



Finance Committee Agenda

Monday, March 04, 2024
3:00 PM

City Hall - 141 W. Renfro
Burleson, TX 76028

1. **CALL TO ORDER**

2. **CITIZEN APPEARANCES**

Each person in attendance who desires to speak to the Committee on an item NOT posted on the agenda, shall speak during this section. A speaker card must be filled out and turned in to the City Secretary prior to addressing the Committee. Each speaker will be allowed three minutes to speak.

Each person in attendance who desires to speak on an item posted on the agenda shall speak when the item is called forward for consideration.

3. **GENERAL**

A. Consider approval of the minutes from the February 7, 2024 Finance Committee meeting.
(Staff Contact: Amanda Campos, City Secretary)

B. Receive a report, hold a discussion, and give staff direction regarding the fiscal year 2022-2023 Annual Comprehensive Financial Report (ACFR), Single Audit Report, and the Annual Audit. (Staff Contact: John Butkus, Director of Finance)

C. Receive a report, hold a discussion, and provide staff direction regarding the City's current investment process. (Staff Contact: Harlan Jefferson, Deputy City Manager)

4. **REQUESTS AND FUTURE AGENDA ITEMS AND REPORTS**

5. **EXECUTIVE SESSION**

In accordance with Chapter 551 of the Texas Government Code, the Committee may convene in Executive Session in the City Council Workroom at City Hall to conduct a closed meeting to discuss any item listed on this agenda.

A. Pending or Contemplated Litigation or to Seek the Advice of the City Attorney Pursuant to Section 551.071

6. **ADJOURN**

CERTIFICATE

I hereby certify that the above agenda was posted on this the 28th of February 2024, by 6:00 p.m., on the official bulletin board at the Burleson City Hall, 141 W. Renfro, Burleson, Texas.



Amanda Campos

City Secretary

ACCESSIBILITY STATEMENT

The Burleson City Hall is wheelchair accessible. The entry ramp is located in the front of the building, accessible from Warren St. Accessible parking spaces are also available in the Warren St. parking lot. Sign interpretative services for meetings must be made 48 hours in advance of the meeting. Call the A.D.A. Coordinator at 817-426-9600, or TDD 1-800-735-2989.

Finance Committee

DEPARTMENT: City Secretary's Office
FROM: Amanda Campos, City Secretary
MEETING: March 4, 2024

SUBJECT:

Consider approval of the minutes from the February 7, 2024 Finance Committee meeting. *(Staff Contact: Amanda Campos, City Secretary)*

SUMMARY:

The Finance Committee duly and legally met on February 7, 2024 for a regular meeting.

OPTIONS:

- 1) Committee may approve the minutes as presented or approve with amendments.

RECOMMENDATION:

Approve.

PRIOR ACTION/INPUT (Council, Boards, Citizens):

N/A

FISCAL IMPACT:

N/A

STAFF CONTACT:

Amanda Campos
City Secretary
acampos@burlesontx.com
817-426-9665

FINANCE COUNCIL COMMITTEE
February 7, 2024
DRAFT MINUTES

Council present:

Dan McClendon
 Larry Scott
 Adam Russell, Chair

Council Absent:Staff present

Tommy Ludwig City Manager
 Harlan Jefferson, Deputy City Manager
 Eric Oscarson, Deputy City Manager
 Amanda Campos, City Secretary
 Monica Solko, Deputy City Secretary
 John Butkus, Finance Director
 Marianna Dunn, Assistant Finance Director
 Casey Davis, Assistant Fire Chief
 Errick Thompson, Director of Public Works
 Justin Scharnhorst, Assistant to the City Manager

1. CALL TO ORDER – Time: 9:00 am.

Chair Adam Russell called the meeting to order. **Time: 9:05 a.m.**

2. CITIZEN APPEARANCES

- None.

3. GENERAL**A. Consider approval of the minutes from the September 11, 2023 Finance Committee meeting. (Staff Contact: Amanda Campos, City Secretary)**

Motion made by Dan McClendon and seconded by Larry Scott to approve.

Motion passed 3-0.

B. Receive a report, hold a discussion, and provide staff direction regarding the proposed new Capital Improvement Program (CIP) format. (Staff Presenter: Harlan Jefferson, Deputy City Manager)

Harlan Jefferson, Deputy City Manager, presented the proposed new Capital Improvement Program (CIP) format to the committee.

Discussion included:

- Enhanced transparency

- Proposed New CIP format

Committee asked for the following changes:

- Bulleted explanation to be added to the bottom of the new forms for abbreviations.
- Identify what projects are part of the CO or GO bonds, voter approved, debit compared to council approved.
- Break out cash out projects
- Identify other paying sources on project (state)
- Add a hyperlink to the line item linking it to the approved council agenda meeting.

C. Receive a report, hold a discussion, and provide staff direction regarding the proposed new monthly financial and investment reports. (Staff Presenter: John Butkus, Finance Director)

John Butkus, Finance Director, presented the proposed new monthly financial and investment reports to the committee.

Discussion included:

- Financial summary
- Economic analysis
- Investment reports
- Special interest reports

Committee requested the following changes:

- Back taxes could be tracked and added to the annual report during budget process
- Sales tax numbers - break out classifications of sales tax,
- Cross reference GO and CO projects
- Incentives given out by the city as its own category not with miscellaneous
- Split out the transfer out category for transparency
 - Subsidy
 - Debt service
- Line item claims changes to TML premiums
- Outside services category – breakout water purchased and sewer treatment
- Investments - look at options, lock in before rates go down
- Add page numbers

RECESS AND BACK TO ORDER

Chair Adam Russell recessed for a short break at 10:20 a.m. and called the meeting back to order at 10:29 a.m. with all members present.

PRESENTATION CONTINUED

Committee would like to see the aging accounts for ambulance on a quarterly basis to see it against the cash for transport, revenue versus expenses. Committee requested the changes be made to the new format and to bring back for final review.

4. BOARD REQUESTS FOR FUTURE AGENDA ITEMS OR REPORTS

- None.

5. EXECUTIVE SESSION

In accordance with Chapter 551 of the Texas Government Code, the Committee may convene in Executive Session in the City Council Workroom at City Hall to conduct a closed meeting to discuss any item listed on this agenda.

- **Pending or Contemplated Litigation or to Seek the Advice of the City Attorney Pursuant to Section 551.071**

No executive session needed.

6. ADJOURN

There being no further business Chair Adam Russell adjourned the meeting.

Time: 10:51 a.m.

Monica Solko
Deputy City Secretary

Finance Committee

DEPARTMENT: Finance Department
FROM: John Butkus, Finance Director
MEETING: March 4, 2024

SUBJECT:

Receive a report, hold a discussion, and give staff direction regarding the fiscal year 2022-2023 Annual Comprehensive Financial Report (ACFR), Single Audit Report, and the Annual Audit. (*Staff Contact: John Butkus, Director of Finance*)

SUMMARY:

Each year, the City hires an independent accounting firm to conduct an audit of the City's basic financial statements. The purpose of the audit is to express an opinion as to whether the City's financial statements present fairly, in all material respects, the financial position of the City. On June 21, 2021, Council approved a 3-year professional service agreement and two 1-year options with Weaver LLP for audit services.

The ACFR represents the financial position of the City for the fiscal year ending September 30, 2023. The document includes the independent auditor's opinion of management's representations within the annual report. The auditors have provided the City a clean opinion (unmodified), which means that in the opinion of Weaver; the City's financial statements present fairly, in all material respects, the financial position of the City. A "clean" or "unmodified opinion" is the best opinion that may be rendered in an audit of the financial statements.

The audit specifically included the following items:

- Audit of the City's ACFR in accordance with generally accepted auditing standards.
- An evaluation of the City's internal control over financial reporting.
- Single Audit in accordance with generally accepted auditing standards and compliance with U.S. Office of Management and Budget (OMB) Compliance Supplement.

The auditor's examination of internal controls was conducted at a level sufficient to gain an understanding of the internal control structure to determine the nature, timing, and extent of audit procedures. The auditors did not perform an audit of internal controls, but performed

limited tests of internal controls for the purpose of providing an opinion on the financial statements.

Additionally, the auditors examined, on a test basis, evidence supporting amounts and disclosures in the combined financial statements. The City did not receive a management letter as there were no material weaknesses or recommendations for strengthening controls identified.

Jackie Gonzalez, Audit Partner and Justine Singletary, Senior Manager with Weaver will be providing a presentation regarding the results of the audit, and answer any questions the Committee may have.

RECOMMENDATION:

Recommend approval to accept the Annual Comprehensive Financial Report, Single Audit, and Annual Audit as presented.

PRIOR ACTION/INPUT (Council, Boards, Citizens):

N/A

REFERENCE:

N/A

FISCAL IMPACT:

N/A

STAFF CONTACT:

John Butkus
Finance Director
jbutkus@burlesontx.com
817-426-9627



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2023

CITY OF BURLESON, TEXAS
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2023

CITY OFFICIALS

Chris Fletcher
Mayor

Dan McClendon
Victoria Johnson
Phil Anderson
Ronnie Johnson
Larry Scott
Adam Russell

Mayor Pro Tem
Councilmember
Councilmember
Councilmember
Councilmember
Councilmember

Tommy Ludwig
City Manager

Harlan Jefferson
Deputy City Manager

Eric Oscarson
Deputy City Manager

John Butkus
Director of Finance

Prepared by: Finance Department



City of Burleson, Texas
Annual Comprehensive Financial Report
For the Year Ended September 30, 2023

Item B.

Table of Contents

	Page	Exhibit
INTRODUCTORY SECTION		
Letter of Transmittal	v	
GFOA Certificate of Achievement	viii	
Organizational Chart	ix	
List of Principal Officials.....	x	
FINANCIAL SECTION		
Independent Auditor's Report.....	3	
Management's Discussion and Analysis (Unaudited).....	7	
Basic Financial Statements		
Government-wide Financial Statements:		
Statement of Net Position	15	A-1
Statement of Activities	16	A-2
Fund Financial Statements:		
Balance Sheet – Governmental Funds	18	B-1
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	19	B-2
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	20	B-3
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	21	B-4
Statement of Net Position – Proprietary Funds	22	C-1
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	23	C-2
Statement of Cash Flows – Proprietary Funds.....	24	C-3
Notes to the Financial Statements.....	27	
Required Supplementary Information (Unaudited)		
Budgetary Comparison Schedule – General Fund	61	D-1
Notes to Required Supplementary Information – Budgetary Schedule.....	63	
Schedule of Changes in Net Pension Liability and Related Ratios – Texas Municipal Retirement System - Supplemental Death Benefits Fund	64	D-2
Schedule of Pension Contributions – Texas Municipal Retirement System	66	D-3
Schedule of Changes in Total OPEB Liability and Related Ratios – Texas Municipal Retirement System - Supplemental Death Benefits Fund	68	D-4
Schedule of Changes in Total OPEB Liability and Related Ratios – Retiree Health Care Benefit Plan.....	69	D-5
Other Supplementary Information		
Combining and Individual Fund Financial Statements and Schedules		
Description of Nonmajor Governmental Funds	73	
Nonmajor Governmental Funds:		
Combining Balance Sheet	75	E-1
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	79	E-2
Budgetary Comparison Schedule – Debt Service Funds.....	82	E-3
Budgetary Comparison Schedule – Hotel/Motel Fund	84	E-4
Budgetary Comparison Schedule – BCSDC Special Revenue Fund	85	E-5
Budgetary Comparison Schedule – 4A Corp Special Revenue Fund	86	E-6

City of Burleson, Texas
Annual Comprehensive Financial Report
For the Year Ended September 30, 2023

Item B.

Table of Contents

	Page	Exhibit
Budgetary Comparison Schedule – Parks Performance Fund	87	E-7
Budgetary Comparison Schedule – TIF 2 Fund	88	E-8
Budgetary Comparison Schedule – Municipal Court Fund	89	E-9
Description of Nonmajor Enterprise Funds	90	
Nonmajor Enterprise Funds:		
Combining Statement of Net Position	91	F-1
Combining Statement of Revenues, Expenses, and Changes in Net Position	92	F-2
Combining Statement of Cash Flows	93	F-3
Description of Internal Service Funds	95	
Internal Service Funds:		
Combining Statement of Net Position	96	G-1
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	97	G-2
Combining Statement of Cash Flows	98	G-3
	Page	Table
STATISTICAL SECTION (Unaudited)		
Statistical Section Index	99	
Net Position by Component – Last Ten Fiscal Years	100	1
Changes in Net Position – Last Ten Fiscal Years	102	2
Fund Balances – Governmental Funds – Last Ten Fiscal Years	106	3
Changes in Fund Balances – Governmental Funds – Last Ten Fiscal Years	108	4
Assessed and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years	110	5
Direct and Overlapping Property Tax Rates – Last Ten Fiscal Years	111	6
Principal Property Taxpayers – Current Year and Nine Years Ago	112	7
Property Tax Levies and Collections – Last Ten Fiscal Years	113	8
Ratios of Outstanding Debt by Type and General Bonded Debt Outstanding – Last Ten Fiscal Years	114	9
Net General Bonded Debt Outstanding – Last Ten Fiscal Years	116	10
Direct and Overlapping – Governmental Activities Debt	119	11
Pledged – Revenue Bond Water and Sewer Coverage – Last Ten Fiscal Years	120	12
Demographic and Economic Statistics – Last Ten Fiscal Years	122	13
Principal Employers – Current Year and Nine Years Ago	123	14
Full-Time Equivalent City Government Employees by Function/Program Last Ten Fiscal Years	124	15
Schedule of Insurance Policies in Force	127	16
Operating Indicators by Function/Program – Last Ten Fiscal Years	128	17
Miscellaneous Statistics – Last Ten Fiscal Years	130	18

Introductory Section

THE CITY OF
BURLESON
TEXAS

**141 West Renfro
Burleson, Texas 76028-4261
www.burlesontx.com
February 28, 2024**

TO: The Honorable Mayor, Members of the City Council, and Citizens of Burleson (the "City")

Submitted herewith is a copy of the Annual Comprehensive Financial Report (ACFR) for the fiscal year ended September 30, 2023. 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.

These statements have been prepared in accordance with Generally Accepted Accounting Principles (GAAP) for local governments as prescribed by the Governmental Accounting Standards Board (GASB). 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 ACFR includes all governmental organizations and functions for which the City is financially accountable as well as its blended component units. Although legally separate entities, the Burleson 4B Community Services Development Corporation, the Burleson 4A Economic Development Corporation and Tax Increment Finance Reinvestment Zone Number Two are in substance part of the primary government's operations and are included as part of the primary government. Additional information on these component units can be found in the notes to the financial statements.

ECONOMY AND BUSINESS CLIMATE

Burleson is located along the southwestern edge of the Dallas/Fort Worth Metroplex, on Interstate Highway 35W, State Highway 174, and the Chisholm Trail Parkway toll road. Economically, this region is ranked as one of the most robust in Texas, a state that in recent years has trended well ahead of the national economy. Local measures of business activity have recovered and surpassed peak levels. The City is currently experiencing a strong expansion of business with more than \$265 million in new taxable value added in 2023, with more in the development pipeline.

Although the City of Fort Worth adjoins much of Burleson's northern boundary, the remaining three directions are surrounded by an extensive extra-territorial jurisdiction (ETJ). The City's corporate limits include more than 28 square miles and its extraterritorial jurisdiction (ETJ) is comprised of approximately 35,000 acres. Combined, Burleson's city limit and ETJ include more than 23,000 undeveloped acres. In 2017, The Texas State Legislature significantly restricted cities' abilities to involuntarily annex within their ETJs. The City of Burleson was proactive prior to 2017 in obtaining development agreements in large, strategic portions of its ETJ. These development agreements allow the City to pursue annexation when these areas develop. This has allowed the City to work with property owners to ensure orderly development of these areas and program our capital improvements to ensure services are provided.

Once largely agricultural, these areas have developed into a form of semi-urban, residential use. With vibrant retail destinations and commercial development, many of the individuals residing in these adjacent areas shop, dine, and send their children to schools located in Burleson. Thus, functionally speaking, Burleson's estimated population of just above 50,000 belies the true size of the community's economy. The combination of highway accessibility and more than 400,000 people located within the retail trade area create a community with a strong and growing trade area.

LONG TERM PLANNING

These focus areas create a roadmap for achieving the long-term goals and objectives that have been articulated by the City Council, and play a key role in the budget process, as well as long term financial planning of the City's major funds. The strategic focus areas are:

- Operational Excellence
- Infrastructure
- Community
- Public Safety

Five year projections are prepared for all of the City's major funds with the focus on maintaining year end fund balances that meet or exceed their requirements. In addition, the City continues to prepare five year capital improvement plans (CIP) for streets and drainage, parks, and water and wastewater projects. The five year projections and five year CIPs are presented to Council throughout the budget process and provides a great opportunity for feedback and direction. Incorporating the projections and CIP are crucial in the budget process to ensure the strategic focus areas are met and the City continues to be financially sound.

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 all funds, except for the revenue funds are exercised at the departmental level. This level of control occurs at the fund level for other funds. Activities of the Governmental and Proprietary Fund 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.

Information regarding general accounting policies can be found in the notes to the basic financial statements.

INDEPENDENT AUDIT

An annual audit is required to be made of the financial statements of the City of Burleson by an independent auditor. Weaver and Tidwell, LLP was selected by the City Council to perform the audit for fiscal year ended September 30, 2023. The audit opinion is included in this report.

AWARDS

For the year ended September 30, 2022, the Government Finance Officers Association (GFOA) recognized the City for achievement in the presentation of the annual budget document and the ACFR. This was the 32nd consecutive year that the City has received this prestigious national award. To earn the Certificate of Achievement, the City published an easy-to-read and efficiently organized Annual Comprehensive Financial Report with contents that conformed to program standards. Such reports satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for one year. The City believes that the current ACFR continues to meet the Certificate of Achievement Program requirements and thus is submitting it to GFOA to determine its eligibility for another certificate.

In addition, the City also received the GFOA's Award for Distinguished Budget Presentation for the 34th consecutive year for its annual appropriated budget dated October 1, 2022. To qualify for the Budget Award, the City's budget document was judged proficient in all categories.

ACKNOWLEDGEMENTS

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

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "John B. Burk". The signature is fluid and cursive, with the first name "John" and last name "Burk" clearly distinguishable.

Finance Department



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

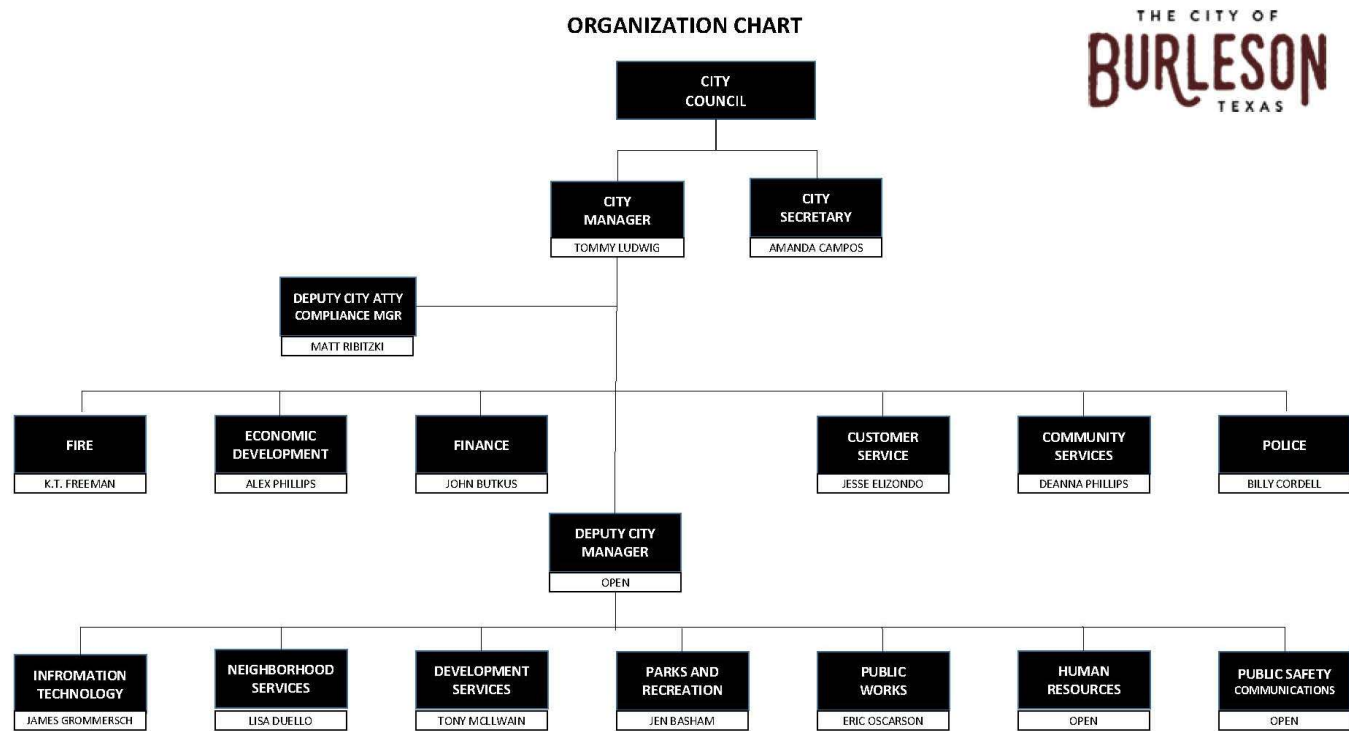
**City of Burleson
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2022

Christopher P. Morrell

Executive Director/CEO



CITY OF BURLESON, TEXAS
 LIST OF PRINCIPAL OFFICIALS
 SEPTEMBER 30, 2023

Elected Officials

Mayor	Chris Fletcher
Mayor Pro-Tem	Dan McClendon
Councilmember	Victoria Johnson
Councilmember	Phil Anderson
Councilmember	Ronnie Johnson
Councilmember	Larry Scott
Councilmember	Adam Russell

City Officials

City Manager	Tommy Ludwig
Deputy City Manager	Harlan Jefferson
Deputy City Manager	Eric Oscarson
Director of Finance	John Butkus
Deputy City Attorney	Matt Ribitzki
Police Chief	Billy Cordell
City Secretary	Amanda Campos
Fire Chief	Kenneth Freeman
Director of Parks and Recreation	Jen Basham
Director of Human Resources	Open
Chief Technology Officer	James Grommersch
Director of Development Services	Tony McIlwain
Director of Public Works	Erick Thompson
Director of Economic Development	Alex Philips
Director of Community Services	DeAnna Phillips
Director of Customer Service	Jesse Elizondo
Director of Public Safety Communications	Paul Bradley

Financial Section

THE CITY OF
BURLESON
TEXAS

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the 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 (City), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1 to the basic financial statements, during the year ended September 30, 2023, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Texas Municipal Retirement System pension schedules, Texas Municipal Retirement System OPEB schedule, and budgetary comparison information on pages 7 through 14 and 61 through 69 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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.

Supplementary Information

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

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

The combining and individual fund financial statements and schedules are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information Included in the Annual Comprehensive Financial Report (ACFR)

Management is responsible for the other information included in the ACFR. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas
February 28, 2024

THE CITY OF
BURLESON
TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2023. Please read it in conjunction with the transmittal letter, which can be found preceding this narrative, and with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$329,762,141 (net position). Of this amount, \$33,859,589 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$4,772,932 or 1.47% from previous year. The City's total unrestricted net position decreased by \$17,663,876, due to increases in expenses in both governmental and business-type activities which exceeded increases in revenues. \$17,783,271 increase in net investment in capital assets resulted from additions in construction capital cost and land acquisitions netted against the decrease of related debt.
- As of the close of the current fiscal year, unassigned fund balance for the general fund was \$18,467,600 or 33% of total general fund expenditures.
- The City's total debt increased by \$27,565,000 during the current fiscal year. The increase represents the net effect of scheduled debt retirement and issuance of Series 2023 Combination Tax and Revenue Certificates of Obligation and Series 2023 General Obligation Bonds in the current year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

Fund Financial Statements - The fund financial statements provide detailed information about the most significant funds – not the City as a whole. A fund is a grouping of related accounts that the City uses to maintain control over resources that have been segregated for specific activities and objectives. Some funds are required by state law or bond covenants. The Council establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants. The City has two types of funds:

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

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

The City maintains nineteen 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, bond supported capital projects fund, and COVID relief grants fund, which are considered to be major funds. Data from the other sixteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the nonmajor 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. The City 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, for the repair and maintenance of significant components of equipment used by the organization, and for the health self-insurance program.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The water & wastewater operations are considered to be a major fund of the City. All internal service funds are combined in a single presentation in the proprietary fund financial statements. Individual data for each of the nonmajor enterprise funds and 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 nonmajor governmental funds and internal service funds are presented immediately following the notes to the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$329,762,141 as of September 30, 2023.

The largest portion of the City's net position (84%) reflects its investments in capital assets (e.g., land, buildings, improvements, construction in progress, and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these assets to provide service to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

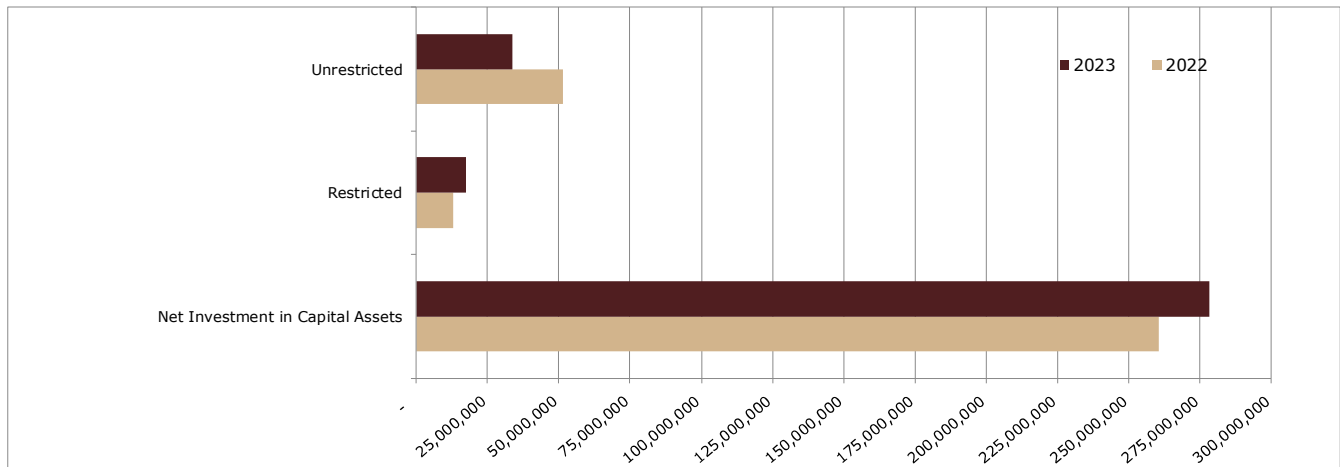
CITY OF BURLESON, TEXAS – NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2022	2023	2022	2023	2022	2023
Other assets	\$ 94,730,804	\$ 98,743,047	\$ 57,374,088	\$ 50,875,012	\$ 152,104,892	\$ 149,618,059
Capital assets	251,050,175	287,657,068	122,829,136	128,149,280	373,879,311	415,806,348
Total assets	345,780,979	386,400,115	180,203,224	179,024,292	525,984,203	565,424,407
Total deferred outflows of resources	8,237,747	16,674,423	875,998	1,561,316	9,113,745	18,235,739
Noncurrent liabilities – due in more than one year	108,952,166	149,613,777	55,817,730	60,526,840	164,769,896	210,140,617
Other liabilities	25,652,502	27,874,358	8,984,772	11,617,721	34,637,274	39,492,079
Total liabilities	134,604,668	177,488,135	64,802,502	72,144,561	199,407,170	249,632,696
Total deferred inflows of resources	9,117,971	3,198,189	1,583,598	1,067,120	10,701,569	4,265,309
Net position:						
Net investment in capital asset	174,521,592	202,912,185	86,021,027	75,413,705	260,542,619	278,325,890
Restricted	12,617,978	17,576,662	305,147	-	12,923,125	17,576,662
Unrestricted	23,156,517	1,899,367	28,366,948	31,960,222	51,523,465	33,859,589
Total net position	\$ 210,296,087	\$ 222,388,214	\$ 114,693,122	\$ 107,373,927	\$ 324,989,209	\$ 329,762,141

An additional portion of the City's net position (5%) represents resources that are subject to external restriction on how they may have been used. The remaining balance of unrestricted net position (11%) may be used to meet the City's ongoing obligation to citizens and creditors.

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

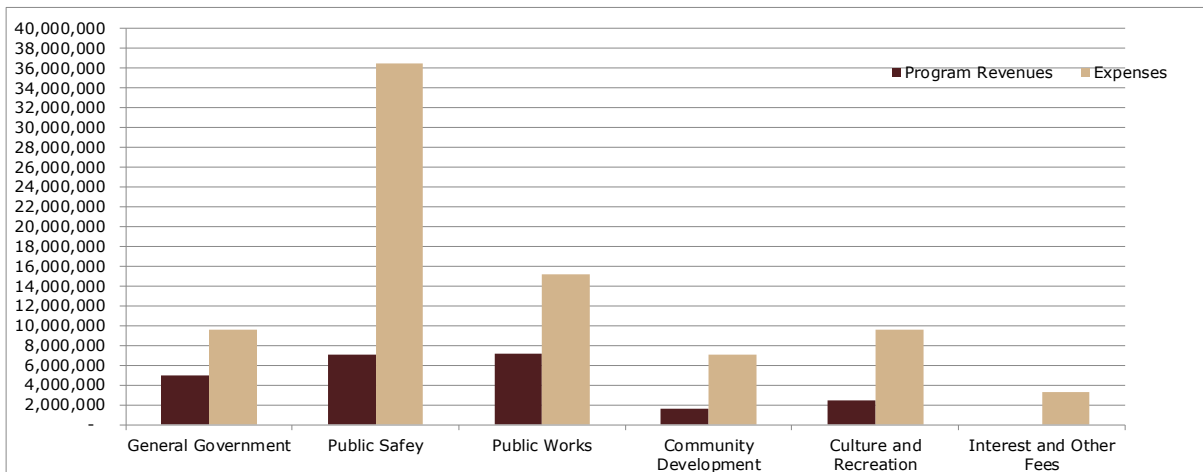
**City of Burleson Net Position
September 30, 2022 and 2023**



The City's overall net position increased \$4,772,932 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

Governmental Activities. During the current fiscal year, net position for governmental activities increased \$12,092,127, a decrease of \$7,495,955 from the prior fiscal year's increase in net position for governmental activities. Increase is primarily due to a 115% (approximately \$3,746,000) increase in investment income from the prior year due to rising interest rates.

Expenses and Program Revenues - Governmental Activities



Business-Type Activities. During the current fiscal year, net position for business-type activities decreased by \$7,319,195, a decrease of \$15,224,857 from the prior fiscal year's increase in net position for business-type activities. Decrease was a result of a Sewer Participation agreement with the City of Fort Worth, approximately \$12,700,000.

CITY OF BURLESON, TEXAS – CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2022	2023	2022	2023	2022	2023
Revenues:						
Program Revenues:						
Charges for services	\$ 9,394,259	\$ 10,296,569	\$ 29,937,355	\$ 30,286,310	\$ 39,331,614	\$ 40,582,879
Operating grants and contributions	4,270,180	6,847,951	34,699	21,856	4,304,879	6,869,807
Capital grants and contributions	8,786,321	6,156,887	5,036,972	3,528,969	13,823,293	9,685,856
General Revenues:						
Taxes:						
Property taxes levied for general purposes	30,311,580	33,341,352	-	-	30,311,580	33,341,352
Tax Increment Financing	1,175,995	1,076,556	-	-	1,175,995	1,076,556
Sales and use taxes	28,011,255	29,598,444	-	-	28,011,255	29,598,444
Hotel / motel taxes	466,584	583,802	-	-	466,584	583,802
Franchise fees	3,931,439	3,754,462	-	-	3,931,439	3,754,462
Investment income	(484,929)	3,260,690	(116,987)	1,804,091	(601,916)	5,064,781
Gain (loss) on sale of assets	13,402	439,368	634,561	3,414	647,963	442,782
Total revenues	85,876,086	95,356,081	35,526,600	35,644,640	121,402,686	131,000,721
Expenses						
General government	8,293,081	9,606,894	-	-	8,293,081	9,606,894
Public safety	29,220,408	36,454,820	-	-	29,220,408	36,454,820
Public works	14,743,553	15,162,754	-	-	14,743,553	15,162,754
Community development	4,178,055	7,100,096	-	-	4,178,055	7,100,096
Library	1,411,839	1,753,245	-	-	1,411,839	1,753,245
Parks and recreation	6,377,399	9,625,261	-	-	6,377,399	9,625,261
Interest and other fees	2,805,915	3,319,651	-	-	2,805,915	3,319,651
Water & wastewater	-	-	20,536,810	36,231,989	20,536,810	36,231,989
Hidden Creek Golf course	-	-	2,546,070	2,937,323	2,546,070	2,937,323
Solid Waste	-	-	3,780,319	3,966,031	3,780,319	3,966,031
Cemetery	-	-	15,493	69,725	15,493	69,725
Total expenses	67,030,250	83,022,721	26,878,692	43,205,068	93,908,942	126,227,789
Change in net position before transfers	18,845,836	12,333,360	8,647,908	(7,560,428)	27,493,744	4,772,932
Transfers	742,246	(241,233)	(742,246)	241,233	-	-
Change in net position	19,588,082	12,092,127	7,905,662	(7,319,195)	27,493,744	4,772,932
Net position - beginning	190,708,005	210,296,087	106,787,460	114,693,122	297,495,465	324,989,209
Net position - ending	\$ 210,296,087	\$ 222,388,214	\$ 114,693,122	\$ 107,373,927	\$ 324,989,209	\$ 329,762,141

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds – The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. Unassigned fund balance serves as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance, which has not yet been limited to use for a particular purpose.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$71,553,347. The 74% or \$53,085,747 of this total has constraints on its spending at because it is classified as either (1) non-spendable for inventory and prepaid items; (2) restricted for debt service, public safety, parks and recreation, library, economic development, tourism, capital projects, and other; and (3) committed for capital projects, debt service and other. Approximately 26% of the combined ending fund balance, or \$18,467,600, constitutes unassigned fund balance and is primarily in the General Fund.

Net change in fund balance was an increase of \$3,953,363, of which -87% is from the General Fund, -50% from Non-major Governmental Funds and COVID Relief Grants, and the remaining 237% is from Bond Funded Capital Projects fund.

The decrease of \$3,428,565 in the General Fund is primarily due to necessary to properly manage this martially property tax funded fund and ensuring balances are properly drawled down when fund balance is on the higher end of Finance policy.

The \$2,300,285 decrease in Other Governmental Funds is due to a \$5,342,078 decrease in the 4A EDC Non-bond Fund due to a capital outlay purchase of land approximately \$5,000,000. Additionally, an increase in 4A Corp Special Revenue fund of \$4,284,886 due to increased sales and use tax revenues exceeding expenditures.

The Bond Funded Capital Projects fund increased by \$9,360,228 finishing the year at \$25,598,738. This is due to the issuance of \$31,770,000 of bonds offset with capital expenditures.

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

Year-end net position in the water and wastewater fund amounted to \$102,360,194. Net position in the water and wastewater fund decreased \$7,713,997 which is \$17,218,235 less than prior year's increase. Difference is from an increase of about \$2,427,864 in developer non-cash contributions due to the City's continued growth.

General Fund Budgetary Highlights –

Actual revenues subceed final revised budget by a slight variance of 2.1%.

The general fund's final revised expenditure budget was approximately \$4,631,814 more than the figure originally adopted due to encumbrances rolled over from the prior year and increased appropriations for police and firefighter salaries to diminish recruiting challenges.

Actual year-end expenditures totaled \$1,357,789 less than the revised budget total. This decrease was primarily due to outstanding encumbrances of 1,028,526 that rolled to FY24.

CAPITAL ASSETS

The City's investment in capital assets for its governmental and business type activities as of September 30, 2023 amounts to \$415,806,348 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment and roads. The total increase in capital assets for the current fiscal year was approximately 11%.

	Capital Assets at Year End (net of depreciation/amortization)					
	Governmental Activities		Business-type Activities		Total	
	2022	2023	2022	2023	2022	2023
Land	\$ 40,312,769	\$ 50,421,718	\$ 5,413,714	\$ 5,949,176	\$ 45,726,483	\$ 56,370,894
Buildings & improvements	79,489,539	78,632,224	3,064,471	3,386,087	82,554,010	82,018,311
Infrastructure	117,002,996	116,359,245	-	-	117,002,996	116,359,245
Right-to-use lease assets	410,488	347,336	-	-	410,488	347,336
Right-to-use subscription assets	-	2,034,616	-	-	-	2,034,616
Machinery & equipment	7,360,944	10,760,894	1,017,479	910,687	8,378,423	11,671,581
Other	45,000	45,000	-	-	45,000	45,000
Water system	-	-	56,106,747	55,252,314	56,106,747	55,252,314
Wastewater system	-	-	46,783,947	47,087,606	46,783,947	47,087,606
Intangible assets	-	-	1,377,432	1,317,342	1,377,432	1,317,342
Construction in progress	6,428,439	29,056,035	9,065,346	14,246,068	15,493,785	43,302,103
Total	\$ 251,050,175	\$ 287,657,068	\$ 122,829,136	\$ 128,149,280	\$ 373,879,311	\$ 415,806,348

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

- Construction costs related to arterial roads amount to approximately \$3,769,500.
- Construction and right-of-way costs related to construction of water infrastructure amounted to approximately \$3,680,510.
- Construction and right-of-way costs related to construction of sanitary sewer lines amounted to approximately \$1,623,246.
- Cost of purchasing land and buildings to be used as City Facilities amounted to \$9,242,114.
- Costs related to construction of City recreational facilities amounted to \$5,415,614.
- Approximately \$804,618 of water lines were donated by developers.
- Approximately \$1,623,246 of sewer lines were donated by developers.
- Streets and sidewalks worth approximately \$6,014,577 were donated by developers.

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

DEBT ADMINISTRATION

At the end of the current fiscal year, the City had total bonded debt issues of \$171,590,000. Of this amount, \$57,360,000 comprises of general obligation (GO) outstanding bonds debt backed solely by the full faith and credit of the City, \$111,945,000 represent certificate of obligation (CO) bonds secured by a combination of property taxes and a limited pledge of other revenues, and \$2,285,000 secured by revenues generated from the City's water and wastewater utility. The total GO and CO outstanding debt of \$169,305,000 includes self-supporting debt of \$57,140,000 paid with revenues generated from the City's water and wastewater utility, \$42,546,088 paid with revenue generated from sales tax dedicated to the Burleson 4B Community Service Corporation (Type 4B) and Burleson 4A Economic Development Service Corporation (Type A) and \$8,005,000 to be paid with tax revenues generated from the Reinvestment Zone Number Two reflected in the TIF 2&3 Fund, with the remaining balance of \$61,613,912 paid directly from the debt rate portion of the property tax rate.

Additional information on the City's outstanding debt can be found in Note 7 in the notes to basic financial statements.

Outstanding Debt at Year End

	Governmental Activities		Business-type Activities		Total	
	2022	2023	2022	2023	2022	2023
General obligation bonds	\$ 42,596,857	\$ 46,036,714	\$ 14,333,143	\$ 11,323,286	\$ 56,930,000	\$ 57,360,000
Certificate of obligation bonds	44,870,000	65,405,000	39,730,000	46,540,000	84,600,000	111,945,000
Utility system revenue bonds	-	-	2,495,000	2,285,000	2,495,000	2,285,000
	<u>\$ 87,466,857</u>	<u>\$ 111,441,714</u>	<u>\$ 56,558,143</u>	<u>\$ 60,148,286</u>	<u>\$ 144,025,000</u>	<u>\$ 171,590,000</u>

The City maintains favorable bond ratings as assigned from the following rating agencies:

	Moody's Investors Service	Standard & Poor's
General obligation bonds	Aa2	AA
Water & wastewater revenue bonds	A1	AA-

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In fiscal year 2024 budget, City adopted a property tax rate of \$0.6325 per \$100 value, which was \$0.0247 less than the previous rate of \$0.6572 per \$100 value. Since 2020, the rate has been reduced by almost nine (9) cents, from \$0.7200 (2020) to \$0.6325 (2024). The budget also includes a three percent (3%) homestead exemption in FY 2024. The property tax revenues are budgeted to increase 8.0% or about \$1,970,080 from fiscal year 2023 year end projection primarily due to new growth. Sales tax revenues are budgeted to increase by about 3% or \$442,377 from fiscal year 2023 year end projections. General Fund total revenues including transfers is \$59,651,098 or 12% increase from fiscal year 2023 budget. General Fund total expenditures is \$61,352,506 or 10% increase from prior year budget. The result is a \$1,701,408 reduction in fund balance. This projected reduction continues to maintain an unassigned fund balance to a level above the City's policy target of 20% of annual operating expenses.

The budget included a three (3) percent increase for both water and sewer utility services, the first rate increase since 2019. Water and Sewer Fund has a strong financial position and ability to continue meeting its debt obligations.

Solids waste operations are outsourced to a third party vendor to handle the refuse and recycling of the community. The adopted budget monthly rate is \$21.84, an increase of \$3.64 from last fiscal year. Revenues and working capital are sufficient to meet the obligations.

REQUESTS FOR INFORMATION

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

City of Burleson, Texas
Statement of Net Position
September 30, 2023

Exhibit A Item B.

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 88,770,919	\$ 24,002,612	\$ 112,773,531
Receivables			
Taxes, net	108,813	-	108,813
Accounts, net	1,503,170	3,226,494	4,729,664
Leases	2,281,467	1,048,192	3,329,659
Due from other governmental units	5,056,628	-	5,056,628
Accrued interest	72,098	31,628	103,726
Inventories	25,628	493,962	519,590
Prepaid items	39,646	-	39,646
Internal balances	884,678	(884,678)	-
Total current assets	<u>98,743,047</u>	<u>27,918,210</u>	<u>126,661,257</u>
Noncurrent assets:			
Restricted cash and investments	-	22,956,802	22,956,802
Capital assets:			
Nondepreciable	80,514,800	20,195,244	100,710,044
Depreciable, net of depreciation	<u>207,142,268</u>	<u>107,954,036</u>	<u>315,096,304</u>
Total noncurrent assets	<u>287,657,068</u>	<u>151,106,082</u>	<u>438,763,150</u>
Total assets	<u>386,400,115</u>	<u>179,024,292</u>	<u>565,424,407</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	465,105	196,155	661,260
Deferred outflows related to pensions	15,605,687	1,314,306	16,919,993
Deferred outflows related to OPEB (RHP & SDBF)	<u>603,631</u>	<u>50,855</u>	<u>654,486</u>
Total deferred outflows of resources	<u>16,674,423</u>	<u>1,561,316</u>	<u>18,235,739</u>
LIABILITIES			
Accounts payable	7,249,736	4,718,135	11,967,871
Accrued liabilities	2,152,531	175,825	2,328,356
Accrued interest payable	373,765	181,882	555,647
Deposits payable	-	740,748	740,748
Unearned revenue	5,305,602	-	5,305,602
Current portion of:			
Bonds, leases, subscriptions, compensated absences	<u>12,792,724</u>	<u>5,801,131</u>	<u>18,593,855</u>
Total current liabilities	<u>27,874,358</u>	<u>11,617,721</u>	<u>39,492,079</u>
Noncurrent Liabilities			
Bonds, leases, subscriptions, compensated absences	113,912,066	57,519,921	171,431,987
Net pension liability	30,547,143	2,572,670	33,119,813
Total OPEB liability (RHP & SDBF)	<u>5,154,568</u>	<u>434,249</u>	<u>5,588,817</u>
Total noncurrent liabilities	<u>149,613,777</u>	<u>60,526,840</u>	<u>210,140,617</u>
Total liabilities	<u>177,488,135</u>	<u>72,144,561</u>	<u>249,632,696</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to leased assets	2,282,368	989,965	3,272,333
Deferred inflows related to OPEB (RHP & SDBF)	<u>915,821</u>	<u>77,155</u>	<u>992,976</u>
Total deferred inflows of resources	<u>3,198,189</u>	<u>1,067,120</u>	<u>4,265,309</u>
NET POSITION			
Net investment in capital assets	202,912,185	75,413,705	278,325,890
Restricted for			
Debt service	5,251,592	-	5,251,592
Public safety	271,657	-	271,657
Other purposes	288,550	-	288,550
Economic development/tourism	11,764,863	-	11,764,863
Unrestricted	<u>1,899,367</u>	<u>31,960,222</u>	<u>33,859,589</u>
TOTAL NET POSITION	<u>\$ 222,388,214</u>	<u>\$ 107,373,927</u>	<u>\$ 329,762,141</u>

The Notes to the Financial Statements are an integral part of this statement.

City of Burleson, Texas

Statement of Activities

For the Fiscal Year Ended September 30, 2023

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government			
Governmental activities:			
General government	\$ 9,606,894	\$ 4,904,411	\$ 13,367
Public safety	36,454,820	958,172	6,131,308
Public works	15,162,754	381,618	701,483
Community development	7,100,096	1,635,666	-
Library	1,753,245	29,308	-
Parks and recreation	9,625,261	2,387,394	1,793
Interest and other fees	3,319,651	-	-
Total governmental activities	83,022,721	10,296,569	6,847,951
Business type activities:			
Water and wastewater	36,231,989	24,603,166	-
Hidden Creek Golf Course	2,937,323	2,176,344	-
Solid waste	3,966,031	3,459,241	-
Cemetery	69,725	47,559	21,856
Total business-type activities	43,205,068	30,286,310	21,856
TOTAL PRIMARY GOVERNMENT	\$ 126,227,789	\$ 40,582,879	\$ 6,869,807

General revenues:

Taxes:

Property

Tax increment financing

Sales and use

Hotel occupancy taxes

Franchise fees based on gross receipts

Unrestricted investment earnings

Gain on sale of capital assets

Transfers between governmental and
business-type activities

Total general revenues and transfers

Change in net position

Net position - beginning

Net position - ending

Program Revenues	Net (Expense) Revenue and		
	Changes in Net Position		
Capital			
Grants and Contributions	Governmental Activities	Business-Type Activities	Total
\$ -	\$ (4,689,116)	\$ -	\$ (4,689,116)
-	(29,365,340)	-	(29,365,340)
6,132,177	(7,947,476)	-	(7,947,476)
-	(5,464,430)	-	(5,464,430)
-	(1,723,937)	-	(1,723,937)
24,710	(7,211,364)	-	(7,211,364)
-	(3,319,651)	-	(3,319,651)
6,156,887	(59,721,314)	-	(59,721,314)
3,528,969	-	(8,099,854)	(8,099,854)
-	-	(760,979)	(760,979)
-	-	(506,790)	(506,790)
-	-	(310)	(310)
3,528,969	-	(9,367,933)	(9,367,933)
\$ 9,685,856	\$ (59,721,314)	\$ (9,367,933)	\$ (69,089,247)

33,341,352	-	33,341,352
1,076,556	-	1,076,556
29,598,444	-	29,598,444
583,802	-	583,802
3,754,462	-	3,754,462
3,260,690	1,804,091	5,064,781
439,368	3,414	442,782
(241,233)	241,233	-
71,813,441	2,048,738	73,862,179
12,092,127	(7,319,195)	4,772,932
210,296,087	114,693,122	324,989,209
\$ 222,388,214	\$ 107,373,927	\$ 329,762,141

City of Burleson, Texas
Balance Sheet – Governmental Funds
September 30, 2023

Exhibit B Item B.

	General	Bond-Funded Capital Projects	COVID Relief Grants	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 19,337,962	\$ 30,555,361	\$ 5,284,431	\$ 24,300,484	\$ 79,478,238
Receivables:					
Taxes, net	-	-	-	108,813	108,813
Accounts, net	1,446,930	-	-	45,077	1,492,007
Leases	1,848,432	-	-	433,035	2,281,467
Due from other governmental units	2,537,438	-	-	2,519,190	5,056,628
Accrued interest	23,248	4,006	6,136	28,582	61,972
Due from other funds	5,019	-	-	1,286,085	1,291,104
Prepaid items	28,000	-	11,646	-	39,646
Total Assets	<u>\$ 25,227,029</u>	<u>\$ 30,559,367</u>	<u>\$ 5,302,213</u>	<u>\$ 28,721,266</u>	<u>\$ 89,809,875</u>
LIABILITIES					
Accounts payable	\$ 1,309,517	\$ 4,960,629	\$ -	\$ 626,782	\$ 6,896,928
Accrued liabilities	1,874,434	-	-	209,578	2,084,012
Unearned revenue	-	-	5,100,328	205,274	5,305,602
Due to other funds	1,111,113	-	-	-	1,111,113
Total Liabilities	<u>4,295,064</u>	<u>4,960,629</u>	<u>5,100,328</u>	<u>1,041,634</u>	<u>15,397,655</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - mowing liens	60,905	-	-	-	60,905
Unavailable revenue - leased assets	1,859,860	-	-	422,508	2,282,368
Unavailable revenue - franchise fees	515,600	-	-	-	515,600
Total Deferred Inflows of Resources	<u>2,436,365</u>	<u>-</u>	<u>-</u>	<u>422,508</u>	<u>2,858,873</u>
FUND BALANCES					
Nonspendable:					
Prepaid items	28,000	-	11,646	-	39,646
Restricted:					
Debt service	-	-	-	5,625,357	5,625,357
Public safety	-	-	-	271,657	271,657
Parks and recreation	-	-	-	36,682	36,682
Library	-	-	-	1,685	1,685
Economic development	-	-	-	11,360,769	11,360,769
Tourism	-	-	-	404,094	404,094
Capital projects	-	25,598,738	-	-	25,598,738
Other purposes	-	-	190,239	98,311	288,550
Committed:					
Capital projects	-	-	-	9,458,569	9,458,569
Assigned:					
Unassigned	18,467,600	-	-	-	18,467,600
Total Fund Balances	<u>18,495,600</u>	<u>25,598,738</u>	<u>201,885</u>	<u>27,257,124</u>	<u>71,553,347</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 25,227,029</u>	<u>\$ 30,559,367</u>	<u>\$ 5,302,213</u>	<u>\$ 28,721,266</u>	<u>\$ 89,809,875</u>

The Notes to the Financial Statements are an integral part of this statement.

City of Burleson, Texas

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position September 30, 2023

Exhibit B Item B.

Total fund balances - governmental funds		\$	71,553,347
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.			280,338,141
Internal service funds are used by the City's management for equipment maintenance and vehicle replacement. The assets and liabilities of certain internal service funds are included with governmental activities in the Statement of Net Position but are not included at the fund level.			14,921,739
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.			576,505
Long-term liabilities and related balance sheet items are not due and payable in the current period and therefore are not reported as liabilities in the funds.			
Bonds payable	\$	(117,447,225)	
Deferred charge on refunding		465,105	
Leases payable		(343,553)	
Accrued interest payable		(373,765)	
Compensated absences (net of ISF of \$112,177)		(7,743,106)	
Net pension liability (net of ISF of \$1,270,889)		(29,276,254)	
Deferred outflows related to pensions (net of ISF of \$649,262)		14,956,425	
Total SDBF & RHP OPEB liability (net of ISF of \$214,614)		(4,939,954)	
Deferred outflows related to SDBF & RHP OPEB (net of ISF of \$25,131)		578,500	
Deferred inflows related to SDBF & RHP OPEB (net of ISF of \$38,130)		(877,691)	
Combined adjustment			(145,001,518)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		\$	222,388,214

City of Burleson, Texas

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds For the Fiscal Year Ended September 30, 2023

Exhibit B Item B.

	General	Bond-Funded Capital Projects	COVID Relief Grants	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 23,636,639	\$ -	\$ -	\$ 10,781,269	\$ 34,417,908
Sales and use taxes	14,902,992	-	-	14,695,452	29,598,444
Hotel occupancy taxes	-	-	-	583,802	583,802
Franchise fees	3,951,760	-	-	43,894	3,995,654
Charges for services	4,045,846	-	-	2,336,222	6,382,068
Licenses and permits	1,432,439	-	-	-	1,432,439
Intergovernmental	1,090,960	-	4,882,629	154,311	6,127,900
Fines	827,119	-	-	57,278	884,397
Contributions and donations	-	-	-	895,153	895,153
Investment income	994,899	484,266	310,339	1,099,928	2,889,432
Mineral lease	-	-	-	459,240	459,240
Street assessments	-	-	-	121,551	121,551
Miscellaneous	766,216	11,678	-	340,611	1,118,505
Total Revenues	51,648,870	495,944	5,192,968	31,568,711	88,906,493
EXPENDITURES					
Current:					
General government	7,924,118	239,114	-	201,251	8,364,483
Public safety	31,008,663	-	2,116,539	409,859	33,535,061
Public works	7,373,017	665,298	-	700,566	8,738,881
Community development	5,247,593	-	-	2,088,905	7,336,498
Library	1,688,569	-	-	13,384	1,701,953
Parks and recreation	2,149,102	-	-	6,089,877	8,238,979
Capital outlay	187,026	23,033,260	2,754,444	11,840,115	37,814,845
Debt service:					
Principal retirement	61,975	-	-	7,795,143	7,857,118
Interest and fiscal agent charges	14,031	-	-	3,433,372	3,447,403
Debt issuance costs	-	523,259	-	-	523,259
Total Expenditures	55,654,094	24,460,931	4,870,983	32,572,472	117,558,480
Excess (deficiency) of revenues over (under) expenditures	(4,005,224)	(23,964,987)	321,985	(1,003,761)	(28,651,987)
OTHER FINANCING SOURCES (USES)					
Issuance of debt	-	31,770,000	-	-	31,770,000
Premium on debt issuance	-	1,555,215	-	-	1,555,215
Sale of capital assets	-	-	-	108,468	108,468
Transfers in	854,238	-	-	13,650,988	14,505,226
Transfers out	(277,579)	-	-	(15,055,980)	(15,333,559)
Total other financing sources (uses)	576,659	33,325,215	-	(1,296,524)	32,605,350
Net change in fund balance	(3,428,565)	9,360,228	321,985	(2,300,285)	3,953,363
Fund balance, beginning	21,924,165	16,238,510	(120,100)	29,557,409	67,599,984
FUND BALANCE, ENDING	\$ 18,495,600	\$ 25,598,738	\$ 201,885	\$ 27,257,124	\$ 71,553,347

The Notes to the Financial Statements are an integral part of this statement.

City of Burleson, Texas

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities For the Fiscal Year Ended September 30, 2023

Exhibit B

Item B.

Net change in fund balances - total governmental funds \$ 3,953,363

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

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

Capital outlay	\$ 37,814,845	
Depreciation (net of internal service funds)	<u>(10,329,883)</u>	27,484,962

The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is reported with governmental activities.

6,014,577

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

(375,615)

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

(2,709,670)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

(33,325,215)

Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

8,593,935

Internal service funds are used by management to charge the costs of certain activities, such as equipment maintenance and vehicle replacement, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.

2,455,790

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ 12,092,127

City of Burleson, Texas
Statement of Net Position – Proprietary Funds
September 30, 2023

Exhibit C Item B.

	Business-Type Activities Enterprise Funds			Internal Service Funds
	Water & Wastewater	Nonmajor Enterprise Funds	Total	
ASSETS				
Current assets:				
Cash and investments	\$ 21,502,246	\$ 1,440,597	\$ 22,942,843	\$ 10,352,450
Receivables:				
Accounts, net	2,835,523	390,971	3,226,494	11,163
Leases	1,048,192	-	1,048,192	-
Accrued interest	28,299	2,098	30,397	11,357
Inventories	493,962	-	493,962	25,628
Total current assets	25,908,222	1,833,666	27,741,888	10,400,598
Noncurrent assets:				
Restricted deposits and investments	22,956,802	-	22,956,802	-
Capital assets, net	123,084,441	4,287,497	127,371,938	8,096,269
Total noncurrent assets	146,041,243	4,287,497	150,328,740	8,096,269
Total assets	171,949,465	6,121,163	178,070,628	18,496,867
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	192,616	3,539	196,155	-
Deferred outflows related to pensions	983,243	331,063	1,314,306	649,262
Deferred outflows related to OPEB (RHP & SDBF)	38,027	12,828	50,855	25,131
Total deferred outflows of resources	1,213,886	347,430	1,561,316	674,393
LIABILITIES				
Current liabilities:				
Accounts payable	3,983,698	734,437	4,718,135	352,808
Accrued liabilities	118,520	57,305	175,825	68,519
Accrued interest payable	179,551	2,331	181,882	-
Customer deposits	740,748	-	740,748	-
Due to other funds	-	174,972	174,972	5,019
Subscription liabilities	-	-	-	347,860
Bonds and compensated absences	5,415,628	385,503	5,801,131	90,940
Total current liabilities	10,438,145	1,354,548	11,792,693	865,146
Noncurrent liabilities:				
Bonds and compensated absences	57,068,011	451,910	57,519,921	21,237
Subscription liabilities	-	-	-	710,869
Net pension liability	1,924,635	648,035	2,572,670	1,270,889
Total OPEB liability (RHP & SDBF)	324,709	109,540	434,249	214,614
Total noncurrent liabilities	59,317,355	1,209,485	60,526,840	2,217,609
Total liabilities	69,755,500	2,564,033	72,319,533	3,082,755
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to leased assets	989,965	-	989,965	-
Deferred inflows related to OPEB (RHP & SDBF)	57,692	19,463	77,155	38,130
Total deferred inflows of resources	1,047,657	19,463	1,067,120	38,130
NET POSITION				
Net investment in capital assets	71,084,694	3,551,669	74,636,363	7,748,409
Unrestricted	31,275,500	333,428	31,608,928	8,301,966
TOTAL NET POSITION	\$ 102,360,194	\$ 3,885,097	\$ 106,245,291	\$ 16,050,375
Net position of business-type activity internal service funds			1,838,342	
Adjustment to reflect activity between governmental and business-type activities			(709,706)	
Net position of business-type activities			<u>\$ 107,373,927</u>	

The Notes to the Financial Statements are an integral part of this statement.

City of Burleson, Texas
Statement of Revenues, Expenses,
and Changes in Net Position - Proprietary Funds
For the Fiscal Year Ended September 30, 2023

Exhibit C Item B.

	Business-Type Activities Enterprise Funds			
	Water & Wastewater	Nonmajor Enterprise Funds	Total	Internal Service Funds
OPERATING REVENUES				
Charges for goods and services	\$ 24,035,440	\$ 5,683,144	\$ 29,718,584	\$ 16,416,526
Penalties and interest	398,443	-	398,443	-
Miscellaneous	169,185	98	169,283	60,168
Mineral lease	-	21,856	21,856	-
Total operating revenues	24,603,068	5,705,098	30,308,166	16,476,694
OPERATING EXPENSES				
Water and wastewater services	27,831,837	-	27,831,837	-
Cost of golf operations	-	2,900,544	2,900,544	-
Cost of collecting revenues and other administrative expenses	3,597,707	-	3,597,707	9,741,219
Cost of cemetery operations	-	59,100	59,100	-
Cost of solid waste operations	-	3,985,258	3,985,258	-
Cost of equipment services	-	-	-	3,502,172
Depreciation	3,166,259	53,922	3,220,181	1,890,551
Total operating expenses	34,595,803	6,998,824	41,594,627	15,133,942
OPERATING INCOME (LOSS)	(9,992,735)	(1,293,726)	(11,286,461)	1,342,752
NON-OPERATING REVENUES (EXPENSES)				
Gain on disposition of capital assets	-	4,200	4,200	330,114
Investment income	1,685,064	72,971	1,758,035	417,314
Interest and fiscal agent charges	(1,764,112)	(22,549)	(1,786,661)	-
Total non-operating revenues (expenses)	(79,048)	54,622	(24,426)	747,428
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(10,071,783)	(1,239,104)	(11,310,887)	2,090,180
Transfers in	45,155	2,015,048	2,060,203	587,100
Transfers out	(1,216,338)	(45,155)	(1,261,493)	(557,477)
Impact fees	1,101,105	-	1,101,105	-
Capital contributions	2,427,864	-	2,427,864	-
CHANGE IN NET POSITION	(7,713,997)	730,789	(6,983,208)	2,119,803
NET POSITION AT BEGINNING OF YEAR	110,074,191	3,154,308	113,228,499	13,930,572
NET POSITION AT END OF YEAR	<u>\$ 102,360,194</u>	<u>\$ 3,885,097</u>	<u>\$ 106,245,291</u>	<u>\$ 16,050,375</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(335,987)
Change in net position of business-type activities				<u>\$ (7,319,195)</u>

The Notes to the Financial Statements are an integral part of this statement.

City of Burleson, Texas
Statement of Cash Flows - Proprietary Funds
For the Fiscal Year Ended September 30, 2023

Exhibit C Item B.

	Business-Type Activities			Governmental Activities
	Enterprise Funds			Internal Service Funds
	Water & Wastewater	Nonmajor Enterprise Funds	Total Enterprise Funds	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 24,716,745	\$ 5,622,752	\$ 30,339,497	\$ -
Refunds of customer deposits	3,731	-	3,731	-
Receipts from interfund services provided	-	-	-	16,406,957
Payments to suppliers and service providers	(21,829,332)	(5,815,920)	(27,645,252)	(10,778,789)
Payments to employees for salaries and benefits	(3,083,677)	(1,286,224)	(4,369,901)	(2,323,747)
Payments to other funds for services provided	(4,043,260)	174,972	(3,868,288)	(150,539)
Other receipts	-	24,957	24,957	60,168
Net cash provided by (used in) by operating activities	(4,235,793)	(1,279,463)	(5,515,256)	3,214,050
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Payments from other funds	45,155	2,015,048	2,060,203	587,100
Payments to other funds	(1,216,338)	(45,155)	(1,261,493)	(557,477)
Net cash provided by (used in) noncapital financing activities	(1,171,183)	1,969,893	798,710	29,623
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Receipts from sale of capital assets	-	4,200	4,200	330,114
Principal paid on bonds/subscription liabilities	(4,805,000)	(355,428)	(5,160,428)	(381,463)
Interest payments on bonds/subscription liabilities	(1,628,959)	(21,997)	(1,650,956)	(2,577)
Proceeds of bond issuance	8,735,000	-	8,735,000	-
Impact fees	1,101,105	-	1,101,105	-
Acquisition of capital assets	(5,213,694)	(960,920)	(6,174,614)	(3,492,989)
Net cash (used in) capital and related financial activities	(1,811,548)	(1,334,145)	(3,145,693)	(3,546,915)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	1,715,703	78,005	1,793,708	427,318
Net cash provided by investing activities	1,715,703	78,005	1,793,708	427,318
Net increase (decrease) in cash and cash equivalents	(5,502,821)	(565,710)	(6,068,531)	124,076
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR (including restricted deposits and investments of \$30,352,364 in the water and wastewater fund)	49,961,869	2,006,307	51,968,176	10,228,374
CASH AND CASH EQUIVALENTS - END OF YEAR (including restricted deposits and investments of \$22,956,802 in the water and wastewater fund)	\$ 44,459,048	\$ 1,440,597	\$ 45,899,645	\$ 10,352,450

The Notes to the Financial Statements are an integral part of this statement.

City of Burleson, Texas

Statement of Cash Flows - Proprietary Funds - Continued For the Fiscal Year Ended September 30, 2023

Exhibit C Item B.

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water & Wastewater	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Reconciliation of operating income (loss)				
to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (9,992,735)	\$ (1,293,726)	\$ (11,286,461)	\$ 1,342,752
Depreciation	3,166,259	53,922	3,220,181	1,890,551
Change in operating assets and liabilities:				
(Increase) decrease in accounts receivable	145,765	(57,389)	88,376	(9,569)
(Increase) decrease in leases receivable	10,648	-	10,648	-
(Increase) decrease in inventories	(152,958)	-	(152,958)	29,315
(Increase) in deferred outflows related to pension	(620,363)	(165,258)	(785,621)	(338,014)
Decrease in deferred outflows related to OPEB	6,498	7,515	14,013	13,057
Increase (decrease) in accounts payable	2,261,914	(151,417)	2,110,497	88,424
Increase in accrued liabilities	17,087	6,673	23,760	4,837
Decrease in unearned revenue	(1,700)	(579)	(2,279)	-
Increase in deposits payable	5,431	-	5,431	-
Increase (decrease) in due to other funds	-	174,972	174,972	(150,539)
Increase in compensated absences	35,534	-	35,534	4,517
Increase in net pension liability and total OPEB liability	1,245,997	299,132	1,545,129	624,913
Decrease in deferred inflows related to leased assets	(42,736)	-	(42,736)	-
Decrease in deferred inflows related to pension	(345,396)	(157,816)	(503,212)	(296,252)
Increase in deferred inflows related to OPEB	24,962	4,508	29,470	10,058
Net cash provided by (used in) operating activities	(4,235,793)	(1,279,463)	(5,515,256)	3,214,050
Noncash capital and related financing activities:				
Contributions from developers	2,427,864	-	2,427,864	-
Total noncash capital and related financing activities	\$ 2,427,864	\$ -	\$ 2,427,864	\$ -

The Notes to the Financial Statements are an integral part of this statement.

THE CITY OF
BURLESON
TEXAS

City of Burleson, Texas

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

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

Tax Increment Finance Reinvestment Zone Number Two (TIF 2) was formed to finance and make public improvements serving only the City, under the authority of the Tax Increment Financing Act. The TIF is governed by a five-member board of directors, of which four members are appointed by the City Council. Although it is legally separate from the City, the TIF is reported as a blended component unit because its Board of Directors is substantively the same as the City Council and the primary government has operational responsibility for the component unit. Separate financial statements for TIF 2 are not available.

B. Basic Financial Statements

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

The government-wide Statement of Net Position is, (a) presented for the primary government distinguishing between the governmental and business-type activities columns, and (b) 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 respective 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 City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. Debt service expenditures and expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise fees, sales and use taxes, hotel occupancy taxes and investment income (including unrealized gains and losses) are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred, all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

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 **COVID Relief Grants Fund** - This fund accounts for the resources received from federal and state agencies to be used to react to the COVID-19 pandemic.

The City reports the following major enterprise fund:

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

Internal Service Funds are used to account for goods and services provided to City departments such as the equipment and information technology services, the purchase of vehicles and equipment, and health self-insurance program.

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

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Deposits and Investments

Substantially all operating deposits and investments are maintained in pooled deposit and investment accounts. Investment income relating to pooled deposits and investments is allocated to the individual funds primarily based on each fund's pro rata share of the total 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, 2023, the City did not own any types of securities other than those permitted by state law.

2. Interfund 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 noncurrent 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."

3. Receivables – Property Taxes

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

The City's property taxes are levied on October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the City. Assessed values are established at 100% of estimated market value. The assessed value, net of exemptions, upon which the fiscal year 2023 levy was based, was approximately \$5,455,108,492. Property taxes attach as an enforceable lien on property as of January 1. Taxes are due by January 31 following the October 1 levy date and are considered delinquent after January 31 of each year.

General property taxes are limited by the Texas Constitution to \$2.50 per \$100 assessed valuation. The City's Home Rule Charter authorizes assessment, levy, and collection of property taxes: a) at a rate not exceeding \$1.00 per \$100 of assessed valuation for the purpose of paying the general governmental operating costs of the City and b) at a rate sufficient to pay the principal and interest on bonds of the City. The City's combined tax rate for the year ended September 30, 2023 was \$0.6572 per \$100 of assessed valuation.

4. Lease Receivable – Lessor

The City is a lessor for noncancelable leases of property and equipment. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgements related to leases include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease.

Lease payments included in the measurement of the lease receivable are composed of fixed payments from the lessee, variable payments from the lessee that are fixed in substance or that depend on an index or a rate, residual value guarantee payments from the lessee that are fixed in substance, and any lease incentives that are payable to the lessee.

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflow of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

5. Inventories

All inventories are valued using the average cost method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

6. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

7. Restricted Assets

Certain bond proceeds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants.

8. Capital Assets

Capital assets, which include land, buildings, improvements, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and right-to-use assets purchased or acquired, are carried at historical cost, or estimated historical cost if historical cost is not available. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed. A capitalization threshold of \$5,000 is used for all capital assets. Depreciation on capital assets is calculated on the straight-line basis over the following estimated useful lives. Right-to-use assets are amortized over the shorter of the useful life or duration of the lease using the straight-line method.

Buildings	30 - 50 Years
Machinery and equipment	5 - 30 Years
Vehicles	5 - 30 Years
Water and sewer system	50 Years
Improvements other than building	20 Years
Infrastructure	15 - 40 Years

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest accrued during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

9. 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.

10. Leases Payable - Lessee

The City is a lessee for noncancelable leases of equipment. The City recognizes a lease liability, reported with long-term debt, and a right-to-use lease asset, reported with other capital assets, in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the City measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or its useful life.

Key estimates and judgements related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease.
- Lease payments included in the measurement of the liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, purchase option price that the City is reasonably certain to exercise, lease incentives receivable from the lessor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

11. Subscription-Based Information Technology Arrangements (SBITA)

The City has noncancellable contracts with SBITA vendors for the right to use information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets). The City recognizes a subscription liability, reported with long-term debt, and a right-to-use subscription asset (an intangible asset), reported with other capital assets, in the government-wide and proprietary fund financial statements. The City recognizes subscription liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a SBITA, the City initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of SBITA payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for SBITA payments made at or before the SBITA commencement date, plus certain initial implementation costs. Subsequently, the subscription asset is amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying IT assets.

Key estimates and judgments related to SBITAs include how the City determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- The City uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.
- The subscription term includes the noncancellable period of the SBITA.
- Subscription payments included in the measurement of the subscription liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, termination penalties if the City is reasonably certain to exercise such options, subscription contract incentives receivable from the SBITA vendor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

The City monitors changes in circumstances that would require a remeasurement of its SBITAs and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

12. Pensions

For purposes of measuring the Net Pension Liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

13. Other Post-Employment Benefits

TMRS Supplemental Death Benefits Fund. The City participates in the Texas Municipal Retirement System Supplemental Death Benefit Fund (TMRS SDBF), which is an optional single employer defined benefit life insurance plan that is administered by TMRS. It provides death benefits to active and, if elected, retired employees of participating employers. For purposes of measuring the total TMRS SDBF OPEB liability, related deferred outflows and inflows of resources, and expense, City specific information about its total TMRS SDBF liability and additions to/deductions from the City's total TMRS SDBF liability have been determined on the same basis as they are reported by TMRS. The TMRS SDBF expense and deferred (inflows)/outflows of resources related to TMRS SDBF, primarily result from changes in the components of the total TMRS SDBF liability. Most changes in the total TMRS SDBF liability will be included in TMRS SDBF expense in the period of the change. For example, changes in the total TMRS SDBF liability resulting from current-period service cost, interest, and changes of benefit terms are required to be included in TMRS SDBF expense immediately. Changes in the total TMRS SDBF liability that have not been included in TMRS SDBF expense are required to be reported as deferred outflows of resources or deferred inflows of resources related to TMRS SDBF.

Retiree Health Insurance. For purposes of measuring the total OPEB liability, OPEB related deferred outflows and inflows of resources, and OPEB expense, benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Contributions are not required but are measured as payments by the City for benefits due and payable that are not reimbursed by plan assets. Information regarding the City's total OPEB liability is obtained from a report prepared by a consulting actuary.

14. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The City has the following items that qualify for reporting in this category.

- Deferred charges on refunding – A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Pension and OPEB contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Pension and OPEB changes in actuarial assumptions and other inputs – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Pension and OPEB difference in expected and actual economic experience is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five-year period.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has the following types of items that qualify for reporting in this category.

- OPEB changes in actuarial assumptions and other inputs – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- OPEB difference in expected and actual economic experience – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

Unavailable revenue is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available

15. Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. To calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are applied.

It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

16. Fund Balance Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). To calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

17. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Council has by resolution authorized the City Manager to assign fund balance. The City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

It is the goal of the City that unassigned fund balance of the General Fund should be at least 20% of General Fund annual expenditures. This percentage is the equivalent of 73 days of expenditures. To adhere to the principles of matching current revenues with current expenditures and minimizing property taxes, the City will take action to reduce the fund balance if the unassigned fund balance grows beyond 90 days of expenditures. At September 30, 2023, the General Fund unassigned fund balance equated to 121 days of expenditures.

E. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as 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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Proprietary Funds Operating And Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary fund's principal ongoing operations. The principal operating revenues of enterprise funds and internal service funds are charges to customers for sales and services.

Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

F. Budgetary Information

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

Annual operating budgets are prepared on a budgetary basis for the General Fund, Debt Service funds and all special revenue funds except for the Grants Fund, COVID Relief Grants Fund, and Other Special Revenue Funds. Budgetary data for capital projects funds is 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.

G. Accounting Pronouncements

The Government Accounting Standards Board (GASB) pronouncements effective in fiscal years 2023 and beyond are listed below:

GASB Statement No. 91, *Conduit Debt Obligations* (GASB 91), provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with 1) commitments extended by issuers, 2) arrangements associated with conduit debt obligations, and 3) related note disclosures. The requirements of this statement were originally effective for reporting periods beginning after December 15, 2020; however, issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* (GASB 95), extended the effective date of GASB 91 to reporting periods beginning after December 15, 2021, with earlier application encouraged. GASB 91 was implemented in the City's fiscal year 2023 financial statements with no impact to amounts previously reported.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (GASB 94), improves financial reporting by addressing issues related to public-private and public-public partnership arrangements and provides guidance for accounting and financial reporting for availability payment arrangements. The requirements of this statement are effective for reporting periods beginning after June 15, 2022, with earlier application encouraged. GASB 94 was implemented in the City's fiscal year 2023 financial statements with no impact to amounts previously reported.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96), provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This statement 1) defines a SBITA; 2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset - and a corresponding subscription liability; 3) provides the capitalization criteria for outlays other than subscription payments; and 4) requires note disclosures regarding a SBITA. The requirements of this statement are effective for reporting periods beginning after June 15, 2022, with earlier application encouraged. GASB 96 was implemented in the City's fiscal year 2023 financial statements with no impact to amounts previously reported.

GASB Statement No. 99, *Omnibus 2022* (GASB 99), enhances comparability in accounting and financial reporting and improves consistency of authoritative literature by addressing 1) practice issues that have been identified during implementation and application of certain GASB statements and 2) accounting and financial reporting for financial guarantees. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. These requirements were implemented in the City's fiscal year 2022 financial statements with no impact to amounts previously reported. The requirements related to leases were implemented in the City's fiscal year 2022 financial statements in conjunction with GASB 87 as discussed above. The requirements related to PPPs and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. These requirements for GASB 99 were implemented in the City's fiscal year 2023 financial statements in conjunction with GASB 94 and GASB 96 as described in Note 1. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. These requirements for GASB 99 will be implemented in the City's fiscal year 2024 financial statements and the impact has not yet been determined.

GASB Statement No. 100, *Accounting Changes and Error Corrections* (GASB 100), enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement 1) defines accounting changes and corrections of errors; 2) prescribes the accounting and financial reporting for each type of accounting change and error corrections; and 3) clarifies required note disclosures. The requirements of this statement are effective for reporting periods beginning after June 15, 2023, with earlier application encouraged. GASB 100 will be implemented in the City's fiscal year 2024 financial statements and the impact has not yet been determined.

GASB Statement No. 101, *Compensated Absences* (GASB 101), improves the information needs of financial statements users by updating the recognition and measurement guidance for compensated absences under a unified model and amending certain previously required disclosures. The requirements of this statement are effective for reporting periods beginning after December 15, 2023, with earlier application encouraged. GASB 101 will be implemented in the City's fiscal year 2025 financial statements and the impact has not yet been determined.

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.

Note 2. Cash and Investments

A. Cash Deposits with Financial Institutions

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 – Deposits. 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 FDIC insurance.

At September 30, 2023, the carrying amount of the City's deposits was \$52,183,323. 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.

B. Investments

In accordance with the Texas Public Funds Investment Act (PFIA) and the City's investment policy, the City invests in:

- a. Obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks.
- b. Direct obligations of the State of Texas or its agencies and instrumentalities.
- c. Other obligations, the principal of and interest on which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation (FDIC) or by the explicit full faith and credit of the United States.
- d. Obligations of states, agencies, counties, cities, and other political subdivisions of the State of Texas rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent.
- e. Financial institution deposits that, are issued by a state or national bank that a) has its main office or a branch office in Texas and is guaranteed or insured by the FDIC or its successor, b) is secured by obligations in a manner and amount provided by law and this Investment Policy for deposits of the City, or c) is placed in a manner that meets the requirements of the PFIA.

- f. Fully collateralized direct repurchase agreements with a defined termination date secured by obligations of the United States or its agencies and instrumentalities. These shall be pledged to the City, held in the City's account, and deposited at the time the investment is made with the City or with a third party selected and approved by the City. Repurchase agreements must be purchased through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in Texas. A Repurchase Agreement must be signed by the counter-party prior to investment in a repurchase agreement. All repurchase agreement transactions must have a market value of purchased securities greater than or equal to 102 percent of the total balance of the agreement.
- g. Money Market Mutual funds that: (1) are registered and regulated by the Securities and Exchange Commission, (2) seek to maintain a net asset value of \$1.0000 per share, and (3) are rated AAA by at least one nationally recognized rating service.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles, which provides a framework for measuring fair value by establishing a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

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

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

As of September 30, 2023, the City had the following cash and investments:

	September 30, 2023	(Level 1)	(Level 2)	(Level 3)	Percent of Total Investment Portfolio	Weighted Average Maturity (Days)*
Cash	\$ 52,191,161	\$ -	\$ -	\$ -	N/A	N/A
Investments measured at net asset value/amortized cost per share:						
Investment pools:						
TexPool	5,138,739	-	-	-	6.2%	25
LOGIC	45,368,430	-	-	-	54.3%	19
Investments by fair value level:						
Debt securities:						
Municipal bonds	33,032,003	-	33,032,003	-	39.5%	356
Total investments	83,539,172	-	33,032,003	-		
Total cash and investments	\$ 135,730,333	\$ -	\$ 33,032,003	\$ -		

* Portfolio weighted average maturity (days) = 153

Investment Pools

Investment pools are not categorized as to investment risk since specific securities relating to the City cannot be identified. Under the TexPool Participation Agreement, administrative and investment services to TexPool are provided by Federated Investors, Inc. through an agreement with the State of Texas Comptroller of Public Accountants. The State Comptroller is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company authorized to operate TexPool. TexPool investment pools are measured at amortized cost.

Under the LOGIC Participation Agreement, administrative and investment services to LOGIC are provided by Hilltop Securities, Inc. and JP Morgan Asset Management, Inc. as co-administrators. The administrators settle all trades for LOGIC and secure and value its assets every day. The fair value of the City's position in these pools is the same as the value of the pool shares. LOGIC investment pool is measured at net asset value.

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

Interest income (loss) includes realized and unrealized gains and losses on investments during the fiscal year. The calculation of realized gains and losses is independent of the calculation of the change in fair value of investments. Realized gains and losses of the current year include the cumulative effects of unrealized gains and losses incurred in prior years as a result of changes in fair value. For the fiscal year ended September 30, 2023, net investment income (loss) includes \$4,049,118 in realized gains resulting from the City's sale and/or redemption of its investments and \$1,015,654 in unrealized gains resulting from non-cash, temporary changes in fair value that are expected to smooth out over the long term life of the investments.

Credit Risk and Concentration of 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.

The City will minimize credit risk, the risk of loss due to the failure of the issuer or backer of the investment, and concentration risk, the risk of loss attributed to the magnitude of investment in a single issuer, by limiting investments to the safest types of issuers, pre-qualifying the financial institutions and brokers/dealers with which the City will do business, and diversifying the investment portfolio so that potential losses on individual issuers will be minimized, as appropriate.

Local government investment pools in Texas are required to be rated AAA or equivalent by at least one nationally recognized securities rating organization. As of September 30, 2023, the City's investments in investment pools were all rated AAAM by Standard & Poor's.

Interest Rate Risk

The City will manage the risk that the interest earnings and the market value of investments in the portfolio will fall due to changes in general interest rates. The City will structure the investment portfolio so that investments mature to meet cash requirements for ongoing operations, thereby avoiding the need to liquidate investments prior to maturity; invest funds primarily in certificates of deposit, shorter term securities, financial institution deposits, or money market mutual funds and local government investment pools whose investment objectives include maintaining a stable \$1.00 net share value; and diversify maturities and stagger purchase dates to minimize the impact of market movements over time.

Safekeeping and Custodial Agreements

The City shall contract with a bank or banks for the safekeeping of securities either owned by the City as part of its investment portfolio or held as collateral to secure demand or time deposits. Securities owned by the City shall be held in the City's account as evidenced by safekeeping receipts of the institution holding the securities. The City shall approve all third party custodians for the holding of securities pledged to the City as collateral to secure financial institution deposits.

Collateral Policy

The City has established a collateral policy in compliance with Government Code Chapter 2257, Public Funds Collateral Act. Deposits secured with irrevocable letters of credit shall have 100% of principal plus anticipated interest of the deposit, less any amount insured by the FDIC. Deposits secured with pledged marketable securities shall have a market value 13 equal to or greater than 102% of the principal plus accrued interest of the deposit, less any amount insured by the FDIC. All deposits shall be insured or collateralized in compliance with applicable State law. The City reserves the right, in its sole discretion, to accept or reject any form of insurance or collateralization pledged towards financial institution deposits. Financial institutions serving as City Depositories will be required to sign a depository agreement with the City. The collateralized deposit portion of the agreement shall define the City's rights to the collateral in case of default, bankruptcy, or closing, and shall establish a perfected security interest in compliance with Federal and State regulations, including: the agreement must be in writing, the agreement has to be executed by the Depository and City contemporaneously with the acquisition of the asset, the agreement must be approved by the Board of Directors or designated committee of the Depository and a copy of the meeting minutes must be delivered to the City, and the agreement must be part of the Depository's "official record" continuously since its execution.

Note 3. Receivables and Deferred Inflows of Resources

Receivables as of September 30, 2023 for the City's individual major funds, and nonmajor funds in the aggregate, including the applicable allowances for uncollectible amounts, are as follows:

	Governmental Funds				
	General	Bond Funded Capital Projects	COVID Relief Grants	Other Nonmajor Governmental Funds	Total Governmental Funds
Receivables:					
Taxes	\$ -	\$ -	\$ -	\$ 132,816	\$ 132,816
Accounts	1,446,930	-	-	63,491	1,510,421
Leases	1,848,432	-	-	433,035	2,281,467
Intergovernmental	2,537,438	-	-	2,519,190	5,056,628
Interest	23,248	4,006	6,136	28,582	61,972
Gross receivables	5,856,048	4,006	6,136	3,177,114	9,043,304
Less: allowance for uncollectibles	-	-	-	(42,417)	(42,417)
Net total receivables	\$ 5,856,048	\$ 4,006	\$ 6,136	\$ 3,134,697	\$ 9,000,887
Deferred inflows of resources:					
Mowing liens	\$ 60,905	\$ -	\$ -	\$ -	\$ 60,905
Leases	1,859,860	-	-	422,508	2,282,368
Franchise fees	515,600	-	-	-	515,600
Total deferred inflows	\$ 2,436,365	\$ -	\$ -	\$ 422,508	\$ 2,858,873

	Enterprise Funds			
	Water and Wastewater	Other Non-major	Enterprise Funds Total	Internal Service Funds
Receivables:				
Accounts	\$ 1,703,680	\$ 364,806	\$ 2,068,486	\$ 11,163
Unbilled	1,196,330	54,786	1,251,116	-
Leases	1,048,192	-	1,048,192	11,357
Interest	28,299	2,098	30,397	25,628
Gross receivables	3,976,501	421,690	4,398,191	48,148
Less: allowance for for uncollectibles	(64,487)	(28,621)	(93,108)	-
Net total receivables	\$ 3,912,014	\$ 393,069	\$ 4,305,083	\$ 48,148

Leases Receivable

The City has entered into multiple lease agreements as lessor. The leases allow the right-to-use of land, buildings, and infrastructure to other organizations over the term of the lease. The City receives annual and monthly payments at the interest rate stated or implied within the leases. The interest rates for these leases is 3.5%. As of September 30, 2023, the City has \$1,848,432 remaining in lease receivables and \$1,859,860 remaining in deferred inflows recorded in the General Fund, \$433,035 remaining in lease receivables and \$422,508 remaining in deferred inflows recorded in the Nonmajor Governmental Funds, and \$1,048,192 remaining in lease receivables and \$989,965 remaining in deferred inflows recorded in the Water and Wastewater Fund.

As of September 30, 2023, expectation of lease receipts through the expiration of all leases is as follows:

	Lease Principal	Lease Interest	Totals
2024	\$ 275,922	\$ 76,004	\$ 351,926
2025	50,961	68,290	119,251
2026	115,913	66,156	182,069
2027	63,255	64,157	127,412
2028	70,005	61,935	131,940
2029-2033	475,479	266,886	742,365
2034-2038	631,529	174,343	805,872
2039-2043	598,403	48,334	646,737
Total governmental activities	\$ 2,281,467	\$ 826,105	\$ 3,107,572

	Lease Principal	Lease Interest	Totals
2024	\$ 12,475	\$ 36,493	\$ 48,968
2025	14,412	36,025	50,437
2026	16,462	35,488	51,950
2027	18,631	34,877	53,508
2028	20,924	34,190	55,114
2029-2033	143,816	157,568	301,384
2034-2038	223,539	125,848	349,387
2039-2043	289,973	74,982	364,955
2044-2048	165,495	40,520	206,015
2049-2053	142,465	8,596	151,061
Total business-type activities	\$ 1,048,192	\$ 584,587	\$ 1,632,779

Note 4. Capital Assets

Capital asset activity for the year ended September 30, 2023 was as follows:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Governmental activities:					
Capital assets not being depreciated or amortized:					
Land	\$ 40,312,769	\$ 10,108,949	\$ -	\$ -	\$ 50,421,718
Construction in progress	6,428,439	27,104,198	-	(4,476,602)	29,056,035
Historical/Artwork collections	45,000	-	-	-	45,000
Total capital assets not being depreciated or amortized	46,786,208	37,213,147	-	(4,476,602)	79,522,753
Capital assets being depreciated or amortized:					
Buildings and improvements	110,400,852	545,076	-	1,891,513	112,837,441
Infrastructure	197,843,275	5,157,151	-	-	203,000,426
Right-to-use lease assets	631,520	-	-	-	631,520
Right-to-use subscription assets	-	1,287,833	-	992,047	2,279,880
Machinery and equipment	29,266,332	4,384,906	(813,267)	1,593,042	34,431,013
Total capital assets being depreciated or amortized	338,141,979	11,374,966	(813,267)	4,476,602	353,180,280
Less accumulated depreciation/amortization for:					
Buildings	(30,911,313)	(3,293,904)	-	-	(34,205,217)
Infrastructure	(80,840,279)	(5,800,902)	-	-	(86,641,181)
Right-to-use lease assets	(221,032)	(63,152)	-	-	(284,184)
Right-to-use subscription assets	-	(245,264)	-	-	(245,264)
Machinery and equipment	(21,905,388)	(2,569,799)	805,068	-	(23,670,119)
Total accumulated depreciation/amortization	(133,878,012)	(11,973,021)	805,068	-	(145,045,965)
Total capital assets being depreciated or amortized, net	204,263,967	(598,055)	(8,199)	4,476,602	208,134,315
Governmental activities capital assets, net	\$ 251,050,175	\$ 36,615,092	\$ (8,199)	\$ -	\$ 287,657,068
	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 5,413,714	\$ 535,462	\$ -	\$ -	\$ 5,949,176
Construction in progress	9,065,346	5,504,682	-	(323,960)	14,246,068
Total capital assets not being depreciated	14,479,060	6,040,144	-	(323,960)	20,195,244
Capital assets being depreciated:					
Water systems	78,487,075	804,618	-	-	79,291,693
Wastewater systems	63,742,608	1,623,247	-	-	65,365,855
Infrastructure	30,524	-	-	-	30,524
Buildings and improvements	7,491,571	134,468	-	323,960	7,949,999
Machinery and equipment	4,071,689	192,051	(53,186)	-	4,210,554
Intangible assets	3,047,865	-	-	-	3,047,865
Total capital assets being depreciated	156,871,332	2,754,384	(53,186)	323,960	159,896,490
Less accumulated depreciation for:					
Water systems	(22,380,328)	(1,659,051)	-	-	(24,039,379)
Wastewater systems	(16,958,661)	(1,319,588)	-	-	(18,278,249)
Infrastructure	(30,524)	-	-	-	(30,524)
Buildings and improvements	(4,427,100)	(136,812)	-	-	(4,563,912)
Machinery and equipment	(3,054,210)	(286,854)	41,197	-	(3,299,867)
Intangible assets	(1,670,433)	(60,090)	-	-	(1,730,523)
Total accumulated depreciation	(48,521,256)	(3,462,395)	41,197	-	(51,942,454)
Total capital assets being depreciated, net	108,350,076	(708,011)	(11,989)	323,960	107,954,036
Business-type activities capital assets, net	\$ 122,829,136	\$ 5,332,133	\$ (11,989)	\$ -	\$ 128,149,280

Because the City maintains an internal service fund solely for the purpose of servicing business-type activities of the City, capital assets in this schedule are not equal to those reported in the statement of net position for proprietary funds. The net value of capital assets in the Proprietary Vehicle Replacement fund is \$777,342 and is included in the above schedule.

Depreciation and amortization expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 1,548,476
Public safety	1,953,776
Public works, which includes the depreciation of general infrastructure assets	6,513,265
Parks and recreation	<u>1,957,504</u>
Total governmental activities depreciation and amortization	<u>\$ 11,973,021</u>
Business-type activities:	
Water and wastewater	\$ 3,166,259
Golf course	43,090
Solid waste disposal and collection	207
Cemetery	10,625
Vehicle replacement fund	<u>242,214</u>
Total business-type activities depreciation	<u>\$ 3,462,395</u>

Note 5. Lease Liabilities

The City has entered into a lease agreement as a lessee. The leases allow the right-to-use assets over the term of the lease. The City is required to make payments at its incremental borrowing rate or the interest rate stated or implied within the leases. The lease rate, term and ending lease liability are as follows:

	<u>Interest Rate</u>	<u>Liability at Commencement</u>	<u>Lease Term in Years</u>	<u>Ending Balance September 30, 2023</u>
Machinery and equipment	3.46%	\$ 465,427	2023-2028	<u>\$ 343,553</u>
Total governmental activities				<u>\$ 343,553</u>

The future principal and interest lease payments as of fiscal year end are as follows:

	<u>Lease Principal</u>	<u>Lease Interest</u>	<u>Totals</u>
2024	\$ 64,118	\$ 11,887	\$ 76,005
2025	66,336	9,668	76,004
2026	68,631	7,373	76,004
2027	71,006	4,999	76,005
2028	<u>73,462</u>	<u>2,542</u>	<u>76,004</u>
Total governmental activities	<u>\$ 343,553</u>	<u>\$ 36,469</u>	<u>\$ 380,022</u>

The value of the right-to-use leased assets as of the end of the current fiscal year was \$631,520 and had accumulated amortization of \$284,184.

Note 6. Interfund Balances and Transactions

A. Interfund Receivables/Payables

The composition of interfund balances as of September 30, 2023, is as follows:

Receivable Fund	Payable Fund	Total
Nonmajor Governmental	General Fund	\$ 1,111,113
Nonmajor Governmental	Nonmajor Enterprise	174,972
General Fund	Internal Service Funds	5,019
Total		\$ 1,291,104

The outstanding balances between funds result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Interfund receivables/payables are recorded between the governmental activities and business type activities in the government wide statement of net position resulting from allocation of interfund charges.

B. Interfund Transfers

Interfund transfers during the year ended September 30, 2023, were as follows:

Transfers Out:	Transfers in:	Amount
General Fund	Nonmajor Enterprise	\$ 277,579
Water & Wastewater	General Fund	854,238
Water & Wastewater	Internal Service Funds	362,100
Internal Service Funds	Nonmajor Enterprise	557,477
Nonmajor Governmental	Nonmajor Enterprise	1,179,992
Nonmajor Governmental	Internal Service Funds	225,000
Nonmajor Governmental	Nonmajor Governmental	13,650,988
Nonmajor Enterprise	Water & Wastewater	45,155
Total		\$ 17,152,529

Transfers are used to (1) move revenues collected in the special revenue funds to finance various programs in accordance with budgetary authorizations, (2) move receipts restricted for debt service from the funds collecting the receipts to a debt service fund as debt service payments become due, (3) transfer additional funds to the golf course, (4) pay the water and solid waste utilities' payments in lieu of taxes, (5) transfer excess fund balance from internal service funds to the general fund, (6) and transfer fund balance from special revenue funds to capital projects funds for land purchase. In the government-wide financial statements, interfund transfers are eliminated within the governmental activities column and business-type column, as appropriate.

C. Cost Reimbursements

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

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

<u>Fund</u>	<u>Amount</u>
Water and Wastewater	\$ 1,363,659
4A Corp Special Revenue	176,925
BCSDC Special Revenue	153,109
Municipal Court	43,088
Parks Performance Fund	637,550
Hotel Motel	19,349
Golf Course	307,641
Solid Waste	207,166
Cemetery	3,244
Equipment Replacement	5,994
Equipment Services	187,446
Support Services	228,599
Health Insurance	476,423
Total	\$ 3,810,193

D. Franchise Fees

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

<u>Fund</u>	<u>Amount</u>
Water and Wastewater	\$ 981,455
Solid Waste	243,583
Total	\$ 1,225,038

E. Payments in Lieu of Property Taxes

For fiscal year 2023, the Water and Wastewater fund made a \$854,238 payment in lieu of property taxes to the General Fund.

Note 7. Long Term Debt and Obligations

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.

In the current year, the City issued Series 2023 Combination Tax and Revenue Certificates of Obligation in the amount of \$31,475,000, split between the governmental activities and business-type activities. The bonds carry interest rates ranging from 4.050% to 5% and the proceeds will be used for (i) designing, equipping, and constructing streets, drainage, public mobility infrastructure improvements, including traffic lighting and signalization, parking, median improvements, and the acquisition of land and right of way throughout the City; (ii) designing, equipping, and constructing improvements to the City's water and sewer system; (iii) constructing, improving, and equipping public safety facilities in the City, including existing fire stations; and (iv) paying the legal, fiscal, design and engineering fees in connection with such projects and the Certificates.

In the current year, the City issued Series 2023 General Obligation Bonds in the amount of \$9,030,000. The bonds carry interest rates ranging from 4.25% to 5% and the proceeds will be used for (i) designing, constructing, improving, extending, expanding, upgrading and developing streets, roads, bridges, thoroughfares and related improvements in the City, including utility relocation, landscaping, sidewalks and pedestrian walkways, lighting, signalization, drainage, and the purchase of any necessary land or right-of-way; (ii) constructing, improving, renovating and equipping public safety facilities consisting of new fire department facilities, renovation and expansion of existing police facilities, acquisition of fire apparatuses, and public safety equipment and vehicles, and the acquisition of land and interest in land necessary therefore; and (iii) the costs of issuance of the 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, 2023, are summarized as follows:

	Beginning Balance	Increased	Refunded/ Retired	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation bonds	\$ 42,596,857	\$ 9,030,000	\$ 5,590,143	\$ 46,036,714	\$ 6,116,428
Certificates of obligation	44,870,000	22,740,000	2,205,000	65,405,000	3,010,000
Compensated absences	7,520,029	3,986,817	3,651,563	7,855,283	3,252,100
Lease liabilities	405,528	-	61,975	343,553	66,336
Subscription liabilities	-	1,440,192	381,463	1,058,729	347,860
Premium on debt	5,388,903	1,555,215	938,607	6,005,511	-
Governmental activities long-term debt	\$ 100,781,317	\$ 38,752,224	\$ 12,828,751	\$ 126,704,790	\$ 12,792,724
Business-type activities:					
General Obligation bonds	\$ 14,333,143	\$ -	\$ 3,009,857	\$ 11,323,286	\$ 3,093,572
Certificates of obligation	39,730,000	8,735,000	1,925,000	46,540,000	2,290,000
Water & sewer revenue bonds	2,495,000	-	210,000	2,285,000	220,000
Compensated absences	278,339	300,113	266,356	312,096	197,559
Premium on debt	2,842,740	419,302	401,372	2,860,670	-
Business-type activities long-term debt	\$ 59,679,222	\$ 9,454,415	\$ 5,812,585	\$ 63,321,052	\$ 5,801,131

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

The City's direct borrowings (lease liabilities and subscription liabilities) related to governmental activities are secured with equipment as collateral.

The City's outstanding certificates of obligations related to governmental and business-type activities are secured with property tax revenue.

The revenue bonds are collateralized by the revenue of the combined utility system and the various special funds established by the bond ordinances. The ordinances provide that the revenue of the system is to be used, first, to pay operating and maintenance expenses of the system and, second, to establish and maintain the revenue bond funds. Should the City default on these bonds, any registered owner of the certificates is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring specific performance from the City.

Bonds payable at September 30, 2023, is comprised of the following individual issues:

	Interest Rate %	Issue Date	Maturity Date	Original Issue	Amount Outstanding
Governmental Activities:					
General obligation bonds:					
2012 Series	2.00 - 4.00	5/16/2012	5/16/2032	\$ 5,040,000	\$ 2,965,000
2014 Series	2.00 - 4.00	7/2/2014	3/1/2034	19,558,570	7,571,714
2015 Series	1.00 - 5.00	4/20/2015	3/1/2035	12,150,000	5,545,000
2016 Series	2.00 - 5.00	6/6/2016	3/1/2036	25,135,000	14,865,000
2017 Series	2.50 - 4.00	7/17/2017	3/1/2037	2,155,000	1,670,000
2020 Series	5.00	8/19/2020	3/1/2030	4,445,000	3,070,000
2022 Series	4.00 - 5.00	9/15/2022	3/1/2042	1,365,000	1,320,000
2023 Series	4.00 - 5.00	9/20/2023	3/1/2043	9,030,000	9,030,000
Total general obligation bonds				<u>78,878,570</u>	<u>46,036,714</u>
Certificates of obligation:					
2013 Tax and Revenue	2.00 - 3.00	5/1/2013	3/1/2033	4,620,000	2,590,000
2014 Tax and Revenue	2.00 - 4.00	7/2/2014	3/1/2034	4,685,000	3,055,000
2015 Tax and Revenue	1.00 - 5.00	4/20/2015	3/1/2035	6,565,000	4,600,000
2016 Tax and Revenue	2.00 - 5.00	6/6/2016	3/1/2036	3,855,000	2,830,000
2017 Tax and Revenue	2.50 - 4.00	7/17/2017	3/1/2037	2,810,000	2,150,000
2018 Tax and Revenue	3.50 - 4.00	5/16/2018	3/1/2038	13,745,000	11,305,000
2019 Tax and Revenue	3.00 - 5.00	5/6/2019	3/1/2039	7,415,000	6,485,000
2020 Tax and Revenue	2.00 - 5.00	8/19/2020	3/1/2040	3,560,000	3,135,000
2022 Tax and Revenue	4.00 - 5.00	9/15/2022	3/1/2042	6,730,000	6,515,000
2023 Tax and Revenue	4.00 - 5.00	9/20/2023	3/1/2043	22,740,000	22,740,000
Total certificates of obligation				<u>76,725,000</u>	<u>65,405,000</u>
Total governmental activities				<u>155,603,570</u>	<u>111,441,714</u>
Business-type Activities					
General obligation bonds:					
2014 Golf Course Refunding	2.00 - 4.00	7/2/2014	3/1/2034	3,006,430	723,286
2015 Water & Sewer Refunding	1.00 - 5.00	4/20/2015	3/1/2035	10,730,000	3,535,000
2016 Water & Sewer Refunding	2.00 - 5.00	6/6/2016	3/1/2036	4,435,000	1,395,000
2021 Water & Sewer Refunding	0.96	7/21/2021	3/1/2031	8,345,000	5,670,000
Total general obligation bonds				<u>26,516,430</u>	<u>11,323,286</u>
Certificates of obligation:					
2013 Tax and Revenue	2.00 - 3.00	5/1/2013	3/1/2033	2,160,000	1,210,000
2014 Tax and Revenue	2.00 - 4.00	7/2/2014	3/1/2034	5,480,000	3,565,000
2015 Tax and Revenue	1.00 - 5.00	4/20/2015	3/1/2035	4,855,000	3,395,000
2016 Tax and Revenue	2.00 - 5.00	6/6/2016	3/1/2036	5,750,000	4,225,000
2017 Tax and Revenue	2.50 - 4.00	7/17/2017	3/1/2037	7,400,000	5,680,000
2018 Tax and Revenue	3.50 - 4.00	5/16/2018	3/1/2038	8,135,000	6,690,000
2019 Tax and Revenue	3.00 - 5.00	5/6/2019	3/1/2038	4,470,000	3,910,000
2020 Tax and Revenue	2.00 - 5.00	8/19/2020	3/1/2040	4,090,000	3,700,000
2022 Tax and Revenue	4.00 - 5.00	9/15/2022	3/1/2042	5,610,000	5,430,000
2022 Tax and Revenue	4.00 - 5.00	9/20/2023	3/1/2043	8,735,000	8,735,000
Total certificates of obligation				<u>56,685,000</u>	<u>46,540,000</u>
Water and sewer revenue bonds					
2012 Improvement	2.00 - 4.00	4/15/2012	3/1/2032	4,300,000	2,285,000
Total water and sewer revenue bonds				<u>4,300,000</u>	<u>2,285,000</u>
Total business-type activities				<u>\$ 87,501,430</u>	<u>\$ 60,148,286</u>

The annual requirements to amortize bonds outstanding as of September 20, 2023, are as follows:

Governmental Activities						
Year Ending September 30,	General Obligation	GO Interest	Certificate of Obligation	CO Interest		
2024	\$ 6,116,428	\$ 1,907,103	\$ 3,010,000	\$ 1,792,624		
2025	6,490,286	1,672,050	3,090,000	1,762,434		
2026	5,160,000	1,413,694	3,240,000	1,673,984		
2027	4,795,000	1,172,344	3,375,000	1,581,169		
2028	4,430,000	951,194	3,530,000	1,484,263		
2029-2033	9,895,000	3,097,519	19,815,000	5,873,191		
2034-2038	5,645,000	1,259,241	18,650,000	3,167,234		
2039-2043	3,505,000	376,644	10,695,000	906,000		
Total	\$ 46,036,714	\$ 11,849,789	\$ 65,405,000	\$ 18,240,899		

Business-Type Activities						
Year Ending September 30,	General Obligation	GO Interest	Certificate of Obligation	CO Interest	Water and Wastewater Revenue Bonds	Water and Wastewater Interest
2024	\$ 3,093,572	\$ 276,776	\$ 2,290,000	\$ 1,716,725	\$ 220,000	\$ 83,650
2025	2,759,714	183,855	2,360,000	1,618,219	225,000	76,975
2026	1,940,000	105,618	2,470,000	1,541,794	235,000	68,900
2027	1,450,000	53,289	2,580,000	1,463,397	240,000	59,400
2028	740,000	22,577	2,690,000	1,380,913	250,000	49,600
2029-2033	1,340,000	19,440	15,210,000	5,642,063	1,115,000	91,500
2034-2038	-	-	13,475,000	3,648,450	-	-
2039-2043	-	-	5,465,000	3,169,450	-	-
Total	\$ 11,323,286	\$ 661,555	\$ 46,540,000	\$ 20,181,011	\$ 2,285,000	\$ 430,025

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, 2023, the minimum amount required by the ordinances for the revenue bond debt service and retirement funds had been accumulated.

The revenue bond ordinances also require that the City charge for services sufficient to produce net revenues, as defined, in an amount not less than 1.25 times the average annual principal and interest requirement. At September 30, 2023, this requirement had been met.

The ordinance authorizing the issuance of General Obligation Bonds created the Debt Service Fund. All taxes levied and collected for an on account of said bonds are pledged to the Debt Service Fund in amounts authorized by the City Council, but never less than annual maturing interest and principal requirements with the provision that the principal portion will never be less than 2% of the outstanding principal amount. At September 30, 2023, this requirement had been met.

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

Subscription Based Information Technology Arrangements (SBITAS)

The City has entered into multiple SBITAS that allow the right-to-use the SBITA vendor's information technology software over the subscription term. The City is required to make monthly or annual payments at its incremental borrowing rate or the interest rate stated or implied within the SBITAS. The SBITA rate, term and ending subscription liability are as follows:

	Interest Rate(s)	Liability at Commencement	SBITA Term in Years	Ending Balance
Governmental activities				
Software	3.4-4.0%	\$ 1,440,192	5	\$ 1,058,729
Total governmental activities				\$ 1,058,729

The future principal and interest SBITA payments as of fiscal year end are as follows:

Fiscal Year Ending	Principal	Interest	Total
2024	\$ 347,860	\$ 38,327	\$ 386,187
2025	362,714	25,686	388,400
2026	304,813	12,658	317,471
2027	43,342	1,734	45,076
Total governmental activities	\$ 1,058,729	\$ 78,405	\$ 1,137,134

The value of the subscription assets as of the end of the current fiscal year was \$2,279,880 and had accumulated amortization of \$245,264.

Note 8. Water and Sewer Contract

On July 19, 2010, the City entered into a contract with the City of Fort Worth, Texas, for the purchase of treated water to be effective January 1, 2011, and to expire on September 30, 2031. This contract requires the City to pay varying amounts based on annual consumption rates established under the terms of the contract. During fiscal year 2023, the City purchased \$5,195,941 of treated water under the terms of this contract.

In 1987, the City entered a contract with the City of Fort Worth, Texas, for the transportation, treatment, and disposal of sanitary sewage. Under the terms of the contract, the City is required to make payments for sewage actually discharged based on rates and charges determined on an annual basis under the terms of the contract. During fiscal year 2023, the City paid \$4,713,782 for the treatment and disposal of sanitary sewage under the terms of this contract.

Note 9. Employees' Retirement System

Texas Municipal Retirement System

Plan Description. The City participates as one of 919 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (Annual Report) that can be obtained at [tmrs.com](https://www.tmrstexas.com).

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

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

At retirement, the Member's benefit is calculated based on the sum of the Member's contributions, with interest, and the city-financed monetary credits with interest. The retiring Member may select one of seven monthly benefit payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24 or 36 monthly payments, which cannot exceed 75% of the total Member contributions and interest.

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

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

Employees Covered by Benefit Terms. At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	201
Inactive employees entitled to but not yet receiving benefits	211
Active employees	<u>393</u>
Total	<u><u>805</u></u>

Contributions. Member contribution rates in TMRS are either 5%, 6% or 7% of the Member's total compensation, and the City matching percentages are either 100%, 150% or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each City is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The City's contribution rate is based on the liabilities created from the benefit plan options selected by the City and any changes in benefits or actual experience over time.

Employees for the City were required to contribute 7% of their annual compensation during the fiscal year. The contribution rates for the City were 16.64% and 17.70% in calendar years 2022 and 2023, respectively. The City's contributions to TMRS for the year ended September 30, 2023, were \$6,037,858, and were equal to the required contributions.

Net Pension Liability. The City's Net Pension Liability (NPL) was measured as of December 31, 2022, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Within the governmental activities, the General Fund generally liquidates the net pension liability. In the business-type activities, the net pension liability is liquidated by the Utility Fund.

Actuarial Assumptions. The Total Pension Liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75% per year, adjusted down for population declines, if any
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4- year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. The assumptions were adopted in 2019 and first used in the December 31, 2019, actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate if Return (Arithmetic)
Global Public Equity	35.00%	7.70%
Core Fixed Income	6.00%	4.90%
Non-Core Fixed Income	20.00%	8.70%
Other Public and Private Markets	12.00%	8.10%
Real Estate	12.00%	5.80%
Hedge Funds	5.00%	6.90%
Private Equity	10.00%	11.80%
Total	100.00%	

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

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2021	\$ 133,096,533	\$ 118,704,251	\$ 14,392,282
Changes for the year:			
Service cost	5,695,227	-	5,695,227
Interest	9,002,871	-	9,002,871
Difference between expected and actual experience	2,790,245	-	2,790,245
Changes of assumptions	-	-	-
Contributions - employer	-	5,225,616	(5,225,616)
Contributions - employee	-	2,197,717	(2,197,717)
Net investment income	-	(8,677,016)	8,677,016
Benefit payments, including refunds of employee contributions	(5,136,560)	(5,136,560)	-
Administrative expense	-	(74,982)	74,982
Other changes	-	89,477	(89,477)
Net changes	12,351,783	(6,375,748)	18,727,531
Balance at 12/31/2022	\$ 145,448,316	\$ 112,328,503	\$ 33,119,813

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the Net Pension Liability of the City, calculated using the discount rate of 6.75%, as well as what the City's Net Pension Liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	\$ 56,016,671	\$ 33,119,813	\$ 14,606,273

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's Fiduciary Net Position is available in the Schedule of Changes in Fiduciary Net Position, by Participating City. That report may be obtained at trms.com.

Pension Expense and Deferred Outflows and Inflows of Resources and Deferred Inflows of Resources Related to Pensions. For the year ended September 30, 2023, the City recognized pension expense of \$8,195,775. At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 4,634,781	\$ -
Changes in actuarial assumptions	63,332	-
Difference between projected and actual investment earnings	7,723,700	-
Contributions subsequent to the measurement date	4,498,180	-
Total	\$ 16,919,993	\$ -

\$4,498,180 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability for the year ending September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending September 30,	Amount
2024	\$ 2,116,148
2025	3,331,465
2026	3,114,534
2027	3,859,666

Note 10. Other Post-Employment Benefit Plans

A. TMRS Supplemental Death Benefits Fund

Plan Description. The City participates in a single employer, defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF) administered by the Texas Municipal Retirement System (TMRS). The SDBF covers both active and retiree benefits with no segregation of assets, and therefore doesn't meet the definition of a trust under GASB No. 75 (i.e., no assets are accumulated for OPEB) and as such the SDBF is considered to be an unfunded OPEB plan.

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 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.

Benefits Provided. 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). The death benefit for retirees is considered an other postemployment benefit (OPEB) and is a fixed amount of \$7,500.

Employees Covered by Benefit Terms. At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	148
Inactive employees entitled to but not yet receiving benefits	59
Active employees	<u>393</u>
Total	<u><u>600</u></u>

Total OPEB Liability. The City's total OPEB liability of \$824,987 was measured as of December 31, 2022, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total OPEB liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Inflation rate	2.50% per annum
Discount rate	4.05%
Actuarial cost method	Entry Age Normal Method
Projected salary increase	3.50% to 11.50% including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct 2019 Municipal Retirees of Texas mortality tables and due to the size of the City, rates are multiplied by an additional factor of 100%. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the mortality tables for healthy retirees is used with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor. Mortality rates for pre-retirement were based on the PUB (10) mortality tables, with the Public Safety table used for males and General Employee table used for females. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements.

Discount Rate. The discount rate used to measure the total OPEB liability was 1.84%. The discount rate was based on Fidelity Index's "20-Year Municipal GO AA Index" rate as of the measurement date.

Discount Rate Sensitivity Analysis. The following presents the total OPEB liability of the City, calculated using the discount rate of 4.05%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1- percentage-point lower (3.05%) or 1-percentage-point higher (5.05%) than the current rate:

	<u>1% Decrease in Discount Rate (3.05%)</u>	<u>Discount Rate (4.05%)</u>	<u>1% Increase in Discount Rate (5.05%)</u>
Total OPEB Liability	\$ 1,006,811	\$ 824,987	\$ 686,024

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the year ended September 30, 2023, the City recognized OPEB expense of \$75,260. There were no changes of benefit terms that affected measurement of the Total OPEB Liability during the measurement period.

Within the governmental activities, the General Fund generally liquidates the total OPEB liability. In the business-type activities, the total OPEB liability is liquidated by the Utility Fund.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at 12/31/2021	\$ 1,223,599
Changes for the year:	
Service cost	78,490
Interest	23,092
Difference between expected and actual experience	(3,076)
Changes of assumptions	(481,420)
Benefit payments	<u>(15,698)</u>
Net changes	<u>(398,612)</u>
Balance at 12/31/2022	<u>\$ 824,987</u>

At September 30, 2023, the City reported deferred outflows and inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 30,419
Changes in actuarial assumptions	188,665	421,905
Contributions subsequent to the measurement date	15,449	-
Total	\$ 204,114	\$ 452,324

\$15,449 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Total OPEB Liability for the measurement year ending December 31, 2023 (i.e., recognized in the City's financial statements for the year ended September 30, 2024). Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Year Ended September 30,	Amount
2024	\$ (29,214)
2025	(32,294)
2026	(35,976)
2027	(55,478)
2028	(72,745)
Thereafter	(37,952)

B. Post-Retirement Healthcare Benefits

Plan Description. The City offers its retired employees health insurance benefits through a single-employer defined benefit OPEB plan, under City policy. This plan is administered by the City and it has the authority to establish and amend the benefit terms and financing arrangements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided. To be eligible for this employer-provided subsidy, a participant must be at least age fifty-eight (58) and have at least twenty (20) or more years of service with the City. Eligible retirees may elect coverage that will include the same healthcare options offered to regular full-time employees at the same cost that the City pays for active employees. Retirees pay the same rate for coverage as employees pay if they are electing dependent coverage. Benefits commence at the first of the month following the day of retirement if the employee elects retiree or dependent coverage (at retiree's cost).

If an active employee passes away, the spouse and dependents will become eligible for retiree coverage if (1) the employee was eligible for retirement as defined by TMRS; and (2) the employee had dependent coverage at the time of death. The surviving spouse will continue to receive the benefits of the retiree health insurance program, at the rate charged for retiree only. If dependent children are already on the plan at the time of the retiree's death, the spouse may continue to cover the children (at retiree's spouse's cost).

Retirees are eligible for medical and prescription insurance until they become Medicare eligible. Since retirees pay the full premium for all other OPEB benefits (dental and vision), no liability is included in this valuation as no implicit subsidy exists for these benefits.

The number of employees currently covered by the benefit terms is as follows:

Inactive employees or beneficiaries currently receiving benefits	9
Active employees	<u>370</u>
Total	<u><u>379</u></u>

Actuarial Assumptions. The Total OPEB Liability in the October 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation rate	2.50% per annum
Salary increases	2.50% per annum
Discount rate	4.87%
Actuarial cost method	Entry Age Normal Method
Healthcare cost trend rates	6.80% initial medical trend rate for pre-65 retirees decreasing to an ultimate rate of 4.14% in the year 2041

Mortality rates were updated and are based upon the sex distinct PUB 2010 general employee mortality table with mortality improvement scale MP-2021. Per capita costs for Pre-65 retirees were derived based upon the fully insured rates on a retiree-only experience basis. Medicare eligible retirees are assumed to rescind the City's plan and take Medicare coverage. Any Medicare Part D subsidy was not reflected in the estimate. The participation rate for future retirees is based upon years of service at retirement. Any participant that retires prior to age 50 is assumed to waive the City's healthcare plan. For any future retiree assumed to elect retiree healthcare, their spouse is assumed to waive coverage. 40% of retirees are assumed to drop coverage at the time the employer subsidy ends. The per capita claims costs include a 7% load for administrative expenses and a 10% load for stop loss premiums where both are assumed to escalate with the healthcare trend rates each year.

Discount Rate. The discount rate of 4.87% is based upon the yield of 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The other financial assumptions for long-term inflation, payroll growth, and salary scale were taken from the TMRS actuary study. The per capita claims costs and how these costs are expected to escalate in the future were set by IPS Advisors who develop the funding rates.

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Total OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (4.87%) in measuring the Total OPEB Liability.

	<u>1% Decrease in Discount Rate (3.87%)</u>	<u>Discount Rate (4.87%)</u>	<u>1% Increase in Discount Rate (5.87%)</u>
Total OPEB Liability	\$ 5,161,333	\$ 4,763,830	\$ 4,404,626

Healthcare Cost Trend Rate Sensitivity Analysis. The following schedule shows the impact of the Total OPEB Liability if the healthcare cost trend rate used was 1% less than and 1% greater than the rate that was used (6.80%) in measuring the Total OPEB Liability.

	<u>1% Decrease in Rate</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase in Rate</u>
Total OPEB Liability	\$ 4,239,261	\$ 4,763,830	\$ 5,388,161

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources Related to OPEBs. At September 30, 2023, the City reported a liability of \$4,763,830 for its Total OPEB Liability for this plan. The Total OPEB Liability was determined by an actuarial valuation as of October 1, 2022. For the year ended September 30, 2023, the City recognized OPEB expense of \$483,393. There were no changes of benefit terms that affected measurement of the Total OPEB Liability during the measurement period.

Within the governmental activities, the General Fund generally liquidates the total OPEB liability. In the business-type activities, the total OPEB liability is liquidated by the Utility Fund.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 9/30/2022	\$ 4,491,311
Changes for the year:	
Service cost	182,227
Interest	220,783
Difference between expected and actual experience	-
Changes of assumptions	(40,566)
Benefit payments	(89,925)
Net changes	272,519
Balance at 9/30/2023	\$ 4,763,830

At September 30, 2023, the City reported deferred outflows and inflows of resources related to this OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 166,694	\$ 414,440
Changes in actuarial assumptions	283,678	126,212
Total	\$ 450,372	\$ 540,652

Amounts reported as deferred outflows and inflows of resources related to this OPEB plan will be recognized in OPEB expense as follows:

For the Year Ended September 30,	Amount
2024	\$ 80,385
2025	43,747
2026	(4,530)
2027	(81,917)
2028	(67,270)
Thereafter	(60,695)

Note 11. Deferred Compensation Plan

The City participates in a deferred compensation plan which falls under Internal Revenue Code Section 457. Virtually all employees are eligible to participate in the plan. The deferred compensation plan allows the deferral of individual federal income taxes until funds are withdrawn. Funds may be withdrawn at termination, retirement, death or unforeseeable emergency. During the fiscal year 2023, employers or employees through salary reductions may contribute up to the limit of \$22,500 compensation on behalf of the participant under this plan. Employees age 50 or older may contribute up to an additional \$7,500, for a total of \$30,000. Employees taking advantage of the special pre-retirement catch-up allow the participant for three years prior to the normal retirement age, as specific in the plan, to contribute the less of: the elective deferral limit (\$22,500 in fiscal year 2023, \$20,500 in 2022, and \$19,500 in 2021 and 2020), the basic annual limit plus the amount of the basic limit not used in previous fiscal years (if not using age 50 or over catch-up contributions. In accordance with GASB 97, the plan is not recorded in the City's financial statements.

Note 12. Commitments and Contingencies

A. Contingencies

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

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

B. Construction Commitments

The City has active construction projects as of September 30, 2023. At year-end, the City has \$3,632,908 of outstanding construction commitments.

C. Encumbrances

Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year-end, the encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

Fund	Amount
General	\$ 1,210,167
Bond-Funded capital projects	23,255,738
COVID relief grants	2,284,224
Nonmajor governmental	2,272,729
Water & wastewater	726,589
Nonmajor enterprise	67,535
Internal service funds	908,511
Total	\$ 30,725,493

Note 13. 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 party, the City is not obligated to reimburse the pool for losses. The TML risk pool is self-sustaining through annual member premiums and stop loss reinsurance coverage through various commercial insurers for excess claims. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage in each of the past three fiscal years. Any losses reported, but unsettled or incurred and not reported, are believed to be insignificant to the City's financial statements.

The City offers health coverage to its employees and retirees in a managed care plan administered by United Health Care and funded by the City with both employee and City contributions. The City retains risk for up to \$125,000 per covered enrollee per year and up to 120% of the total expected medical and Rx claims per period benefit, and transfers risk in excess of these amounts to a reinsurer. The City's operating funds are charged with premiums for coverage provided by the Human Resources department based on approved annual budgets with adjustments based on estimates of the amounts needed to pay prior and current year claims. These interfund premiums are used to reduce the amount of actual expenditures.

Note 14. Tax Abatements

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

- For the fiscal year ended September 30, 2023, the property tax abatement agreement with Jam Real Property provides a 75% tax abatement for 7 years, beginning in 2018 for development of a restaurant distribution facility. In fiscal year 2023, this agreement resulted in abated property taxes of \$5,948.
- For the fiscal year ended September 30, 2023, the property tax abatement agreement in place with McLane Burleson Properties provides an 80% tax abatement for 10 years, beginning in 2020 for development of a restaurant distribution facility. In fiscal year 2023, this agreement resulted in abated property taxes of \$135,817.
- For the fiscal year ended September 30, 2023, the property tax abatement agreement in place with Golden State Foods provides a 75% tax abatement for 7 years, beginning in 2020 for development of a restaurant distribution facility. In fiscal year 2023, this agreement resulted in abated property taxes of \$474,207.

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

- Property tax rebate incentives – \$626,277.
- Sales tax rebate incentives – \$329,913.
- Grant payments for meeting other performance targets – \$1,156,250.

THE CITY OF
BURLESON
TEXAS

Required Supplementary Information

THE CITY OF
BURLESON
TEXAS

City of Burleson, Texas
General Fund
Budgetary Comparison Schedule
For the Year Ended September 30, 2023

Exhibit D Item B.
 (Page 1 of 2)

	Budgeted Amounts		Actual Amounts	Variance -
	Original	Final	GAAP Basis	Positive (Negative)
REVENUES				
Property taxes	\$ 24,609,241	\$ 24,775,000	\$ 23,636,639	\$ (1,138,361)
Sales and use taxes	14,415,784	14,946,030	14,902,992	(43,038)
Franchise fees	3,627,605	3,949,556	3,951,760	2,204
Licenses and permits	2,063,850	1,434,000	1,432,439	(1,561)
Intergovernmental	1,144,081	1,107,131	1,090,960	(16,171)
Charges for services	4,024,800	3,879,970	4,045,846	165,876
Fines	1,092,315	900,000	827,119	(72,881)
Investment income	325,000	750,000	994,899	244,899
Miscellaneous	1,004,780	1,005,225	766,216	(239,009)
Total revenues	52,307,456	52,746,912	51,648,870	(1,098,042)
EXPENDITURES				
General government:				
City Council	140,248	147,030	135,599	11,431
City Manager's office	792,739	1,009,883	853,956	155,927
Legal	581,761	591,784	567,689	24,095
City Secretary's office	912,854	810,487	737,109	73,378
Records management	120,447	114,178	109,951	4,227
Judicial	107,944	115,614	133,634	(18,020)
Communications	696,193	554,698	557,895	(3,197)
Human resources	1,116,961	1,267,694	1,203,854	63,840
Finance	2,144,725	2,286,752	2,391,107	(104,355)
Purchasing	520,088	462,216	501,299	(39,083)
Non-Departmental	(1,905,323)	325,265	732,025	(406,760)
Total general government	5,228,637	7,685,601	7,924,118	(238,517)
Public safety:				
Police	16,484,901	17,227,904	17,535,632	(307,728)
Fire	10,205,336	10,619,061	10,706,323	(87,262)
Public Safety Communications	2,157,499	2,220,268	2,171,159	49,109
Municipal Court	431,347	355,319	372,424	(17,105)
Marshals service	376,459	237,016	223,125	13,891
Total public safety	29,655,542	30,659,568	31,008,663	(349,095)
Public works:				
Public works administration	1,142,907	1,189,984	1,133,854	56,130
Street drainage maintenance	652,926	527,928	483,924	44,004
Streets pavement maintenance	3,443,516	3,762,405	2,830,511	931,894
Traffic control maintenance	1,023,050	997,724	819,031	178,693
Engineering/capital	201,206	9,788	(1)	9,789
Engineering/development	1,012,027	1,003,952	685,621	318,331
Engineering/inspections	311,544	455,998	408,763	47,235
Facilities maintenance	916,955	964,482	1,011,314	(46,832)
Total public works	8,704,131	8,912,261	7,373,017	1,539,244

City of Burleson, Texas
General Fund
Budgetary Comparison Schedule - Continued
For the Year Ended September 30, 2023

Exhibit D Item B.
(Page 2 of 2)

	Budgeted Amounts		Actual Amounts	Variance -
	Original	Final	GAAP Basis	Positive (Negative)
Community development:				
Neighborhood services	\$ 218,548	\$ 234,272	\$ 249,136	\$ (14,864)
Environmental services	334,167	322,422	306,885	15,537
Animal services	695,903	675,262	657,414	17,848
Code enforcement	407,996	396,725	378,877	17,848
Building inspections	950,000	917,716	903,183	14,533
Economic development	1,200,000	1,888,814	1,888,840	(26)
Community development	571,234	536,184	512,682	23,502
Development services	361,509	356,394	350,576	5,818
Total community development	4,739,357	5,327,789	5,247,593	80,196
Parks and recreation:				
Parks	1,641,499	1,700,458	1,743,164	(42,706)
Parks and recreation administration	55,796	-	-	-
ROW Maintenance	206,588	462,363	405,938	56,425
Special Events	65,949	-	-	-
Total parks and recreation	1,969,832	2,162,821	2,149,102	13,719
Library:				
Senior citizens center	238,080	267,313	264,087	3,226
Library	1,473,491	1,433,919	1,424,482	9,437
Total Library	1,711,571	1,701,232	1,688,569	12,663
Capital outlay	294,995	486,607	187,026	299,581
Debt service:				
Principal retirement	61,973	61,973	61,975	(2)
Interest and fiscal agent charges	14,031	14,031	14,031	-
Total debt service	76,004	76,004	76,006	(2)
Total expenditures	52,380,069	57,011,883	55,654,094	1,344,070
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(72,613)	(4,264,971)	(4,005,224)	246,028
OTHER FINANCING SOURCES (USES)				
Transfers in	843,641	854,238	854,238	-
Transfers out	(2,946,381)	(438,255)	(277,579)	(160,676)
Total other financing sources (uses)	(2,102,740)	415,983	576,659	(160,676)
NET CHANGE IN FUND BALANCE	(2,175,353)	(3,848,988)	(3,428,565)	85,352
FUND BALANCES - BEGINNING	21,924,165	21,924,165	21,924,165	-
FUND BALANCES - ENDING	<u>\$ 19,748,812</u>	<u>\$ 18,075,177</u>	<u>\$ 18,495,600</u>	<u>\$ 85,352</u>

City of Burleson, Texas

Notes to Required Supplementary Information

Budgetary Schedule

For the Year Ended September 30, 2023

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

1. The City Manager submits to the City Council a proposed budget for the fiscal year commencing the following October 1st. The budget includes proposed expenditures and the means of financing them.
2. The City Council reviews the proposed budget at specially scheduled sessions, which are open to the public. The Council also conducts a public hearing on the proposed budget to obtain comments from interested persons.
3. Prior to October 1st, the budget is legally adopted through passage of an ordinance. This budget is reported as the Original Budget in the budgetary comparison schedules.
4. During the fiscal year, changes to the adopted budget may be authorized as follows:
 - a. Items requiring City Council action – appropriation of fund balance commitments; transfers of appropriations between funds; transfers between departments within funds; new interfund loans or advances; and creation of new capital projects or increases to existing capital projects.
 - b. Items delegated to the City Manager – transfers within departments.
5. Annual budget is legally adopted and amended as required for the General Fund, the following special revenue funds: the BCSDC Special Revenue Fund, the 4A Corp Special Revenue Fund, the Parks Performance Fund, the Hotel/Motel Fund, the TIF 2 Fund, and the Municipal Court Fund. 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. Encumbrance accounting, under which purchase orders, contracts, and the other commitments are recorded to reserve the applicable appropriations, is employed in governmental funds. The City does, however, honor the contracts represented by year-end encumbrances and the subsequent year's appropriations provide authority to complete these transactions.

City of Burleson, Texas

Schedule of Changes in Net Pension Liability and Related Ratios - Texas Municipal Retirement System For the Year Ended September 30, 2023

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

Notes to Schedule:

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

2017	2018	2019	2020	2021	2022
\$ 3,745,062	\$ 3,887,921	\$ 4,309,779	\$ 4,785,763	\$ 5,012,736	\$ 5,695,227
5,991,443	6,464,469	6,966,885	7,567,698	8,224,864	9,002,871
34,315	37,485	658,640	1,555,110	2,834,678	2,790,245
-	-	364,920	-	-	-
<u>(2,694,216)</u>	<u>(2,974,711)</u>	<u>(3,340,504)</u>	<u>(3,934,066)</u>	<u>(4,638,440)</u>	<u>(5,136,560)</u>
7,076,604	7,415,164	8,959,720	9,974,505	11,433,838	12,351,783
<u>88,236,702</u>	<u>95,313,306</u>	<u>102,728,470</u>	<u>111,688,190</u>	<u>121,662,695</u>	<u>133,096,533</u>
<u>95,313,306</u>	<u>102,728,470</u>	<u>111,688,190</u>	<u>121,662,695</u>	<u>133,096,533</u>	<u>145,448,316</u>
\$ 3,326,528	\$ 3,446,107	\$ 3,812,900	\$ 4,144,156	\$ 4,434,554	\$ 5,225,616
1,510,106	1,565,006	1,732,309	1,875,187	1,936,487	2,197,717
9,518,399	(2,405,770)	12,355,867	7,166,812	13,511,620	(8,677,016)
(2,694,216)	(2,974,711)	(3,340,504)	(3,934,066)	(4,638,440)	(5,136,560)
(49,301)	(46,457)	(69,735)	(46,326)	(62,444)	(74,981)
<u>(2,499)</u>	<u>(2,430)</u>	<u>(2,096)</u>	<u>(1,807)</u>	<u>428</u>	<u>89,476</u>
11,609,017	(418,255)	14,488,741	9,203,956	15,182,205	(6,375,748)
<u>68,638,587</u>	<u>80,247,604</u>	<u>79,829,349</u>	<u>94,318,090</u>	<u>103,522,046</u>	<u>118,704,251</u>
<u>80,247,604</u>	<u>79,829,349</u>	<u>94,318,090</u>	<u>103,522,046</u>	<u>118,704,251</u>	<u>112,328,503</u>
<u>\$ 15,065,702</u>	<u>\$ 22,899,121</u>	<u>\$ 17,370,100</u>	<u>\$ 18,140,649</u>	<u>\$ 14,392,282</u>	<u>\$ 33,119,813</u>
84.19%	77.71%	84.45%	85.09%	89.19%	77.23%
\$ 21,572,943	\$ 22,357,225	\$ 24,697,874	\$ 26,780,992	\$ 27,664,104	\$ 31,395,959
69.84%	102.42%	70.33%	67.74%	52.03%	105.49%

City of Burleson, Texas
Schedule of Pension Contributions
Texas Municipal Retirement System
For The Year Ended September 30, 2023

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

Notes to Schedule:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	23 years (longest amortization ladder)
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018.

Mortality Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information There were no benefit changes during the year.

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 3,270,142	\$ 3,413,058	\$ 3,710,515	\$ 4,023,849	\$ 4,144,156	\$ 4,434,554	\$ 5,225,616
<u>3,270,142</u>	<u>3,413,058</u>	<u>3,710,515</u>	<u>4,023,849</u>	<u>4,144,156</u>	<u>4,434,554</u>	<u>5,225,616</u>
-	-	-	-	-	-	-
\$ 21,235,212	\$ 21,235,212	\$ 24,033,514	\$ 26,033,943	\$ 26,780,992	\$ 27,664,104	\$ 34,804,970
15.40%	16.07%	15.44%	15.46%	15.47%	16.03%	15.01%

City of Burleson, Texas

Exhibit D

Schedule of Changes In Total OPEB Liability and Related Ratios - Texas Municipal Retirement System – Supplemental Death Benefits Fund For the Year Ended September 30, 2023

Plan Year Ended December 31,	2017	2018	2019	2020	2021	2022
A. Total OPEB Liability						
Service Cost	\$ 32,359	\$ 40,243	\$ 37,047	\$ 53,562	\$ 71,927	\$ 78,490
Interest (on the Total OPEB Liability)	22,672	23,726	26,040	24,950	23,003	23,092
Difference between expected and actual experience	-	(15,410)	(17,286)	(4,333)	(21,562)	(3,076)
Change of assumptions	62,411	(57,141)	156,463	169,132	42,939	(481,420)
Benefit payments, including refunds of employee contributions	(4,315)	(4,471)	(4,940)	(5,356)	(13,832)	(15,698)
Net change in total OPEB liability	113,127	(13,053)	197,324	237,955	102,475	(398,612)
Total OPEB liability - beginning	585,771	698,898	685,845	883,169	1,121,124	1,223,599
Total OPEB liability - ending	698,898	685,845	883,169	1,121,124	1,223,599	824,987
B. Covered Payroll	\$ 21,572,943	\$ 22,357,225	\$ 24,697,874	\$ 26,780,992	\$ 27,664,104	\$ 31,395,959
C. Total OPEB Liability as a Percentage of Covered Payroll	3.24%	3.07%	3.58%	4.19%	4.42%	2.63%

Notes to Schedule:

This schedule is required to have 10 years of information, but information prior to 2017 is not available.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

City of Burleson, Texas

Exhibit D

Schedule of Changes In Total OPEB Liability and Related Ratios - Retiree Health Care Benefit Plan For the Year Ended September 30, 2023

Measurement Date September 30,	2018	2019	2020	2021	2022	2023
A. Total OPEB Liability						
Service Cost	\$ 148,455	\$ 152,883	\$ 152,373	\$ 214,854	\$ 221,335	\$ 182,225
Interest (on the Total OPEB Liability)	118,786	128,811	139,215	101,983	107,463	220,783
Difference between expected and actual experience	326,732	-	141,692	-	(552,588)	-
Change of assumptions	256,399	52,121	541,708	(102,528)	(45,996)	(40,566)
Benefit payments	(83,018)	(42,529)	-	(37,819)	14,999	(89,925)
Net change in total OPEB liability	767,354	291,286	974,988	176,490	(254,787)	272,517
Total OPEB liability - beginning	2,535,980	3,303,334	3,594,620	4,569,608	4,746,098	4,491,311
Total OPEB liability - ending	3,303,334	3,594,620	4,569,608	4,746,098	4,491,311	4,763,828
B. Covered-Employee Payroll						
	\$ 18,416,233	\$ 22,342,123	\$ 22,779,945	\$ 26,486,753	\$ 27,030,000	\$ 30,328,507
C. Total OPEB Liability as a Percentage of Covered-Employee Payroll						
	17.94%	16.09%	20.06%	17.92%	16.62%	15.71%

Notes to Schedule:

No assets are accumulated in a trust for the retiree health care plan to pay related benefits that meets the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

This schedule is required to have 10 years of information, but information prior to 2018 is not available.

THE CITY OF
BURLESON
TEXAS

Other Supplementary Information

THE CITY OF
BURLESON
TEXAS

City of Burleson, Texas

Combining Financial Statements

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used by the City to account for revenues derived from specific taxes, fees, donations, and grants which are designated to finance particular functions or activities of the City. The City has eight nonmajor special revenue funds which include:

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

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

The **Parks Performance 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 **Hotel/Motel Tax Fund** – This fund is used to account for the receipts and allocation of the City's 7% room occupancy tax imposed on the rental of hotel/motel rooms located within the corporate city limits and extraterritorial jurisdiction of the City. These funds are used to promote tourism, conventions, and related activities within the City.

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

The **Tax Increment Financing District (TIF) 2 Fund** – This fund accounts for the activity of the City's TIF. Revenues collected are primarily interlocal property tax increment funding. A TIF is a public financial method used as a subsidy for development and community improvement projects.

The **Municipal Court Fund** – This fund accounts for the Municipal Court fees assessed that are legally restricted to the purchase/maintenance of the Court's technology enhancements, Court security, improving the collections of court fees, and funding a portion of the juvenile case manager position.

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

Nonmajor Capital Projects Funds

Capital Projects Funds are used to account for capital improvements that are financed by designated resources other than City obligation bonds. The City has four nonmajor capital projects funds which include:

The **Mineral Lease-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 **4A Economic Development Corporation (EDC) Non-Bond Funded Fund** is a blended component unit of the City. The 4A Corporation administers a ½ cent sales tax. The proceeds of this tax are used to pay debt service on bonds issued for various capital improvements. This special revenue fund accounts for the receipts of the sales tax revenue, and subsequent transfers to the debt service fund. Funds in excess of debt service requirements are utilized on authorized capital projects.

City of Burleson, Texas

Combining Financial Statements - Continued Nonmajor Governmental Funds

The **BCSDC (4B) Non-Bond Funded Fund** is another component unit of the City. The BCSDC administers ½ cents sales tax. The proceeds of this tax are used to pay debt service on bonds issued for various capital improvements. The special revenue accounts for the receipt of the sales tax revenue, and subsequent transfer of the debt service fund. Funds in excess of debt service requirements are utilized on authorized capital projects and to subsidize the Parks Performance Special Revenue Fund and the Golf Course Fund operations.

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 Non-Bond Funded Fund** includes the Park Dedication subfund and the miscellaneous non-bond funded capital project subfunds. These subfunds account for the proceeds of other sources of revenue and expenditures for authorized projects.

Debt Service Funds

The City's Debt Service Funds consist of three funds which accounts 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, and which include:

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

The **4A EDC Debt Service Fund** accounts for receipts of sales tax revenue and payment of debt service.

The **BCSDC (4B) Debt Service Fund** accounts for the receipt of sales tax revenue and payment of debt service.

City of Burleson, Texas
Nonmajor Governmental Funds
Combining Balance Sheet
September 30, 2023

Exhibit E Item B.
 (Page 1 of 2)

	Special Revealue Funds				
	BCSDC	4A Corp	Parks		
	Special Revenue	Special Revenue	Performance	Hotel/Motel	Grants
ASSETS					
Cash and investments	\$ 3,945,340	\$ 4,177,040	\$ 437,441	\$ 303,263	\$ 8,074
Receivables:					
Taxes, net	-	-	-	108,813	-
Accounts	1,069	5,757	20,075	350	5,650
Leases	-	433,035	-	-	-
Accrued interest	5,189	4,899	371	360	-
Due from other governments	1,259,595	1,259,595	-	-	-
Due from other funds	174,972	-	-	-	-
Total assets	<u>5,386,165</u>	<u>5,880,326</u>	<u>457,887</u>	<u>412,786</u>	<u>13,724</u>
LIABILITIES					
Current liabilities:					
Accounts payable	33,570	6,718	140,616	8,692	-
Accrued liabilities	12,540	17,603	112,097	-	-
Unearned revenue	-	100	205,174	-	-
Total liabilities	<u>46,110</u>	<u>24,421</u>	<u>457,887</u>	<u>8,692</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - leased assets	-	422,508	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>422,508</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted for:					
Debt service	-	-	-	-	-
Public safety	-	-	-	-	-
Parks and recreation	-	-	-	-	-
Library	-	-	-	-	-
Economic development	5,340,055	5,433,397	-	-	-
Tourism	-	-	-	404,094	-
Other purposes	-	-	-	-	13,724
Committed for:					
Capital projects	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>5,340,055</u>	<u>5,433,397</u>	<u>-</u>	<u>404,094</u>	<u>13,724</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 5,386,165</u>	<u>\$ 5,880,326</u>	<u>\$ 457,887</u>	<u>\$ 412,786</u>	<u>\$ 13,724</u>

City of Burleson, Texas
Nonmajor Governmental Funds
Combining Balance Sheet
September 30, 2023

	Special Revenue Funds			Capital Projects Funds	
	TIF 2	Municipal Court	Other Special Revenue	Mineral Lease Funded Capital Projects	4A EDC Non-bond Funded
ASSETS					
Cash and investments	\$ 348,171	\$ 210,752	\$ 488,418	\$ 816,231	\$ 1,122,169
Receivables:					
Taxes, net	-	-	-	-	-
Accounts	6,363	-	5,813	-	-
Leases	-	-	-	-	-
Accrued interest	435	265	386	948	1,290
Due from other governments	-	-	-	-	-
Due from other funds	-	-	-	-	-
Total assets	<u>354,969</u>	<u>211,017</u>	<u>494,617</u>	<u>817,179</u>	<u>1,123,459</u>
LIABILITIES					
Current liabilities:					
Accounts payable	10,619	228	490	10,320	91,513
Accrued liabilities	4,538	-	62,800	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	<u>15,157</u>	<u>228</u>	<u>63,290</u>	<u>10,320</u>	<u>91,513</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - leased assets	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted for:					
Debt service	-	-	-	-	-
Public safety	-	210,789	60,868	-	-
Parks and recreation	-	-	36,682	-	-
Library	-	-	1,685	-	-
Economic development	339,812	-	247,505	-	-
Tourism	-	-	-	-	-
Other purposes	-	-	84,587	-	-
Committed for:					
Capital projects	-	-	-	806,859	1,031,946
Unassigned	-	-	-	-	-
Total fund balances	<u>339,812</u>	<u>210,789</u>	<u>431,327</u>	<u>806,859</u>	<u>1,031,946</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 354,969</u>	<u>\$ 211,017</u>	<u>\$ 494,617</u>	<u>\$ 817,179</u>	<u>\$ 1,123,459</u>

Capital Projects Funds			Debt Service Funds			Total Other Governmental Funds
BCSDC 4B Non-bond Funded	Street Paving Trust	Miscellaneous Non-bond Funded	General Debt Service	4A EDC Debt Service	BCSDC 4B Debt Service	
\$ 636,577	\$ 1,932,541	\$ 5,343,647	\$ 4,378,001	\$ 14,287	\$ 119,282	\$ 24,300,484
-	-	-	-	-	-	108,813
-	-	-	-	-	-	45,077
-	-	-	-	-	-	433,035
739	2,244	6,217	5,083	17	139	28,582
-	-	-	-	-	-	2,519,190
-	-	-	1,111,113	-	-	1,286,085
<u>637,316</u>	<u>1,934,785</u>	<u>5,349,864</u>	<u>5,494,197</u>	<u>14,304</u>	<u>119,421</u>	<u>28,721,266</u>
69,130	5,958	227,113	1,820	595	150	626,782
-	-	-	-	-	-	209,578
-	-	-	-	-	-	205,274
<u>69,130</u>	<u>5,958</u>	<u>227,113</u>	<u>1,820</u>	<u>595</u>	<u>150</u>	<u>1,041,634</u>
-	-	-	-	-	-	422,508
-	-	-	-	-	-	422,508
-	-	-	5,492,377	13,709	119,271	5,625,357
-	-	-	-	-	-	271,657
-	-	-	-	-	-	36,682
-	-	-	-	-	-	1,685
-	-	-	-	-	-	11,360,769
-	-	-	-	-	-	404,094
-	-	-	-	-	-	98,311
568,186	1,928,827	5,122,751	-	-	-	9,458,569
-	-	-	-	-	-	-
<u>568,186</u>	<u>1,928,827</u>	<u>5,122,751</u>	<u>5,492,377</u>	<u>13,709</u>	<u>119,271</u>	<u>27,257,124</u>
<u>\$ 637,316</u>	<u>\$ 1,934,785</u>	<u>\$ 5,349,864</u>	<u>\$ 5,494,197</u>	<u>\$ 14,304</u>	<u>\$ 119,421</u>	<u>\$ 28,721,266</u>

THE CITY OF
BURLESON
TEXAS

City of Burleson, Texas

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds For the Year Ended September 30, 2023

Exhibit E Item B.
(Page 1 of 2)

	Special Revenue Funds				
	BCSDC Special Revenue	4A Corp Special Revenue	Parks Performance	Hotel/Motel	Grants
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Sales and use taxes	7,347,726	7,347,726	-	-	-
Hotel occupancy taxes	-	-	-	583,802	-
Franchise fees	-	-	-	-	-
Charges for services	-	-	2,336,222	-	-
Intergovernmental	-	-	-	-	154,311
Fines	-	-	-	-	-
Contributions and donations	-	-	-	-	-
Investment income	154,235	147,752	14,116	13,318	-
Mineral lease	-	-	-	-	-
Street assessments	-	-	-	-	-
Miscellaneous	41,759	244,061	-	9,400	-
	<u>7,543,720</u>	<u>7,739,539</u>	<u>2,350,338</u>	<u>606,520</u>	<u>154,311</u>
Total revenues					
EXPENDITURES					
Current:					
General government	-	156,188	-	-	-
Community development	105,609	1,314,258	-	380,048	-
Public safety	-	-	-	-	105,349
Public works	-	-	-	-	-
Library	-	-	-	-	1,793
Parks and recreation	716,026	-	5,327,927	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal agent charges	-	-	-	-	-
Capital outlay	-	-	167,603	312,337	-
	<u>821,635</u>	<u>1,470,446</u>	<u>5,495,530</u>	<u>692,385</u>	<u>107,142</u>
Total expenditures					
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>6,722,085</u>	<u>6,269,093</u>	<u>(3,145,192)</u>	<u>(85,865)</u>	<u>47,169</u>
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	-	108,468	-	-	-
Transfers in	-	-	3,145,192	-	-
Transfers out	(7,957,152)	(2,092,675)	-	(530,000)	-
	<u>(7,957,152)</u>	<u>(1,984,207)</u>	<u>3,145,192</u>	<u>(530,000)</u>	<u>-</u>
Total other financing sources (uses)					
NET CHANGE IN FUND BALANCE	<u>(1,235,067)</u>	<u>4,284,886</u>	<u>-</u>	<u>(615,865)</u>	<u>47,169</u>
FUND BALANCE, BEGINNING	<u>6,575,122</u>	<u>1,148,511</u>	<u>-</u>	<u>1,019,959</u>	<u>(33,445)</u>
FUND BALANCE, ENDING	<u>\$ 5,340,055</u>	<u>\$ 5,433,397</u>	<u>\$ -</u>	<u>\$ 404,094</u>	<u>\$ 13,724</u>

City of Burleson, Texas

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds For the Year Ended September 30, 2023

	Special Revenue Funds			Capital Projects Funds	
	TIF 2	Municipal Court	Other Special Revenue	Mineral Lease Funded Capital Projects	4A EDC Non-bond Funded
REVENUES					
Property taxes	\$ 1,076,556	\$ -	\$ -	\$ -	\$ -
Sales and use taxes	-	-	-	-	-
Hotel occupancy taxes	-	-	-	-	-
Franchise fees	-	-	43,894	-	-
Charges for services	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Fines	-	57,278	-	-	-
Contributions and donations	-	-	76,070	-	-
Investment income	26,970	8,949	11,652	37,841	78,525
Mineral lease	-	-	-	445,507	13,733
Street assessments	-	-	121,551	-	-
Miscellaneous	20,681	-	-	-	-
Total revenues	1,124,207	66,227	253,167	483,348	92,258
EXPENDITURES					
Current:					
General government	-	-	45,063	-	-
Community development	288,990	-	-	-	-
Public safety	207,519	90,929	6,062	-	-
Public works	-	-	21,094	-	-
Library	-	-	11,591	-	-
Parks and recreation	18,588	-	-	27,336	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal agent charges	-	-	-	-	-
Capital outlay	449,374	-	-	536,355	5,700,505
Total expenditures	964,471	90,929	83,810	563,691	5,700,505
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	159,736	(24,702)	169,357	(80,343)	(5,608,247)
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	-	-	-	-	-
Transfers in	-	293	-	-	266,169
Transfers out	(811,439)	(293)	-	(98,107)	-
Total other financing sources (uses)	(811,439)	-	-	(98,107)	266,169
NET CHANGE IN FUND BALANCE	(651,703)	(24,702)	169,357	(178,450)	(5,342,078)
FUND BALANCE, BEGINNING	991,515	235,491	261,970	985,309	6,374,024
FUND BALANCE, ENDING	\$ 339,812	\$ 210,789	\$ 431,327	\$ 806,859	\$ 1,031,946

Capital Projects Funds			Debt Service Funds			Total Other Governmental Funds
BCSDC 4B Non-bond Funded	Street Paving Trust	Miscellaneous Non-bond Funded	General Debt Service	4A EDC Debt Service	BCSDC 4B Debt Service	
\$ -	\$ -	\$ -	\$ 9,704,713	\$ -	\$ -	\$ 10,781,269
-	-	-	-	-	-	14,695,452
-	-	-	-	-	-	583,802
-	-	-	-	-	-	43,894
-	-	-	-	-	-	2,336,222
-	-	-	-	-	-	154,311
-	-	-	-	-	-	57,278
-	687,483	131,600	-	-	-	895,153
58,756	61,671	264,828	213,422	671	7,222	1,099,928
-	-	-	-	-	-	459,240
-	-	-	-	-	-	121,551
-	-	24,710	-	-	-	340,611
58,756	749,154	421,138	9,918,135	671	7,222	31,568,711
-	-	-	-	-	-	201,251
-	-	-	-	-	-	2,088,905
-	-	-	-	-	-	409,859
-	80,958	598,514	-	-	-	700,566
-	-	-	-	-	-	13,384
-	-	-	-	-	-	6,089,877
-	-	-	5,196,741	1,463,402	1,135,000	7,795,143
-	-	-	2,530,913	364,429	538,030	3,433,372
1,557,844	-	3,116,097	-	-	-	11,840,115
1,557,844	80,958	3,714,611	7,727,654	1,827,831	1,673,030	32,572,472
(1,499,088)	668,196	(3,293,473)	2,190,481	(1,827,160)	(1,665,808)	(1,003,761)
-	-	-	-	-	-	108,468
2,057,444	-	4,063,811	618,942	1,826,506	1,672,631	13,650,988
-	(2,688,307)	(878,007)	-	-	-	(15,055,980)
2,057,444	(2,688,307)	3,185,804	618,942	1,826,506	1,672,631	(1,296,524)
558,356	(2,020,111)	(107,669)	2,809,423	(654)	6,823	(2,300,285)
9,830	3,948,938	5,230,420	2,682,954	14,363	112,448	29,557,409
<u>\$ 568,186</u>	<u>\$ 1,928,827</u>	<u>\$ 5,122,751</u>	<u>\$ 5,492,377</u>	<u>\$ 13,709</u>	<u>\$ 119,271</u>	<u>\$ 27,257,124</u>

City of Burleson, Texas
Debt Service Funds
Budgetary Comparison Schedule
For the Year Ended September 30, 2023

	General Debt Service			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Property taxes and assessments	\$ 8,575,013	\$ 8,575,013	\$ 9,704,713	\$ 1,129,700
Investment income (loss)	-	145,000	213,422	68,422
Total revenues	8,575,013	8,720,013	9,918,135	1,198,122
EXPENDITURES				
Debt service:				
Principal retirement	5,111,741	5,196,741	5,196,741	-
Interest and fiscal agent charges	2,401,367	2,533,069	2,530,913	2,156
Total expenditures	7,513,108	7,729,810	7,727,654	2,156
Excess (deficiency) of revenues over (under) expenditures	1,061,905	990,203	2,190,481	1,200,278
OTHER FINANCING SOURCES				
Transfers in	394,550	618,942	618,942	-
Total other financing sources	394,550	618,942	618,942	-
NET CHANGE IN FUND BALANCE	1,456,455	1,609,145	2,809,423	1,200,278
FUND BALANCE, BEGINNING	2,682,954	2,682,954	2,682,954	-
FUND BALANCE, ENDING	<u>\$ 4,139,409</u>	<u>\$ 4,292,099</u>	<u>\$ 5,492,377</u>	<u>\$ 1,200,278</u>

BCSDC Debt Service				4A EDC Debt Service			
Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	6,500	7,222	722	-	500	671	171
-	6,500	7,222	722	-	500	671	171
1,015,000	1,135,000	1,135,000	-	1,463,402	1,463,402	1,463,402	-
376,659	538,490	538,030	460	364,728	364,729	364,429	300
1,391,659	1,673,490	1,673,030	460	1,828,130	1,828,131	1,827,831	300
(1,391,659)	(1,666,990)	(1,665,808)	1,182	(1,828,130)	(1,827,631)	(1,827,160)	471
1,390,800	1,672,631	1,672,631	-	1,826,505	1,826,505	1,826,506	1
1,390,800	1,672,631	1,672,631	-	1,826,505	1,826,505	1,826,506	1
(859)	5,641	6,823	1,182	(1,625)	(1,126)	(654)	472
112,448	112,448	112,448	-	14,363	14,363	14,363	-
\$ 111,589	\$ 118,089	\$ 119,271	\$ 1,182	\$ 12,738	\$ 13,237	\$ 13,709	\$ 472

City of Burleson, Texas
Hotel/Motel Fund
Budgetary Comparison Schedule
For the Year Ended September 30, 2023

Exhibit E Item B.

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Hotel occupancy taxes	\$ 467,776	\$ 531,812	\$ 583,802	\$ 51,990
Investment income	1,415	11,990	13,318	1,328
Miscellaneous	20,000	25,000	9,400	(15,600)
Total revenues	489,191	568,802	606,520	37,718
EXPENDITURES				
Current:				
Community development	589,286	583,286	380,048	203,238
Capital Outlay	250,000	313,000	312,337	663
Total expenditures	839,286	896,286	692,385	203,901
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(350,095)	(327,484)	(85,865)	241,619
OTHER FINANCING USES				
Transfers out	-	(530,000)	(530,000)	-
Total other financing uses	-	(530,000)	(530,000)	-
NET CHANGE IN FUND BALANCE	(350,095)	(857,484)	(615,865)	241,619
FUND BALANCE, BEGINNING	1,019,959	1,019,959	1,019,959	-
FUND BALANCE, ENDING	<u>\$ 669,864</u>	<u>\$ 162,475</u>	<u>\$ 404,094</u>	<u>\$ 241,619</u>

City of Burleson, Texas
BCSDC Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended September 30, 2023

Exhibit E Item B.

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Sales and use tax	\$ 7,117,335	\$ 7,372,950	\$ 7,347,726	\$ (25,224)
Investment income	70,000	82,000	154,235	72,235
Miscellaneous	-	40,259	41,759	1,500
Total revenues	<u>7,187,335</u>	<u>7,495,209</u>	<u>7,543,720</u>	<u>48,511</u>
EXPENDITURES				
Current:				
Community development	630,667	63,500	105,609	(42,109)
Parks and recreation	736,887	747,427	716,026	31,401
Capital outlay	<u>2,018,400</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>3,385,954</u>	<u>810,927</u>	<u>821,635</u>	<u>(10,708)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>3,801,381</u>	<u>6,684,282</u>	<u>6,722,085</u>	<u>37,803</u>
OTHER FINANCING USES				
Transfers out	<u>(5,625,909)</u>	<u>(8,736,687)</u>	<u>(7,957,152)</u>	<u>(779,535)</u>
Total other financing uses	<u>(5,625,909)</u>	<u>(8,736,687)</u>	<u>(7,957,152)</u>	<u>(779,535)</u>
NET CHANGE IN FUND BALANCE	<u>(1,824,528)</u>	<u>(2,052,405)</u>	<u>(1,235,067)</u>	<u>817,338</u>
FUND BALANCE, BEGINNING	<u>6,575,122</u>	<u>6,575,122</u>	<u>6,575,122</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 4,750,594</u>	<u>\$ 4,522,717</u>	<u>\$ 5,340,055</u>	<u>\$ 817,338</u>

City of Burleson, Texas
4A Corp Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended September 30, 2023

Exhibit E Item B.

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Sales and use tax	\$ 7,117,335	\$ 7,372,950	\$ 7,347,726	\$ (25,224)
Investment income	15,000	90,000	147,752	57,752
Miscellaneous	190,000	225,000	244,061	19,061
 Total revenues	 7,322,335	 7,687,950	 7,739,539	 51,589
EXPENDITURES				
Current:				
General Government	-	157,907	156,188	1,719
Community development	3,136,156	1,595,953	1,314,258	281,695
 Total expenditures	 3,136,156	 1,753,860	 1,470,446	 283,414
EXCESS OF REVENUES OVER EXPENDITURES	 4,186,179	 5,934,090	 6,269,093	 335,003
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	104,468	108,468	(4,000)
Transfers out	(1,826,505)	(2,092,674)	(2,092,675)	(1)
 Total other financing sources (uses)	 (1,826,505)	 (1,988,206)	 (1,984,207)	 (4,001)
NET CHANGE IN FUND BALANCE	 2,359,674	 3,945,884	 4,284,886	 339,002
FUND BALANCE, BEGINNING	 1,148,511	 1,148,511	 1,148,511	 -
FUND BALANCE, ENDING	 \$ 3,508,185	 \$ 5,094,395	 \$ 5,433,397	 \$ 339,002

City of Burleson, Texas
Parks Performance Fund
Budgetary Comparison Schedule
For the Year Ended September 30, 2023

Exhibit E Item B.

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Charges for services	\$ 2,000,000	\$ 2,115,333	\$ 2,336,222	\$ 220,889
Investment income	721	8,500	14,116	5,616
Total revenues	2,000,721	2,123,833	2,350,338	226,505
EXPENDITURES				
Current:				
Parks and recreation	4,910,630	5,250,735	5,327,927	(77,192)
Capital Outlay	220,570	237,135	167,603	69,532
Total expenditures	5,131,200	5,487,870	5,495,530	(7,660)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,130,479)	(3,364,037)	(3,145,192)	218,845
OTHER FINANCING SOURCES				
Transfers in	3,130,479	3,364,037	3,145,192	218,845
Total other financing sources	3,130,479	3,364,037	3,145,192	218,845
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, BEGINNING	-	-	-	-
FUND BALANCE, ENDING	\$ -	\$ -	\$ -	\$ -

City of Burleson, Texas

TIF 2 Fund

Budgetary Comparison Schedule

For the Year Ended September 30, 2023

Exhibit E

Item B.

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Property taxes	\$ 1,103,298	\$ 1,103,298	\$ 1,076,556	\$ (26,742)
Investment income	-	27,000	26,970	(30)
Miscellaneous	14,000	14,000	20,681	6,681
Total revenues	1,117,298	1,144,298	1,124,207	(20,091)
EXPENDITURES				
Current:				
Community development	394,239	376,029	288,990	87,039
Public safety	214,519	219,519	207,519	12,000
Parks and recreation	18,533	18,191	18,588	(397)
Capital outlay	-	450,000	449,374	626
Total expenditures	627,291	1,063,739	964,471	99,268
EXCESS OF REVENUES OVER EXPENDITURES	490,007	80,559	159,736	79,177
OTHER FINANCING USES				
Transfers out	(394,550)	(811,439)	(811,439)	-
Total other financing uses	(394,550)	(811,439)	(811,439)	-
NET CHANGE IN FUND BALANCE	95,457	(730,880)	(651,703)	79,177
FUND BALANCE, BEGINNING	991,515	991,515	991,515	-
FUND BALANCE, ENDING	\$ 1,086,972	\$ 260,635	\$ 339,812	\$ 79,177

City of Burleson, Texas
Municipal Court Fund
Budgetary Comparison Schedule
For the Year Ended September 30, 2023

Exhibit E Item B.

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Fines	\$ 97,960	\$ 66,000	\$ 57,278	\$ (8,722)
Investment income	-	5,100	8,949	3,849
Total revenues	97,960	71,100	66,227	(4,873)
EXPENDITURES				
Current:				
Public safety	115,101	94,456	90,929	3,527
Total expenditures	115,101	94,456	90,929	3,527
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(17,141)	(23,356)	(24,702)	(1,346)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	293	(293)
Transfers out	-	-	(293)	293
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCE	(17,141)	(23,356)	(24,702)	(1,346)
FUND BALANCE, BEGINNING	235,491	235,491	235,491	-
FUND BALANCE, ENDING	<u>\$ 218,350</u>	<u>\$ 212,135</u>	<u>\$ 210,789</u>	<u>\$ (1,346)</u>

City of Burleson, Texas
Combining Financial Statements
Nonmajor Enterprise Funds

Nonmajor Enterprise Funds

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

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

The **Cemetery Enterprise Fund** accounts for the operations of the City's cemetery.

City of Burleson, Texas
Nonmajor Enterprise Funds
Combining Statement of Net Position
September 30, 2023

Exhibit F Item B.

	Hidden Creek Golf Course	Solid Waste	Cemetery	Total
ASSETS				
Current assets:				
Deposits and investments	\$ 12,519	\$ 785,292	\$ 642,786	\$ 1,440,597
Receivables:				
Accounts	8,476	345,158	37,337	390,971
Accrued interest	329	1,015	754	2,098
Total current assets	21,324	1,131,465	680,877	1,833,666
Noncurrent assets:				
Capital assets, net	2,986,977	5,331	1,295,189	4,287,497
Total noncurrent assets	2,986,977	5,331	1,295,189	4,287,497
Total assets	3,008,301	1,136,796	1,976,066	6,121,163
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	3,539	-	-	3,539
Deferred outflows related to pensions	331,063	-	-	331,063
Deferred outflows related to OPEB (RHP & SDBF)	12,828	-	-	12,828
Total deferred outflows of resources	347,430	-	-	347,430
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 117,061	\$ 617,376	\$ -	\$ 734,437
Accrued liabilities	57,305	-	-	57,305
Accrued interest payable	2,331	-	-	2,331
Due to other funds	174,972	-	-	174,972
Bonds and compensated absences	385,503	-	-	385,503
Total current liabilities	737,172	617,376	-	1,354,548
Noncurrent liabilities:				
Bonds and compensated absences	451,910	-	-	451,910
Net pension liability	648,035	-	-	648,035
Total OPEB liability (RHP & SDBF)	109,540	-	-	109,540
Total noncurrent liabilities	1,209,485	-	-	1,209,485
Total liabilities	1,946,657	617,376	-	2,564,033
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to OPEB (RHP & SDBF)	19,463	-	-	19,463
Total deferred inflows of resources	19,463	-	-	19,463
NET POSITION				
Net investment in capital assets	2,251,149	5,331	1,295,189	3,551,669
Unrestricted	(861,538)	514,089	680,877	333,428
TOTAL NET POSITION	\$ 1,389,611	\$ 519,420	\$ 1,976,066	\$ 3,885,097

City of Burleson, Texas

Nonmajor Enterprise Funds Combining Statement of Revenues, Expenses, and Changes in Net Position For the Year Ended September 30, 2023

Exhibit F

Item B.

	Hidden Creek Golf Course	Solid Waste	Cemetery	Total
OPERATING REVENUES				
Charges for goods and services	\$ 2,176,344	\$ 3,459,241	\$ 47,559	\$ 5,683,144
Miscellaneous	98	-	-	98
Mineral lease	-	-	21,856	21,856
Total operating revenues	2,176,442	3,459,241	69,415	5,705,098
OPERATING EXPENSES				
Cost of golf operations	2,900,544	-	-	2,900,544
Cost of cemetery operations	-	-	59,100	59,100
Cost of solid waste operations	-	3,985,258	-	3,985,258
Depreciation	43,090	207	10,625	53,922
Total operating expenses	2,943,634	3,985,465	69,725	6,998,824
OPERATING LOSS	(767,192)	(526,224)	(310)	(1,293,726)
NON-OPERATING REVENUES (EXPENSES)				
Gain on disposition of capital assets	4,200	-	-	4,200
Investment income	14,216	29,509	29,246	72,971
Interest and fiscal agent charges	(22,549)	-	-	(22,549)
Total non-operating revenues (expenses)	(4,133)	29,509	29,246	54,622
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(771,325)	(496,715)	28,936	(1,239,104)
Transfers in	1,179,992	835,056	-	2,015,048
Transfers out	-	(45,155)	-	(45,155)
CHANGE IN NET POSITION	408,667	293,186	28,936	730,789
NET POSITION AT BEGINNING OF YEAR	980,944	226,234	1,947,130	3,154,308
NET POSITION AT END OF YEAR	\$ 1,389,611	\$ 519,420	\$ 1,976,066	\$ 3,885,097

City of Burleson, Texas
Nonmajor Enterprise Funds
Combining Statement of Cash Flows
For the Year Ended September 30, 2023

Exhibit F Item B.

	Hidden Creek Golf Course	Solid Waste	Cemetery	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 2,173,988	\$ 3,433,875	\$ 14,889	\$ 5,622,752
Payments to suppliers and service providers	(1,569,592)	(4,177,981)	(68,347)	(5,815,920)
Payments to employees for salaries and benefits	(1,286,224)	-	-	(1,286,224)
Receipts from other funds for services provided	174,972	-	-	174,972
Other receipts	3,101	-	21,856	24,957
Net cash used in operating activities	(503,755)	(744,106)	(31,602)	(1,279,463)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Payments from other funds	1,179,992	835,056	-	2,015,048
Payments to other funds	-	(45,155)	-	(45,155)
Net cash provided by noncapital financing activities	1,179,992	789,901	-	1,969,893
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Receipts from sale of capital assets	4,200	-	-	4,200
Principal paid on bonds	(355,428)	-	-	(355,428)
Interest payments on bonds	(21,997)	-	-	(21,997)
Acquisition of capital assets	(550,008)	-	(410,912)	(960,920)
Net cash used in capital and related financial activities	(923,233)	-	(410,912)	(1,334,145)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	15,196	31,956	30,853	78,005
Net cash provided by investing activities	15,196	31,956	30,853	78,005
Net increase (decrease) in cash and cash equivalents	(231,800)	77,751	(411,661)	(565,710)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	244,319	707,541	1,054,447	2,006,307
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 12,519</u>	<u>\$ 785,292</u>	<u>\$ 642,786</u>	<u>\$ 1,440,597</u>

City of Burleson, Texas
Combining Financial Statements
Nonmajor Enterprise Funds
Combining Statement of Cash Flows – Continued
For the Year Ended September 30, 2023

Exhibit F Item B.

	Hidden Creek Golf Course	Solid Waste	Cemetery	Total Nonmajor Enterprise Funds
Reconciliation of operating loss to net cash used in operating activities:				
Operating loss	\$ (767,192)	\$ (526,224)	\$ (310)	\$ (1,293,726)
Depreciation	43,090	207	10,625	53,922
Change in operating assets and liabilities:				
(Increase) decrease in accounts receivable	647	(25,366)	(32,670)	(57,389)
Increase in deferred outflows related to pension	(165,258)	-	-	(165,258)
Decrease in deferred outflows related to OPEB	7,515	-	-	7,515
Increase (decrease) in accounts payable	50,553	(192,723)	(9,247)	(151,417)
Increase in accrued liabilities	6,673	-	-	6,673
Decrease in unearned revenue	(579)	-	-	(579)
Increase in due to other funds	174,972	-	-	174,972
Increase in net pension liability and total OPEB liability	299,132	-	-	299,132
Increase in deferred inflows related to pension	(157,816)	-	-	(157,816)
Increase in deferred inflows related to OPEB	4,508	-	-	4,508
Net cash used in operating activities	<u>\$ (503,755)</u>	<u>\$ (744,106)</u>	<u>\$ (31,602)</u>	<u>\$ (1,279,463)</u>

City of Burleson, Texas

Combining Financial Statements

Internal Service Funds

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

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

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

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

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

The **Health Insurance Fund** accounts for the City's self-health insurance program.

City of Burleson, Texas
Combining Statement of Net Position
Internal Service Funds
September 30, 2023

Exhibit G Item B.

	Equipment Services	Governmental Vehicle Replacement	Business-type Vehicle Replacement	Support Services	Health Insurance	Total Internal Service Funds
ASSETS						
Current assets:						
Deposits and investments	\$ 6,352	\$ 3,925,030	\$ 1,059,769	\$ 1,887,856	\$ 3,473,443	\$ 10,352,450
Receivables:						
Accounts	-	1,500	-	-	9,663	11,163
Accrued interest	-	4,558	1,231	1,798	3,770	11,357
Inventories	25,628	-	-	-	-	25,628
Total current assets	31,980	3,931,088	1,061,000	1,889,654	3,486,876	10,400,598
Noncurrent assets:						
Capital assets, net	51,422	3,965,958	777,342	3,301,547	-	8,096,269
Total noncurrent assets	51,422	3,965,958	777,342	3,301,547	-	8,096,269
Total assets	83,402	7,897,046	1,838,342	5,191,201	3,486,876	18,496,867
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows related to pensions	149,959	-	-	499,303	-	649,262
Deferred outflows related to OPEB (RHP & SDBF)	5,826	-	-	19,305	-	25,131
Total deferred outflows	155,785	-	-	518,608	-	674,393
LIABILITIES						
Current liabilities:						
Accounts payable	45,228	-	-	283,280	24,300	352,808
Compensated absences	15,151	-	-	75,789	-	90,940
Subscription liabilities	-	-	-	347,860	-	347,860
Due to other funds	5,019	-	-	-	-	5,019
Accrued liabilities	18,325	-	-	50,194	-	68,519
Total current liabilities	83,723	-	-	757,123	24,300	865,146
Noncurrent liabilities:						
Net pension liability	293,536	-	-	977,353	-	1,270,889
Total OPEB liability (RHP & SDBF)	49,742	-	-	164,872	-	214,614
Subscription liabilities	-	-	-	710,869	-	710,869
Compensated absences	-	-	-	21,237	-	21,237
Total noncurrent liabilities	343,278	-	-	1,874,331	-	2,217,609
Total liabilities	427,001	-	-	2,631,454	24,300	3,082,755
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to OPEB (RHP & SDBF)	8,837	-	-	29,293	-	38,130
Total deferred inflows	8,837	-	-	29,293	-	38,130
NET POSITION						
Net investment in capital assets	51,422	3,965,958	777,342	2,953,687	-	7,748,409
Unrestricted	(248,073)	3,931,088	1,061,000	95,375	3,462,576	8,301,966
Total net position	\$ (196,651)	\$ 7,897,046	\$ 1,838,342	\$ 3,049,062	\$ 3,462,576	\$ 16,050,375

City of Burleson, Texas

Combining Statement of Revenues, Expenses and Changes in Fund Net Position - Internal Service Funds September 30, 2023

Exhibit G Item B.

	Equipment Services	Governmental Vehicle Replacement	Business-type Vehicle Replacement	Support Services	Health Insurance	Total Internal Service Funds
OPERATING REVENUES						
Charges for goods and services	\$ 2,048,860	\$ 2,290,526	\$ 434,480	\$ 5,050,992	\$ 6,591,668	\$ 16,416,526
Miscellaneous	827	-	22,350	6,991	30,000	60,168
Total operating revenues	2,049,687	2,290,526	456,830	5,057,983	6,621,668	16,476,694
OPERATING EXPENSES						
Personnel services	503,605	-	-	1,424,378	418,880	2,346,863
Professional and contracted services	-	-	-	266,141	59,297	325,438
Administrative and IT	187,446	4,658	1,336	228,599	-	422,039
Insurance	-	-	-	-	6,643,070	6,643,070
Repairs and maintenance	599,465	-	-	1,493,755	-	2,093,220
Materials and supplies	625,338	167,799	6,078	609,737	-	1,408,952
Other costs	378	-	-	3,431	-	3,809
Depreciation/amortization	25,564	988,277	242,214	634,496	-	1,890,551
Total operating expenses	1,941,796	1,160,734	249,628	4,660,537	7,121,247	15,133,942
Operating income (loss)	107,891	1,129,792	207,202	397,446	(499,579)	1,342,752
NONOPERATING REVENUES (EXPENSES)						
Gain (loss) on disposition of capital assets	-	330,900	(786)	-	-	330,114
Investment income	303	190,365	46,056	44,649	135,941	417,314
Total nonoperating revenues	303	521,265	45,270	44,649	135,941	747,428
Income (loss) before transfers	108,194	1,651,057	252,472	442,095	(363,638)	2,090,180
Transfers in	-	-	-	587,100	-	587,100
Transfers out	-	-	(557,477)	-	-	(557,477)
Change in net position	108,194	1,651,057	(305,005)	1,029,195	(363,638)	2,119,803
NET POSITION - BEGINNING OF YEAR	(304,845)	6,245,989	2,143,347	2,019,867	3,826,214	13,930,572
NET POSITION - ENDING OF YEAR	<u>\$ (196,651)</u>	<u>\$ 7,897,046</u>	<u>\$ 1,838,342</u>	<u>\$ 3,049,062</u>	<u>\$ 3,462,576</u>	<u>\$ 16,050,375</u>

City of Burleson, Texas
Combining Statement of Cash Flows
Internal Service Funds
September 30, 2023

Exhibit G Item B.

	Equipment Services	Vehicle Replacement Governmental	Vehicle Replacement Business-Type	Support Services	Health Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from interfund services provided	\$ 2,048,860	\$ 2,266,676	\$ 456,830	\$ 5,050,992	\$ 6,583,599	\$ 16,406,957
Other receipts	827	22,350	-	6,991	30,000	60,168
Payments to suppliers and service providers	(1,431,988)	(172,457)	(7,414)	(2,484,109)	(6,682,821)	(10,778,789)
Payments to other funds for services provided	(150,539)	-	-	-	-	(150,539)
Payments to employees for salaries and benefits	(461,111)	-	-	(1,443,574)	(419,062)	(2,323,747)
Net cash provided by (used in) operating activities	6,049	2,116,569	449,416	1,130,300	(488,284)	3,214,050
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Payments to other funds	-	-	(557,477)	-	-	(557,477)
Payments from other funds	-	-	-	587,100	-	587,100
Net cash provided by (used in) noncapital financing activities	-	-	(557,477)	587,100	-	29,623
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Receipts for sale of capital assets	-	330,900	(786)	-	-	330,114
Principal payments on subscription liabilities	-	-	-	(381,463)	-	(381,463)
Interest payments on subscription liabilities	-	-	-	(2,577)	-	(2,577)
Acquisition of capital assets	-	(2,401,845)	(180,061)	(911,083)	-	(3,492,989)
Net cash used by capital and related financing activities	-	(2,070,945)	(180,847)	(1,295,123)	-	(3,546,915)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received	303	193,912	46,358	46,030	140,715	427,318
Net cash provided by investing activities	303	193,912	46,358	46,030	140,715	427,318
Net increase (decrease) in cash and cash equivalents	6,352	239,536	(242,550)	468,307	(347,569)	124,076
CASH AND CASH EQUIVALENTS, beginning of year	-	3,685,494	1,302,319	1,419,549	3,821,012	10,228,374
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 6,352</u>	<u>\$ 3,925,030</u>	<u>\$ 1,059,769</u>	<u>\$ 1,887,856</u>	<u>\$ 3,473,443</u>	<u>\$ 10,352,450</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES						
Operating income (loss)	\$ 107,891	\$ 1,129,792	\$ 207,202	\$ 397,446	\$ (499,579)	\$ 1,342,752
Depreciation	25,564	988,277	242,214	634,496	-	1,890,551
Change in operating assets and liabilities:						
Increase in accounts receivable	-	(1,500)	-	-	(8,069)	(9,569)
Decrease in inventories	29,315	-	-	-	-	29,315
Increase in deferred outflows related to pension	(88,146)	-	-	(249,868)	-	(338,014)
Increase in deferred outflows related to OPEB	1,759	-	-	11,298	-	13,057
Increase in accounts payable	(48,676)	-	-	117,554	19,546	88,424
Increase (decrease) in accrued liabilities	3,698	-	-	1,321	(182)	4,837
Decrease in due to other funds	(150,539)	-	-	-	-	(150,539)
Increase (decrease) in compensated absences	8,390	-	-	(3,873)	-	4,517
Increase in net pension liability	172,365	-	-	452,548	-	624,913
Decrease in deferred inflows related to pension	(58,835)	-	-	(237,417)	-	(296,252)
Increase in deferred inflows related to OPEB	3,263	-	-	6,795	-	10,058
Net cash provided by (used in) operating activities	<u>\$ 6,049</u>	<u>\$ 2,116,569</u>	<u>\$ 449,416</u>	<u>\$ 1,130,300</u>	<u>\$ (488,284)</u>	<u>\$ 3,214,050</u>

City of Burleson, Texas
Statistical Section (Unaudited)

This part of the City of Burleson's annual comprehensive 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:

Financial Trends 1

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity..... 5

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity 9

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.

Demographic and Economic Information..... 13

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information..... 15

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.

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

City of Burleson, Texas
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Unaudited)

	2014	2015	2016	2017
Governmental activities:				
Net investment in capital assets	\$102,518,051	\$105,900,578	\$111,368,435	\$127,316,098
Restricted	11,786,219	13,626,779	11,548,400	12,262,240
Unrestricted	<u>19,052,951</u>	<u>10,915,868</u>	<u>10,908,958</u>	<u>8,167,997</u>
Total governmental activities net position	<u>\$133,357,221</u>	<u>\$130,443,225</u>	<u>\$133,825,793</u>	<u>\$147,746,335</u>
Business-type activities:				
Net investment in capital assets	\$ 55,348,196	\$ 59,041,199	\$ 56,061,308	\$ 68,346,297
Restricted	4,592,463	3,667,415	4,592,463	1,049,746
Unrestricted	<u>7,355,782</u>	<u>7,251,796</u>	<u>12,448,245</u>	<u>10,499,641</u>
Total business-type activities net position	<u>\$ 67,296,441</u>	<u>\$ 69,960,410</u>	<u>\$ 73,102,016</u>	<u>\$ 79,895,684</u>
Primary government:				
Net investment in capital assets	\$157,866,247	\$164,941,777	\$167,429,743	\$195,662,395
Restricted	16,378,682	17,294,194	16,140,863	13,311,986
Unrestricted	<u>26,408,733</u>	<u>18,167,664</u>	<u>23,357,203</u>	<u>18,667,638</u>
Total primary government activities net position	<u>\$200,653,662</u>	<u>\$200,403,635</u>	<u>\$206,927,809</u>	<u>\$227,642,019</u>

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 136,812,328	\$ 148,085,539	\$ 153,051,846	\$ 163,721,859	\$ 174,521,592	\$ 202,912,185
13,166,573	13,232,818	17,468,108	12,460,606	12,617,978	17,576,662
4,245,368	4,248,170	6,714,141	14,525,540	23,156,517	1,899,367
<u>\$ 154,224,269</u>	<u>\$ 165,566,527</u>	<u>\$ 177,234,095</u>	<u>\$ 190,708,005</u>	<u>\$ 210,296,087</u>	<u>\$ 222,388,214</u>
\$ 69,333,764	\$ 75,777,424	\$ 79,752,890	\$ 88,788,759	\$ 86,021,027	\$ 75,413,705
1,049,746	5,225,080	7,415,521	7,608,773	305,147	-
15,642,520	11,580,796	13,778,201	10,389,928	28,366,948	31,960,222
<u>\$ 86,026,030</u>	<u>\$ 92,583,300</u>	<u>\$ 100,946,612</u>	<u>\$ 106,787,460</u>	<u>\$ 114,693,122</u>	<u>\$ 107,373,927</u>
\$ 206,146,122	\$ 223,862,963	\$ 232,804,736	\$ 252,510,618	\$ 260,542,619	\$ 278,325,890
14,216,319	18,457,898	24,883,629	20,069,379	12,923,125	17,576,662
19,887,888	15,828,966	20,492,342	24,915,468	51,523,465	33,859,589
<u>\$ 240,250,329</u>	<u>\$ 258,149,827</u>	<u>\$ 278,180,707</u>	<u>\$ 297,495,465</u>	<u>\$ 324,989,209</u>	<u>\$ 329,762,141</u>

City of Burleson, Texas
Changes in Net Position
Last Ten Fiscal Years (Unaudited)
(Accrual Basis of Accounting)

	2014	2015	2016	2017
Expenses				
Governmental activities:				
General government	\$ 6,027,808	\$ 5,567,804	\$ 3,406,957	\$ 7,611,844
Public safety	14,793,251	15,587,330	18,135,674	18,619,648
Public works	10,025,105	10,344,069	11,100,276	11,263,930
Community development	2,071,758	2,467,564	4,701,517	2,740,816
Culture and recreation	6,851,657	7,062,534	7,801,924	8,091,904
Parks and recreation	-	-	-	-
Library	-	-	-	-
Interest and other fees	3,319,768	3,218,658	3,237,341	3,118,052
Total governmental activities expenses	<u>43,089,347</u>	<u>44,247,959</u>	<u>48,383,689</u>	<u>51,446,194</u>
Business-type activities:				
Water and wastewater	14,699,969	15,692,100	16,333,488	16,349,125
Hidden Creek Golf Course	1,922,102	1,983,682	2,049,089	2,141,509
Solid Waste	2,742,100	2,779,193	2,846,497	2,957,738
Cemetery	11,498	11,891	11,152	11,910
Total business-type activities expenses	<u>19,375,669</u>	<u>20,466,866</u>	<u>21,240,226</u>	<u>21,460,282</u>
Total primary government expenses	<u>\$ 62,465,016</u>	<u>\$ 64,714,825</u>	<u>\$ 69,623,915</u>	<u>\$ 72,906,476</u>
Program Revenues:				
Governmental activities:				
Charges for services	\$ 8,036,809	\$ 7,773,637	\$ 7,566,246	\$ 8,782,144
Operating grants and contributions	294,371	829,724	971,500	1,592,388
Capital grants and contributions	3,752,163	2,983,243	2,144,534	11,440,915
Total governmental activities program revenues	<u>12,083,343</u>	<u>11,586,604</u>	<u>10,682,280</u>	<u>21,815,447</u>
Business-type activities				
Charges for services	20,526,744	21,331,913	22,263,652	23,108,557
Operating grants and contributions	1,004,948	846,581	827,614	1,108,892
Capital grants and contributions	1,938,294	1,766,788	1,067,383	4,020,669
Total business-type activities program revenues	<u>23,469,986</u>	<u>23,945,282</u>	<u>24,158,649</u>	<u>28,238,118</u>
Total primary government program revenues	<u>\$ 35,553,329</u>	<u>\$ 35,531,886</u>	<u>\$ 34,840,929</u>	<u>\$ 50,053,565</u>
Net (expense)/revenue				
Governmental activities	\$(31,006,004)	\$(32,661,355)	\$(37,701,409)	\$(29,630,747)
Business-type activities	<u>4,094,317</u>	<u>3,478,416</u>	<u>2,918,423</u>	<u>6,777,836</u>
Total primary government net expense	<u>\$(26,911,687)</u>	<u>\$(29,182,939)</u>	<u>\$(34,782,986)</u>	<u>\$(22,852,911)</u>

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 7,801,767	\$ 8,762,392	\$ 9,901,828	\$ 7,678,903	\$ 8,293,081	\$ 9,606,894
19,356,978	20,396,702	21,647,212	26,227,399	29,220,408	36,454,820
12,173,830	12,650,861	14,839,605	13,597,575	14,743,553	15,162,754
4,902,487	5,138,466	4,216,584	4,587,759	4,178,055	7,100,096
8,134,817	8,053,419	7,940,337	7,697,763	-	-
-	-	-	-	6,377,399	9,625,261
-	-	-	-	1,411,839	1,753,245
<u>2,954,294</u>	<u>3,242,540</u>	<u>3,122,881</u>	<u>2,886,794</u>	<u>2,805,915</u>	<u>3,319,651</u>
<u>55,324,173</u>	<u>58,244,380</u>	<u>61,668,447</u>	<u>62,676,193</u>	<u>67,030,250</u>	<u>83,022,721</u>
17,605,194	18,910,941	18,543,022	18,640,527	20,536,810	36,231,989
2,046,511	2,194,026	2,321,398	1,895,172	2,546,070	2,937,323
3,047,978	3,179,444	3,464,393	3,563,473	3,780,319	3,966,031
<u>12,528</u>	<u>28,894</u>	<u>33,770</u>	<u>80,828</u>	<u>15,493</u>	<u>69,725</u>
<u>22,712,211</u>	<u>24,313,305</u>	<u>24,362,583</u>	<u>24,180,000</u>	<u>26,878,692</u>	<u>43,205,068</u>
<u>\$ 78,036,384</u>	<u>\$ 82,557,685</u>	<u>\$ 86,031,030</u>	<u>\$ 86,856,193</u>	<u>\$ 93,908,942</u>	<u>\$126,227,789</u>
\$ 8,784,594	\$ 8,480,206	\$ 7,845,040	\$ 8,780,004	\$ 9,394,259	\$ 10,296,569
1,426,293	738,026	2,998,564	5,981,907	4,270,180	6,847,951
<u>6,353,066</u>	<u>7,595,136</u>	<u>5,699,075</u>	<u>2,253,873</u>	<u>8,786,321</u>	<u>6,156,887</u>
<u>16,563,953</u>	<u>16,813,368</u>	<u>16,542,679</u>	<u>17,015,784</u>	<u>22,450,760</u>	<u>23,301,407</u>
25,809,983	25,405,060	26,532,808	26,713,025	29,937,355	30,286,310
-	16,442	8,549	14,260	34,699	21,856
<u>2,272,247</u>	<u>3,512,382</u>	<u>3,818,739</u>	<u>2,980,216</u>	<u>5,036,972</u>	<u>3,528,969</u>
<u>28,082,230</u>	<u>28,933,884</u>	<u>30,360,096</u>	<u>29,707,501</u>	<u>35,009,026</u>	<u>33,837,135</u>
<u>\$ 44,646,183</u>	<u>\$ 45,747,252</u>	<u>\$ 46,902,775</u>	<u>\$ 46,723,285</u>	<u>\$ 57,459,786</u>	<u>\$ 57,138,542</u>
\$(38,760,220)	\$(41,431,012)	\$(45,125,768)	\$ (45,660,409)	\$ (44,579,490)	\$(59,721,314)
<u>5,370,019</u>	<u>4,620,579</u>	<u>5,997,513</u>	<u>5,527,501</u>	<u>8,130,334</u>	<u>(9,367,933)</u>
<u>\$(33,390,201)</u>	<u>\$(36,810,433)</u>	<u>\$(39,128,255)</u>	<u>\$ (40,132,908)</u>	<u>\$ (36,449,156)</u>	<u>\$(69,089,247)</u>

City of Burleson, Texas
Changes in Net Position
Last Ten Fiscal Years (Unaudited)
(Accrual Basis of Accounting)

	2014	2015	2016	2017
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	\$ 16,377,575	\$ 19,171,938	\$ 20,510,482	\$ 21,776,804
Tax Increment Financing	406,445	423,586	457,438	536,812
Sales and use taxes	16,051,878	16,689,391	16,595,528	17,099,917
Hotel/motel taxes	165,550	192,639	219,250	222,652
Franchise fees	2,968,801	3,242,051	3,166,620	3,113,999
Investment income	80,273	95,192	243,568	471,436
Gain on sale of assets	-	-	-	-
Transfers	(258,909)	(244,589)	(108,909)	329,669
Total governmental activities	<u>35,791,613</u>	<u>39,570,208</u>	<u>41,083,977</u>	<u>43,551,289</u>
Business-type activities:				
Investment income	26,334	29,790	114,274	311,582
Gain on sale of assets	-	-	-	33,919
Transfers	258,909	244,589	108,909	(329,669)
Total business-type revenues	<u>285,243</u>	<u>274,379</u>	<u>223,183</u>	<u>15,832</u>
Total primary government	<u>\$ 36,076,856</u>	<u>\$ 39,844,587</u>	<u>\$ 41,307,160</u>	<u>\$ 43,567,121</u>
Change in Net Position				
Governmental activities	\$ 4,785,609	\$ 6,908,853	\$ 3,382,568	\$ 13,920,542
Business-type activities	<u>4,379,560</u>	<u>3,752,795</u>	<u>3,141,606</u>	<u>6,793,668</u>
Total primary government	<u>\$ 9,165,169</u>	<u>\$ 10,661,648</u>	<u>\$ 6,524,174</u>	<u>\$ 20,714,210</u>

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 21,776,804	\$ 26,785,864	\$ 28,894,199	\$ 29,343,869	\$ 30,311,580	\$ 33,341,352
536,812	683,559	777,021	905,662	1,175,995	1,076,556
17,099,917	19,660,908	21,468,069	24,801,831	28,011,255	29,598,444
222,652	237,665	190,187	455,115	466,584	583,802
3,113,999	3,383,906	3,404,113	3,732,406	3,931,439	3,754,462
471,436	1,772,832	1,950,288	78,034	(484,929)	3,260,690
-	105,767	1,877,727	70,477	13,402	439,368
<u>329,669</u>	<u>(780,753)</u>	<u>(1,768,268)</u>	<u>(253,075)</u>	<u>742,246</u>	<u>(241,233)</u>
<u>43,551,289</u>	<u>51,849,748</u>	<u>56,793,336</u>	<u>59,134,319</u>	<u>64,167,572</u>	<u>71,813,441</u>
311,582	1,114,808	581,231	44,697	(116,987)	1,804,091
33,919	41,100	16,300	15,575	634,561	3,414
<u>(329,669)</u>	<u>780,753</u>	<u>1,768,268</u>	<u>253,075</u>	<u>(742,246)</u>	<u>241,233</u>
<u>15,832</u>	<u>1,936,661</u>	<u>2,365,799</u>	<u>313,347</u>	<u>(224,672)</u>	<u>2,048,738</u>
<u>\$ 43,567,121</u>	<u>\$ 53,786,409</u>	<u>\$ 59,159,135</u>	<u>\$ 59,447,666</u>	<u>\$ 63,942,900</u>	<u>\$ 73,862,179</u>
\$ 4,791,069	\$ 10,418,736	\$ 11,667,568	\$ 13,473,910	\$ 19,588,082	\$ 12,092,127
<u>5,385,851</u>	<u>6,557,240</u>	<u>8,363,312</u>	<u>5,840,848</u>	<u>7,905,662</u>	<u>(7,319,195)</u>
<u>\$ 10,176,920</u>	<u>\$ 16,975,976</u>	<u>\$ 20,030,880</u>	<u>\$ 19,314,758</u>	<u>\$ 27,493,744</u>	<u>\$ 4,772,932</u>

City of Burleson, Texas

Fund Balances

Governmental Funds

Last Ten Fiscal Years (Unaudited)

(Modified Accrual Basis of Accounting)

	2014	2015	2016	2017
General Fund:				
Nonspendable	\$ 24,806	\$ 32,024	\$ 28,174	\$ 26,769
Committed to:				
Debt service	610,445	510,802	404,607	291,558
Other Purposes	513,332	809,956	251,257	299,254
Assigned to:				
Risk management	1,047,047	1,047,047	1,047,047	1,047,047
Unassigned	9,945,249	9,023,255	9,273,423	8,334,083
Total general fund	<u>\$ 12,140,879</u>	<u>\$ 11,423,084</u>	<u>\$ 11,004,508</u>	<u>\$ 9,998,711</u>
All Other Governmental Funds:				
Nonspendable	\$ 1,437	\$ 1,389	\$ 2,617	\$ 5,190
Restricted for:				
Debt service	2,576,315	2,580,870	2,530,494	2,545,853
Public safety	-	-	-	-
Parks and recreation	-	-	-	-
Library	-	10,000	1,096	408
Economic development	8,702,328	10,473,189	8,406,131	9,597,492
Tourism	507,576	572,720	623,803	647,895
Capital projects	-	18,992,927	16,233,204	15,166,607
Other purposes	-	-	-	-
Committed to:				
Culture and recreation	530,845	585,144	683,099	889,250
Economic development	272,383	409,834	484,485	395,759
Capital projects	27,119,647	8,843,780	8,325,229	8,127,991
Debt service	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 39,710,531</u>	<u>\$ 42,469,853</u>	<u>\$ 37,290,158</u>	<u>\$ 37,376,445</u>

2018	2019	2020	2021	2022	2023
\$ 40,389	\$ 14,997	\$ 4,080	\$ 49,800	\$ 27,424	\$ 28,000
802,860	622,908	523,325	465,429	405,527	-
586,007	320,191	220,044	234,175	1,025,116	-
1,047,047	1,369,818	1,260,078	-	-	-
7,534,128	9,391,334	14,120,506	17,589,905	20,466,098	18,467,600
<u>\$ 10,010,431</u>	<u>\$ 11,719,248</u>	<u>\$ 16,128,033</u>	<u>\$ 18,339,309</u>	<u>\$ 21,924,165</u>	<u>\$ 18,495,600</u>
\$ 1,412	\$ 1,620	\$ -	\$ -	\$ 100,000	\$ 11,646
2,682,681	2,315,108	3,150,018	2,992,775	2,809,765	5,625,357
-	-	1,123	414,059	289,721	271,657
-	1,402	618	563	23,405	36,682
409	522	243	815	12,991	1,685
10,428,389	10,147,192	13,620,267	8,428,929	8,739,711	11,360,769
721,237	770,518	697,823	902,281	1,019,959	404,094
27,103,803	28,908,327	21,852,694	15,298,057	16,238,510	25,598,738
-	-	-	5,203	46,781	288,550
875,940	981,885	-	-	-	-
73,618	73,618	73,618	-	-	-
6,416,935	8,263,131	8,517,847	11,614,396	16,548,521	9,458,569
-	-	-	-	-	-
-	-	(1,424,708)	(191,511)	(153,545)	-
<u>\$ 48,304,424</u>	<u>\$ 51,463,323</u>	<u>\$ 46,489,543</u>	<u>\$ 39,465,567</u>	<u>\$ 45,675,819</u>	<u>\$ 53,057,747</u>

City of Burleson, Texas
Changes in Fund Balances
Governmental Funds
Last Ten Fiscal Years (Unaudited)
(Modified Accrual Basis of Accounting)

	2014	2015	2016	2017
Revenues:				
Property taxes	\$ 16,980,934	\$ 19,856,938	\$ 21,228,368	\$ 22,662,335
Sales and use taxes	16,216,375	16,880,929	16,798,919	17,305,748
Franchise fees	2,940,465	3,193,511	3,150,851	3,089,998
Licenses and permits	1,446,281	1,415,034	1,335,198	1,356,969
Intergovernmental	242,262	287,832	599,310	1,345,592
Fines and forfeitures	1,282,599	1,422,084	1,402,152	1,543,257
Donations	52,110	533,822	251,840	133,652
Charges for services	3,555,560	3,727,378	3,840,360	4,127,562
Investment income	74,873	88,026	223,806	428,422
Mineral lease	969,979	521,976	268,183	311,715
Street assessments	70,473	166,226	143,429	47,481
Miscellaneous	1,581,916	1,874,647	1,578,783	1,831,166
Total revenues	<u>45,413,827</u>	<u>49,968,403</u>	<u>50,821,199</u>	<u>54,183,897</u>
Expenditures:				
Current:				
General government	4,596,577	5,178,035	5,356,449	6,958,826
Public safety	14,734,093	17,829,372	18,320,238	17,536,369
Public works	5,755,348	5,869,224	6,416,556	6,020,703
Community development	2,401,704	2,834,550	5,057,885	3,159,634
Culture and recreation	6,249,210	6,275,252	6,867,778	7,076,266
Library	-	-	-	-
Parks and recreation	-	-	-	-
Capital outlay	11,310,554	10,414,349	14,986,952	9,629,088
Debt service:				
Principal	4,627,379	5,230,643	5,741,552	6,295,335
Interest and fiscal agent charges	3,202,770	3,815,653	3,558,020	3,901,892
Debt issuance costs	-	-	-	-
Total expenditures	<u>52,877,635</u>	<u>57,447,078</u>	<u>66,305,430</u>	<u>60,578,113</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,463,808)</u>	<u>(7,478,675)</u>	<u>(15,484,231)</u>	<u>(6,394,216)</u>
Other financing sources (uses):				
Transfers in	6,214,654	8,009,497	12,017,189	10,673,496
Transfers out	(6,486,563)	(8,288,086)	(12,160,098)	(10,377,827)
Issuance of leases payable	-	-	-	-
Issuance of bonds	24,243,570	18,715,000	30,051,092	4,965,000
Payment to refunded bonds escrow agent	(10,009,448)	(11,047,964)	(23,304,563)	-
Premium	2,527,764	2,131,755	3,282,340	214,037
Sale of capital assets	-	-	-	-
Total other financing sources (uses)	<u>16,489,977</u>	<u>9,520,202</u>	<u>9,885,960</u>	<u>5,474,706</u>
Net change in fund balances	<u>\$ 9,026,169</u>	<u>\$ 2,041,527</u>	<u>\$ (5,598,271)</u>	<u>\$ (919,510)</u>
Debt service as a percentage of non-capital expenditures (1)	15.47%	19.75%	19.22%	19.84%

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

2018	2019	2020	2021	2022	2023
\$ 25,189,670	\$ 27,469,423	\$ 29,671,220	\$ 30,249,531	\$ 31,487,575	\$ 34,417,908
18,729,392	19,878,538	21,650,326	25,256,946	28,377,992	30,182,246
3,249,704	3,353,554	3,386,680	3,571,813	3,793,789	3,995,654
1,351,498	1,408,566	1,855,309	1,600,238	1,421,318	1,432,439
1,022,835	535,884	1,421,536	4,324,083	3,331,989	6,127,900
1,445,053	1,116,297	600,142	1,557,088	948,701	884,397
227,283	859,829	1,104,396	1,224,829	995,633	895,153
4,046,803	4,191,285	4,631,276	3,921,001	5,057,344	6,382,068
920,364	1,535,153	731,941	62,310	(405,313)	2,889,432
308,858	274,053	164,269	275,019	618,527	459,240
27,947	686,010	48,425	59,962	69,999	121,551
1,787,707	1,635,999	937,024	1,809,495	1,842,139	1,118,505
58,307,114	62,944,591	66,202,544	73,912,315	77,539,693	88,906,493
7,467,748	8,133,737	9,344,073	7,245,026	7,945,627	8,364,483
19,465,973	18,304,389	20,336,457	24,097,823	28,777,056	33,535,061
6,807,958	6,711,307	6,196,124	6,212,409	7,358,473	8,738,881
5,449,827	5,189,610	4,010,870	5,000,187	5,855,292	7,336,498
7,186,446	7,200,075	6,707,818	7,257,408	-	-
-	-	-	-	1,425,891	1,701,953
-	-	-	-	6,841,115	8,238,979
5,084,668	9,574,077	12,831,619	14,252,846	11,661,005	37,814,845
663,791	7,270,453	7,727,653	8,182,255	7,302,472	7,857,118
3,536,470	3,946,604	3,816,809	3,709,678	3,392,116	3,447,403
173,355	123,526	152,729	-	160,505	523,259
55,836,236	66,453,778	71,124,152	75,957,632	80,719,552	117,558,480
2,470,878	(3,509,187)	(4,921,608)	(2,045,317)	(3,179,859)	(28,651,987)
6,990,660	8,750,700	9,658,184	16,309,887	19,039,100	14,505,226
(7,289,423)	(9,439,453)	(11,460,452)	(19,077,270)	(15,296,854)	(15,333,559)
631,520	-	-	-	-	-
13,745,000	7,415,000	8,005,000	-	8,095,000	31,770,000
-	-	(5,304,194)	-	-	-
278,976	727,114	1,585,693	-	675,003	1,555,215
212,088	-	1,872,402	-	462,718	108,468
14,568,821	7,453,361	4,356,633	(2,767,383)	12,974,967	32,605,350
\$ 17,039,699	\$ 3,944,174	\$ (564,975)	\$ (4,812,700)	\$ 9,795,108	\$ 3,953,363
18.71%	20.20%	19.54%	19.22%	15.40%	10.63%

City of Burleson, Texas

Assessed and Estimated Actual
Value of Taxable Property (Unaudited)
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

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
2014	\$ 2,039,186,901	\$ 723,992,280	\$ 84,403,921	\$ 358,372,460	\$ 2,489,210,642	0.6900	\$ 2,488,710,642	100.0%
2015	2,237,761,861	730,854,710	184,302,872	369,333,494	2,783,585,949	0.7400	2,783,585,949	100.0%
2016	2,423,710,740	809,276,528	160,436,595	381,084,153	3,012,339,710	0.7400	3,012,339,710	100.0%
2017	2,770,858,176	865,977,924	42,719,357	435,249,706	3,244,305,751	0.7350	3,244,305,751	100.0%
2018	3,151,831,317	889,341,356	43,348,115	452,988,413	3,631,532,375	0.7350	3,631,532,375	100.0%
2019	3,561,153,075	939,220,256	50,736,216	543,091,182	4,008,018,365	0.7350	4,008,018,365	100.0%
2020	3,818,515,400	1,045,167,320	84,822,524	555,160,175	4,393,345,069	0.7200	4,393,345,069	100.0%
2021	4,106,205,404	1,180,701,936	52,344,989	631,482,062	4,707,770,267	0.7111	4,707,770,267	100.0%
2022	4,480,842,613	1,175,303,208	44,893,534	637,057,424	5,063,981,931	0.6859	5,063,981,931	100.0%
2023	5,350,824,672	1,280,170,658	75,817,913	665,146,032	6,041,667,211	0.6572	6,041,667,211	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

Table Item B.

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
OVERLAPPING RATES										
Tarrant County	0.2640	0.2640	0.2640	0.2540	0.2440	0.2340	0.2340	0.2340	0.2290	0.2240
Tarrant County Hospital District	0.2279	0.2279	0.2279	0.2279	0.2244	0.2244	0.2244	0.2244	0.2244	0.2244
Tarrant County College	0.1495	0.1495	0.1495	0.1447	0.1401	0.1361	0.1302	0.1302	0.1302	0.1302
Tarrant County Regional Water District	0.0200	0.0200	0.0200	0.0194	0.0194	0.0194	0.0287	0.0287	0.0287	0.0269
Johnson County	0.3712	0.4054	0.4077	0.4227	0.4417	0.4417	0.3847	0.3847	0.3797	0.3350
Burleson Independent School District	1.5400	1.5400	1.5400	1.5400	1.6700	1.6700	1.5684	1.5383	1.4946	1.2575
Joshua Independent School District	1.4900	1.4200	1.6000	1.6100	1.6000	1.5200	1.4400	1.3960	1.2900	1.0872
Crowley Independent School District	1.6700	1.6500	1.6500	1.6500	1.6700	1.6700	1.5684	1.5398	1.4841	1.2575
CITY DIRECT RATES										
Operating & Maintenance	0.5278	0.5278	0.5278	0.5228	0.5228	0.5228	0.5106	0.5187	0.4974	0.4649
Interest & Sinking	0.1622	0.2122	0.2122	0.2122	0.2122	0.2122	0.2094	0.1924	0.1885	0.1923
Total Direct Rate	0.6900	0.7400	0.7400	0.7350	0.7350	0.7350	0.7200	0.7111	0.6859	0.6572

Sources: Tarrant Appraisal District, Johnson County Tax Office, City records

Note: All rates per \$100 assessed value

Totals are not provided for columns since they would be meaningless.

Some of the jurisdictions are mutually exclusive

City of Burleson, Texas

Principal Property Taxpayers (Unaudited)
Current Year and Nine Years Ago

Table Item B.

Taxpayer	2023			2014		
	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assesed Valuation	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assesed Valuation
Shannon Creek Apartments II LLC	\$ 68,692,258	1	1.14 %			
Burleson Gateway Station LP	39,398,255	2	0.65			
Wagner Smith Equipment Co.	37,855,479	3	0.63	\$ 21,563,213	4	0.87% %
TEP Barnett USA LLC	34,994,109	4	0.58			
Burleson Cold Storage II LP	33,157,933	5	0.55			
ABBY Burleson LLC	29,886,492	6	0.50			
Burleson Cold Storage LP	25,163,877	7	0.42			
TJC DFW Vercanta LLC	24,871,335	8	0.41			
Burleson Commons LLC	22,745,933	9	0.38			
Abby Burleson MF LLC	22,328,637	10	0.37			
XTO Energy LLC	-		-	55,425,011	1	2.23%
Devon Energy Production CO LP	-		-	54,447,430	2	2.19%
Chesapeake Operating LP	-		-	50,758,477	3	2.04%
Barnett Gathering LP	-		-	15,958,653	5	0.64%
RAVC Apartments LP	-		-	15,808,651	6	0.64%
HEB Grocery Company LP	-		-	14,398,974	7	0.58%
Encore MF Burleson LP	-		-	13,440,908	8	0.54%
Dolce Living at Burleson	-		-	13,341,715	9	0.54%
Dragon Products	-		-	12,853,892	10	0.52%
Total	<u>\$ 339,094,308</u>		<u>5.63 %</u>	<u>\$267,996,924</u>		<u>10.79% %</u>

Source: Johnson County Appraisal District/Tarrant County Appraisal District

City of Burleson, Texas

Property Tax Levies and Collections (Unaudited)
Last Ten Fiscal Years

Table Item B.

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
2014	2013	\$ 16,528,604	\$ 16,348,465	98.91%	161,390	\$ 16,509,855	99.89%
2015	2014	19,537,616	19,313,610	98.85%	119,028	19,432,638	99.46%
2016	2015	20,896,042	20,713,371	99.13%	74,875	20,788,246	99.48%
2017	2016	22,079,157	21,915,940	99.26%	35,962	21,951,902	99.42%
2018	2017	24,363,253	24,227,984	99.44%	48,184	24,276,168	99.64%
2019	2018	26,776,792	26,583,649	99.28%	86,510	26,670,159	99.60%
2020	2019	28,878,855	28,571,233	98.93%	22,239	28,593,472	99.01%
2021	2020	29,922,991	29,874,354	99.84%	32,536	29,906,890	99.95%
2022	2021	31,353,198	31,152,307	99.36%	25,571	31,177,878	99.44%
2023	2022	34,224,910	34,074,994	99.56%	27,398	34,102,392	99.64%

Sources: Johnson County Tax Office reports

City of Burleson, Texas

Ratios of Outstanding Debt by Type and General Bonded Debt Outstanding (Unaudited) Last Ten Fiscal Years

Fiscal Year	GOVERNMENTAL ACTIVITIES						BUSINESS-TYPE ACTIVITIES	
	General Obligation Bonds	Certificates of Obligation (1)	Sales Tax Revenue Bonds	Leases	Subscription Liabilities	Unamortized Premium	General Obligation Bonds	Certificates of Obligation
2014	\$ 49,584,570	\$ 33,800,000	\$ 5,140,000	\$ 621,676	\$ -	\$ 3,149,960	\$ 11,770,430	\$ 23,220,000
2015	55,518,570	31,685,000	4,490,000	520,372	-	4,790,377	21,561,430	22,520,000
2016	68,653,213	20,895,000	3,815,000	419,067	-	8,325,210	24,816,787	24,050,000
2017	73,129,176	23,256,570	3,179,150	297,396	-	7,418,969	24,159,171	31,672,038
2018	63,172,356	33,695,000	2,380,000	806,613	-	6,599,717	20,087,644	36,690,000
2019	58,076,855	39,880,000	1,615,000	624,426	-	6,294,038	17,638,144	39,665,000
2020	52,038,785	41,875,000	825,000	523,326	-	6,846,544	15,266,215	42,015,000
2021	46,569,428	40,045,000	-	465,429	-	5,704,181	17,250,572	35,795,000
2022	42,596,857	44,870,000	-	405,528	-	5,388,903	14,333,143	39,730,000
2023	46,036,714	65,405,000	-	343,553	1,058,729	6,005,511	11,323,286	46,540,000

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) Includes certificate of obligation secured by a combination of property and sales tax revenue.

(2) Includes governmental activities and business-type activities debt.

(3) See Table 13 for population and personal income data.

BUSINESS-TYPE ACTIVITIES					
Leases	Water Revenue Bonds	Unamortized Premium	Total Primary Government (2)	Percentage of Personal Income (3)	Per Capita (3)
\$ 17,198	\$ 12,340,000	\$ 1,254,735	\$140,898,569	12.23%	\$ 3,461
14,653	6,520,000	2,860,630	150,481,032	12.80%	3,651
12,108	3,655,000	3,548,319	158,189,704	13.02%	3,717
8,937	3,582,475	3,349,611	170,053,493	13.17%	3,868
5,748	3,285,000	3,028,819	169,750,897	12.30%	3,784
2,326	2,708,028	3,002,559	169,506,376	11.44%	3,716
-	2,900,000	3,267,486	165,557,356	10.63%	3,557
-	2,700,000	2,771,511	151,301,121	8.94%	2,993
-	2,495,000	2,842,740	152,662,171	9.51%	3,040
-	2,285,000	2,860,670	181,858,463	9.58%	3,517

City of Burleson, Texas

Net General Bonded Debt Outstanding (Unaudited) Last Ten Fiscal Years

Fiscal Year	GOVERNMENTAL ACTIVITIES				BUSINESS-TYPE ACTIVITIES	
	General Obligation Bonds	Certificates of Obligation (3)	Unamortized Premium	Less: Amounts Available in Debt Service Fund	General Obligation Bonds (3)	Certificates of Obligation (3)
2014	\$ 49,584,570	\$ 33,800,000	\$ 3,149,960	\$ 857,274	\$ 11,770,430	\$ 26,220,000
2015	55,518,570	31,685,000	4,790,377	873,316	21,561,430	22,520,000
2016	68,653,213	20,895,000	8,325,210	815,726	24,816,787	24,050,000
2017	73,129,176	23,256,570	7,418,969	821,623	22,564,073	30,030,000
2018	63,172,356	33,695,000	6,599,717	935,135	20,087,644	36,690,000
2019	58,076,856	39,880,000	6,294,038	526,482	17,638,144	39,665,000
2020	52,038,785	41,875,000	6,846,544	2,398,153	15,266,215	42,015,000
2021	46,569,428	40,045,000	5,704,181	2,241,124	17,250,572	35,795,000
2022	42,596,857	44,870,000	5,388,903	2,521,806	14,333,143	39,730,000
2023	46,036,714	65,405,000	6,005,511	5,251,592	11,323,286	46,540,000

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) See Table 5 for taxable value of property data.

(2) See Table 13 for population and personal income data.

(3) Includes debt secured by a combination tax and revenue pledge.

(4) These bonds are serviced completely by revenue streams other than general property taxes.

BUSINESS-TYPE ACTIVITIES			Net	Percentage	
Unamortized	Total	Less:	General	of Actual	Per
Premium	General	Self-supported	Bonded	Property	Capita (2)
	Bonded	Debt (4)	Debt	Value (1)	
	Debt		Outstanding		
\$ 1,254,735	\$124,922,421	\$ 66,191,289	\$ 58,731,132	2.36%	\$ 1,443
2,860,630	138,062,691	73,906,740	64,155,951	2.30%	1,557
3,548,319	149,472,803	70,561,740	78,911,063	2.62%	1,854
3,349,611	158,926,776	72,145,034	86,781,742	2.67%	1,974
3,028,819	162,338,401	83,101,740	79,236,661	2.44%	1,766
3,002,559	164,030,115	90,211,289	73,818,826	1.84%	1,618
3,267,486	158,910,877	73,562,446	85,348,431	1.94%	1,834
2,771,511	145,894,568	68,218,869	77,675,699	1.59%	1,450
2,842,740	147,239,837	85,172,633	62,067,204	1.53%	1,236
2,860,670	172,919,589	108,414,374	56,509,361	1.32%	1,093

THE CITY OF
BURLESON
TEXAS

City of Burleson, Texas

Direct and Overlapping
Governmental Activities Debt (Unaudited)
September 30, 2023

Table 1 Item B.

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percent Applicable (1)</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
City of Burleson	\$ 111,441,714	100%	\$ 111,441,714
Johnson County	17,495,000	22.40%	3,918,880
Tarrant County	376,120,000	0.35%	1,316,420
Tarrant County Hospital District	448,410,000	0.35%	1,569,435
Tarrant County Junior College District	591,230,000	0.35%	2,069,305
Burleson ISD	277,643,537	61.76%	171,472,648
Joshua ISD	85,870,000	24.90%	<u>21,381,630</u>
Total overlapping debt			<u>\$ 201,728,318</u>
Total direct and overlapping debt			<u>\$ 313,170,032</u>
Per capita direct and overlapping debt			<u>\$ 6,056</u>

(1) Overlapping percentage calculated as follows:

<u>Overlapping portion of the government's tax base</u>
<u>Total tax base of the overlapping government</u>

Population: 51,715

Source: Hilltop Securities

City of Burleson, Texas**Pledged – Revenue Bond Water and Sewer Coverage (Unaudited)
Last Ten Fiscal Years****WATER AND SEWER DEBT**

Fiscal Year	Gross Revenues(1)	Direct Operating Expenses (2)	Net Revenue Available for Debt Service	Revenue Bonds	
				Debt Service	
				Principal	Interest
2014	\$ 17,263,299	\$ 10,908,767	\$ 6,354,532	\$ 400,000	\$ 492,016
2015	17,792,538	11,053,011	6,739,527	1,070,000	492,014
2016	18,593,177	10,989,736	7,603,441	890,000	365,595
2017	19,789,388	10,568,950	9,220,438	185,000	118,625
2018	22,369,878	11,552,023	10,817,855	185,000	114,925
2019	23,030,483	12,765,375	10,265,108	190,000	111,175
2020	22,316,565	12,719,362	9,597,203	195,000	106,838
2021	21,935,286	12,878,090	9,057,196	200,000	101,900
2022	24,505,013	13,749,990	10,755,023	205,000	96,325
2023	26,288,132	24,353,880	1,934,252	210,000	90,100

Notes:

- (1) Includes operating revenues and investment income from Table C-2
- (2) Direct operating expenses are total operating expenses excluding depreciation expense and net pension obligation expense.

WATER AND SEWER DEBT

Revenue Bonds		Combination Tax & Revenue Bonds				Total
Debt Service		Debt Service				Water & Sewer
Total	Coverage	Principal	Interest	Total	Coverage	Bond Coverage
\$ 892,016	7.12	\$ 1,040,000	\$ 777,845	\$ 1,817,845	3.50	2.34
1,562,014	4.31	1,250,000	871,317	2,121,317	3.18	1.83
1,255,595	6.06	1,450,000	924,667	2,374,667	3.20	2.09
303,625	30.37	1,420,000	941,453	2,361,453	3.90	3.46
299,925	36.07	1,475,000	1,115,842	2,590,842	4.18	3.74
301,175	34.08	1,495,000	1,429,433	2,924,433	3.51	3.18
301,838	31.80	1,740,000	1,517,402	3,257,402	2.95	2.70
301,900	30.00	1,950,000	1,489,023	3,439,023	2.63	2.42
301,325	35.69	1,675,000	1,324,769	2,999,769	3.59	3.26
300,100	6.45	1,925,000	1,503,142	3,428,142	0.56	0.52

City of Burleson, Texas

Demographic and Economic Statistics (Unaudited) Last Ten Fiscal Years

Table 1 Item B.

Fiscal Year	Population (1)	Personal Income (thousands of dollars) (2)	Per Capita Income (6)	Median Age (3)	Public School Enrollment (4)	Unemployment Rate (5)
2014	40,714	\$ 1,152,369	\$ 28,304	33.0	10,618	3.9%
2015	41,213	1,175,807	28,530	33.0	11,363	3.2%
2016	42,560	1,214,833	28,544	32.9	11,376	3.1%
2017	43,960	1,291,589	29,381	32.8	11,748	3.2%
2018	44,860	1,380,162	30,766	33.0	12,054	3.2%
2019	45,620	1,481,783	32,481	33.0	12,440	2.9%
2020	46,540	1,557,461	33,465	33.0	12,775	6.9%
2021	47,730	1,597,284	33,465	35.3	12,474	4.0%
2022	50,210	1,606,017	31,986	35.3	12,532	2.9%
2023	51,715	1,897,941	36,700	35.4	12,631	3.3%

Sources: (1) North Central Texas Council of Governments(Census 2000 information average)
 (2) Personal Income is derived by multiplying per capita income by the estimated population
 (3) City of Burleson Economic Development
 (4) Burleson Independent School District
 (5) Texas Workforce Commission
 (6) U.S. Census Bureau

City of Burleson, Texas
Principal Employers (Unaudited)
Current Year and Nine Years Ago

Table 1 Item B.

Employer	2023			2014		
	Employees	Rank	Percent	Employees	Rank	Percent
Burleson Independent School District	1,600	1	7.76 %	1,603	1	11.71 %
Wal-Mart	480	2	2.33	420	2	3.07
City of Burleson	459	3	2.23	385	3	2.81
H.E.B. Grocery	400	4	1.94	380	4	2.78
Jellystone RV Ranch/Pirates Cove	400	5	1.94			
Air Center Helicopter	350	6	1.70			
Golden State Foods	320	7	1.55			
Champion Buildings Mfg	300	8	1.46	319	5	2.33
Hayes & Stolz	150	9	0.73			
Basden Steel	140	10	0.68	150	7	1.10
Target				155	6	1.13
Lowe's				145	8	1.06
KWS Manufacturing				133	9	0.97
Thomas Conveyor Mfg				117	10	0.86
Total	4,599		22.32 %	3,807		27.82 %

Source: City of Burleson Economic Development Department (JobsEQ Report)

City of Burleson, Texas

Full-Time Equivalent City Government Employees By Function/Program (Unaudited) Last Ten Fiscal Years

	2014	2015	2016	2017
Function/Program				
General government and Administration				
City manager's office	4.00	4.00	5.00	4.00
City secretary's office	3.50	4.50	5.00	4.00
Support Services	1.00	1.00	1.00	1.00
Records management	1.00	1.00	1.00	1.00
Information technology	8.00	8.00	8.00	8.00
Economic development	2.00	2.00	2.50	2.50
Human resources	3.00	4.00	4.00	4.00
Communications	1.00	1.00	1.00	2.00
Library	11.50	12.50	11.00	11.00
Judicial	0.50	0.50	1.50	1.00
Legal	1.00	1.00	1.00	1.00
Finance	9.00	9.00	8.00	8.00
Purchasing	1.00	1.00	1.00	1.00
Public Safety				
Police	82.00	78.50	84.00	84.50
Dispatch**	-	-	-	-
Fire	36.00	38.00	40.00	48.00
Fire prevention	2.00	3.00	3.00	3.00
Emergency Services	-	-	-	-
Municipal court	6.50	8.00	3.00	4.00
Marshals Service	-	-	3.00	3.00
Public Works				
Public works administration	5.00	5.00	6.00	6.00
Street maintenance	18.00	17.00	17.00	18.00
Neighborhood services	2.00	2.00	2.00	2.00
Animal services	5.00	5.00	5.00	5.50
Environmental services	1.00	1.00	1.50	2.00
Facility maintenance	2.00	2.00	3.00	5.00
Planning	4.00	4.00	5.00	5.00
Building code enforcement	6.50	9.00	9.00	9.00
Community development	3.00	2.00	2.50	2.50
Engineering	9.00	9.00	12.00	12.00
Parks & Recreation				
Parks & recreation administration	2.00	3.00	2.00	2.00
Recreation	34.70	42.20	41.90	38.10
Park maintenance	11.00	11.50	12.00	12.00
Senior citizens center	2.00	2.00	2.00	2.00
Athletic Fields	9.10	9.20	8.80	8.10
Russell Farm	1.00	1.00	1.00	1.00
Enterprise Operations and Administration				
Water/Wastewater				
Water & sewer services	19.00	19.00	21.00	21.00
Utility billing	8.00	8.00	8.00	8.00
Hidden Creek Golf Course				
Golf course administration	1.00	1.00	2.00	2.00
Golf course club house & pro shop	6.25	6.25	6.50	6.50
Golf course maintenance	7.00	6.00	8.50	9.00
Golf course food & beverage	4.50	4.50	4.30	4.20
Solid Waste	1.00	2.00	1.00	1.00
Internal Service Operations				
Equipment services	5.00	4.00	3.00	3.00
Total	340.05	352.65	368	375.9

*Source: City of Burleson Adopted Annual Operating Budget (beginning in FY 2019)

**Dispatch separated from Police into separate department beginning in FY2021

2018	2019*	2020*	2021*	2022*	2023*
4.00	4.00	3.00	3.00	3.00	2.00
4.00	4.00	4.00	3.00	3.00	3.00
1.00	1.00	-	-	-	-
1.00	1.00	1.00	1.00	1.00	1.00
9.00	10.00	10.00	10.00	11.00	12.00
2.50	2.00	2.00	3.00	3.00	3.00
4.00	4.00	4.00	5.00	6.00	6.00
2.00	2.50	4.00	4.00	4.50	4.50
11.00	12.00	12.00	11.00	11.00	12.00
-	-	-	-	0.50	0.50
1.00	1.00	1.00	1.00	1.00	1.00
8.00	9.00	9.00	10.00	10.00	10.00
1.00	1.00	1.00	1.00	1.00	2.00
85.50	90.76	95.76	86.50	92.50	100.50
-	-	-	19.26	19.26	22.26
48.00	49.00	49.00	49.00	56.00	67.00
3.00	3.00	4.00	4.00	4.00	-
-	1.00	1.00	1.00	1.00	-
4.00	4.00	4.00	4.00	4.00	4.00
3.00	3.00	3.00	3.00	3.00	2.00
6.00	6.00	6.00	6.00	6.00	7.00
17.00	17.00	20.00	22.00	22.00	23.00
2.00	2.00	2.00	2.00	1.00	1.00
5.50	5.00	5.50	5.50	5.50	6.00
2.00	2.00	3.00	3.00	2.00	2.00
5.00	5.00	5.00	5.00	5.00	5.00
5.00	4.00	4.00	3.00	3.00	3.00
10.00	10.00	10.00	10.00	12.00	12.00
2.50	5.00	4.00	2.00	2.00	2.00
12.00	11.50	10.00	10.00	12.00	14.00
2.00	2.00	2.00	1.00	1.00	2.00
38.60	42.26	42.26	43.76	45.76	44.76
12.00	11.91	11.91	11.91	14.91	15.41
3.00	2.84	2.84	2.84	2.84	2.84
7.10	8.83	8.83	7.83	8.83	8.83
1.40	2.28	2.28	2.28	2.28	2.28
21.00	21.00	21.00	21.00	21.00	24.00
8.00	8.00	8.00	8.00	9.00	11.00
2.00	2.00	2.00	1.00	-	-
6.50	6.80	6.80	6.80	6.80	6.80
9.00	8.68	8.68	7.68	7.68	7.68
4.20	4.19	4.19	4.19	4.19	4.19
1.00	1.00	-	-	-	-
3.00	3.00	3.00	4.00	4.00	5.00
377.8	394.55	401.05	409.55	433.55	462.55

THE CITY OF
BURLESON
TEXAS

City of Burleson, Texas

Schedule of Insurance Policies in Force (Unaudited)

As of September 30, 2023

Table 1 Item B.

	<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	10/1/2022 9/30/2023	General Liability	-	\$ 1,000,000
				Real & Personal Property	\$ 2,500	173,678,342
				Flood	25,000	5,000,000
				Earthquake	25,000	10,000,000
				Boiler and Machinery	2,500	100,000
				Mobile Equipment	500	3,545,121
				Auto Liability	-	1,000,000
				Auto Physical Damage	1,000	Per schedule
				Law Enforcement Liability	1,000	4,000,000
				Errors & Omissions	5,000	4,000,000
				Public Employee Dishonesty	250	500,000
				Theft Disappearance and Destruction	100	20,000
				Computer Fraud	50,000	100,000
				Workers' Compensation	N/A	N/A

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

City of Burleson, Texas**Operating Indicators by Function/Program (Unaudited)
Last Ten Fiscal Years**

	2014	2015	2016	2017	2018
Public safety					
Police					
Total calls	83,937	82,340	72,900	63,460	59,062
Arrests	1,050	1,077	1,089	1,045	1,107
Traffic enforcement	8,981	6,470	6,312	11,374	8,733
Fire					
Number of calls for service	3,821	4,121	4,338	4,491	4,274
Inspections	2,719	3,957	4,012	2,895	1,427
Animal Control					
Animals Adopted	426	478	457	564	719
Animals Impounded	1,907	1,942	2,041	2,352	1,777
Environmental Health					
Permits ¹	-	-	-	265	294
Inspections	131	162	182	521	507
Community Development					
Permits Issued ³	4,734	4,826	7,088	4,829	4,844
Inspections Made	13,827	15,071	15,186	14,225	13,104
Parks and Recreation					
Recreation					
Special Event Participants	28,415	38,181	41,300	44,225	44,500
Senior Citizen Participants ⁴	35,124	33,535	37,688	36,450	35,247
Library					
Books in Collection	66,435	70,545	70,828	70,210	68,980
Materials borrowed ²	432,189	413,732	436,033	333,290	338,654
Water and Sewer					
Number of water customers	13,501	13,877	14,224	14,432	14,588
Number of sewer connections	13,495	14,087	14,457	14,513	14,849
Gas Well					
Number of Permits	7	-	-	-	-
Number of Pad Site Inspections ⁵	6,032	3,033	2,964	3,380	3,276

Notes:

- (1) All permits collected by Tarrant County Health Department prior to June 2020.
(2) Beginning 2017, Library discontinued counting in-house circulations.
(3) Permits issued include building, fire prevention, and garage sales.
(4) People counters installed in 2019 to track attendance.
(5) Frequency of Gas Well Pad Site Inspections changed beginning in 2019.

Source: Various City Departments

2019	2020	2021	2022	2023
45,349	44,477	56,916	54,364	57,780
1,210	1,276	1,221	1,314	1,458
6,672	5,162	7,754	6,864	6,749
4,505	4,473	5,174	6,387	7,105
3,281	2,139	2,170	2,132	2,129
799	674	660	678	699
1,860	1,585	1,697	1,704	1,775
336	334	388	468	525
447	529	670	690	663
4,560	4,610	3,864	4,279	3,970
12,276	15,207	13,495	14,090	13,626
45,200	17,585	19,295	37,161	65,534
55,032	Closed - Covid	14,749	38,195	50,870
65,951	65,107	63,559	53,849	50,207
348,100	287,183	278,508	267,053	296,857
15,185	15,437	15,641	15,908	16,110
15,666	16,050	16,304	16,635	16,972
-	-	-	-	-
1,000	1,000	126	126	126

City of Burleson, Texas**Miscellaneous Statistics (Unaudited)
Last Ten Fiscal Years**

		2014	2015	2016	2017
Date of incorporation	May 12, 1912				
Date of charter	April 5, 1989				
Area incorporated	(square miles)	26.17	26.33	28.06	28.21
Form of government	Council/Manager				
Education:					
Attendance centers		15	15	16	16
Number of teachers		675	685	706	759
Number of students		10,618	10,807	11,376	11,748
Miles of streets		181.00	185.17	192.76	196.86
Miles of sewers:					
Sanitary sewers		199.39	202.39	203.38	209.15
Storm sewers		49.70	49.47	50.68	55.74
Culture and recreation:					
Parks - number of acres		463.44	463.44	486.19	477.66
Number of municipal pools		2	2	2	2
Number of lighted ball diamonds		16	16	16	16
Number of community centers		2	2	2	2
Municipal water system:					
Number of water customers		13,501	13,877	14,224	14,432
Daily average consumption (gallons)		4,344,483	4,129,146	4,196,295	4,582,278
System capacity (gallons per day)		14,550,000	17,500,000	17,500,000	17,500,000
Miles of water mains		192.09	205.24	204.72	208.61
Number of fire hydrants		1,431	1,463	1,497	1,553
Municipal sewer system:					
Number of sewer connections		13,495	14,087	14,457	14,513
System capacity (gallons per day)		11,890,000	11,890,000	11,890,000	11,890,000
Number of street lights		1,442	1,457	1,539	1,576

Source: Various City Departments

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
28.28	28.33	28.37	28.39	28.46	29.26
16	17	17	18	18	18
773	780	800	813	828	818
12,054	12,340	12,775	12,474	12,532	12,631
201.10	209.05	212.96	215.45	222.03	223.16
213.42	214.99	215.49	217.59	225.08	227.63
60.17	59.97	60.70	62.48	62.76	66.73
542.8	554.49	565.05	562.1	554.65	555.8
2	2	2	2	2	2
16	18	18	18	18	18
2	2	2	2	2	2
14,588	15,185	15,437	15,641	15,908	16,110
4,928,277	4,354,776	4,544,416	4,502,115	5,256,882	5,587,416
17,500,000	17,500,000	17,500,000	17,500,000	17,500,000	17,500,000
211.44	212.49	216.14	220.73	223.32	227.34
1,568	1,587	1,628	1,661	1,692	1,739
14,849	15,666	16,050	16,304	16,635	16,972
11,890,000	11,890,000	11,890,000	11,890,000	11,890,000	11,890,000
1,588	1,638	1,640	1,638	1,628	1,690

THE CITY OF
BURLESON
TEXAS

City of Burleson, Texas

Single Audit Report
September 30, 2023

CONTENTS

Page

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1
Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	3
Schedule of Findings and Questioned Costs.....	6
Schedule of Prior Audit Findings	8
Corrective Action Plan	9
Schedule of Expenditures of Federal Awards	10
Notes to the Schedule of Expenditures of Federal Awards	11

**Independent Auditor's Report on Internal Control
over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

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

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Burleson, Texas (the City), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated February 28, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control that we consider to be a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2023-001 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on their response.

The Honorable Mayor and
City Council
City of Burleson, Texas

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas
February 28, 2024

**Independent Auditor's Report on Compliance for
Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule
of Expenditures of Federal Awards Required by the Uniform Guidance**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Burleson's (the City's) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2023. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

The Honorable Mayor and
City Council
City of Burleson, Texas

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

The Honorable Mayor and
City Council
City of Burleson, Texas

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Burleson as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Burleson's basic financial statements. We issued our report thereon, dated February 28, 2024, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas
February 28, 2024

City of Burleson, Texas

Schedule of Findings and Questioned Costs

For the Year Ended September 30, 2023

I. Summary of the Auditor's Results:

Financial Statements

- a. An unmodified opinion was issued on the financial statements.
- b. Internal control over financial reporting:
- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not
considered a material weakness? _____ X Yes _____ None Reported
- c. Noncompliance material to financial
statements noted? _____ Yes X No

Major Programs

- d. Internal control over major programs:
- Material weakness(es) identified? _____ Yes X No
- Significant deficiency (ies) identified that are not
Considered a material weakness? _____ Yes X None Reported
- e. An unmodified opinion was issued on compliance for the major Federal program.
- f. Any audit findings disclosed that were required to be
reported in accordance with 2 CFR 200.516(a)? _____ Yes X No
- g. Identification of major program:

<u>Program/Cluster Name</u>	<u>Assistance Listing Number</u>	<u>Amount</u>
COVID-19 - American Rescue Plan Act	21.027	\$ 4,942,629

- h. The dollar threshold used to distinguish between type A
and type B programs. \$750,000
- i. Auditee qualified as a low-risk auditee? _____ X Yes _____ No

City of Burleson, Texas

Schedule of Findings and Questioned Costs

For the Year Ended September 30, 2023

II. Findings Relating to the Financial Statements Which Are Required To Be Reported in Accordance with *Generally Accepted Government Auditing Standards*:

Finding 2023-001

Recording of Construction Project Costs

Criteria: Audit procedures identified that costs related to various construction projects were improperly recorded in the City's financial statements.

Condition: The City entered into multiple agreements for the construction of assets. During fiscal year 2023, the City contributed approximately \$12.7M to the City of Fort Worth for the construction of a sewer line to be owned and operated by the City of Fort Worth upon completion of the project. The City improperly capitalized this payment. The City also entered into an agreement with a developer for the construction of street infrastructure to be owned by the City upon completion. Project costs incurred on this project as of September 30, 2023, including retainage payable, were not properly accrued as of year end.

() Compliance Finding (X) Significant Deficiency () Material Weakness

Context/Cause: Terms of the agreements were not applied consistently with GAAP and the assets related to the project were either improperly capitalized or improperly excluded from recording to fiscal year 2023.

Effect or Potential Effect: Correcting entries were posted in order to properly recognize the construction projects.

Recommendation: The City should review invoices and agreements entered into to determine the amounts to be recorded to the current fiscal year and to determine if costs incurred should be expensed or capitalized based on ownership of the resulting assets.

Responsible Official's Response: See Corrective Action Plan

III. Findings and Questioned Costs for Federal Awards:

There were no matters reported

City of Burleson, Texas
Summary of Prior Audit Findings
For the Year Ended September 30, 2022

IV. Summary of Prior Year Findings

There were no matters reported

141 West Renfro
Burleson, Texas 76028-4261
817-426-9627

Finding 2023-001: - Recording of Construction Project Costs

In the project budget process, Finance will review the agreement with Project Manager, and ensure the project budgeted in a proper account line. During the routine monthly review of capital expense line items, Staff will take care to review all invoices to determine if these expenses should be capitalized. If it is determined the invoice should not be coded to a capital line, the expense will be reclassified to an operating account. Any invoice that involves an agreement with a developer or other government entity will be reviewed with the Assistant Finance Director to make sure the expense is being treated appropriately. If it is still unclear if the invoice should be capitalized, Staff will consult with the project manager to determine ownership or review with the City's auditor.

Responsible Official: John Butkus
Implementation Date: 2/28/2024

City of Burleson, Texas

Schedule of Expenditures of Federal Awards

For the Year Ended September 30, 2023

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Expenditures
<u>U.S. Department of Treasury</u>			
Direct Awards			
COVID-19 - American Rescue Plan Act	21.027	N/A	<u>\$ 4,882,629</u>
Total Direct Awards			<u>4,882,629</u>
Passed through Texas Office of the Governor			
COVID-19 - Victims of Crime Act Formula Grant Program	21.027	3780304	<u>60,000</u>
Total Texas Office of the Governor			<u>60,000</u>
Total U.S. Department of Treasury			<u>4,942,629</u>
<u>Institute of Museum and Library Services</u>			
Passed through the Texas State Library and Archives Commission			
ILL Lending Reimbursement Program	45.310	LS-249990-OLS-22	<u>1,793</u>
Total Texas State Library and Archives Commission			<u>1,793</u>
Total Institute of Museum and Library Services			<u>1,793</u>
<u>U.S. Department of Homeland Security</u>			
Passed through Texas Department of Emergency Management			
COVID-19 Vaccine Public Assistance Grant	97.036	4485DRTXP0000001	<u>11,364</u>
Total Texas Department of Emergency Management			<u>11,364</u>
Total U.S. Department of Homeland Security			<u>11,364</u>
Total Expenditures of Federal Awards			<u>\$ 4,955,786</u>

City of Burleson, Texas

Notes to Schedule of Expenditures of Federal Awards

For the Year Ended September 30, 2023

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City and is presented on the modified accrual basis of accounting as described in Note 1 to the basic financial statements for the year ended September 30, 2023. The information in the Schedule of Expenditures of Federal Awards is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*.

The City elected not to use the de minimis indirect cost rate as allowed in the Uniform Guidance, Section 414.

City of Burleson, Texas

For the Year Ended September 30, 2023

Finance Committee Presentation – March 4, 2024



Item B.

Today's Presenters

Jackie Gonzalez, CPA *Partner, Assurance Services*

- ▶ Your relationship partner
- ▶ 19+ years of experience
- ▶ Practice emphasis in auditing and consulting for school districts, cities, counties and other governmental entities
- ▶ Member, GFOA Special Review Committee

Justine Singletary, CPA *Senior Manager, Assurance Services*

- ▶ Your audit manager
- ▶ 7+ years of experience
- ▶ Practice emphasis in auditing and consulting for school districts, cities, counties and other governmental entities

Weaver Team

City of Burleson Engagement Team

Jackie Gonzalez, CPA
Engagement Partner

Justine Singletary, CPA
Engagement Senior
Manager

Melissa Kirkland
Engagement Senior

Associates and Other Supporting Staff Members

Quality Control Partner

Sara Dempsey, CPA
Partner,
Assurance Services

Meet Weaver



~1,000 TEAM
MEMBERS



15 U.S.
LOCATIONS



~\$200M IN
REVENUES



GLOBAL NETWORK
MEMBER FIRM

INDUSTRY PRACTICE AREAS

- | | | |
|--------------------|----------------------|--|
| » Government | » Real Estate | » Professional Services |
| » Not-for-Profit | » Private Equity | » Manufacturing, Distribution & Retail |
| » Higher Education | » Technology | » Hospitality & Entertainment |
| » Health Care | » Family Office | » Construction |
| » Energy | » Financial Services | |

“I have worked with several accounting firms, but I have never before had this kind of quality service. The information provided to us to make decisions for our company exceeds our expectations.”

—Client Feedback Survey

Government Experience

170+

PROFESSIONALS
WITH SIGNIFICANT
GOVERNMENT
EXPERIENCE

300+

CLIENTS
SERVED

OFFERINGS

- » External audit
- » Risk assessment
- » Internal Audit
- » Digital transformation
- » Grant compliance
- » Performance audit
- » Business process improvement
- » IT audit and cybersecurity
- » Agency restructuring and reorganization
- » Strategic planning
- » Organizational development
- » Valuation
- » Forensic accounting
- » Fraud investigation



20+ STATE
AGENCIES



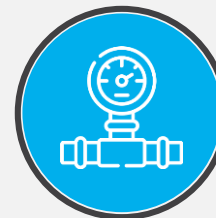
40+ CITIES



20+ COLLEGES
& UNIVERSITIES



50+ SCHOOL
DISTRICTS

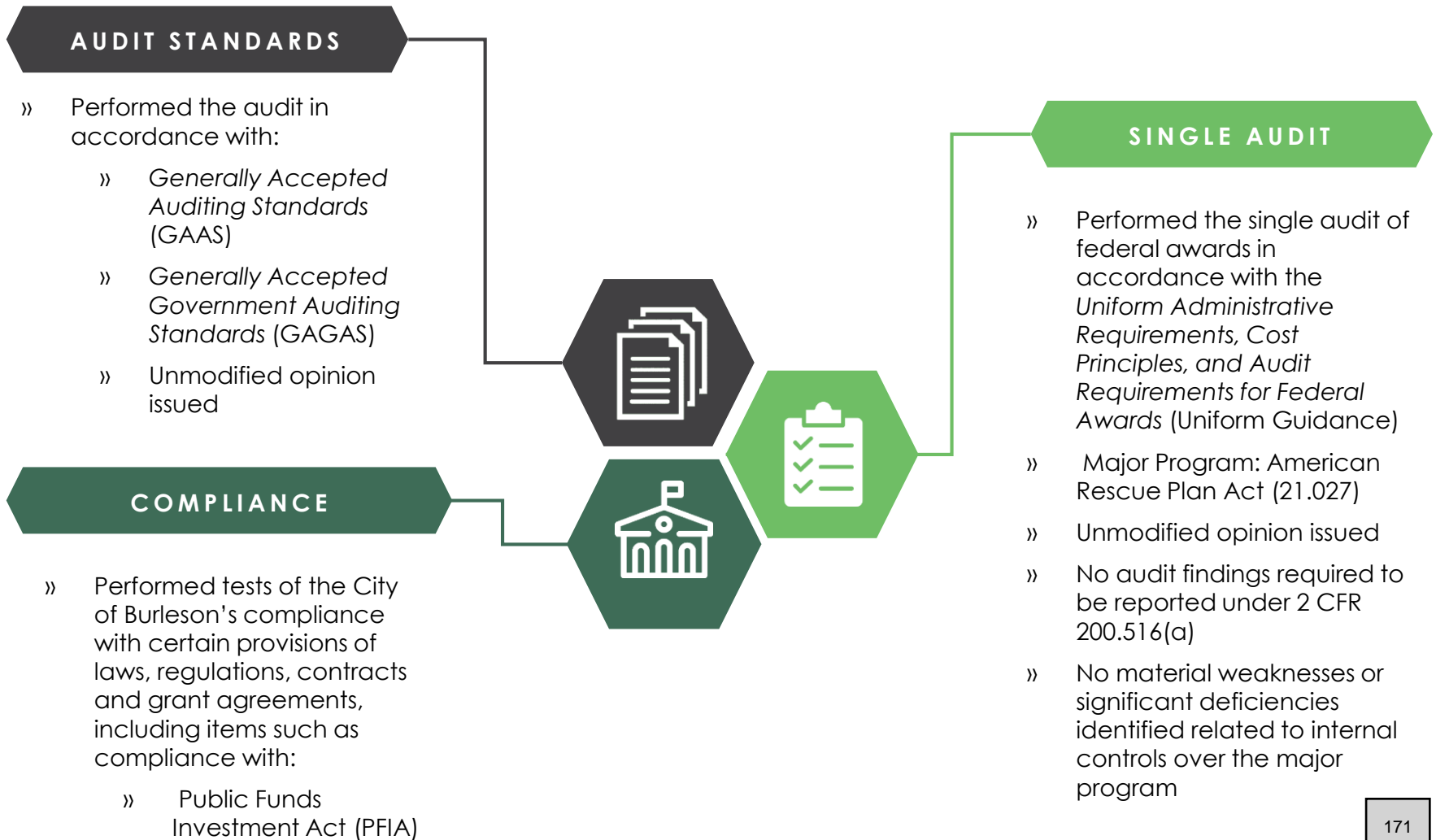


100+ LOCAL &
REGIONAL ENTITIES

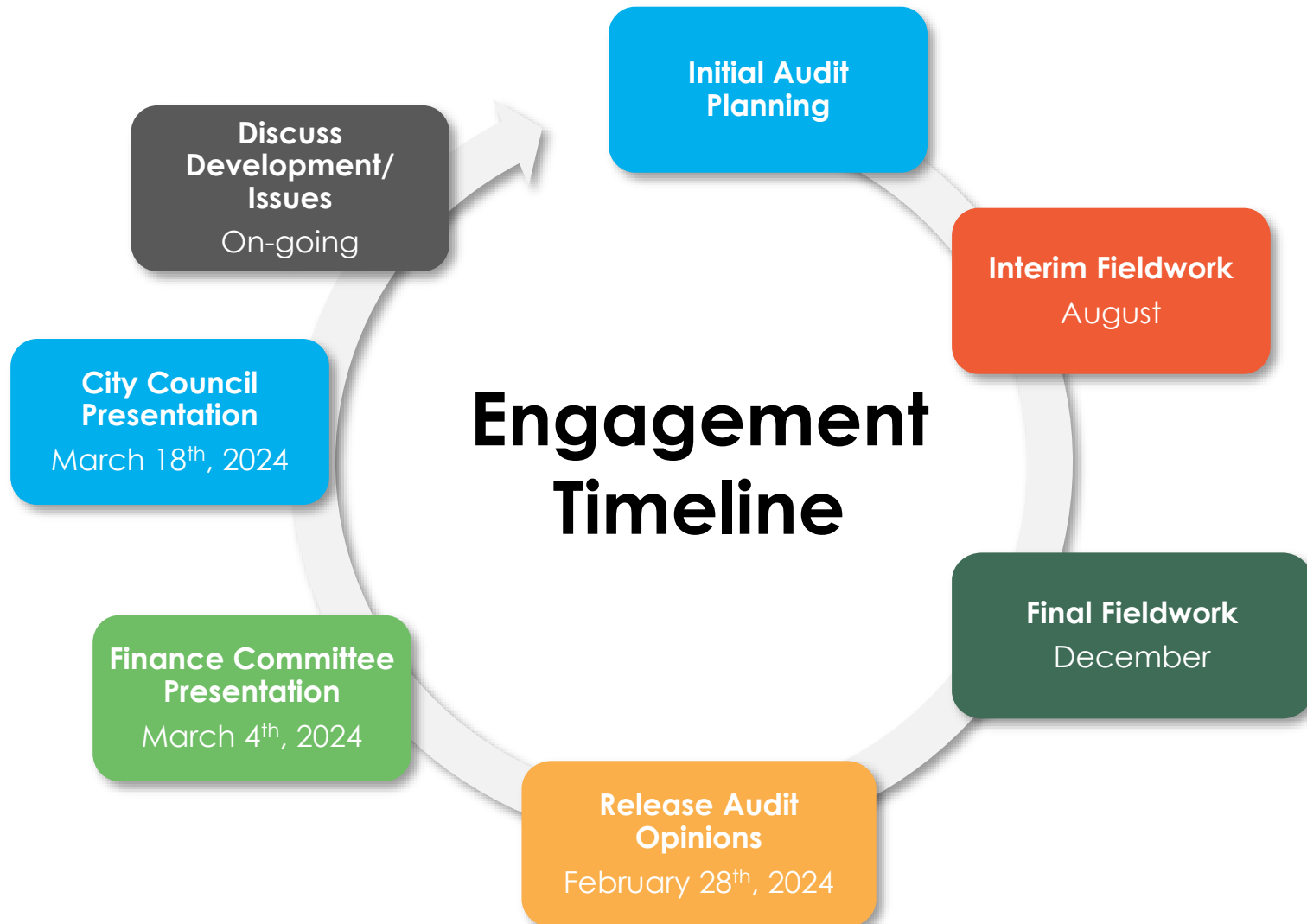


50+ GFOA AWARD
RECIPIENTS

Audit Process



Audit Timeline



Significant Risks & Estimates

The following significant risks and estimates were identified during the performance of our risk assessment procedures:

SIGNIFICANT RISK IDENTIFIED	RESULTS OF WORK PERFORMED
Management Override of Controls (Note: This is a presumed risk on all audit engagements.)	No audit findings noted.
Financial Statement Presentation	No audit findings noted.
Risk of Fraud in Revenue Recognition	No audit findings noted.
Misappropriation of Cash	No audit findings noted.

SIGNIFICANT ESTIMATE	
Allowance for Doubtful Accounts – Property Taxes	
Allowance for Doubtful Accounts – Utility Revenue	

Implementation of New Standards

GASB Statement 96 Subscription Based Information Technology Arrangements

- Issued May 2020
- Effective and implemented during the fiscal year
- The Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement
 - (1) defines a SBITA;
 - (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability;
 - (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and
 - (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.
- Implementation resulted in recording of approximately \$2.2M in subscription right-to-use assets and approximately \$1.1M in subscription liabilities.
- See Note 7 of the financials for more information.

Uncorrected and Corrected Misstatements

- All known and likely misstatements identified during the audit, other than those that are trivial, have been communicated to management.
- All adjustments have been posted to the City's financial statements. The most significant adjustments were:
 - Increase in expenses and decrease in capital assets recorded in the Water and Sewer fund by \$12,681, 217.
 - Increase in capital outlay and retainage payable in the 4A Bond Fund by \$874,490.
 - Increase in capital outlay and accounts payable in the 4A Bond Fund by \$884,071.

Deficiencies

We are required to communicate to you, in writing, all material weaknesses and significant deficiencies in internal control over financial reporting that may have been identified during the course of our audit.

A **significant deficiency** is a deficiency, or a combination of deficiencies, in internal control over financial reporting, that is less severe than a material weakness yet important enough to merit attention by those responsible for oversight of the company's financial reporting.

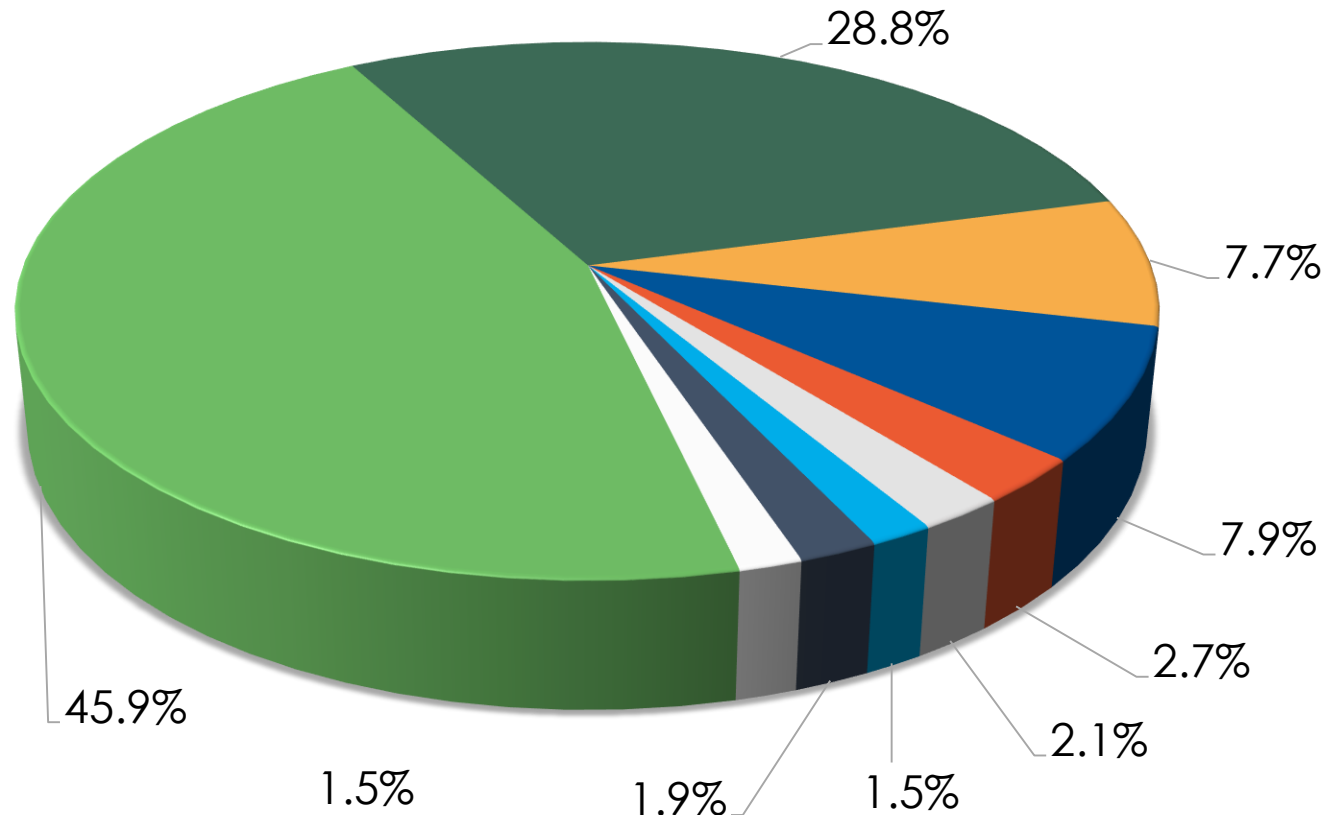
A **material weakness** is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

CONTROL NUMBER, TITLE & DESCRIPTION	TYPE OF DEFICIENCY
<p>Finding 2023-001</p> <p>Recording of Construction Project Costs</p> <p>Audit procedures identified that costs related to various construction projects were improperly recorded in the City's financial statements.</p>	Significant Deficiency

Financial Highlights – General Fund

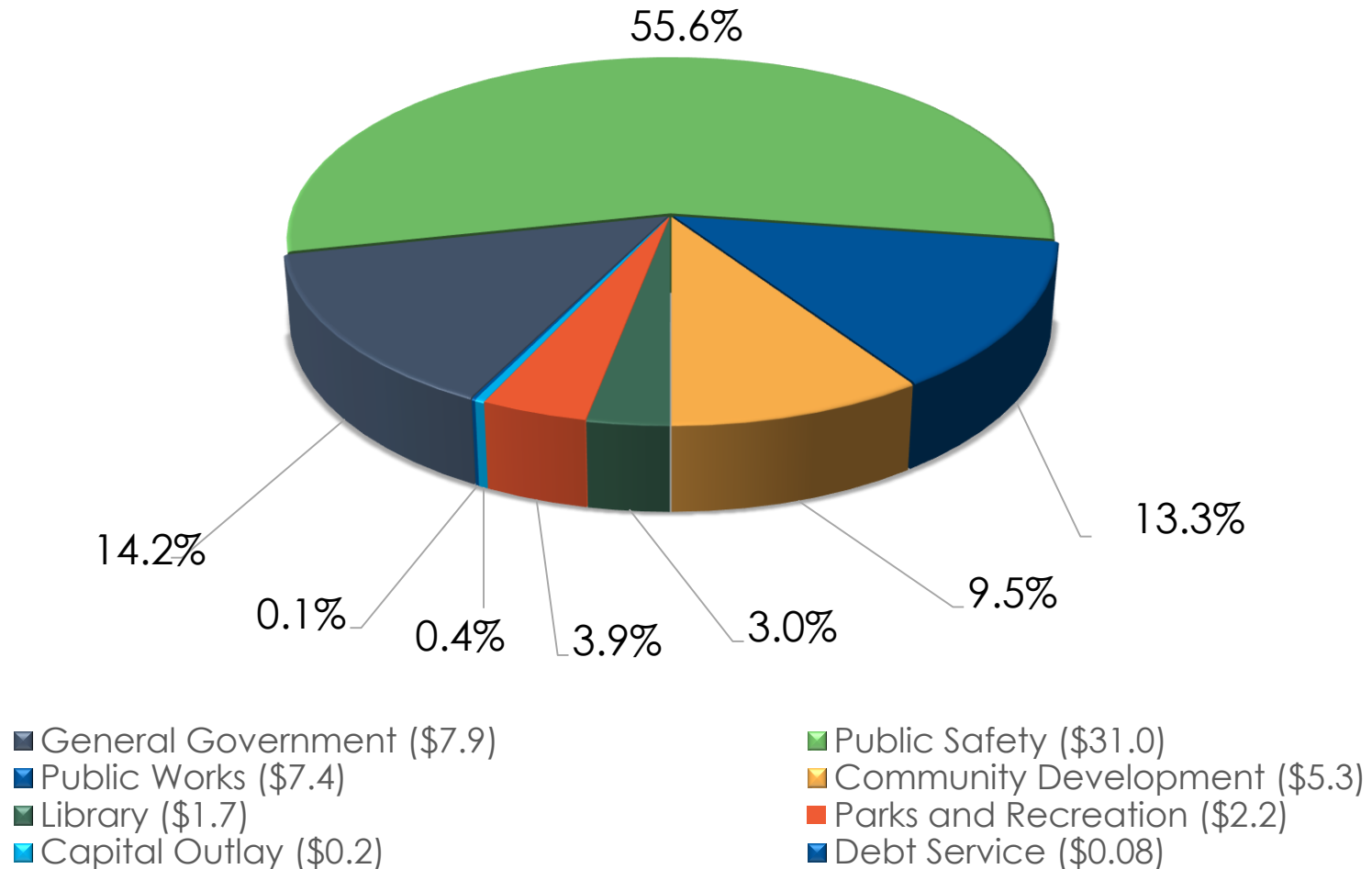
ASSETS	\$ 25,227,029
LIABILITIES	4,295,064
DEFERRED INFLOWS OF RESOURCES	2,436,365
FUND BALANCES	
Nonspendable:	28,000
Unassigned	18,467,600
	<hr/>
Total Fund Balances	\$ 18,495,600
REVENUES	51,648,870
EXPENDITURES	55,654,094
	<hr/>
Excess (deficiency) of revenues over (under) expenditures	(4,005,224)
OTHER FINANCING SOURCE (USES)	576,659
	<hr/>
Net change in fund balance	(3,428,565)
Fund balance, beginning	21,924,165
	<hr/>
FUND BALANCE, ENDING	\$ 18,495,600

Financial Highlights – General Fund Revenue – Fiscal Year 2023 (in millions)



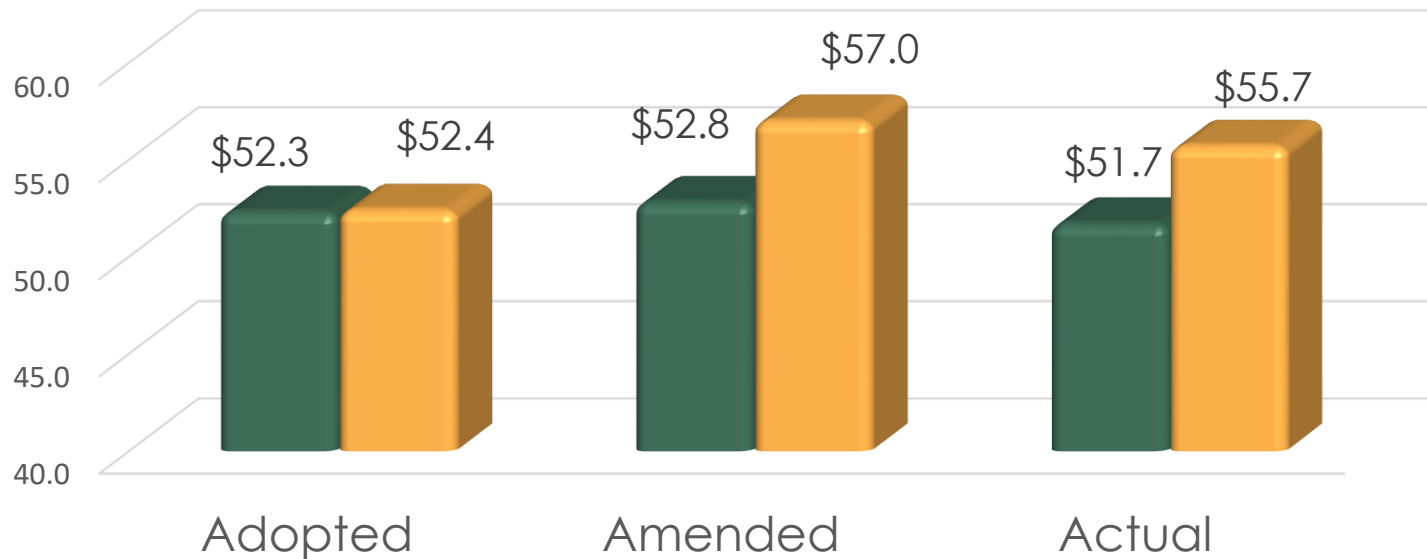
- Property Taxes (\$23.6)
- Charges for Services (\$4.1)
- Fines (\$0.8)
- Sales and Use Tax (\$14.9)
- Licenses and Permits (\$1.4)
- Investment Income (\$1.0)
- Franchise Fees (\$4.0)
- Intergovernmental (\$1.1)
- Miscellaneous (\$0.8)

Financial Highlights – General Fund Expenditures – Fiscal Year 2023 (in millions)



Financial Highlights – General Fund Budget to Actual – Fiscal Year 2023 (in millions)

■ Revenue ■ Expenses



- Actual revenues of \$51.7M were less than amended budgeted amounts by \$1.1M
- Actual expenditures of \$55.7M were less than budgeted expenditures by \$1.3M
- Ending fund balance for FY 2023 totaled \$18.5M
- Unassigned fund balance \$18.5M, which is 33% of FY 2023 budgeted expenditures (\$57M)



Jackie Gonzalez, CPA

Partner, Government & Not for Profit Services

817.882.7758

jackie.Gonzalez@weaver.com

Justine Singletary, CPA

Senior Manager, Government & Not for Profit Services

817.882.7358

justine.singletary@weaver.com

Finance Committee

DEPARTMENT: Finance Department
FROM: Harlan Jefferson, Deputy City Manager
MEETING: March 4, 2024

SUBJECT:

Receive a report, hold a discussion, and provide staff direction regarding the City's current investment process. (*Staff Contact: Harlan Jefferson, Deputy City Manager*)

SUMMARY:

During the February 7, 2024, Finance Committee meeting, the Committee made the request to discuss the City's current investment strategy. Investment advisory services are provided by Valley View Consulting, L.L.C. that include the review of the investment policy and consider eligible options. Model cash flows to identify the following:

- Outflow months
- Review current market conditions and consider strategies
- Organize investment provider rate solicitations
- Facilitate settlements
- Provide monthly and quarterly investment reports
- Monitor portfolio and strategy performance

RECOMMENDATION:

Discuss the merits of the current investment strategy and review recommendations from Valley View Consulting, L.L.C., which is as follows:

- Limit cash and pool balances
 - Utilize higher yielding MMA's
- Maintain investment ladder
 - Invest now that tax revenue is collected
 - Place investments to match your cash flow needs
 - Can utilize fewer investments in larger blocks if needed

- Market has likely hit its peak and rates expected to fall
 - Strategy shifts to extending your ladder to lock-in longer term rates
 - Match investment maturities with cash flow needs of the City
 - Maintain investment routine

PRIOR ACTION/INPUT (Council, Boards, Citizens):

At the February 7, 2021, Finance and Internal Services Committee meeting, (current Finance Committee) the Committee recommended the the use of Investment Advisory Services from Valley View Consulting, L.L.C.

At the June 21, 2021, regular Council meeting, Council approved Valley View Consulting, L.L.C., for Investment Advisory Services for a period of 2 years.

At the August 7, 2023, regular Council meeting, Council approved Valley View Consulting, L.L.C., for investment Advisory Services for a period of 2 years.

REFERENCE:

N/A

FISCAL IMPACT:

N/A

STAFF CONTACT:

Harlan Jefferson
Deputy City Manager
hjefferson@burlesontx.com
817-426-9651

Investment Process

PRESENTED TO THE CITY FINANCE COMMITTEE

MARCH 4, 2024

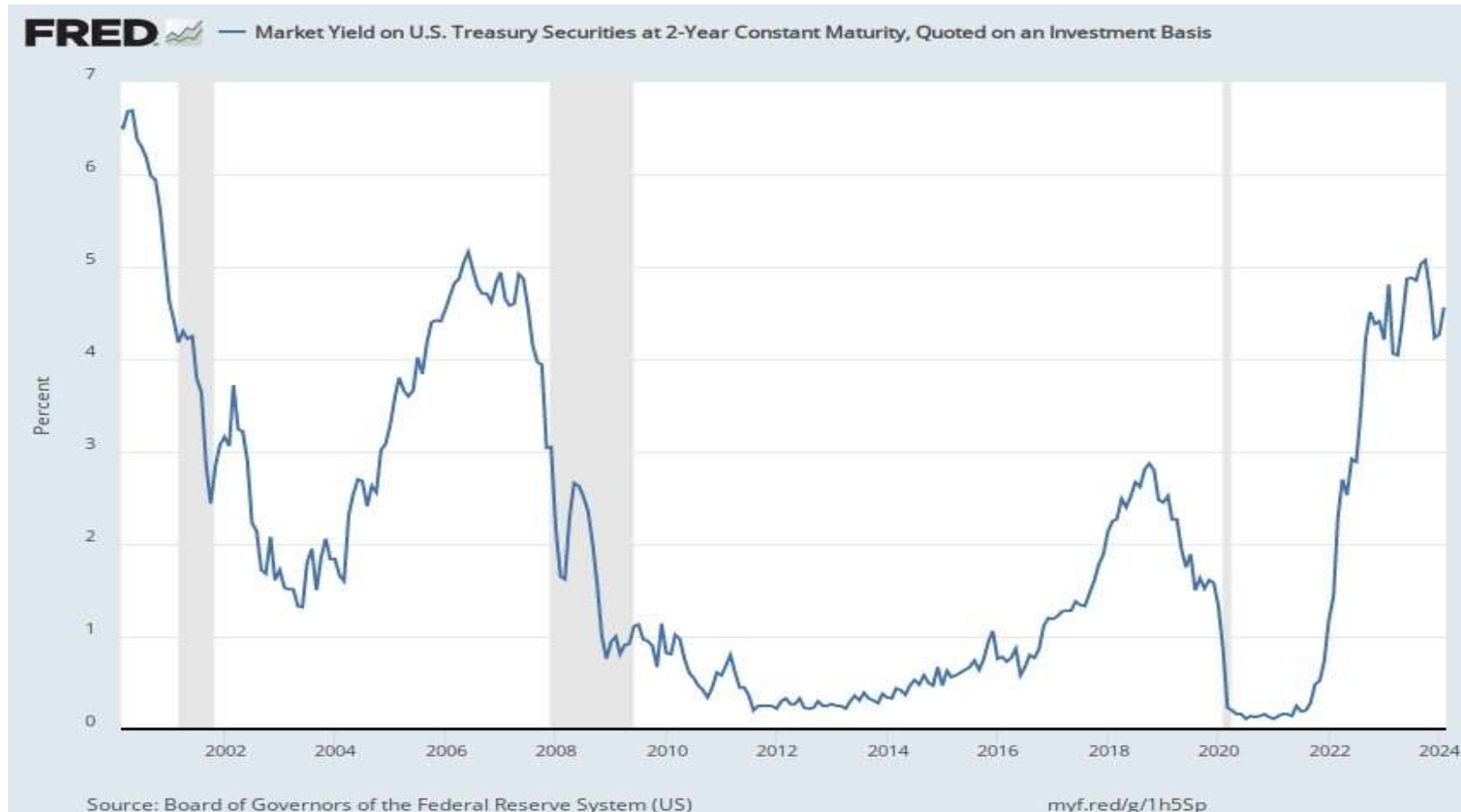
Investment Advisory Services

- Council approved Investment Advisory Services August 07, 2023
- Valley View Consulting, L.L.C.
- Two year agreement

Investment Process

- Review investment policy and eligible options
- Model cash flows to identify outflow months
- Discuss current market conditions and consider strategies
- Organize investment provider rate solicitations
- Facilitate settlements
- Generate monthly and quarterly investment reports
- Monitor portfolio and strategy performance

Market Yield on U.S. Treasury Securities



Investment Strategy Discussion

- Valley View Consulting L.L.L. will present their approach and portfolio recommendations



Investment Strategy Discussion



March 4, 2024

Valley View's Approach

Item C.

- Non-discretionary Investment Advisory services
- Process includes:
 1. Review Investment Policy and consider eligible options
 2. Model cash flows to identify outflow months/periods
 3. Discuss current market conditions and consider strategies
 4. Organize Investment Provider rate solicitation (Financial Institutions or Broker/Dealers)
 5. Compile solicitation results for City Investment Officer(s)
 6. Facilitate settlement
 7. Generate accounting and Quarterly Investment reports
 8. Monitor portfolio and strategy performance

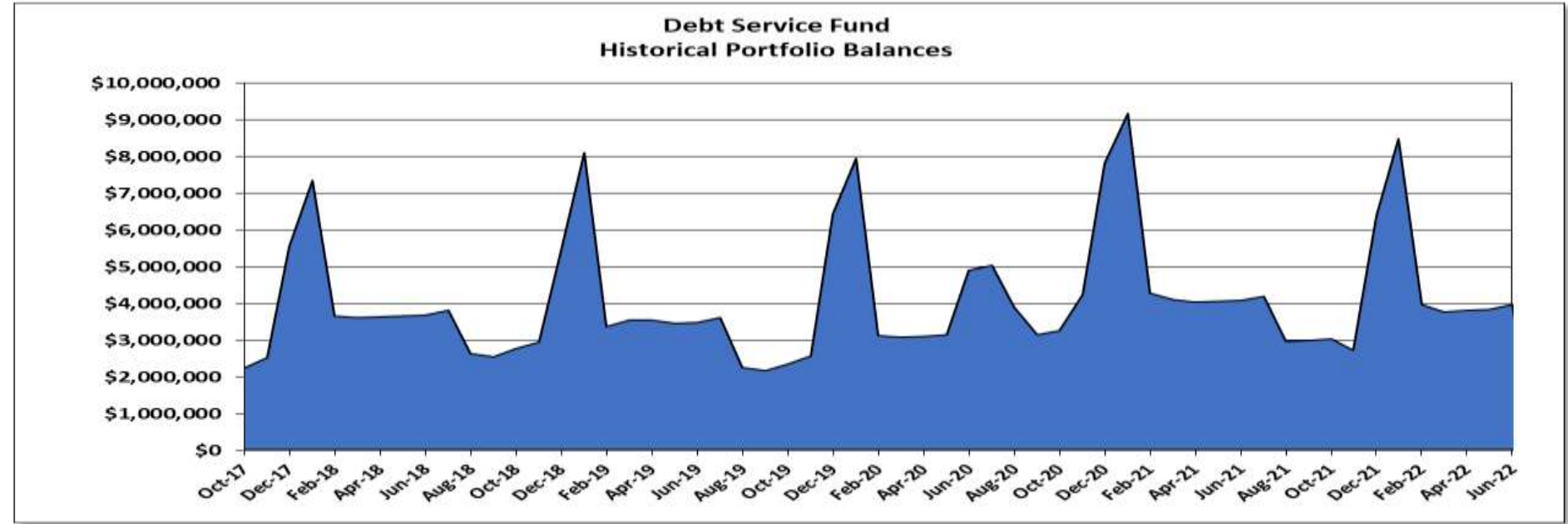
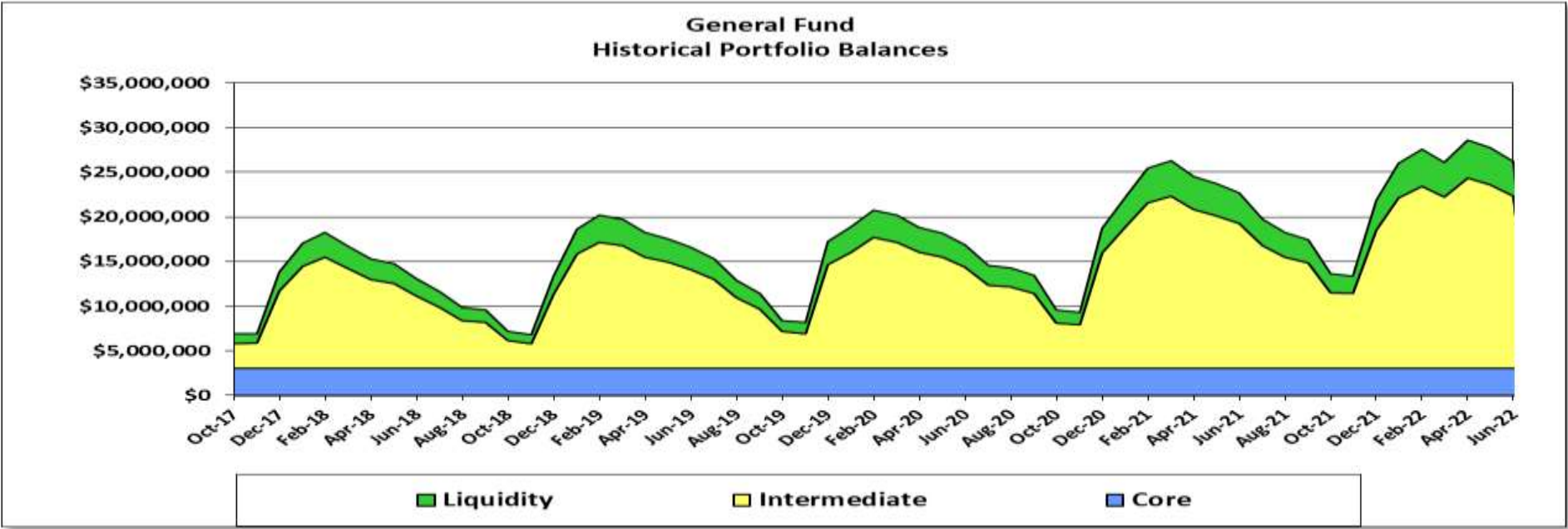


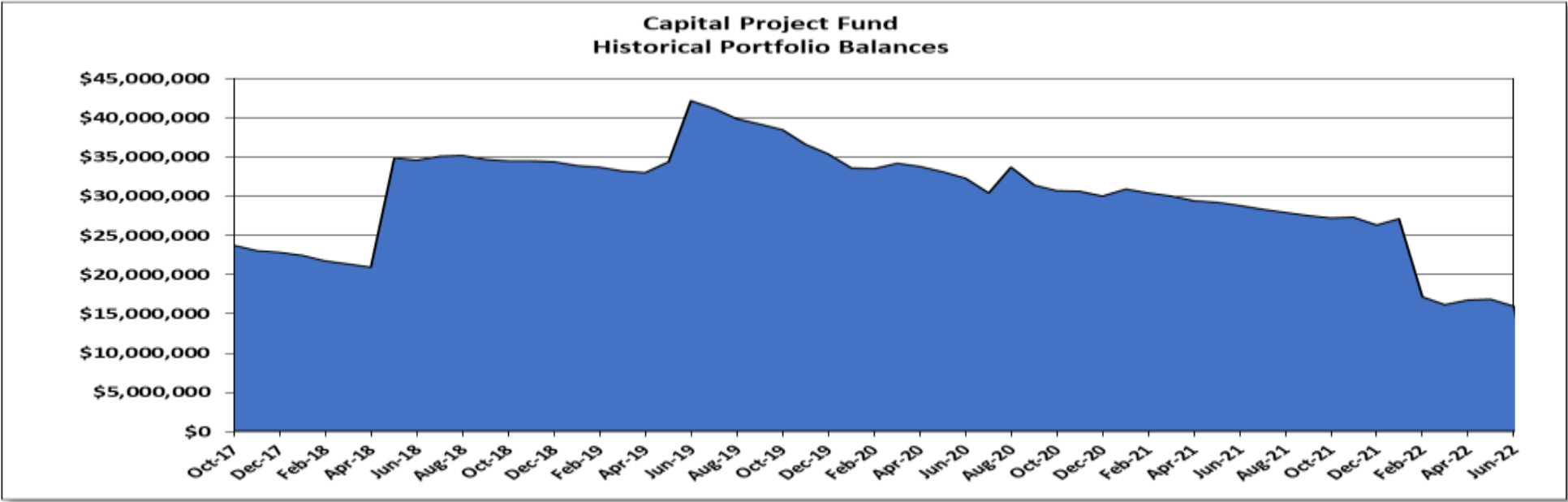
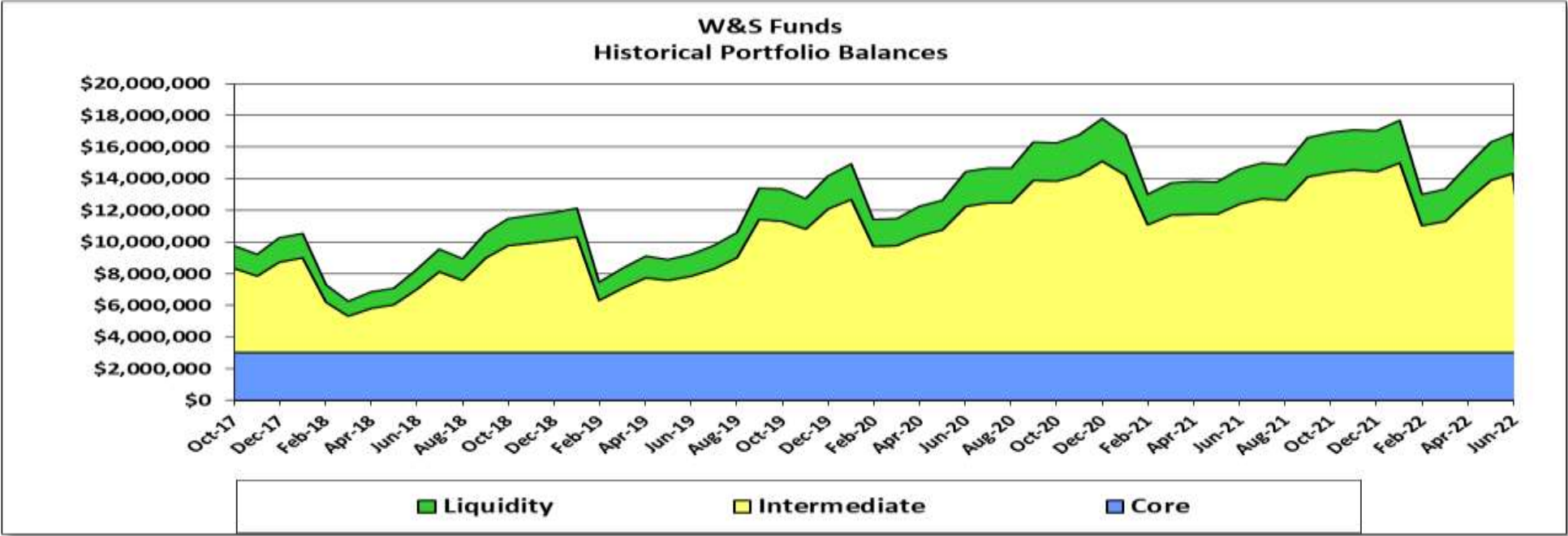
Portfolio Recommendations from 2021

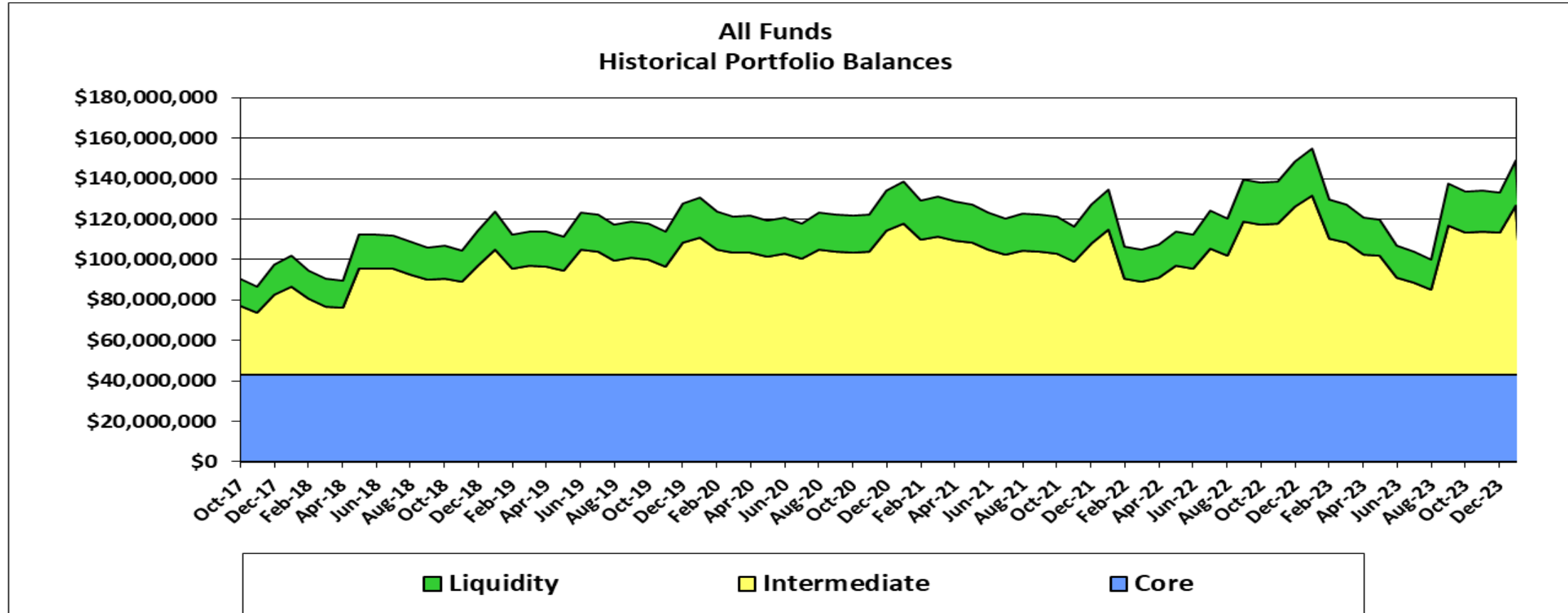
Item C.



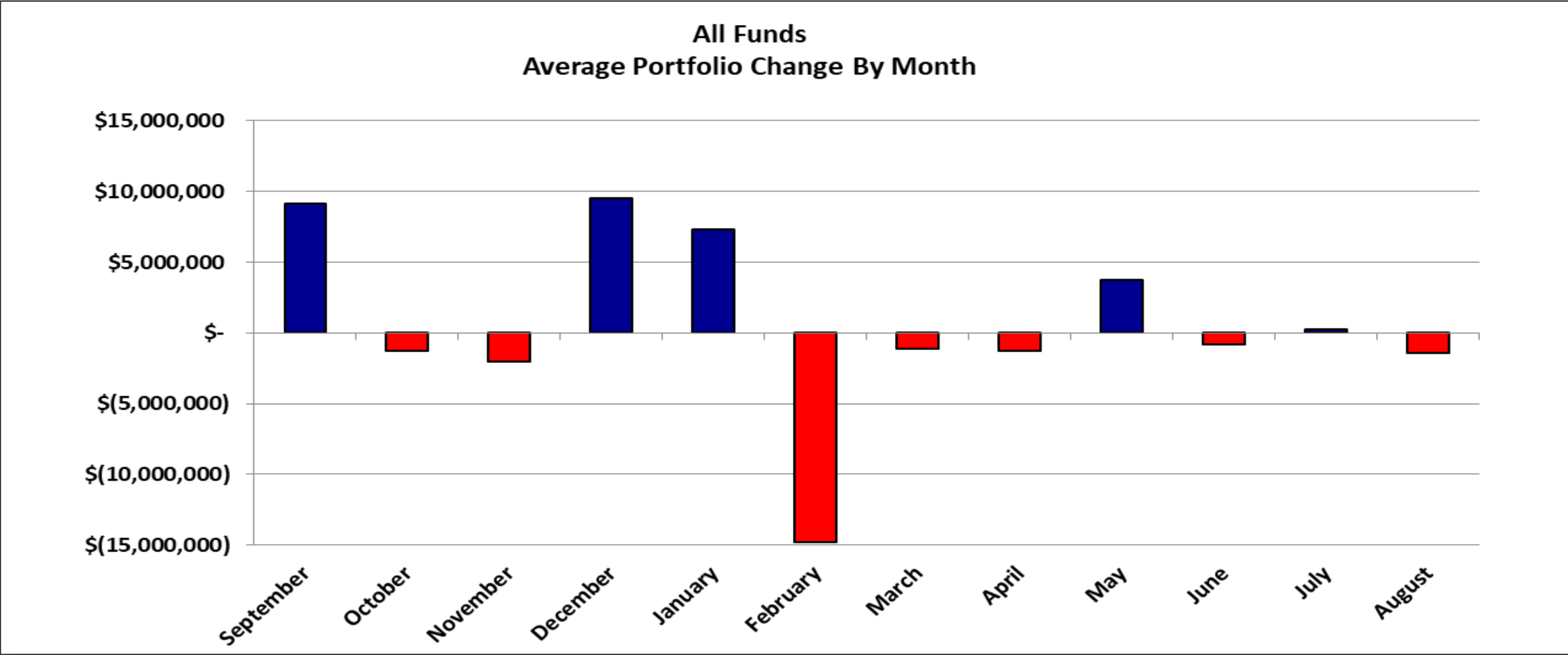
- Limit cash and pool balances
 - Utilize higher yielding MMAs when capacity becomes available
 - Invest in short-term options for more liquid funds
- Maintain investment ladder
 - Invest early as tax revenue comes in
 - Many investors competing for limited investment options
- Market likely in a holding pattern for next two+ years
 - Consider any revenue shortfalls expected with COVID impact
 - Invest along two-year horizon



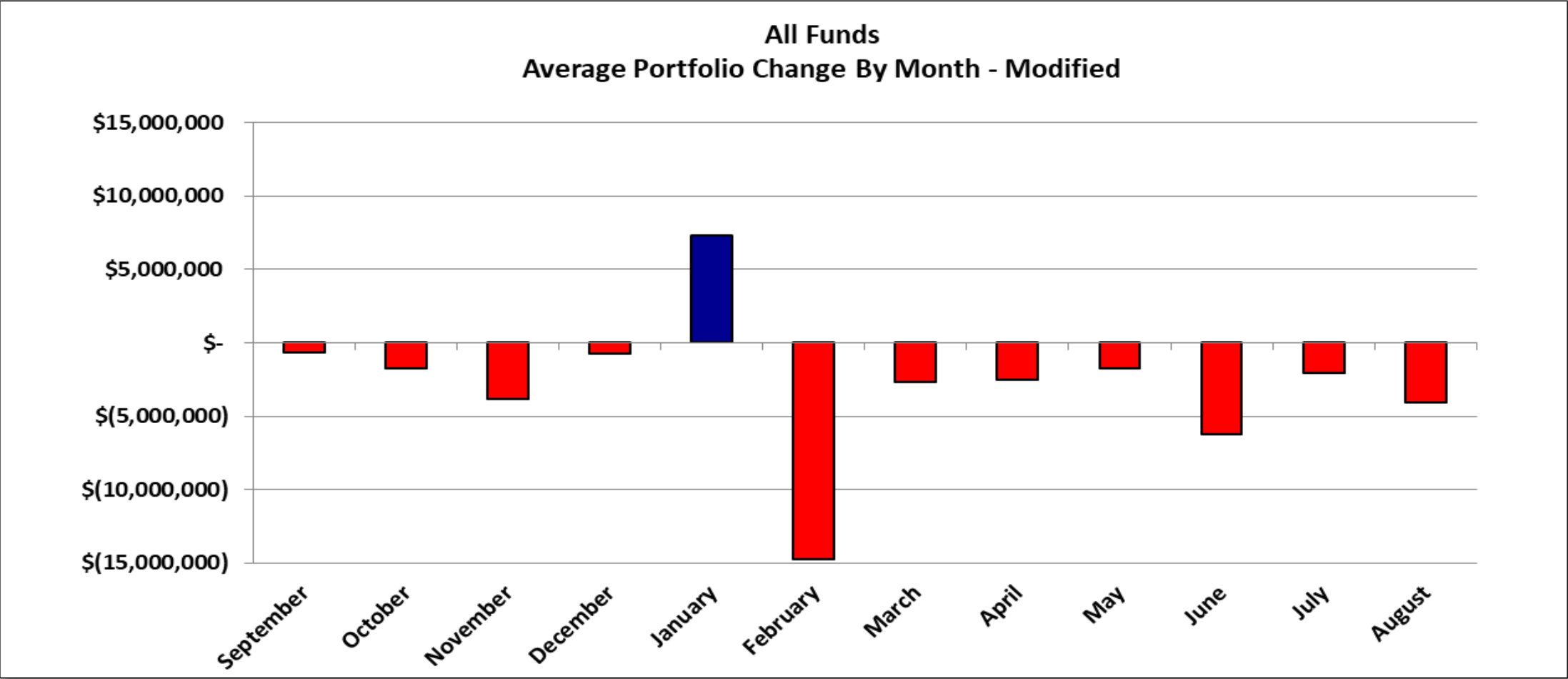




True average change per month since October 2017



Modified average change per month since October 2017
(removes positive outliers to overestimate average expenditures)

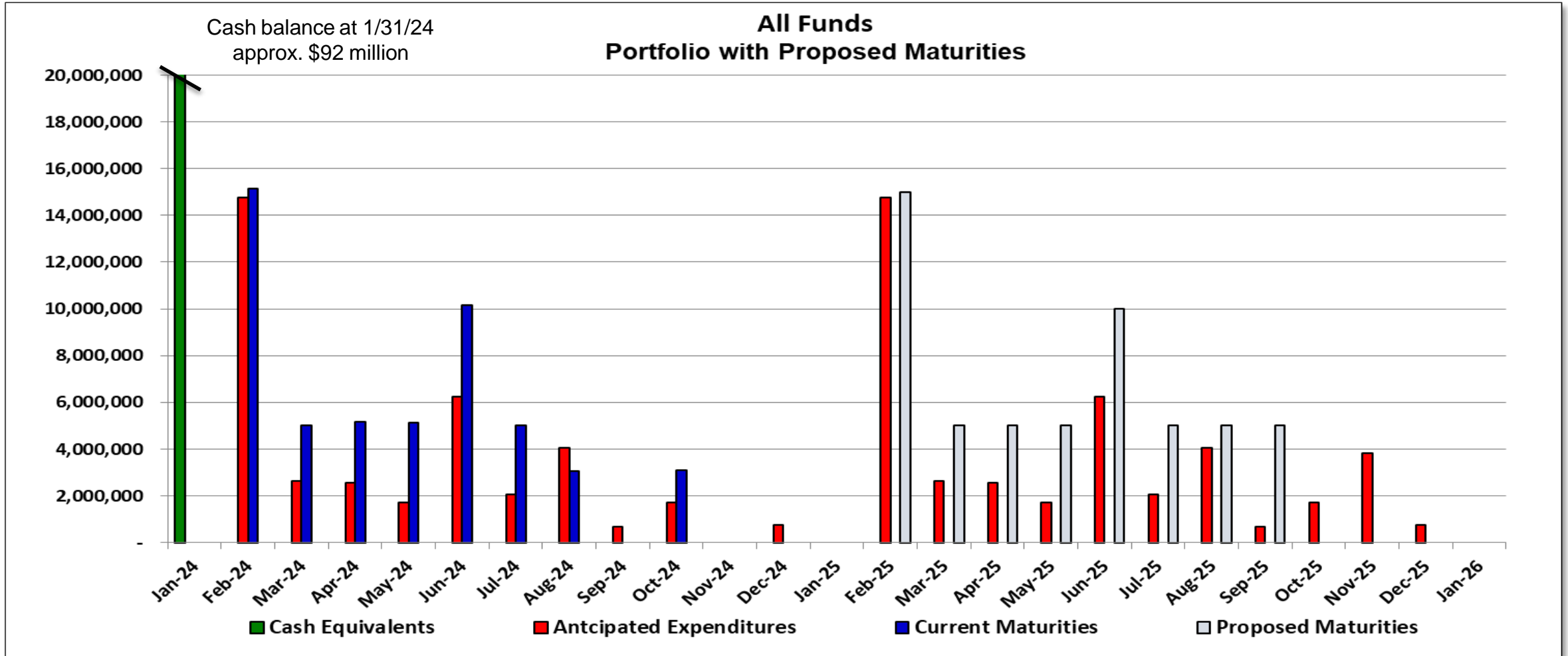


Portfolio Recommendations On-going

Item C.



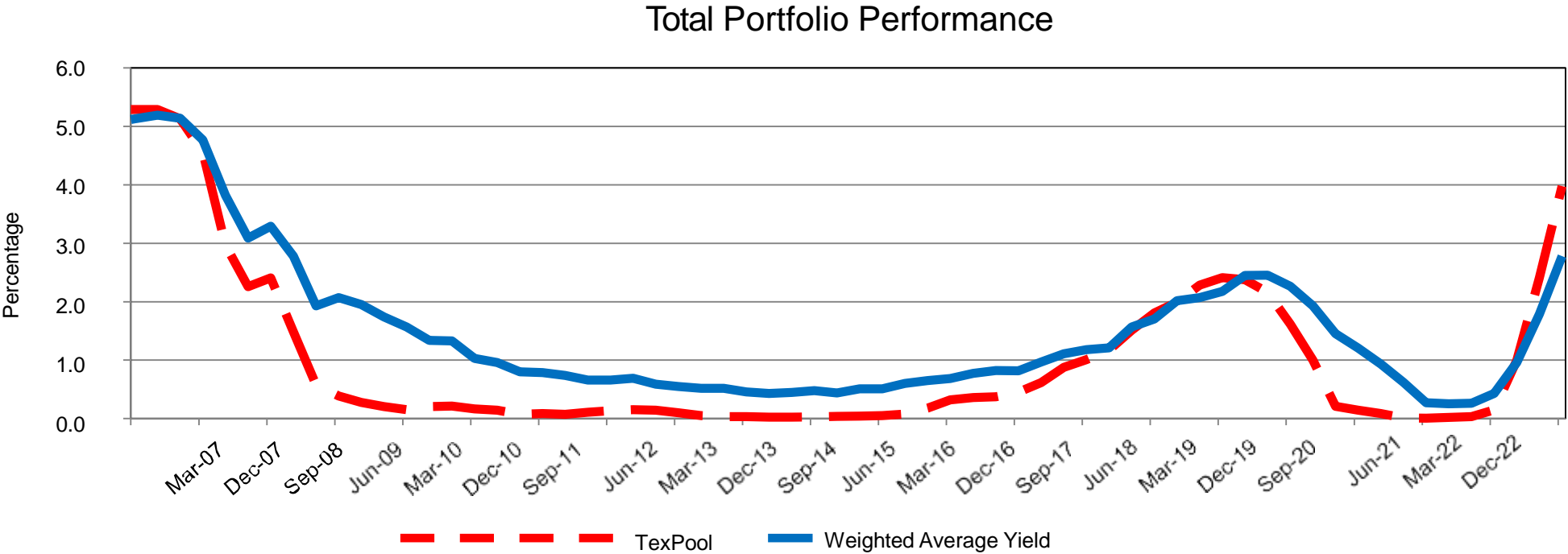
- Limit cash and pool balances
 - Utilize higher yielding MMAs
- Maintain investment ladder
 - Invest now that tax revenue is collected
 - Place investments to match your cash flow needs
 - Can utilize fewer investments in larger blocks if needed
- Market has likely hit its peak and rates expected to fall
 - Strategy shifts to extending your ladder to lock-in longer term rates
 - Match investment maturities with cash flow needs of the City
 - Maintain investment routine



Data utilized for previous chart

	Antcipated Expenditures	Cash Equivalent	Current Maturities	Proposed Maturities	Estimated Revenue	Estimated Month End Cash Balance
Jan-24		\$ 36,880,052				\$ 36,880,052
Feb-24	14,763,492		15,151,838			37,268,398
Mar-24	2,646,227		5,000,000			39,622,171
Apr-24	2,543,314		5,178,905			42,257,762
May-24	1,712,404		5,124,474			45,669,831
Jun-24	6,233,417		10,148,170			49,584,584
Jul-24	2,076,103		5,000,000			52,508,481
Aug-24	4,057,371		3,064,237			51,515,347
Sep-24	689,572					50,825,775
Oct-24	1,720,779		3,075,520			52,180,515
Nov-24	3,832,447		5,186,632			53,534,700
Dec-24	751,572				9,537,925	62,321,053
Jan-25	-				7,294,431	69,615,484
Feb-25	14,763,492			15,000,000		69,851,992
Mar-25	2,646,227			5,000,000		72,205,766
Apr-25	2,543,314			5,000,000		74,662,451
May-25	1,712,404			5,000,000		77,950,047
Jun-25	6,233,417			10,000,000		81,716,630
Jul-25	2,076,103			5,000,000		84,640,527
Aug-25	4,057,371			5,000,000		85,583,156
Sep-25	689,572			5,000,000		89,893,584
Oct-25	1,720,779					88,172,805
Nov-25	3,832,447					84,340,358
Dec-25	751,572				9,537,925	93,126,710
Jan-26	-				7,294,431	100,421,142
Feb-26	14,763,492					85,657,650
	Maximum=2-years					
	TOTALS	\$ 36,880,052	\$ 56,929,774	\$ 55,000,000		

Example of performance throughout business cycles



Recommendation

- Request the committee to consider the Valley View L.L.L., approach and portfolio recommendations as presented



Questions, Comments & Direction
