30,921,883</u>	<u>\$ 33,874,646</u>	<u>\$ 36,653,775</u>
Program Revenues:				
Governmental activities:				
Charges for services	\$ 3,719,196	\$ 4,831,891	\$ 5,050,465	\$ 7,010,601
Operating grants and contributions	570,815	535,164	727,842	646,304
Capital grants and contributions	6,513,129	1,936,102	8,378,946	6,812,544
Total governmental activities program revenues	<u>10,803,140</u>	<u>7,303,157</u>	<u>14,157,253</u>	<u>14,469,449</u>
Business-type activities:				
Charges for services	9,905,706	9,610,972	11,506,324	13,949,581
Operating grants and contributions	-	-	-	154,156
Capital grants and contributions	2,673,323	962,513	3,350,613	3,449,995
Total business-type activities program revenues	<u>12,579,029</u>	<u>10,573,485</u>	<u>14,856,937</u>	<u>17,553,732</u>
Total primary government program revenues	<u>\$ 23,382,169</u>	<u>\$ 17,876,642</u>	<u>\$ 29,014,190</u>	<u>\$ 32,023,181</u>
Net (expense)/revenue				
Governmental activities	\$ (5,290,300)	\$ (11,198,864)	\$ (6,543,678)	\$ (8,715,556)
Business-type activities	957,326	(1,846,377)	1,683,222	4,084,962
Total primary government net expense	<u>\$ (4,332,974)</u>	<u>\$ (13,045,241)</u>	<u>\$ (4,860,456)</u>	<u>\$ (4,630,594)</u>
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Taxes				
Property taxes	\$ 5,969,750	\$ 6,987,204	\$ 7,752,303	\$ 8,625,863
Tax Increment Financing	80,470	162,966	412,423	497,436
Sales and use taxes	6,252,339	7,125,534	8,299,061	9,154,752
Hotel/motel taxes	87,501	96,928	119,270	159,321
Franchise fees	1,576,954	1,763,792	1,768,708	2,090,773
Investment income	298,162	244,511	829,175	1,520,814
Gain on sale of assets	-	-	-	-
Lawsuit settlement	-	-	970,000	-
Transfers	(1,712,074)	(1,494,354)	(1,072,735)	(530,525)
Total governmental activities	<u>12,553,102</u>	<u>14,886,581</u>	<u>19,078,205</u>	<u>21,518,434</u>
Business-type activities:				
Investment income	252,557	232,607	285,489	639,421
Gain on sale of assets	-	-	2,660	(43,782)
Transfers	1,712,074	1,494,354	1,072,735	530,525
Total business-type revenues	<u>1,964,631</u>	<u>1,726,961</u>	<u>1,360,884</u>	<u>1,126,164</u>
Total primary government	<u>\$ 14,517,733</u>	<u>\$ 16,613,542</u>	<u>\$ 20,439,089</u>	<u>\$ 22,644,598</u>
Change in Net Assets				
Governmental activities	\$ 5,550,728	\$ 2,193,363	\$ 11,461,792	\$ 12,272,353
Business-type activities	4,634,031	1,374,938	4,116,841	5,741,651
Total primary government	<u>\$ 10,184,759</u>	<u>\$ 3,568,301</u>	<u>\$ 15,578,633</u>	<u>\$ 18,014,004</u>

(continued)

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

TABLE 2

Fiscal Year			
2007	2008	2009	2010
\$ 4,060,608	\$ 5,265,957	\$ 5,858,171	\$ 4,743,333
9,784,360	11,664,905	11,721,926	12,841,230
6,788,351	4,602,125	8,105,075	9,216,349
1,173,452	2,879,432	1,004,358	1,287,097
2,494,174	2,851,686	3,025,067	4,503,830
2,035,972	2,870,665	3,619,571	3,416,974
<u>26,336,917</u>	<u>30,134,770</u>	<u>33,334,168</u>	<u>36,008,813</u>
11,047,187	12,593,338	12,673,707	13,934,334
1,761,513	1,735,181	2,005,748	1,886,326
1,547,740	2,211,449	2,218,385	2,358,589
31,572	1,069	3,699	16,260
<u>14,388,012</u>	<u>16,541,037</u>	<u>16,901,539</u>	<u>18,195,509</u>
<u>\$ 40,724,929</u>	<u>\$ 46,675,807</u>	<u>\$ 50,235,707</u>	<u>\$ 54,204,322</u>
\$ 6,920,756	\$ 10,850,388	\$ 8,714,188	\$ 7,052,495
587,515	534,172	578,243	705,142
7,813,051	4,299,747	3,033,884	3,558,406
<u>15,321,322</u>	<u>15,684,307</u>	<u>12,326,315</u>	<u>11,316,043</u>
12,096,207	16,784,496	18,433,105	17,823,579
751,266	597,780	337,613	414,260
2,843,679	2,242,694	1,461,885	1,044,954
<u>15,691,152</u>	<u>19,624,970</u>	<u>20,232,603</u>	<u>19,282,793</u>
<u>\$ 31,012,474</u>	<u>\$ 35,309,277</u>	<u>\$ 32,558,918</u>	<u>\$ 30,598,836</u>
\$ (11,015,595)	\$ (14,450,463)	\$ (21,007,853)	\$ (24,692,770)
1,303,140	3,083,933	3,331,064	1,087,284
<u>\$ (9,712,455)</u>	<u>\$ (11,366,530)</u>	<u>\$ (17,676,789)</u>	<u>\$ (23,605,486)</u>
\$ 9,910,567	\$ 11,564,509	\$ 13,473,315	\$ 15,206,250
547,712	61,730	147,414	294,119
10,347,816	11,650,147	11,805,360	12,121,386
172,078	199,309	170,116	128,635
2,027,326	2,316,229	2,560,705	2,521,842
2,021,700	1,600,937	793,416	187,338
-	-	343,648	-
-	-	-	(953,453)
(449,595)	(959,463)	289,160	67,454
<u>24,577,604</u>	<u>26,433,398</u>	<u>29,583,134</u>	<u>29,573,571</u>
871,763	714,810	270,274	59,278
-	55,576	(119,157)	-
449,595	959,463	(289,160)	(67,454)
<u>1,321,358</u>	<u>1,729,849</u>	<u>(138,043)</u>	<u>(8,176)</u>
<u>\$ 25,898,962</u>	<u>\$ 28,163,247</u>	<u>\$ 29,445,091</u>	<u>\$ 29,565,395</u>
\$ 13,112,414	\$ 11,982,935	\$ 8,575,281	\$ 4,880,801
3,074,093	4,813,782	3,193,021	1,079,108
<u>\$ 16,186,507</u>	<u>\$ 16,796,717</u>	<u>\$ 11,768,302</u>	<u>\$ 5,959,909</u>

(concluded)

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

TABLE 3

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
General Fund								
Reserved	\$ 207,342	\$ 148,578	\$ 403,425	\$ 295,535	\$ 236,359	\$ 292,510	\$ 176,254	\$ 179,419
Unreserved	2,753,915	3,213,330	4,045,566	4,716,008	6,474,112	5,871,057	6,557,013	7,008,776
Total general fund	<u>\$ 2,961,257</u>	<u>\$ 3,361,908</u>	<u>\$ 4,448,991</u>	<u>\$ 5,011,543</u>	<u>\$ 6,710,471</u>	<u>\$ 6,163,567</u>	<u>\$ 6,733,267</u>	<u>\$ 7,188,195</u>
All Other Governmental Funds								
Reserved	\$ 10,281,340	\$ 12,192,140	\$ 27,994,603	\$ 21,439,770	\$ 33,802,921	\$ 64,065,336	\$ 45,495,454	\$ 29,567,700
Unreserved, reported in:								
Special Revenue Funds	2,264,791	97,635	131,960	195,320	274,192	629,680	895,046	839,018
Total all other governmental funds	<u>\$ 12,546,131</u>	<u>\$ 12,289,775</u>	<u>\$ 28,126,563</u>	<u>\$ 21,635,090</u>	<u>\$ 34,077,113</u>	<u>\$ 64,695,016</u>	<u>\$ 46,390,500</u>	<u>\$ 30,406,718</u>

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

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

TABLE 4

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Revenues								
Property taxes	\$ 6,038,027	\$ 7,237,262	\$ 8,032,127	\$ 8,704,379	\$10,027,181	\$ 11,506,820	\$ 13,647,213	\$ 15,509,577
Sales taxes	6,339,841	7,222,465	8,645,430	9,636,872	10,842,693	11,849,457	11,975,477	12,250,021
Franchise fees	1,569,413	2,284,489	1,766,863	1,935,224	2,020,661	2,309,467	2,516,642	2,527,140
Licenses and permits	456,897	967,012	979,855	1,098,670	1,106,496	886,238	1,336,454	1,150,796
Intergovernmental revenue	475,016	422,522	1,047,760	513,197	471,520	168,544	429,498	450,031
Fines and forfeitures	2,421,255	2,770,736	689,554	767,477	1,149,028	1,472,535	1,530,831	1,406,892
Donations	534,268	700,254	23,343	10,255	25,547	19,343	10,970	18,052
Charges for service	23,614	6,297	2,995,429	2,965,190	3,169,601	1,476,841	1,597,794	2,057,565
Interest income	235,544	155,835	757,743	1,415,646	1,901,343	1,542,276	787,753	178,867
Mineral lease revenue	-	-	-	-	-	5,985,783	3,556,228	1,838,611
Street Assessments	274,976	209,175	206,800	152,561	112,377	126,041	9,163	213,913
Miscellaneous	697,076	837,603	1,944,829	2,623,800	1,918,118	1,601,601	1,906,011	1,268,989
Total revenues	19,065,927	22,813,650	27,089,733	29,823,271	32,744,565	38,944,946	39,304,034	38,870,454
Expenditures								
Current Operations:								
General government	2,907,091	3,148,653	3,471,402	4,562,259	3,919,724	5,018,217	5,361,405	4,658,823
Public safety	5,069,733	6,149,309	7,582,937	7,829,789	8,721,159	10,776,171	11,475,649	12,981,168
Public works	2,717,371	3,229,684	3,298,247	3,900,009	4,319,240	4,773,860	4,644,616	5,339,771
Sanitation	1,156,491	1,290,101	1,579,916	1,453,661	1,656,198	-	-	-
Community Development	502,223	929,389	1,399,244	1,429,007	1,400,905	519,651	1,230,424	1,503,442
Culture and recreation	1,568,243	1,669,393	1,907,963	2,136,713	2,219,504	2,568,836	2,536,777	3,899,848
Capital Outlay	6,005,850	2,353,372	6,995,910	12,366,481	7,823,319	15,060,574	24,730,676	27,891,966
Debt Service:								
Principal	1,232,000	1,302,000	1,208,000	1,228,000	1,966,000	2,342,000	3,242,000	4,180,000
Interest and fiscal agent charges	1,276,415	1,066,476	1,340,153	1,741,133	1,962,297	3,244,180	4,070,379	3,879,046
Total expenditures	22,435,417	21,138,377	28,783,772	36,647,052	33,988,346	44,303,489	57,291,926	64,334,064
Excess (deficiency) of revenues over (under) expenditures	(3,369,490)	1,675,273	(1,694,039)	(6,823,781)	(1,243,781)	(5,358,543)	(17,987,892)	(25,463,610)
Other financing sources (uses)								
Transfers in	1,651,692	1,417,950	2,256,984	5,278,965	7,083,479	5,241,662	11,319,490	6,813,507
Transfers out	(2,612,573)	(3,097,304)	(3,529,716)	(5,124,107)	(8,218,456)	(5,541,191)	(11,066,415)	(6,820,858)
Proceeds of capital lease	119,539	123,930	27,112	740,000	69,990	-	-	1,369,061
Proceeds of bond issuance	3,230,992	875,000	19,863,531	-	16,449,717	35,650,000	-	19,370,000
Payment to refunded bonds agent	(3,125,000)	(850,555)	-	-	-	-	-	(11,326,305)
Premium	-	-	-	-	-	75,384	-	529,352
Total other financing sources (uses)	(735,350)	(1,530,979)	18,617,911	894,858	15,384,730	35,425,855	253,075	9,934,757
Net change in fund balances	\$ (4,104,840)	\$ 144,294	\$ 16,923,872	\$ (5,928,923)	\$14,140,949	\$ 30,067,312	\$ (17,734,817)	\$ (15,528,853)
Debt service as a percentage of non-capital expenditures (1)	15.27%	12.76%	12.09%	12.38%	15.03%	19.32%	23.08%	22.53%

Note: The city began to report accrual information when it implemented GASB Statement No. 34 in fiscal year 2003.
(1) There are some capital expenditures reported in various functional expenditure line items and are included in this calculation.

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

TABLE 5

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
2001	\$ 578,564,456	\$ 239,305,201	\$ -	\$ 90,718,584	\$ 727,151,073	0.6305	\$ 727,151,073	100.0%
2002	767,722,416	252,012,945	-	145,720,721	874,014,640	0.6044	874,014,640	100.0%
2003	837,535,302	270,601,806	-	118,177,122	989,959,986	0.6043	989,959,986	100.0%
2004	975,064,340	327,896,020	-	133,896,320	1,169,064,040	0.5985	1,169,064,040	100.0%
2005	1,087,988,296	367,399,074	-	142,966,294	1,312,421,076	0.5985	1,312,421,076	100.0%
2006	1,231,217,090	403,933,530	-	170,546,905	1,464,603,715	0.5964	1,464,603,715	100.0%
2007	1,369,744,068	432,715,972	-	151,631,722	1,650,828,318	0.6299	1,650,828,318	100.0%
2008	1,491,849,951	464,695,420	565,598	159,584,700	1,797,526,269	0.6618	1,797,526,269	100.0%
2009	1,609,346,120	511,393,600	24,518,800	170,733,571	1,974,524,949	0.6940	1,974,524,949	100.0%
2010	1,731,504,630	578,037,676	105,935,597	183,007,960	2,232,469,943	0.6940	2,232,469,943	100.0%

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.

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

Fiscal Year	City of Burleson (3)	Tarrant County (1)	Tarrant County Hospital District (1)	Tarrant County Junior College District (1)
2001	0.6305	0.2748	0.2341	0.1064
2002	0.6044	0.2748	0.2341	0.1064
2003	0.6043	0.2725	0.2324	0.1394
2004	0.5985	0.2725	0.2353	0.1394
2005	0.5985	0.2725	0.2353	0.1394
2006	0.5964	0.2725	0.2353	0.1394
2007	0.6299	0.2665	0.2354	0.1394
2008	0.6618	0.2665	0.2340	0.1394
2009	0.6940	0.2640	0.2278	0.1379
2010	0.6940	0.2640	0.2278	0.1379

Sources:

- (1) Tarrant County Appraisal District
- (2) Johnson County Appraisal District
- (3) City records
- (4) Does not include Joshua ISD and Crowley ISD rates as school districts do not overlap each other.

Note: All rates per \$100 assessed value

TABLE 6

Johnson County (1)	Burleson Independent School District (2)	Joshua Independent School District (2)	Crowley Independent School District (1)	Total Direct & Overlapping Rates (4)
0.4474	1.6777	1.4544	0.0000	3.3709
0.4474	1.8243	1.5981	0.0000	3.4914
0.4551	1.7799	1.7381	0.0000	3.4836
0.4649	1.7500	1.7381	0.0000	3.4606
0.4649	1.7484	1.7381	0.0000	3.4590
0.4649	1.7352	1.7381	1.7890	3.4437
0.4218	1.4501	1.5389	1.6710	3.1430
0.4098	1.4051	1.4600	1.4099	3.1165
0.3895	1.4688	1.3900	1.5350	3.1820
0.3833	1.5400	1.3900	1.5350	3.2470

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

TABLE 7

Taxpayer	2010			2001		
	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assesed Valuation	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assesed Valuation
EE Burleson LP	\$ 24,589,820	1	1.10 %	\$ -		- %
Wal-Mart	18,551,568	2	0.83	14,592,880	1	2.01
Williams Production Gulf	17,526,128	3	0.79	-		-
Burleson Commons LP	15,654,757	4	0.70	-		-
Chesapeake Operating LP	11,297,091	5	0.51	-		-
JAHCO Burleson Town Center	10,648,039	6	0.48	-		-
Target Corporation	10,803,633	7	0.48	-		-
Wagner Smith Equipment Co.	10,308,075	8	0.46	-		-
Oncor Electric Delivery Co.	9,027,550	9	0.40	-		-
Burleson Hidden Vistas LP	8,922,236	10	0.40	-		-
TXU Electric	-		-	9,612,270	2	1.32
Southwestern Bell	-		-	8,310,960	3	1.14
Smith Lynn Chevrolet	-		-	8,031,320	4	1.10
Albertson's Inc.	-		-	7,912,920	5	1.09
Thomas Conveyor Co.	-		-	5,775,210	6	0.79
Kimco Burleson	-		-	5,067,620	7	0.70
Fountains at Burleson	-		-	4,965,870	8	0.68
Burleson Town Center	-		-	4,953,490	9	0.68
Shenandoah Town House	-		-	4,722,030	10	0.65
Total	<u>\$ 137,328,897</u>		<u>6.15 %</u>	<u>\$ 73,944,570</u>		<u>10.17 %</u>

Source: Johnson County Appraisal District

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

TABLE 8

Fiscal Year Ended 9/30	Actual Levy Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collection in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2001	2000	\$ 4,581,347	\$ 4,455,459	97.25%	\$ 112,664	\$ 4,568,123	99.71%
2002	2001	5,244,067	5,113,991	97.52%	118,086	5,232,077	99.77%
2003	2002	5,906,464	5,810,967	98.38%	87,671	5,898,638	99.87%
2004	2003	7,031,101	6,899,960	98.13%	121,381	7,021,341	99.86%
2005	2004	7,875,719	7,733,102	98.19%	138,472	7,871,574	99.95%
2006	2005	8,689,092	8,545,958	98.35%	128,064	8,674,022	99.83%
2007	2006	10,113,858	9,905,537	97.94%	192,218	10,097,755	99.84%
2008	2007	11,549,684	11,363,102	98.38%	160,885	11,523,987	99.78%
2009	2008	13,522,795	13,352,281	98.74%	137,231	13,489,512	99.75%
2010	2009	15,395,388	15,191,864	98.68%	145,596	15,337,460	99.62%

Sources: Johnson County Appraisal District & City Records

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

Fiscal Year	GOVERNMENTAL ACTIVITIES						OTHER GOVERNMENTAL DEBT	
	GENERAL BONDED DEBT			Net General Bonded Debt	Percentage of Actual Property Value (1)	Per Capita (2)	Capital Leases	Net Sales Tax Revenue Bonds (4)
	General Obligation Bonds	Certificates of Obligation (5)	Less: Available Debt Service					
2001	\$ 9,058,000	\$ -	\$ 248,805	\$ 8,809,195	1.21%	\$ 391	\$ 369,362	\$ 13,399,977
2002	10,695,000	-	273,659	10,421,341	1.19%	407	256,733	12,961,295
2003	10,043,000	-	280,766	9,762,234	0.99%	365	245,244	12,453,710
2004	9,441,000	-	308,340	9,132,660	0.78%	330	233,473	11,860,247
2005	12,898,000	3,970,000	360,661	16,507,339	1.26%	582	119,466	22,013,580
2006	12,395,000	2,400,000	369,912	14,425,088	0.98%	476	793,889	22,796,461
2007	18,224,000	9,552,280	525,277	27,251,003	1.92%	861	819,836	24,199,742
2008	32,162,000	12,604,160	707,132	44,059,028	2.83%	1,325	549,361	40,415,121
2009	30,935,000	13,096,948	805,575	43,226,373	2.19%	1,258	997,189	38,659,662
2010	37,782,000	11,835,946	1,002,215	48,615,731	2.18%	1,388	1,656,882	36,461,736

Notes:

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 general bonded debt, other governmental activities debt, and business-type activities debt.

(4) Includes sales tax revenue bonds and sales tax supported certificates of obligation net of debt service.

(5) Includes certificate of obligation general portion.

TABLE 9

BUSINESS-TYPE ACTIVITIES						
General Obligation Bonds	Certificates of Obligation	Capital Leases	Water Revenue Bonds	Total Primary Government (3)	Percentage of Personal Income (2)	Per Capita (2)
\$ -	\$6,050,000	\$ 6,662	\$15,370,000	\$ 44,005,196	9.92%	\$ 1,955
-	5,940,000	-	25,505,000	55,084,369	10.21%	2,154
-	5,825,000	-	24,685,000	52,971,188	9.29%	1,983
5,985,000	130,000	-	23,840,000	51,181,380	8.09%	1,851
5,776,000	-	-	28,330,000	72,746,385	10.72%	2,566
5,431,000	189,908	170,917	27,285,000	71,092,263	8.54%	2,346
5,069,000	11,825,000	422,273	26,335,000	95,921,854	11.04%	3,166
4,716,000	16,015,000	1,157,276	25,035,000	131,946,786	16.78%	4,169
4,542,000	15,510,000	290,239	23,785,000	127,010,463	13.46%	3,698
4,363,000	14,910,000	398,129	22,475,000	128,880,478	13.49%	3,679

**CITY OF BURLESON, TEXAS
DIRECT AND OVERLAPPING
PROPERTY TAX LEVIES (Unaudited)
AS OF SEPTEMBER 30, 2010**

TABLE 10

<u>Governmental Unit</u>	<u>Property Tax Levy</u>	<u>Estimated Percent Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
City of Burleson	\$ 15,395,388	100%	\$ 15,395,388
Johnson County	46,580,504	21.06%	9,809,854
Tarrant County	338,845,327	**	-
Tarrant County Hospital District	292,736,447	**	-
Tarrant County Junior College District	177,706,591	**	-
Crowley ISD	74,044,206	0.01%	7,404
Burleson ISD	54,834,939	54.41%	29,835,690
Joshua ISD	22,558,033	48.70%	<u>10,985,762</u>
Total overlapping property tax levies			<u>\$ 50,638,711</u>
Total direct and overlapping property tax levies			<u>\$ 66,034,099</u>
Per capita direct and overlapping property tax levies			<u>\$ 1,885</u>

Source: State Comptroller's Office

Population: 35,030

** Less than 0.01%

**CITY OF BURLESON, TEXAS
DIRECT AND OVERLAPPING
GOVERNMENTAL ACTIVITIES DEBT (Unaudited)
SEPTEMBER 30, 2010**

TABLE 11

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percent Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
City of Burleson	\$ 48,615,731	100%	\$ 48,615,731
Johnson County	21,919,579	11.85%	2,597,470
Tarrant County	301,025,000	0.34%	1,023,485
Tarrant County Hospital District	28,010,000	0.34%	95,234
Tarrant County Junior College District	36,495,000	0.34%	124,083
Crowley ISD	307,404,384	**	-
Burleson ISD	282,174,276	12.69%	35,807,916
Joshua ISD	72,101,160	13.46%	<u>9,704,816</u>
Total overlapping debt			<u>\$ 49,353,004</u>
Total direct and overlapping debt			<u>\$ 97,968,735</u>
Per capita direct and overlapping debt			<u>\$ 2,797</u>

Source: Municipal Advisory Council of Texas

Population: 35,030

** Less than 0.01%

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

TABLE 12

Fiscal Year	WATER AND SEWER REVENUE BONDS						
	Gross Revenues(1)	Direct Operating Expenses (2)	Net Revenue Available for Debt Service	DEBT SERVICE REQUIREMENTS			Coverage
				Principal	Interest and Fiscal Charges	Total	
2001	\$ 6,619,150	\$ 5,644,546	\$ 974,604	\$ 525,000	\$ 557,863	\$ 1,082,863	0.90
2002	7,504,286	5,621,146	1,883,140	715,000	852,975	1,567,975	1.20
2003	9,005,388	6,510,474	2,494,914	820,000	1,234,966	2,054,966	1.21
2004	9,014,653	6,992,219	2,022,434	845,000	1,178,074	2,023,074	1.00
2005	10,604,450	7,580,641	3,023,809	880,000	1,206,434	2,086,434	1.45
2006	13,324,857	7,561,711	5,763,146	910,000	1,377,052	2,287,052	2.52
2007	12,161,451	7,957,961	4,203,490	1,050,000	1,330,944	2,380,944	1.77
2008	13,573,427	9,031,455	4,541,972	1,200,000	1,680,393	2,880,393	1.58
2009	14,766,975	9,151,084	5,615,891	1,250,000	1,085,986	2,335,986	2.40
2010	14,623,543	10,277,981	4,345,562	1,310,000	1,033,373	2,343,373	1.85

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

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

TABLE 13

Fiscal Year	Population (1)	Personal Income (thousands of dollars) (2)	Per Capita Income (1)	Median Age (3)	Education Level In School (3)	Public School Enrollment (4)	Unemployment Rate (5)
2001	22,510	\$ 443,537	\$ 19,704	35.1	12.5	6,643	4.4%
2002	25,575	539,607	21,099	36.0	12.5	6,891	5.7%
2003	26,718	570,403	21,349	35.2	12.5	7,290	6.2%
2004	27,650	632,300	22,868	34.5	12.5	7,544	5.2%
2005	28,350	678,359	23,928	35.0	14.3	8,007	5.7%
2006	30,300	832,190	27,465	35.0	14.3	8,569	4.7%
2007	31,645	869,130	27,465	34.5	14.3	8,553	3.5%
2008	33,250	786,396	23,651	31.9	14.3	9,583	4.6%
2009	34,350	943,457	27,466	32.0	14.0	9,834	6.8%
2010	35,030	955,127	27,266	32.0	14.0	10,045	7.0%

Sources:

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

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

TABLE 14

<u>Employer</u>	<u>2010</u>			<u>2006</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percent</u>	<u>Employees</u>	<u>Rank</u>	<u>Percent</u>
Burleson Independent School District	1,500	1	23.00 %	625	1	18.12 %
Wal-Mart	616	2	9.45	412	2	11.94
H.E. B. Grocery Store	403	3	6.18	--	--	--
City of Burleson	383	4	5.87	168	6	4.87
Target	144	5	2.21	--	--	--
KWS Manufacturing	130	6	1.99	--	--	--
Lynn Smith Chevrolet	117	7	1.79	--	--	--
Trinity Mission Health & Rehab	114	8	1.75	--	--	--
Car Transport Inc	93	9	1.43	--	--	--
Home Depot	90	10	1.38	--	--	--
Albertson's	--	--	--	150	7	4.35
Thomas Conveyor	--	--	--	210	3	6.09
American Homestar	--	--	--	203	4	5.88
Redman Homes	--	--	--	180	5	5.22
K-Mart	--	--	--	120	8	3.48
Indicom Buildings	--	--	--	115	9	3.33
Winn Dixie	--	--	--	111	10	3.22
Total	<u>3,590</u>		<u>55.05</u>	<u>2,294</u>		<u>66.49</u>

Source: City of Burleson Economic Development Department and the North Central Texas Council of Governments (NCTCOG) website.

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

TABLE 15

<u>Function/Program</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General government and Administration										
City council	7	7	7	7	7	7	7	7	7	7
City manager's office	4	6	6	8	6	6	5	6	6	7
City secretary's office	1	2	2	2	2	2	1	2	2	2
Administrative services	3	2	2	1	2	2	2	-	-	-
Records management	1	1	1	1	1	1	1	1	1	1
Information technology	2	2	2	2	2	3	4	4	5	7
Economic development	2	1	1	1	1	1	1	1	-	1
Human resources	3	3	3	3	3	3	3	3	4	4
Public Information Officer	-	-	-	-	-	-	-	1	1	1
Finance	6	6	6	6	6	6	8	8	9	9
Purchasing	-	-	-	1	1	1	1	1	1	1
Municipal court	3.5	3.5	3.5	4	4	5	5	6	8	8
Public Safety										
Police	56	56	61	61	65	70	74	76	76	76
Fire	47	47	51	51	51	55	28	34	34	34
Fire prevention	3	3	3	3	1	2	3	3	2	2
Public Works										
Public works administration	3	3	4	4	5	5	5	5	5	4
Street maintenance	15	15	15	15	15	17	18	18	21	21
Neighborhood services	-	-	-	-	-	-	1	1	1	1
Animal services	2	2	3	3	3	4	4	5	5	5
Environmental services	-	-	-	-	-	-	1	1	1	1
Facility maintenance	4	4	5	5	6	7	7	7	7	7
Building code enforcement	5	5	5	6	8	8	8	9	7	7
Community development	2	2	3	3	3	4	4	3	8	5
Engineering	5	5	8	8	8	10	10	11	8	7
Culture & Recreation										
Library	9	8.5	10.5	14	14	14	14	16	16	15
Parks & recreation administration	3	3	3	4	3	3	3	3	3	18
Recreation	3.5	4	4	6	6	6	5	6	6	19
Park maintenance	12	10	10	12	12	14	14	14	14	12
Senior citizens center	1	1	1	1	1	1	1	1	1	2
Municipal pool	10	13	13	12	12	12	12	12	12	29
Athletic Fields	-	-	-	-	-	-	-	-	-	7
Enterprise Operations and Administration										
Water/Wastewater										
Water & sewer services	18	19	19	19	17	18	19	23	17	17
Utility billing	7	6	6	6	6	6	8	8	8	8
Hidden Creek Golf Course										
Golf course administration	-	-	2	2	2	2	2	2	2	2
Golf course club house & pro shop	-	-	9.5	11	11	11	11	9	9	9
Golf course maintenance	-	-	9.5	9	9	9	9	9	9	9
Golf course food & beverage	-	-	5	8	8	7	7	7	8	9
Solid Waste	15.5	15.5	15.5	17	19	19	20	26	5	3
Internal Service Operations										
Equipment services	5	6	6	6	6	6	6	6	6	6
Total	259	262	306	322	326	347	332	355	335	383

Source: City of Burleson Human Resources Department

**CITY OF BURLESON, TEXAS
SCHEDULE OF INSURANCE POLICIES IN FORCE (Unaudited)
AS OF SEPTEMBER 30, 2010**

TABLE 16

	<u>AM Best Rating</u>	<u>Policy Number</u>	<u>Policy Period</u>	<u>Coverage</u>	<u>Deductibles</u>	<u>Liability Limits</u>
Texas Municipal League Intergovernmental Risk Pool	A++	3511	10/1/2010	General Liability	-	\$1,000,000
			10/1/2010	Real & Personal Property	\$2,500	35,190,718
				Auto Liability	-	1,000,000
				Auto Physical Damage	1,000	Per schedule
				Law Enforcement Liability	1,000	2,000,000
				Errors & Omissions	5,000	2,000,000
				Employee Fidelity Bond	2,500	250,000
				Workers' Compensation	N/A	500,000
The Hartford Casualty Insurance Company	A+	61BSBEE7411	9/27/2010 9/27/2010	Fidelity Bond for Finance Director	2,500	250,000
		61BSBEE7411	9/5/2010 9/5/2010	Fidelity Bond for Finance Director	2,500	250,000

Source: Claims administrators - Workers Compensation
TML Claims, 18601 LBJ Freeway, Suite 210, Tower East Tower, Mesquite, TX 75150

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

TABLE 17

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Public safety										
Police										
Number of employees	56	56	61	61	65	70	71	76	81	76
Total calls	43,221	45,144	46,237	47,323	48,824	50,000	54,726	58,434	55,000	76,342
Arrests	1,738	1,614	1,546	1,415	1,432	1,500	1,672	1,672	1,675	1,208
Traffic enforcement	10,548	12,204	13,558	12,712	11,338	12,000	14,000	14,000	14,000	12,000
Fire										
Number of employees	47	47	51	51	51	55	40	46	46	48
Number of calls for service	2,195	2,109	2,345	2,518	2,614	2,700	3,300	3,148	3,300	3,400
Inspections	308	424	312	222	250	530	650	725	725	800
Public Works										
Facility repairs	425	437	468	444	497	560	405	435	400	395
Preventive Maintenance Hours	695	1,000	1,100	1,100	1,300	1,400	1,400	1,400	1,400	1,660
Animal Control										
Animals Adopted	304	299	250	250	400	450	500	550	700	720
Animals Impounded	1,825	1,794	1,400	1,400	2,000	2,000	2,485	2,900	2,900	3,188
Environmental Health										
Permits	138	168	71	162	165	-	-	-	-	-
Inspections	254	255	279	285	3	-	-	-	-	-
Community Development										
Permits Issued	3,240	3,743	3,999	7,341	4,048	8,075	9,922	6,994	6,316	7,264
Inspections Made	8,857	14,007	17,112	17,477	17,886	19,280	23,186	21,199	12,444	14,311
Culture and Recreation										
Recreation										
Special Event Participants	20,000	22,000	19,800	23,000	25,750	24,650	25,000	25,000	32,565	33,216
Swim Lesson Participants	340	322	256	323	300	300	480	470	415	-
Swim Programs	52	52	45	45	45	45	70	70	40	-
Senior Citizen Participants	22,155	25,123	25,452	25,006	26,345	27,000	28,050	28,891	31,000	31,500
Senior Van Riders	N/A	N/A	389	1,320	1,400	1,500	1,320	1,054	550	600
Library										
Books in Collection	36,499	39,899	42,997	47,572	55,000	51,012	56,075	58,425	64,800	65,500
Materials borrowed	170,673	155,000	160,000	180,047	185,483	225,000	209,576	233,669	313,762	316,899
Water and Sewer										
Number of water customers	7,968	8,460	9,042	9,620	10,265	10,962	11,440	12,000	12,157	12,435
Number of sewer connections	7,881	8,303	8,791	9,515	10,153	10,870	11,503	12,074	11,250	11,250
Gas Well										
Number of Permits	-	-	-	-	-	-	-	-	56	55
Number of Pad Site Inspections	-	-	-	-	-	-	-	-	2,464	950

Source: Various City Departments

CITY OF BURLESON, TEXAS
MISCELLANEOUS STATISTICS
(Unaudited)

	FISCAL YEAR				
	2001	2002	2003	2004	2005
Date of incorporation	May 12, 1912				
Date of charter	April 5, 1989				
Area incorporated (square miles)	21.97	21.81	23.11	23.17	23.31
Form of government	Council/Manager				
Education:					
Attendance centers	10	11	11	11	11
Number of teachers	459	452	438	438	600
Number of students	6,643	6,891	7,290	7,290	8,007
Miles of streets	94.20	103.71	113.37	115.64	128.00
Miles of sewers:					
Sanitary sewers	97.16	107.21	116.78	119.77	133.00
Storm sewers	9.91	14.07	16.56	16.56	21.00
Culture and recreation:					
Parks - number of acres	171	179	192	192	198
Number of municipal pools	1	1	1	1	1
Number of lighted ball diamonds	12	12	12	12	12
Number of community centers	1	1	1	1	1
Number of tennis courts	-	-	-	-	-
Municipal water system:					
Number of water customers	7,968	8,742	9,042	9,515	10,265
Daily average consumption (gallons)	2,511,192	2,568,652	2,800,838	2,647,600	3,167,502
System capacity (gallons per day)	7,000,000	8,840,000	10,500,000	12,200,000	12,200,000
Miles of water mains	109.46	122.07	130.48	133.01	145.00
Number of fire hydrants	608	723	788	811	942
Municipal sewer system:					
Number of sewer connections	7,781	8,303	8,791	9,515	10,153
System capacity (gallons per day)	7,000,000	9,380,000	9,380,000	9,840,000	9,840,000
Number of street lights	829	878	870	923	985
City employees:					
Full-time	195	221	236	243	263
Part-time	18	25	30	29	30
Temporary	14	27	20	19	19

(continued)

Source: Various City Departments

TABLE 18

FISCAL YEAR				
2006	2007	2008	2009	2010
23.31	24.36	26.34	26.04	26.04
11	11	11	14	15
531	586	595	640	672
8,527	8,999	9,583	9,834	10,045
137.00	137.00	140.00	200.00	200.00
143.00	154.00	158.00	182.00	182.00
23.00	28.00	30.00	32.82	46.12
262	248	358	334	334
1	1	1	1	1
12	12	12	12	20
1	1	1	1	1
-	-	-	5	5
10,265	11,440	11,690	12,157	12,435
4,100,620	3,237,941	3,915,426	4,443,470	3,880,821
14,550,000	14,550,000	14,550,000	14,550,000	14,550,000
153.00	153.00	159.00	175.00	175.00
1002	1002	1064	1200	1200
10,870	11,503	11,200	11,250	11,250
11,890,000	11,890,000	11,890,000	11,800,000	11,800,000
1171	1255	1297	1357	1406
263	263	301	397	303
30	30	29	21	61
19	19	19	4	20

(concluded)

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