

# City of Cleburne, Texas

Comprehensive Annual Financial Report

For Fiscal Year Ended

September 30, 2008

**Prepared by:**

**Department of Finance**



★ CLEBURNE ★



**CITY OF CLEBURNE**  
**Comprehensive Annual Financial Report**  
**Year ended September 30, 2008**  
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**Comprehensive Annual Financial Report**  
**Year ended September 30, 2008**

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# INTRODUCTORY SECTION



★ CLEBURNE ★





## *City of Cleburne*

March 23, 2009

The Honorable Mayor and Members of the City Council  
City of Cleburne  
Cleburne, Texas

The Finance Department and City Manager's Office is pleased to submit the Comprehensive Annual Financial Report for the City of Cleburne, Texas for the fiscal year ended September 30, 2008.

This report is published to provide the City Council, City staff, our citizens, our bondholders and other interested parties with detailed information concerning the financial condition and activities of the City government. Responsibility for both the accuracy of the presented 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 organized in a manner designed to fairly present the financial position and results of operations of the City as measured by the financial activity of its various funds. We also believe that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

### **THE REPORT**

This Report is presented in three sections: Introductory, Financial and Statistical. The Introductory section includes a letter of transmittal, a listing of the City Officials and an organizational chart of the City. The Financial section includes a Management and Discussion Analysis (MD&A), basic financial statements, combining and individual fund statements and schedules, as well as the independent auditors' report on the basic financial statements. The MD&A is a narrative introduction, overview, and analysis to accompany the basic financial statements. The letter of transmittal is designed to complement and should be read in conjunction with the MD&A. The City of Cleburne's MD&A can be found immediately following the report of the independent auditors. The Statistical section includes financial and demographic information, usually presented on a multi-year basis that is relevant to a financial statement reader.

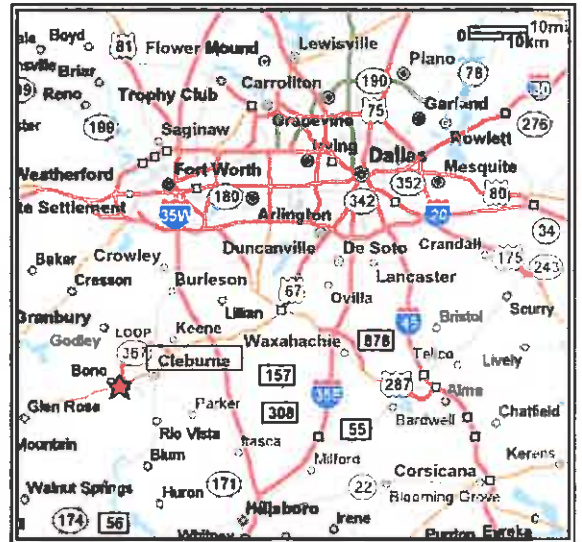
The Financial Section described above is prepared in accordance with generally accepted accounting principles for governments as prescribed by the Governmental Accounting Standards Board (GASB) and other professional promulgations, as applicable.

## CITY PROFILE

### Location

Cleburne is home to approximately 30,000 people and the County seat of Johnson County. The City is located in the Dallas/Fort Worth Metroplex just 30 miles south of Fort Worth. We are 60 miles southwest of Dallas and only 60 miles from Dallas-Fort Worth International Airport. Cleburne is readily accessible via Hwy 67, Hwy 171, and Hwy 174. The City encompasses approximately 32 square miles with plenty of land available for expansion.

The City is a home rule city operating under the Council-Manager form of government. The City Council is comprised of the Mayor and four Council members, who enact local laws, determine policies and adopt the annual budget. The City Manager is appointed by the City Council and is responsible for the daily management of the City. The Basic Financial Statements of the City include all government activities, organizations and functions for which the City is financially accountable as defined by GASB. Based on these criteria no other governmental organizations are included in this report.



### Services Provided

The City provides to its citizens those services that have proven to be necessary. Major services provided under general government and enterprise functions are: police and fire protection, first responder's paramedic and backup emergency ambulance service, water and sewer services, sanitation collection and disposal services, park and recreational facilities, library and museum services, city and county transportation, housing department, street improvements, economic development and general administrative services. Some of the current projects that the City is working on are as follows; Municipal Golf Course, McGregor Botanical Gardens, Booker T. Washington Community Center, Carver & Hulen Park Improvements, Smith History Center, and many street and water improvements.

### Accounting System and Budgetary Control

The City's accounting records for general governmental operations are maintained on a modified accrual basis, with the revenues being recorded when available and measurable and expenditures being recorded when the services or goods are received and the liabilities are incurred. Accounting records for the City's utilities and other proprietary activities are maintained on the accrual basis.

In developing and maintaining the City's accounting system, consideration is given to the adequacy of the internal control structure. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: 1) the safeguarding of assets against loss from unauthorized use or disposition; and 2) the reliability of financial records for preparing financial statements and maintaining

accountability for assets. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived; and 2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The City charter provides that the City Council shall adopt the annual budget prepared by the City Manager with assistance from the finance and budget departments. This budget is reviewed by the City Council and is formally adopted by the passage of a budget ordinance. The City Manager is authorized to transfer any unencumbered appropriation balance or portion thereof between general classifications of expenditures within an office, department, or agency. Another provision in the Charter states that at the request of the City Manager and within the last three months of the budget year, the Council may, by resolution, transfer any unencumbered appropriation balance or portion thereof from one office, department, or agency to another. In addition to the above amendments, staff presents a report of revenue and expenditures to the Council each month. This provides the opportunity for adjustments, if needed, to budgeted revenues and expenditures based on actual results during the fiscal year.

Budgetary control has been established at the individual fund level. Financial reports are produced showing budget and actual expenditures by line item, and are distributed monthly to City departmental and divisional management and to others upon request.

Individual line items are reviewed and analyzed for budgetary compliance. Personnel expenditures are monitored and controlled at a position level and capital expenditures are monitored and controlled item by item. Revenue budgets are reviewed monthly.

## **ECONOMIC OUTLOOK AND FINANCIAL CONDITION**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

### **Regional and Local Economy**

The Dallas-Fort Worth Metroplex's (DFW) economy, including Cleburne, has continued to improve over the last few years. Signs of improvement can be seen in sales tax numbers, current labor and employment data, unemployment rates, building permits, and gas well drilling permits. The Barnett Shale gas formation continues to provide huge economic impetus to the Western portion of the Metroplex, primarily the areas west of Arlington. Exploration and production of gas reserves in the Barnett Shale will provide economic impact for many years to come. Revenues from the production of gas in Johnson County will be in the 100's of millions of dollars to landowners, royalty owners, taxes and other areas.

## **Cleburne's Position in the Region**

Cleburne's location near Dallas, Fort Worth, DFW airport, and major highway initiatives such as Hwy 121 will position our city for future growth. We are home to a diversified group of manufacturing and distribution firms. Products manufactured range from computer cleaning fluids to automobile and home building products. Distribution and service operations are equally diversified. We will continue to aggressively recruit industry to our City. Manufacturing and distribution operations continue to be the mainstay in the local economy however that is being challenged by the gas industry. In addition to the services required for gas production, many landowners have benefited from bonus and royalty payments that have pumped dollars into the local economy.

The following facts reflect Cleburne's economic condition and outlook:

We have received recognition by the State for our innovative approach to the provision of water for industry. The City of Cleburne provides treated sewer effluent to industry for a variety of uses. The scarcity of water in Texas will continue to fuel innovative technology in water reuse. The momentum in commercial/industrial development continues as the economic cornerstone of a well-balanced tax base.

City unemployment rate has continued to decrease from a high of 9.3% in January, 2003 to 4.8% in September, 2008. This speaks well for our work environment and community.

Building activity continues to be strong as shown in the building permit numbers. While Cleburne has not experienced the phenomenal growth as some cities have, our numbers have remained strong and sustainable.

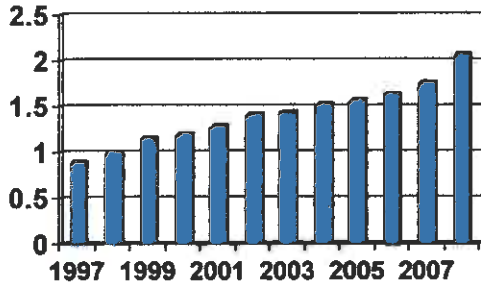
Cleburne's industrial park has continued to grow and now has 1200 acres with rail, roads, utilities and all services necessary for future growth. We have a substantial amount of land ready for future developments with numerous acres currently zoned for commercial and industrial use. This bodes well for the City, as these uses generally require a lower level of City services while providing a higher level of revenue to the City as compared to the typical residential development.

Natural Gas drilling in the City is experiencing a major boom. Over the previous twelve months the number of gas industries or related suppliers performing operations in the City has almost tripled. New technology has allowed these industries to drill into the Barnett Shale formations. Since the start of the drilling in October, 2004, the City has collected \$23,754,894 in Natural Gas drilling revenue.

Total taxable value for all residential and commercial property in the City of Cleburne exceeded \$2,051,040,064 for fiscal year 2008, a 17% increase from the previous year. New construction values accounted for \$32,708,780 of the total growth in the assessed valuations for fiscal year 2008 and \$24,447,013 last year.

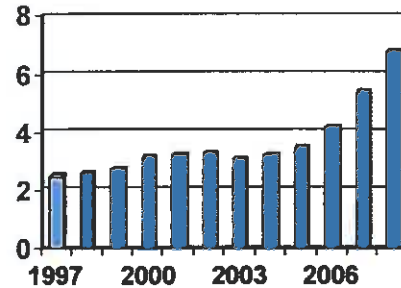
Sales tax collections, after a down year in 2003, have rebounded with a 4.7% increase in 2004, 7.3% increase in 2005, 20.7% increase in 2006, 29.3% increase in 2007, 26% increase in 2008 and 18% for the first 6 months of the new fiscal year.

**Assessed Property Valuations  
(Billions)**



Fiscal Year Ended

**Sales Tax Collections  
(Millions)**



Fiscal Year Ended

**Cash Management**

The City awarded its depository contract on August 23, 2005 through a request for proposal to Texas Bank. The contract was for a one year period with one year options until September 30, 2010. On April 7, 2006, Compass Bank of Texas bought Texas Bank taking over the operations of the bank and currently the existing contract is still in place.

The City has a full service depository contract where we only keep a minimum amount of cash on hand to meet the City’s operational needs. We earn interest on bank deposits with no fees for the banks services. The remaining idle cash is invested by City officials in securities as allowed by Texas Statutes and by the City’s Investment Policy. The average balance of the City’s investment portfolio for fiscal year ending 2008 was \$41,227,534. The overall portfolio provided \$1,024,839 in investment income. This amount represents interest revenue net of realized and unrealized gains and losses and investment expenses.

The City staff makes quarterly reports to the City Council on our investments including which investment vehicle used, beginning and ending balances, additions or withdrawals, investment returns and an average percent yield.

**Risk Management**

The risk management program has been implemented in order to minimize or eliminate any harm to the financial position of the City, any physical injury to employees or potential destruction of property by providing proper insurance coverage, safety training and safety assessment.

**Employee Health Plan**

The City maintains an employee Major Medical Health Insurance Plan for employees and dependents. Our plan is underwritten by UnitedHealthcare. Revenues are recognized from payroll deductions and from City contributions. The City utilizes a preferred provider organization for its primary health care option and actively solicits input from its employees regarding benefit levels and cost containment strategies.

## OTHER INFORMATION

### Independent Audit

Article 111, Section 53 of the City Charter requires an annual audit of the books of account, financial records, and transactions of all administrative departments of the City by independent certified public accountants selected by the City Council. This requirement has been complied with and the independent auditor's report has been included in this document.

### Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Cleburne for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2007. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report (CAFR), whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

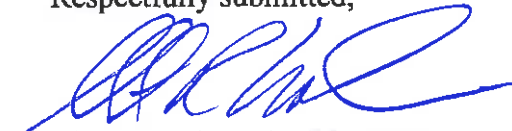
A Certificate of Achievement is valid for a period of one year only. With the exception of one year, the City of Cleburne has received a Certificate of Achievement for the last twenty one years. We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to GFOA.

### Acknowledgements

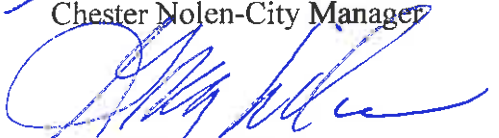
The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. Appreciation is expressed to City employees throughout the organization, especially those employees who were instrumental in the successful completion of this report.

We would like to thank the members of the City Council for their interest and support in planning and conducting the financial operation of the City in a responsible and progressive manner.

Respectfully submitted,



Chester Nolen-City Manager



Greg Wilmore-Director of Finance



# City of Cleburne

P. O. BOX 677  
10 N. Robinson  
Cleburne, TX. 76033  
(817) 645-0900

## Budget Year 2007-08

### City Council

Mayor Ted Reynolds

Mayor Pro-Tem Kyle Boles, District 2

Councilman Robert Kelly, District 1

Councilman Bob Force, District 3

Councilman John Warren, District 4

### Staff

City Manager, Chester Nolen

Assistant City Manager, Rick Holden

Director of Finance, Greg Wilmore

City Secretary, Shelly Doty

Police Chief, Terry Powell

Fire Chief, Clint Ishmael

Parks and Recreation Director, Max Robertson

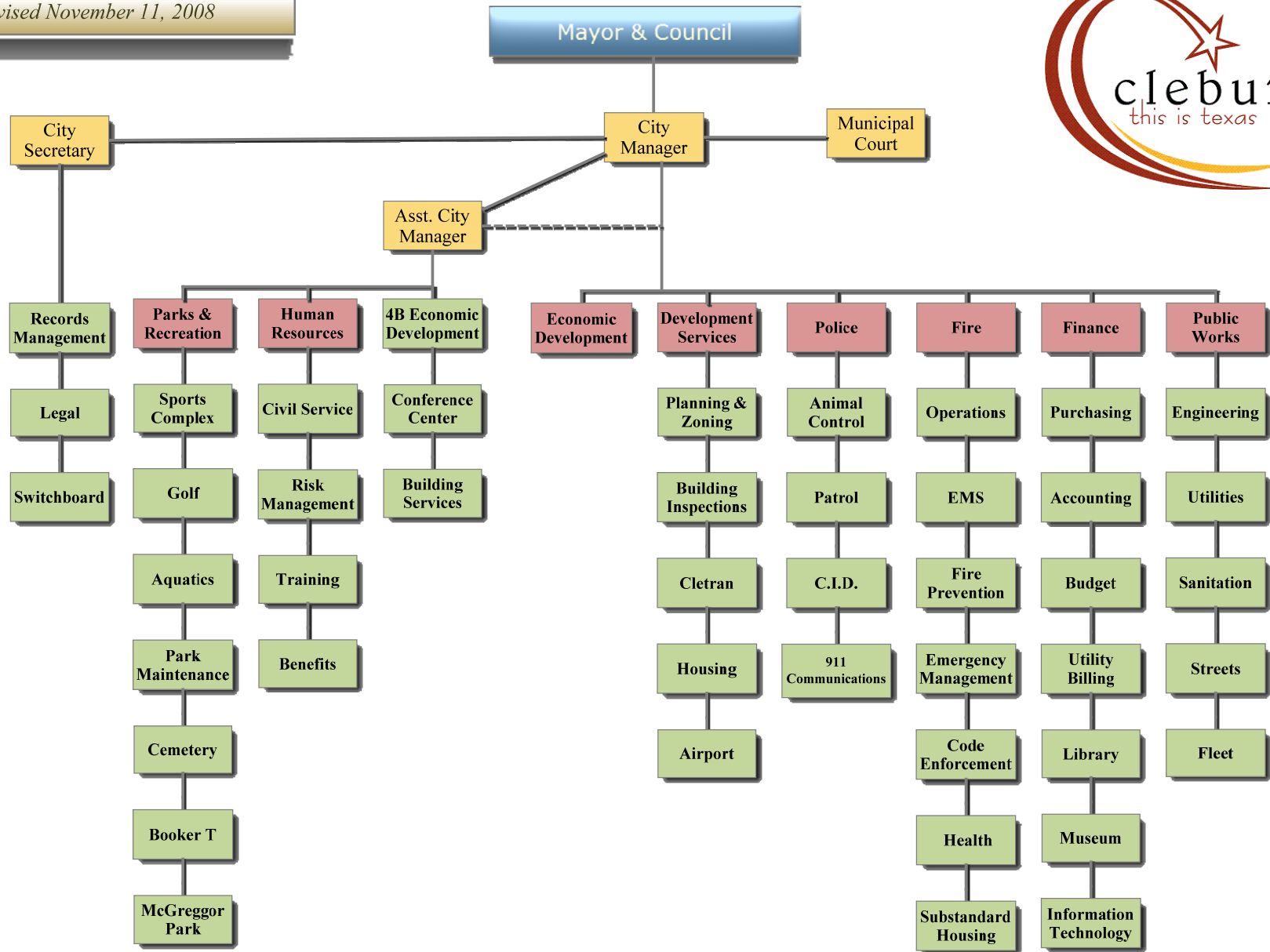
Human Resources Director, Bonita Hall

Public Works Director, David Esquivel

Development Services Director, Donna J. Zimmerman

Economic Development Director, Jerry Cash

**City of Cleburne Organization Chart**  
*Revised November 11, 2008*



The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Cleburne, Texas for its Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2007.

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Cleburne  
Texas

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2007

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



A handwritten signature in black ink, appearing to read "M. L. Post".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emmer".

Executive Director

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. City management believes that this 2008 CAFR conforms to the Certificate of Achievement Program requirements, and we are submitting it to GFOA for their review.



# FINANCIAL SECTION



★ CLEBURNE ★





**Auldridge Griffin**  
*Certified Public Accountants*  
A Professional Corporation

Jack L. Auldridge, Jr., CPA  
Michael W. Griffin, CPA  
W.L. "Woody" Mathews, Jr., CPA  
Kenneth L. von Tungeln, CPA  
Keith A. Hollar, CPA

Michael D. Dunlap, CPA  
Karen O. Thompson, CPA  
John A. Stanbery, CPA  
Kenneth W. Sanders, CPA

## INDEPENDENT AUDITOR'S REPORT

To the City Council  
City of Cleburne, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cleburne (the City) as of and for the year ended September 30, 2008 which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cleburne as of September 30, 2008, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2009 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the budgetary comparison information identified as Required Supplementary Information in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements which collectively comprise the City of Cleburne's basic financial statements. The introductory section, combining and individual non-major fund financial statements, and statistical section are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the City of Cleburne. The combining and individual non-major fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Audbridge Griffin, P.C.*

Cleburne, Texas  
March 21, 2009

## City of Cleburne, Texas

Management's Discussion and Analysis  
For Year Ended September 30, 2008  
(Unaudited)

As management of the City of Cleburne, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Cleburne for the fiscal year ended September 30, 2008. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages: i-vi of this report. The City implemented Governmental Accounting Standards Board Statement 34 Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments (Statement 34) for the first time for fiscal year 2003. As discussed in Note (1), Statement 34 allows for certain transition treatments in regards to infrastructure. The City elected to capitalize all networks (drainage and streets) utilizing the transition treatments of Statement 34.

### FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$44,521,913 (*net assets*). Of this amount, \$21,925,528 (*unrestricted net assets of Business Type Activities*) may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.
- The City's total net assets increased by \$13,388,464.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$26,584,928. Over 69.09% of this amount \$18,367,118 is unreserved and available for use within the City's designation and policies.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$7,519,644 or 24.08% of total general fund expenditures.
- The City's bond payable increased \$1,178,421 or 1%.

### 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 supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the city's finances, in a manner similar to a private-sector business.

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

The *statement of activities* presents information showing how the City's net assets changed during the fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, *regardless of the timing of related 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., uncollected taxes and earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenue (*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 of Cleburne include general government, public safety, development services, cultural and recreation. The *business-type activities* of the City of Cleburne include Water and Sewer, Municipal Airport operations, and Drainage Utility. The Government-wide financial statements can be found on pages B-3 to B-5 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories- governmental funds and proprietary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses 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 twelve 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 and the debt service fund, both of which are considered to be major funds. Data from the other ten governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report. The basic governmental fund financial statements can be found on pages B-6 to B-12 of this report.

**Proprietary funds.** The City maintains three different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its Water and Sewer authority, Municipal Airport operations, and Drainage Utility services.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Fund, Municipal Airport operation, and Drainage Utility, all of which are considered to be major funds of the City. The basic proprietary fund financial statements can be found on pages B-12 to B-16 of this report.

**Notes to the 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. The notes to the financial statements can be found on pages C-1 to C-16 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page D-1 to D-2 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages E-1 to E-16 of this report. Capital Assets of the governmental funds are on pages F-1 to F-6. Individual fund information for the Proprietary funds is located on pages G-1 to G-20.

#### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Cleburne, assets exceeded liabilities by \$44,521,913 as of September 30, 2008.

A portion of the City's net assets 22.0% reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The city of Cleburne uses these capital assets to provide services 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. The largest portions of the City's net assets are restricted for Capital projects and cannot be used for any other purpose.

#### CITY OF CLEBURNE'S NET ASSETS

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Current and Other Assets	\$ 30,742,478	\$ 28,374,527	\$ 17,331,424	\$ 14,388,556	\$ 48,073,902	\$ 42,763,083
Capital Assets	46,690,140	39,512,527	72,103,151	74,321,759	118,793,291	\$ 113,834,286
Total Assets	<u>77,432,618</u>	<u>67,887,054</u>	<u>89,434,575</u>	<u>88,710,315</u>	<u>166,867,193</u>	<u>156,597,369</u>
Long-Term Liabilities						
Outstanding	51,630,699	51,977,772	66,561,795	68,871,344	118,192,494	120,849,116
Other Liabilities	3,205,534	3,431,545	947,252	1,183,260	4,152,786	4,614,805
Total Liabilities	<u>54,836,233</u>	<u>55,409,317</u>	<u>67,509,047</u>	<u>70,054,604</u>	<u>122,345,280</u>	<u>125,463,921</u>
Net Assets:						
Invested Capital Assets, Net of Related Debt	(4,940,559)	(1,067,066)	14,772,729	5,488,002	9,832,170	4,420,936
Restricted	11,237,424	11,849,109	6,169,815	6,074,214	17,407,239	17,923,323
Unrestricted	16,299,520	1,695,694	982,984	7,093,495	17,282,504	8,789,189
Total Net Assets	<u>\$ 22,596,385</u>	<u>\$ 12,477,737</u>	<u>\$ 21,925,528</u>	<u>\$ 18,655,711</u>	<u>\$ 44,521,913</u>	<u>\$ 31,133,448</u>

\$17,407,234 of the City's net assets represents resources that are subject to external restrictions on how they may be used.

As of September 30, 2008, the City has positive balances in all three categories of net assets, both for 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.

**Analysis of the City's Operations.** Overall the City had an increase in net assets of \$13,388,464 or 43%.

**Governmental Activities:** Governmental activities increased the net assets by \$10,118,648 of the total increase in net assets. Net assets invested in capital assets, net of related debt, decreased by \$3,873,493 due to completion of capital projects and recognition of capital contributions. Unrestricted net assets increased by \$14,603,826.

Total revenues for governmental activities increased from the previous year by \$5,950,888. General revenue had an increase of 10.3% primarily due to sales tax, ad valorem tax, and charges for service revenue.

**Business-type Activities:** Net assets from business-type activities increased by \$3,269,817 from \$18,655,711 to \$21,925,528. This increase was primarily due to capital grant and contributions.

The following table provides a summary of the City's operations for year ended September 30, 2008 with comparative totals for year ended September 30, 2007.

**CITY OF CLEBURNE'S CHANGES IN NET**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Revenue						
Program Revenues:						
Permits and Fees	\$ 465,667	\$ 545,017	\$ -	\$ -	\$ 465,667	\$ 545,017
Charges for Services	8,372,879	7,528,669	19,817,273	15,013,316	28,190,152	22,541,985
Fines & Forfeitures	991,592	1,015,724	-	-	991,592	1,015,724
Operating Grants and Contributions	3,249,419	2,562,990	-	-	3,249,419	2,562,990
Capital Grants and Contributions	636,946	1,765,891	23,338	982,217	660,284	2,748,108
General Revenues:						
Ad Valorem Taxes	11,536,515	10,833,840	-	-	11,536,515	10,833,840
Sales Taxes	10,174,973	8,074,597	-	-	10,174,973	8,074,597
Occupancy Taxes	431,345	280,084	-	-	431,345	280,084
Franchise Taxes	2,798,109	3,103,289	-	-	2,798,109	3,103,289
Investment Earnings	960,693	1,245,647	358,047	585,688	1,318,740	1,831,335
Gain (loss) on Sale of Capital Assets	(179,724)	541,770	9,025	4,750	(170,699)	546,520
Loss on Refunding	(272,252)	-	-	-	(272,252)	-
Royalties	9,410,393	6,608,944	-	-	9,410,393	6,608,944
Miscellaneous	823,883	672,896	-	-	823,883	672,896
Total Revenues	<u>\$ 49,400,438</u>	<u>\$ 44,779,358</u>	<u>\$ 20,207,683</u>	<u>\$ 16,585,971</u>	<u>\$ 69,608,121</u>	<u>\$ 61,365,329</u>
Expenses:						
General Government	6,054,378	4,583,335	-	-	6,054,378	4,583,335
Public Safety	13,258,296	11,983,318	-	-	13,258,296	11,983,318
Public Services	9,450,115	8,349,692	-	-	9,450,115	8,349,692
Public Works	6,116,341	5,996,339	-	-	6,116,341	5,996,339
Sanitation	4,118,367	3,705,527	-	-	4,118,367	3,705,527
Interest on Long Term Debt	1,702,471	1,828,963	-	-	1,702,471	1,828,963
Water and Sewer	-	-	14,636,919	13,321,762	14,636,919	13,321,762
Municipal Airport	-	-	301,009	217,830	301,009	217,830
Drainage Utility	-	-	581,761	543,163	581,761	543,163
Total Expenses	<u>\$ 40,699,968</u>	<u>\$ 36,447,174</u>	<u>\$ 15,519,689</u>	<u>\$ 14,082,755</u>	<u>\$ 56,219,657</u>	<u>\$ 50,529,929</u>
(Decrease) in assets before transfers	8,700,470	8,332,184	4,687,994	2,503,216	13,388,464	10,835,400
Transfers	1,418,178	1,979,968	(1,418,178)	(1,979,968)	-	-
Increase (Decrease) in net assets	10,118,648	10,312,152	3,269,816	523,248	13,388,464	10,835,400
Net assets at Beginning of Year	12,477,737	2,165,585	18,655,711	18,132,463	31,133,448	20,298,048
Net assets at End of Year	<u>\$ 22,596,385</u>	<u>\$ 12,477,737</u>	<u>\$ 21,925,527</u>	<u>\$ 18,655,711</u>	<u>\$ 44,521,912</u>	<u>\$ 31,133,448</u>

## FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$26,584,926. Approximately 65.02% of this total amount \$18,367,118 constitutes unreserved fund balance. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to provide for various programs, \$7,827,858 and 2) to pay for debt service, \$389,950.

In the general fund, actual fund balance increased for fiscal year 2008 by \$849,936. On the revenue side, collections were \$1,938,973 above budget. On the expense side, expenditures were below budget by \$849,718.

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

Unrestricted net assets of the Water and Sewer Fund at the end of the year amounts to \$(722,994), the Municipal Airport Fund amounted to \$953,294, and the Drainage Utilities Fund amounted to \$752,684. The total change in net assets for all three funds was \$2,028,946, \$831,742 and \$409,129 respectively. Other factors concerning the finances of these three funds have already been addressed in the discussion of the City's business-type activities.

### GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund Budgetary Highlights - The City seen all major revenue sources remain stable except for our sales tax revenue which increased by double digits each year for the last three. During this time the city has increased our unreserved fund balance by 101% over the three year period to \$7,519,644 for 2008. In line with our past conservative budgeting philosophy, we have only budgeted the same amount as last year for the new budget.

### CAPITAL ASSETS

The City of Cleburne's investment in capital assets for its governmental and business-type activities as of September 30, 2008, amounts to \$118,793,291 (Net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, improvements, infrastructure and construction in progress. The total increase in the City's investment in capital assets for the fiscal year was 4.36%, (a 18.17% increase for governmental activities and 2.99% increase in business-type activities).

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

- Municipal Golf improvements with a cost of improvements - \$1,824,300
- Street equipment and infrastructure with a cost of \$1,295,100
- Water Treatment Plant improvements with a cost of \$164,000
- Waste Water Collection improvements with a cost of \$113,000
- Water Distribution improvements with a cost of \$516,900, land \$267,600
- Sewer System improvements with a cost of \$641,700
- Conference and Performing Arts Center with a cost of \$713,800

#### Capital Assets at Year-end Net of Accumulated Depreciation

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$ 2,605,421	\$ 2,752,051	\$ 2,419,504	\$ 2,290,483	\$ 5,024,925	\$ 5,042,534
Structures	26,766,210	15,524,887	51,199,172	34,021,247	77,965,382	49,546,134
Improvements other than structures	15,610,511	11,781,119	6,361,715	1,686,095	21,972,226	13,467,214
Equipment	14,154,899	3,190,412	2,638,113	476,329	16,793,012	3,666,741
Infrastructure	32,971,461	6,264,056	35,747,811	23,406,633	68,719,272	29,670,689
Water Rights		-	11,527,500	9,106,000	11,527,500	9,106,000
Construction in progress	1,507,920	-	1,504,265	3,334,973	3,012,185	3,334,973
Total	<u>\$ 93,616,422</u>	<u>\$ 39,512,525</u>	<u>\$ 111,398,080</u>	<u>\$ 74,321,760</u>	<u>\$ 205,014,502</u>	<u>\$ 113,834,285</u>

Additional information on the City of Cleburne's capital assets can be found in note 4 on pages C-7 to C-8 of this report.

### DEBT ADMINISTRATION

At the end of the current fiscal year, the City of Cleburne had a total bonded and self supported debt and contracts payable of \$107,725,026. Of this amount, \$43,784,026 comprises bonded debt backed by the full faith and credit of the government, \$55,380,000 represents bonds secured solely by water and sewer revenues, and \$8,561,000 is contracts payable.

#### Outstanding Debt at Year End Bonds and Notes Payable

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Certificates of Obligation Bonds	\$ 8,574,538	\$ 15,884,593	\$ -	\$ -	\$ 8,574,538	\$ 15,884,593
General Obligation Bond	17,160,000	7,185,000	-	-	17,160,000	7,185,000
Revenue Bonds	17,265,000	17,510,000	57,685,000	59,550,000	74,950,000	77,060,000
Self-supported Obligation	670,605	648,441	-	-	670,605	648,441
Contracts	-	-	8,561,000	9,106,000	8,561,000	9,106,000
Capital Lease	113,883	-	-	-	113,883	-
Total	<u>\$ 43,784,026</u>	<u>\$ 41,228,034</u>	<u>\$ 66,246,000</u>	<u>\$ 68,656,000</u>	<u>\$ 110,030,026</u>	<u>\$ 109,884,034</u>

The City's General Obligation, Certificates of Obligation, and Water Works and Sewer System Revenue Bond ratings are listed below:

	<u>Moody's Investors Service</u>	<u>Standard &amp; Poor's</u>	<u>Fitch</u>
General Obligation Bonds	A2	A+	A+
Certificates of Obligation	A2	A+	A+
Revenue Bonds	A3	A+	A+

Several of the City's bonds are insured thus holding a Triple A credit rating from Moody's, Standard's and Poor's, and Fitch.

Additional information on the City of Cleburne's long term-debt can be found in footnote 5 on pages C-8 to C-12 of this report.

### ECONOMIC FACTORS AND NEW YEAR'S BUDGETS AND RATES

In the 2008-09 Budget, General fund revenues and transfers in are budgeted to increase by 11.2% from the 2007-08 budget. General property taxes make up about 9.8% of the total. Certified total assessed valuations increased 17.0% over the preceding year. The City's 2008 unemployment rate was 4.8% at September 30, 2008. In 2008, the State rate was 5.1% and the National rate was 6.2%. The City's budgets for all funds have benefited from a strong and expanding economy from the past several years. Sales tax receipts have seen double digit increases for the last three years, 26.04% in 2007/08, 29.33% in 2006/07 and 20.66% in 2005/06. This increase has been due to our gas exploration and expanding economy. This revenue source is the most volatile but the first six months of the new fiscal year have shown another double digit increase of 18.8% over the last fiscal year. We are also experiencing a major boom in natural gas drilling activity with 36 gas industries or related suppliers performing operations within our County. New technology has allowed these industries to drill into the Barnett Shale formations and we expect to receive approximately \$6.5 Million next year in revenue from this activity. Ongoing capital spending through pay as you go funding such as streets and bond programs were also maintained as high priority. These revenue factors combined with an effort to realign service and expenditure levels to more closely match the City Council's strategic goals have resulted in an expected increase of fund balance in the General Fund.

In the Water and Sewer budget, rates have been increased 5% for water and 5% for sewer. This increase is consistent with our philosophy of small increases each year. The Water and Sewer fund is budgeted to operate with an ending balance of \$792,297 plus the Rate Mitigation Fund. This is possible due to fund balance in excess of the 90-day reserve target for this fund. We currently have \$2.829 Million in our Rate Mitigation Fund. This budgeted fund balance increase is combined with planned capital improvements and includes increases in water and sewer rates effective November 1, 2008.

The fiscal year 2008-09 budgeted revenue for the Airport Fund continues to be higher than past years due to Mineral Lease & Royalty income. Expenditures will increase due to making improvements to the runways and taxi ways.

The 2008-09 Drainage Utility Fund was created in the 2003-04 budget with the passage of a Drainage Utility fee on October 14, 2003 to all city residents, business and industry. The purpose will be to operate and maintain the flood management program in accordance with the storm water master plan, and through proper management and adherence to State and Federal regulations we strive to operate and remain an effective storm water system to protect Cleburne citizens against flooding. We have budgeted to send the \$300,000 we accumulated in fiscal year 2007-08. It will be used for drainage projects across the city.

## REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, customers, investors and creditors with general overview of the City's finances. If you have questions about this report or need any additional information, contact the Department of Finance, Attn: Director of Finance, at P.O. Box 677, Cleburne, Texas 76033-0677, call (817) 645-0910, or email at [finance@cleburne.net](mailto:finance@cleburne.net).

# **BASIC FINANCIAL STATEMENTS**

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CITY OF CLEBURNE, TEXAS

STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2008

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>ASSETS</b>			
CASH AND CASH INVESTMENTS	25,325,846	6,268,048	31,593,894
RECEIVABLES (NET OF ALLOWANCE FOR DOUBTFUL ACCOUNTS):			
AD VALOREM TAXES	402,697	-	402,697
ACCOUNTS	-	2,176,206	2,176,206
OTHER	3,391,439	-	3,391,439
DUE FROM OTHER GOVERNMENTS	99,095	-	99,095
INVENTORIES AND PREPAIDS	671,097	220,369	891,466
DEFERRED CHARGES	852,304	2,186,274	3,038,578
RESTRICTED ASSETS:			
CASH AND CASH INVESTMENTS	-	6,480,527	6,480,527
CAPITAL ASSETS:			
LAND	2,605,421	2,419,504	5,024,925
STRUCTURES	26,766,210	51,199,172	77,965,382
IMPROVEMENTS	15,610,511	6,361,715	21,972,226
EQUIPMENT	14,154,899	2,638,113	16,793,012
INFRASTRUCTURE	32,971,462	35,747,811	68,719,273
WATER RIGHTS	-	11,527,500	11,527,500
CONSTRUCTION IN PROGRESS	1,507,920	1,504,265	3,012,185
ACCUMULATED DEPRECIATION	(46,926,283)	(39,294,929)	(86,221,212)
<b>TOTAL ASSETS</b>	<b>77,432,618</b>	<b>89,434,575</b>	<b>166,867,193</b>
<b>LIABILITIES</b>			
ACCOUNTS PAYABLE AND OTHER			
CURRENT LIABILITIES	2,682,563	311,798	2,994,361
ACCRUED INTEREST	302,984	324,742	627,726
DEPOSITS	170,868	310,712	481,580
DEFERRED REVENUE	49,119	-	49,119
NONCURRENT LIABILITIES:			
DUE WITHIN ONE YEAR	2,828,738	2,305,000	5,133,738
DUE IN MORE THAN ONE YEAR	48,801,961	64,256,795	113,058,756
<b>TOTAL LIABILITIES</b>	<b>54,836,233</b>	<b>67,509,047</b>	<b>122,345,280</b>
<b>NET ASSETS</b>			
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	(4,940,559)	14,772,729	9,832,170
RESTRICTED FOR:			
DEBT SERVICE	389,950	2,829,392	3,219,342
SPECIAL PROJECTS	10,077,909	-	10,077,909
CAPITAL PROJECTS	769,565	3,340,423	4,109,988
UNRESTRICTED	16,299,520	982,984	17,282,504
<b>TOTAL NET ASSETS</b>	<b>22,596,385</b>	<b>21,925,528</b>	<b>44,521,913</b>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS FINANCIAL STATEMENT.

CITY OF CLEBURNE

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

PROGRAM ACTIVITIES	EXPENSES	PROGRAM REVENUES FEES, FINES AND CHARGES FOR SERVICES
GOVERNMENTAL ACTIVITIES		
GENERAL GOVERNMENT	6,054,378	1,215,331
PUBLIC SAFETY	13,258,296	110,094
PUBLIC SERVICE	9,450,115	896,101
PUBLIC WORKS	6,116,341	2,606,944
SANITATION	4,118,367	5,001,668
INTEREST ON LONG TERM DEBT	1,702,471	-
TOTAL GOVERNMENTAL	<u>40,699,968</u>	<u>9,830,138</u>
BUSINESS-TYPE ACTIVITIES:		
WATER AND SEWER	14,636,919	18,142,912
MUNICIPAL AIRPORT	301,009	1,145,822
DRAINAGE UTILITIES	581,761	528,539
TOTAL BUSINESS-TYPE	<u>15,519,689</u>	<u>19,817,273</u>
TOTAL GOVERNMENT	<u><u>56,219,657</u></u>	<u><u>29,647,411</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS FINANCIAL STATEMENT.

CITY OF CLEBURNE

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2008  
(CONTINUED)

PROGRAM REVENUES		NET (EXPENSES) REVENUE AND CHANGES IN NET ASSETS		
OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
-	-	(4,839,047)	-	(4,839,047)
87,343	108,900	(12,951,959)	-	(12,951,959)
3,162,076	35,000	(5,356,938)	-	(5,356,938)
-	493,046	(3,016,351)	-	(3,016,351)
-	-	883,301	-	883,301
-	-	(1,702,471)	-	(1,702,471)
<u>3,249,419</u>	<u>636,946</u>	<u>(26,983,465)</u>	<u>-</u>	<u>(26,983,465)</u>
-	-	-	3,505,993	3,505,993
-	23,338	-	868,151	868,151
-	-	-	(53,222)	(53,222)
-	<u>23,338</u>	<u>-</u>	<u>4,320,922</u>	<u>4,320,922</u>
<u>3,249,419</u>	<u>660,284</u>	<u>(26,983,465)</u>	<u>4,320,922</u>	<u>(22,662,543)</u>
GENERAL REVENUES:				
AD VALOREM TAXES		11,536,515	-	11,536,515
SALES TAXES		10,174,973	-	10,174,973
OCCUPANCY TAXES		431,345	-	431,345
FRANCHISE TAXES		2,798,109	-	2,798,109
INVESTMENT EARNINGS		960,693	358,047	1,318,740
GAIN/(LOSS) ON SALE OF CAPITAL ASSETS		(179,724)	9,025	(170,699)
ROYALTIES		9,410,393	-	9,410,393
MISCELLANEOUS		823,883	-	823,883
LOSS ON REFUNDING BONDS		(272,252)	-	(272,252)
TRANSFERS		1,418,178	(1,418,178)	-
TOTAL GENERAL REVENUES AND TRANSFERS		<u>37,102,113</u>	<u>(1,051,106)</u>	<u>36,051,007</u>
CHANGE IN NET ASSETS		10,118,648	3,269,816	13,388,464
NET ASSETS AT BEGINNING OF YEAR		12,477,737	18,655,711	31,133,448
NET ASSETS AT END OF YEAR		<u>22,596,385</u>	<u>21,925,527</u>	<u>44,521,912</u>

**CITY OF CLEBURNE, TEXAS**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2008**

<b>ASSETS</b>	<b>GENERAL</b>	<b>DEBT SERVICE</b>	<b>4B SALES TAX FUND</b>	<b>MINERAL &amp; LEASE ROYALTY</b>	<b>OTHER GOVERNMENTAL FUNDS</b>	<b>TOTAL GOVERNMENTAL FUNDS</b>
CASH	21,188	-	-	-	230,274	251,462
CLAIM ON POOLED ASSETS	8,031,047	351,013	459,900	784,953	4,537,530	14,164,443
INVESTMENTS	-	39,832	1,975,464	2,115,767	6,778,878	10,909,941
RECEIVABLES (NET WHERE APPLICABLE OF ALLOWANCE FOR DOUBTFUL ACCOUNTS):						
AD VALOREM TAXES	295,295	107,402	-	-	-	402,697
OTHER	177,879	-	495,000	2,448,480	270,080	3,391,439
DUE FROM OTHER FUNDS	83,956	-	-	-	-	83,956
DUE FROM OTHER GOVERNMENTS	18,597	-	-	-	80,498	99,095
INVENTORIES	110,145	-	-	-	-	110,145
PREPAIDS	554,789	-	-	-	6,163	560,952
<b>TOTAL ASSETS</b>	<b>9,292,896</b>	<b>498,247</b>	<b>2,930,364</b>	<b>5,349,200</b>	<b>11,903,423</b>	<b>29,974,130</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES:</b>						
ACCOUNTS PAYABLE	1,390,944	894	425,920	95,824	764,425	2,678,007
DUE TO OTHER FUNDS	20,222	-	-	-	63,734	83,956
DUE TO OTHER GOVERNMENTS	4,556	-	-	-	-	4,556
DEPOSITS	13,116	-	-	-	157,752	170,868
DEFERRED REVENUE	344,414	107,403	-	-	-	451,817
<b>TOTAL LIABILITIES</b>	<b>1,773,252</b>	<b>108,297</b>	<b>425,920</b>	<b>95,824</b>	<b>985,911</b>	<b>3,389,204</b>
<b>FUND BALANCES:</b>						
RESERVED FOR:						
DEBT SERVICE	-	389,950	-	-	-	389,950
UNRESERVED, DESIGNATED REPORTED IN:						
CAPITAL PROJECT FUNDS	-	-	-	-	7,827,858	7,827,858
UNRESERVED, UNDESIGNATED REPORTED IN:						
GENERAL FUND	7,519,644	-	-	-	-	7,519,644
SPECIAL REVENUE FUNDS	-	-	2,504,444	5,253,376	2,320,089	10,077,909
CAPITAL PROJECT FUNDS	-	-	-	-	769,565	769,565
<b>TOTAL FUND BALANCES</b>	<b>7,519,644</b>	<b>389,950</b>	<b>2,504,444</b>	<b>5,253,376</b>	<b>10,917,512</b>	<b>26,584,926</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>9,292,896</b>	<b>498,247</b>	<b>2,930,364</b>	<b>5,349,200</b>	<b>11,903,423</b>	<b>29,974,130</b>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS FINANCIAL STATEMENT.

CITY OF CLEBURNE, TEXAS

RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE  
STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2008

TOTAL FUND BALANCES-TOTAL GOVERNMENTAL FUNDS		26,584,926
AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET ASSETS ARE DIFFERENT BECAUSE:		
CAPITAL ASSETS USED IN GOVERNMENTAL ACTIVITIES ARE NOT CURRENT FINANCIAL RESOURCES AND THEREFORE ARE NOT REPORTED IN THE GOVERNMENTAL FUNDS BALANCE SHEET.		
	FIXED ASSETS PRIOR YEAR	39,512,527
	FIXED ASSET ADDITIONS	10,436,964
	FIXED ASSET REMOVALS	(350,236)
	FIXED ASSET CURRENT DEPRECIATION	<u>(2,909,115)</u>
		46,690,140
OTHER LONG-TERM ASSETS ARE NOT AVAILABLE TO PAY CURRENT PERIOD EXPENDITURES AND, THEREFORE, ARE DEFERRED IN THE FUNDS		
PROPERTY TAXES RECEIVABLE UNAVAILABLE TO PAY CURRENT PERIOD EXPENDITURES ARE DEFERRED IN THE FUNDS.		
		402,698
DEFERRED CHARGES ON LONG TERM DEBT ISSUANCE COSTS DO NOT REQUIRE CURRENT FINANCIAL RESOURCES. THEREFORE DEFERRED CHARGES ARE NOT REPORTED AS AN ASSET IN GOVERNMENTAL FUNDS BALANCE SHEET.		
		852,304
INTEREST PAYABLE ON LONG-TERM DEBT DOES NOT REQUIRE CURRENT FINANCIAL RESOURCES. THEREFORE INTEREST PAYABLE IS NOT REPORTED AS A LIABILITY IN GOVERNMENTAL FUNDS BALANCE SHEET.		
		(302,984)
LONG TERM LIABILITITES ARE NOT DUE AND PAYABLE IN THE CURRENT PERIOD AND, THEREFORE, THEY ARE NOT REPORTED IN THE GOVERNMENTAL FUNDS BALANCE SHEET.		
	DUE WITHIN ONE YEAR	2,828,738
	DUE IN MORE THAN ONE YEAR	<u>48,801,961</u>
		(51,630,699)
NET ASSETS OF GOVERNMENTAL ACTIVITIES		<u><u>22,596,385</u></u>

THE ACCOMPANYING NOTES ARE AN INTREGAL PART OF THIS FINANCIAL STATEMENT.

CITY OF CLEBURNE, TEXAS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2008

	GENERAL	DEBT SERVICE	4B SALES TAX FUND	MINERAL & LEASE ROYALTY	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:						
TAXES:						
AD VALOREM	8,488,440	2,841,416	-	-	-	11,329,856
PENALTY AND INTEREST	143,917	28,318	-	-	-	172,235
SALES	6,784,547	-	3,390,426	-	-	10,174,973
OCCUPANCY	-	-	-	-	431,345	431,345
FRANCHISE FEES	2,798,109	-	-	-	-	2,798,109
PERMITS AND FEES	429,992	-	-	-	35,675	465,667
INTERGOVERNMENTAL	3,338	-	495,000	-	2,641,493	3,139,831
CHARGES FOR SERVICES	6,119,657	-	-	-	2,253,222	8,372,879
FINES AND FORFEITURES	919,855	-	-	-	71,737	991,592
INVESTMENT INCOME	328,861	92,416	100,760	69,983	368,673	960,693
CONTRIBUTIONS	-	-	-	-	746,534	746,534
ROYALTIES	-	-	-	9,410,393	-	9,410,393
MISCELLANEOUS	483,336	-	-	-	340,547	823,883
TOTAL REVENUES	<u>26,500,052</u>	<u>2,962,150</u>	<u>3,986,186</u>	<u>9,480,376</u>	<u>6,889,226</u>	<u>49,817,990</u>
EXPENDITURES:						
CURRENT:						
GENERAL GOVERNMENT	4,279,477	-	63,940	-	55,567	4,398,984
PUBLIC SAFETY	12,798,204	-	-	-	140,089	12,938,293
PUBLIC SERVICE	5,413,194	-	25,163	-	3,371,753	8,810,110
PUBLIC WORKS	3,434,932	-	-	271,796	2,724,796	6,431,524
SANITATION	3,633,018	-	-	-	-	3,633,018
DEBT SERVICE:						
PRINCIPAL RETIREMENT	-	2,031,618	-	-	-	2,031,618
T.I.F. PAYMENTS	-	371,906	-	-	-	371,906
LEASE PAYMENTS	-	33,411	-	-	-	33,411
INTEREST AND						
FISCAL CHARGES	-	2,158,508	-	-	-	2,158,508
COST OF BONDS	-	289,918	-	-	-	289,918
CAPITAL OUTLAY:						
GENERAL GOVERNMENT	18,489	-	-	-	79,150	97,639
PUBLIC SAFETY	737,458	-	-	-	384,499	1,121,957
PUBLIC SERVICE	274,479	-	2,142,229	180,269	3,182,278	5,779,255
PUBLIC WORKS	437,963	-	-	-	1,292,336	1,730,299
SANITATION	199,894	-	-	-	-	199,894
TOTAL EXPENDITURES	<u>31,227,108</u>	<u>4,885,361</u>	<u>2,231,332</u>	<u>452,065</u>	<u>11,230,468</u>	<u>50,026,334</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(4,727,056)</u>	<u>(1,923,211)</u>	<u>1,754,854</u>	<u>9,028,311</u>	<u>(4,341,242)</u>	<u>(208,344)</u>
OTHER FINANCING SOURCES AND USES (INCLUDING TRANSFERS)						
TRANSFERS IN	6,244,670	1,024,590	-	-	5,480,427	12,749,687
TRANSFERS OUT	(985,483)	-	(2,412,929)	(7,426,181)	(506,916)	(11,331,509)
PREMIUM ON BONDS ISSUED	-	552,332	-	-	-	552,332
PROCEEDS FROM BOND SALES	-	10,890,000	-	-	-	10,890,000
PROCEEDS TO AGENT	-	(11,162,252)	-	-	-	(11,162,252)
CAPITAL LEASE	147,294	-	-	-	-	147,294
SALE OF ASSETS	170,512	-	-	-	-	170,512
TOTAL OTHER FINANCING SOURCES AND USES	<u>5,576,993</u>	<u>1,304,670</u>	<u>(2,412,929)</u>	<u>(7,426,181)</u>	<u>4,973,511</u>	<u>2,016,064</u>
NET CHANGE IN FUND BALANCES	849,937	(618,541)	(658,075)	1,602,130	632,269	1,807,720
FUND BALANCES AT BEGINNING OF YEAR	6,669,707	1,008,491	3,162,519	3,651,246	10,285,243	24,777,206
FUND BALANCES AT END OF YEAR	<u>7,519,644</u>	<u>389,950</u>	<u>2,504,444</u>	<u>5,253,376</u>	<u>10,917,512</u>	<u>26,584,926</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS FINANCIAL STATEMENT.

**CITY OF CLEBURNE, TEXAS**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

NET CHANGE IN FUND BALANCES-TOTAL GOVERNMENTAL FUNDS		1,807,720
AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES ARE DIFFERENT BECAUSE:		
GOVERNMENTAL FUNDS REPORT CAPITAL OUTLAY AS EXPENDITURES. HOWEVER, IN THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS, THE COST OF THOSE ASSETS IS ALLOCATED OVER THEIR ESTIMATED USEFUL LIVES AS DEPRECIATION EXPENSE. THIS IS THE AMOUNT OF CAPITAL ASSETS RECORDED IN THE CURRENT PERIOD.		
	10,436,964	
THE NET EFFECT OF VARIOUS TRANSACTIONS INVOLVING CAPITAL ASSETS (i.e., SALES, TRADE-INS AND CONTRIBUTIONS) IS TO INCREASE NET ASSETS	(350,236)	
DEPRECIATION EXPENSE ON CAPITAL ASSETS IS REPORTED IN THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS, BUT THEY DO NOT REQUIRE THE USE OF CURRENT FINANCIAL RESOURCES. THEREFORE, DEPRECIATION EXPENSE IS NOT REPORTED AS EXPENDITURE IN GOVERNMENTAL FUNDS.		
	(2,909,115)	
CERTAIN PROPERTY TAX REVENUES ARE DEFERRED IN THE FUNDS. THIS IS THE CHANGE IN THESE AMOUNTS THIS YEAR.		
	34,424	
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 ASSETS. ALSO, GOVERNMENTAL FUNDS REPORT THE EFFECT OF ISSUANCE COSTS PREMIUMS, DISCOUNTS, AND SIMILAR ITEMS WHEN DEBT IS FIRST ISSUED, WHEREAS THE 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.		
REFUNDING BONDS ISSUED	(10,890,000)	
PREMIUM ON BONDS ISSUED	(552,332)	
BONDS ISSUANCE COSTS	289,918	
PAYMENT TO REFUNDING BOND AGENT	11,162,252	
LOSS ON REFUNDING BOND	(272,252)	
BOND PRINCIPAL RETIREMENT	2,403,524	
AMORTIZATION OF DEFERRED CHARGES	(55,993)	
CAPITAL LEASE ISSUED	(147,294)	
LEASE PRINCIPAL RETIREMENT	33,411	1,971,234
SOME EXPENSES REPORTED IN THE STATEMENT OF ACTIVITIES DO NOT REQUIRE THE USE OF CURRENT FINANCIAL RESOURCES; THERE, ARE NOT REPORTED AS EXPENDITURES IN GOVERNMENTAL FUNDS		
		(1,384,373)
ACCRUED INTEREST EXPENSE ON LONG-TERM DEBT IS REPORTED IN THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS, BUT DOES NOT REQUIRE THE USE OF CURRENT FINANCIAL RESOURCES; THEREFORE, ACCRUED INTEREST EXPENSE IS NOT REPORTED AS EXPENDITURES IN GOVERNMENTAL FUNDS.		
		512,030
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES		10,118,648

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS FINANCIAL STATEMENT.

CITY OF CLEBURNE, TEXAS

GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	BUDGET AMOUNTS	
	ORIGINAL	FINAL
<b>REVENUES</b>		
TAXES:		
AD VALOREM	11,061,547	11,061,547
PENALTY AND INTEREST	145,000	145,000
SALES	5,114,512	5,114,512
FRANCHISE FEES	3,049,000	3,049,000
PERMITS AND FEES	465,200	465,200
INTERGOVERNMENTAL	-	-
CHARGES FOR SERVICES	5,965,393	5,965,393
FINES AND FORFEITURES	954,500	954,500
INVESTMENT INCOME	250,000	250,000
MISCELLANEOUS	36,100	36,100
TOTAL REVENUES	<u>27,041,252</u>	<u>27,041,252</u>
<b>EXPENDITURES</b>		
CURRENT:		
GENERAL GOVERNMENT	4,488,216	4,738,216
PUBLIC SAFETY	13,114,384	13,424,869
PUBLIC SERVICES	5,872,224	5,872,225
PUBLIC WORKS	3,727,627	3,727,627
SANITATION	3,951,560	3,951,560
TOTAL EXPENDITURES	<u>31,154,011</u>	<u>31,714,497</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(4,112,759)</u>	<u>(4,673,245)</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
CAPITAL LEASE	-	-
SALE OF ASSETS	-	-
TRANSFERS IN	5,825,635	5,825,635
TRANSFERS OUT	<u>(3,879,518)</u>	<u>(4,077,252)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,946,117</u>	<u>1,748,383</u>
NET CHANGE IN FUND BALANCES	(2,166,642)	(2,924,862)
FUND BALANCES - BEGINNING	<u>6,058,563</u>	<u>6,058,563</u>
FUND BALANCES - ENDING	<u><u>3,891,921</u></u>	<u><u>3,133,701</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS FINANCIAL STATEMENT.

CITY OF CLEBURNE, TEXAS

GENERAL FUND  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED SEPTEMBER 30, 2008  
 (CONTINUED)

ACTUAL GAAP BASIS	ADJUSTMENTS BUDGET BASIS	ACTUAL BUDGET BASIS	VARIANCE FINAL BUDGET POSITIVE (NEGATIVE)
8,488,440	-	8,488,440	(2,573,107)
143,917	-	143,917	(1,083)
6,784,547	-	6,784,547	1,670,035
2,798,109	-	2,798,109	(250,891)
429,992	-	429,992	(35,208)
3,338	-	3,338	3,338
6,119,657	-	6,119,657	154,264
919,855	-	919,855	(34,645)
328,861	(37,049)	291,812	41,812
483,336	(391,648)	91,688	55,588
<u>26,500,052</u>	<u>(428,697)</u>	<u>26,071,355</u>	<u>(969,897)</u>
4,297,966	432,550	4,730,516	7,700
13,535,662	(241,196)	13,294,466	130,403
5,687,673	(128,472)	5,559,201	313,024
3,872,895	(284,117)	3,588,778	138,849
3,832,912	(141,094)	3,691,818	259,742
<u>31,227,108</u>	<u>(362,329)</u>	<u>30,864,779</u>	<u>849,718</u>
<u>(4,727,056)</u>	<u>(66,368)</u>	<u>(4,793,424)</u>	<u>(120,179)</u>
147,294	(36,743)	110,551	110,551
170,512	(113,560)	56,952	56,952
6,244,670	(780,074)	5,464,596	(361,039)
<u>(985,483)</u>	<u>10,637</u>	<u>(974,846)</u>	<u>3,102,406</u>
<u>5,576,993</u>	<u>(919,740)</u>	<u>4,657,253</u>	<u>2,908,870</u>
849,937	(986,108)	(136,171)	2,788,691
<u>6,669,707</u>	<u>(611,144)</u>	<u>6,058,563</u>	<u>-</u>
<u>7,519,644</u>	<u>(1,597,252)</u>	<u>5,922,392</u>	<u>2,788,691</u>

CITY OF CLEBURNE, TEXAS

STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 SEPTEMBER 30, 2008

	BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS			
	WATER AND SEWER	MUNICIPAL AIRPORT	DRAINAGE UTILITIES	TOTALS
<b>ASSETS</b>				
CURRENT ASSETS:				
CASH	506,247	50	-	506,297
CLAIM ON POOLED ASSETS	4,350,941	625,162	785,648	5,761,751
ACCOUNTS RECEIVABLE (NET OF ALLOWANCE FOR DOUBTFUL ACCOUNTS):	1,836,726	339,480	-	2,176,206
INVENTORIES	220,369	-	-	220,369
TOTAL CURRENT ASSETS	6,914,283	964,692	785,648	8,664,623
NONCURRENT ASSETS:				
RESTRICTED CASH, CASH EQUIVALENTS AND INVESTMENTS:				
CLAIM ON POOLED ASSETS - DEPOSITS	310,712	-	-	310,712
REVENUE BOND COVENANT ACCOUNTS	6,169,815	-	-	6,169,815
TOTAL RESTRICTED ASSETS	6,480,527	-	-	6,480,527
DEFERRED CHARGES	2,186,274	-	-	2,186,274
CAPITAL ASSETS:				
LAND	2,419,504	-	-	2,419,504
STRUCTURES	50,637,809	561,363	-	51,199,172
IMPROVEMENTS	5,659,996	701,719	-	6,361,715
EQUIPMENT	2,085,839	150,832	401,442	2,638,113
INFRASTRUCTURE	31,569,939	948,295	3,229,577	35,747,811
WATER RIGHTS	11,527,500	-	-	11,527,500
CONSTRUCTION IN PROGRESS	1,504,265	-	-	1,504,265
ACCUMULATED DEPRECIATION	(36,623,187)	(1,323,995)	(1,347,747)	(39,294,929)
TOTAL NET CAPITAL ASSETS	68,781,665	1,038,214	2,283,272	72,103,151
TOTAL NONCURRENT ASSETS	77,448,466	1,038,214	2,283,272	80,769,952
TOTAL ASSETS	84,362,749	2,002,906	3,068,920	89,434,575
<b>LIABILITIES</b>				
CURRENT LIABILITIES:				
ACCOUNTS PAYABLE	296,693	4,383	10,722	311,798
REVENUE BONDS PAYABLE	2,305,000	-	-	2,305,000
ACCRUED INTEREST	324,742	-	-	324,742
DEPOSITS	310,712	-	-	310,712
TOTAL CURRENT LIABILITIES	3,237,147	4,383	10,722	3,252,252
NONCURRENT LIABILITIES:				
COMPENSATED ABSENCES	666,116	7,015	22,242	695,373
CONTRACTS PAYABLE	8,536,000	-	-	8,536,000
REVENUE BONDS PAYABLE	55,025,422	-	-	55,025,422
TOTAL NONCURRENT LIABILITIES	64,227,538	7,015	22,242	64,256,795
TOTAL LIABILITIES	67,464,685	11,398	32,964	67,509,047
<b>NET ASSETS</b>				
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT				
	11,451,243	1,038,214	2,283,272	14,772,729
RESTRICTED FOR:				
DEBT SERVICE	2,829,392	-	-	2,829,392
CONSTRUCTION	3,340,423	-	-	3,340,423
UNRESTRICTED	(722,994)	953,294	752,684	982,984
TOTAL NET ASSETS	16,898,064	1,991,508	3,035,956	21,925,528

THE ACCOMPANYING NOTES ARE AN INTREGAL PART OF THIS FINANCIAL STATEMENT.

CITY OF CLEBURNE, TEXAS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2008

	BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS			
	WATER AND SEWER	MUNICIPAL AIRPORT	DRAINAGE UTILITIES	TOTALS
OPERATING REVENUES:				
WATER SALES	10,766,730	-	-	10,766,730
SEWER SALES	6,726,565	-	-	6,726,565
WATER AND SEWER CONNECTIONS	117,453	-	-	117,453
PENALTY CHARGES	264,008	-	-	264,008
INTERGOVERNMENTAL	-	23,338	-	23,338
SERVICE CHARGES	57,035	122,624	528,539	708,198
MISCELLANEOUS	211,121	1,023,198	-	1,234,319
TOTAL OPERATING REVENUES	<u>18,142,912</u>	<u>1,169,160</u>	<u>528,539</u>	<u>19,840,611</u>
OPERATING EXPENSES:				
PERSONNEL SERVICES	3,127,007	59,452	121,700	3,308,159
SUPPLIES	2,367,115	37,585	10,897	2,415,597
CONTRACTUAL SERVICES	2,404,520	96,590	280,718	2,781,828
DEPRECIATION AND AMORTIZATION	3,902,411	107,382	168,446	4,178,239
TOTAL OPERATING EXPENSES	<u>11,801,053</u>	<u>301,009</u>	<u>581,761</u>	<u>12,683,823</u>
INCOME (LOSS) FROM OPERATIONS	<u>6,341,859</u>	<u>868,151</u>	<u>(53,222)</u>	<u>7,156,788</u>
NONOPERATING REVENUE (EXPENSES):				
INVESTMENT INCOME	331,882	7,694	18,471	358,047
INTEREST EXPENSE	(2,835,866)	-	-	(2,835,866)
SALE OF ASSETS	4,400	-	4,625	9,025
TOTAL NONOPERATING REVENUE (EXPENSES)	<u>(2,499,584)</u>	<u>7,694</u>	<u>23,096</u>	<u>(2,468,794)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>3,842,275</u>	<u>875,845</u>	<u>(30,126)</u>	<u>4,687,994</u>
TRANSFERS IN/(OUT)	<u>(1,813,330)</u>	<u>(44,103)</u>	<u>439,255</u>	<u>(1,418,178)</u>
CHANGE IN NET ASSETS	<u>2,028,945</u>	<u>831,742</u>	<u>409,129</u>	<u>3,269,816</u>
NET ASSETS AT BEGINNING OF YEAR	<u>14,869,118</u>	<u>1,159,766</u>	<u>2,626,827</u>	<u>18,655,711</u>
NET ASSETS AT END OF YEAR	<u><u>16,898,063</u></u>	<u><u>1,991,508</u></u>	<u><u>3,035,956</u></u>	<u><u>21,925,527</u></u>

THE ACCOMPANYING NOTES ARE AN INTREGAL PART OF THIS FINANCIAL STATEMENT.

CITY OF CLEBURNE, TEXAS

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2008

	BUSINESS TYPE ACTIVITIES -			TOTALS
	ENTERPRISE FUNDS			
	WATER AND SEWER	MUNICIPAL AIRPORT	DRAINAGE UTILITIES	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
CASH RECEIVED FROM CUSTOMERS	17,924,462	829,680	528,539	19,282,681
CASH PAYMENTS TO SUPPLIERS FOR GOODS AND SERVICES	(4,984,995)	(132,777)	(317,614)	(5,435,386)
CASH PAYMENTS TO EMPLOYEES FOR SERVICES	(3,020,806)	(57,508)	(131,975)	(3,210,289)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	9,918,661	639,395	78,950	10,637,006
<b>CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES</b>				
TRANSFERS (OUT) TO OTHER FUNDS	(1,813,330)	(44,103)	439,255	(1,418,178)
NET CASH PROVIDED (USED) BY NON CAPITAL FINANCING ACTIVITIES	(1,813,330)	(44,103)	439,255	(1,418,178)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(1,663,152)	(102,229)	(193,618)	(1,958,999)
PRINCIPAL PAID ON REVENUE BOND MATURITIES	(2,305,000)	-	-	(2,305,000)
INTEREST AND CHARGES PAID ON REVENUE BONDS	(2,835,866)	-	-	(2,835,866)
PRINCIPAL PAID ON CONTRACTS	(570,000)	-	-	(570,000)
SALE OF ASSETS	4,400	-	4,625	9,025
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(7,369,618)	(102,229)	(188,993)	(7,660,840)
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>				
PROCEEDS FROM SALE OF INVESTMENTS	2,767,735	-	-	2,767,735
PURCHASE OF INVESTMENT SECURITIES	(650,413)	-	-	(650,413)
INTEREST ON INVESTMENTS	331,882	7,694	18,471	358,047
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	2,449,204	7,694	18,471	2,475,369
NET CHANGE IN CASH AND CASH EQUIVALENTS	3,184,917	500,757	347,683	4,033,357
CASH AND POOLED CASH INVESTMENTS, OCTOBER 1	1,982,982	124,455	437,965	2,545,402
CASH AND POOLED CASH INVESTMENTS, SEPTEMBER 30	5,167,899	625,212	785,648	6,578,759

THE ACCOMPANYING NOTES ARE AN INTREGAL PART OF THIS FINANCIAL STATEMENT.

CITY OF CLEBURNE, TEXAS

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2008  
 (CONTINUED)

	BUSINESS TYPE ACTIVITIES -			
	ENTERPRISE FUNDS			
	WATER AND SEWER	MUNICIPAL AIRPORT	DRAINAGE UTILITIES	TOTALS
RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
INCOME (LOSS) FROM OPERATIONS	6,341,859	868,151	(53,222)	7,156,788
ADJUSTMENTS TO RECONCILE INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
DEPRECIATION AND AMORTIZATION	3,902,411	107,382	168,446	4,178,239
CHANGE IN ASSETS AND LIABILITIES:				
DECREASE IN ACCOUNTS RECEIVABLE	(218,450)	(339,480)	-	(557,930)
(INCREASE) IN INVENTORIES	(13,535)	-	-	(13,535)
INCREASE IN CUSTOMER DEPOSITS	19,752	-	-	19,752
INCREASE/(DECREASE) IN COMPENSATED ABSENCES PAYABLE	106,200	1,944	(10,273)	97,871
INCREASE/(DECREASE) IN ACCOUNTS PAYABLE	(219,576)	1,398	(26,001)	(244,179)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>9,918,661</u>	<u>639,395</u>	<u>78,950</u>	<u>10,637,006</u>

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# City of Cleburne, Texas

Notes to Basic Financial Statements  
For Year Ended September 30, 2008

## (1) TORYSummary of Significant Accounting Policies:

### A. General Statement

The City of Cleburne (the "City") was incorporated in May 3, 1871. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety, public services, public works, sanitation and waterworks.

The financial statements of the City of Cleburne, Texas have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. As allowed in Section P80 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, the City has elected not to apply Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989. The more significant of the City's accounting policies are described below.

### B. Financial Reporting Entity

The City's basic financial statements include the accounts of all City operations. The criteria for including organizations as component units within the City's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate ( can sue and be sued in their own name)
- the City holds the corporate powers of the organization
- the City appoints a voting majority of the organization's board
- the City is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City
- there is fiscal dependency by the organization on the City

Based on the aforementioned criteria, the City of Cleburne has no component units.

### C. Basic of Presentation

The Government-wide financial statements (the statement of net assets and the statement of changes in net assets) report information on all of the activities of the City. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

#### Fund Financial Statements:

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The City has presented the following major governmental funds:

#### General Fund –

General Fund is the main operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

## City of Cleburne, Texas

Notes to Basic Financial Statements  
For Year Ended September 30, 2008

### Debt Service Fund –

Debt Service Fund is used to account for the accumulation of financial resources for the payment of principal, interest and related costs on general long-term debt paid primarily from taxes levied by the City. The fund balance of the Debt Service Fund is reserved to signify the amounts that are restricted exclusively for debt service expenditures.

Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets and liabilities are included on the Statement of Net Assets. The City has presented the following major proprietary funds:

### Water and Sewer Fund –

Water and Sewer Fund is used to account for the provision of water and sewer services to residents of the City. Activities of the fund include administration, operations and maintenance of the water and sewer system and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for water and sewer debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds.

### Municipal Airport Fund –

Municipal Airport Fund is used to account for the provision of airport services. Activities of the fund include administration, operations and maintenance of the Municipal Airport and collection activities. All costs are financed through rental charges with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds.

### Drainage Utility Fund –

Drainage Utility Fund is used to account for the provision of storm water drainage services to residents of the City. Activities of the fund include administration, operations and maintenance of the storm water drainage system and creek maintenance and cleaning. All costs are financed through charges to water and sewer utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds.

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 a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

### D. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; 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 governmental-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services which are accrued. Expenses are recognized at the time the liability is incurred.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions are charges between the government's water and sewer function and other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes as available if they are collected within 60 days after year end. A 30 day availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

## City of Cleburne, Texas

### Notes to Basic Financial Statements For Year Ended September 30, 2008

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income and intergovernmental revenues. Sales taxes collected and held by the state at year end on behalf of the government are also recognized as revenue. All other governmental fund revenues are recognized when received.

#### E. Budgetary information

Annual appropriated budgets are adopted for the following major governmental funds: general fund, certain special revenue funds, and debt service fund. The city did not adopt a legal budget for special revenue funds classified under general special revenue funds. Also appropriated budgets are adopted for the following major proprietary funds: water and wastewater fund, the municipal airport fund and the drainage utility fund. All annual appropriations lapse at fiscal year-end. Project-length financial plans are adopted for all capital projects.

Budgets for the major governmental funds and major proprietary funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgetary comparisons are presented on this GAAP basis. The budget for the general fund is adopted on a non-GAAP budgetary basis. Budgetary comparisons presented for the general fund in this report are on this non-GAAP budgetary basis. Operating budgets are not required to be legally adopted for fiduciary fund types, and accordingly, budgetary data is not presented.

The City Manager, at least sixty days prior to the beginning of each budget year, shall submit to the Council a proposed budget and an explanatory budget message. The Manager, or an officer designated by him, shall obtain from the head of each department estimates of revenue and expenditure of that department with supporting data as may be requested. In preparing the budget, the City Manager shall review the estimates, shall hold hearings thereon, and may revise the estimates, as he may deem advisable.

The budget will be adopted not later than the first regular council meeting of the last month of the current fiscal year. If the Council takes no final action on, or prior to such day, the budget, as submitted by the City Manager, shall be deemed to have been finally adopted by the Council.

The City of Cleburne's budget can be amended by the City Council in any of the following methods: through line item changes at the departmental level, changes between departments or programs, and changes in the total appropriation. The City Manager may start this process at any time, with the approval of the Council, in order to transfer any unencumbered appropriation balance or portion thereof between general classifications of expenditures within an office, department, or agency. Another provision in the Charter states that at the request of the City Manager and within the last three months of the budget year, the Council may by resolution transfer any unencumbered appropriation balance or portion thereof from one office, department, or agency to another.

In addition to the above amendments, staff presents a report of revenue and expenditures to the Council each month. This provides the opportunity for adjustments, if needed, to budgeted revenues and expenditures based on actual results during the fiscal year.

Appropriations lapse at the end of the fiscal period requiring a budget amendment to account for expenditures budgeted in one fiscal period, but expended in the next fiscal period. If these items are known in advance, the expenditures will be properly allocated in the new Budget.

#### F. Cash and Investments

Cash of all funds, including restricted cash, but excluding the cash investments of the confiscated funds special revenue fund and a certificate of deposit equal to the arbitrage liability are pooled into common pooled accounts in order to maximize investment opportunities. Each fund whose monies are deposited in the pooled cash accounts has equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at month end. An individual fund's pooled Cash and Cash Investments are available upon demand and are considered to be "cash equivalents" when preparing these financial statements. In addition, any marketable securities not included in the common pooled accounts that are purchased with a maturity of ninety days or less are also considered to be "cash equivalents". Negative balances incurred in pooled cash at year-end are treated as interfund receivables of the General Fund and interfund payables of the deficit fund.

All investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

#### G. Prepaid Items

Prepaid balances are for payments made by the City in the current year to provide services occurring in the subsequent fiscal year, and the reserve for prepaid items has been recorded to signify that a portion of fund balance is not available for other subsequent expenditures.

# City of Cleburne, Texas

Notes to Basic Financial Statements  
For Year Ended September 30, 2008

## H. Inventories

The inventories in the General and Proprietary Funds consist of supplies and are recorded at cost or market.

## I. Risk Management

The City is exposed to employee-related risks for health benefits and worker's compensation, as well as to various risks of loss related to torts, including medical malpractice, theft of, damage to, or destruction of assets; errors and omissions; and natural disasters. The City purchases commercial insurance from the Texas Municipal League, a non-public entity risk pool, to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage in the past three fiscal years.

## J. Transactions Between funds

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

The City allocates from the Proprietary Funds an indirect cost percentage of salaries paid through the General Fund along with other indirect costs deemed necessary for their operations. Haz-mat cost coverage was also allocated. The City also allocates from the 4B Sales Tax Fund for expenditures greater than revenue for the Sports Complex and the Swimming Pool Departments. And also allocated from the 4b Sales tax fund and the Tax Increment Funding Fund to the Debt Service Fund are bond expenditure coverage costs. The City also transferred from the Mineral & Lease Royalty Fund to fund various capital projects in the Capital Projects Funds.

## K. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant and equipment.

Assets capitalized, not including infrastructure assets, have an original cost of \$5,000 or more and over three years of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Structures	20-30 years
Improvements	20-30 years
Water Rights	30 years
Equipment	3-10 years
Infrastructure	20-30 years

## L. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be compensated for upon termination or retirement.

## M. Nature of Purpose of Reservations and Designations of Fund Equity

The fund equity reserves for revenue bond retirement and construction, prepaid items and debt service are discussed later in the notes. The fund equity designation for subsequent years' expenditures primarily represents Streets and Drainage, Parks and Recreation and General and Public Facilities Fund Balances specifically identified for capital outlays.

## N. Net Assets

Net Assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net assets are reported

## City of Cleburne, Texas

Notes to Basic Financial Statements  
For Year Ended September 30, 2008

as restricted when there are limitations imposed on their use either legislations adopted by the City or through external restrictions imposed by creditors, grantors or law or regulations of other governments.

### (2) Budget Basis of Accounting:

The City of Cleburne prepares its annual budget on a basis (budget basis), which differs from generally accepted accounting principles (GASB basis). The budget and all transactions are presented in accordance with the City's method (budget basis) in the Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund to provide a meaningful comparison of actual results with the budget. The major differences between budget and GAAP basis in the General Fund are that encumbrances are recorded as the equivalent of expenditures (budget) as opposed to a reservation of fund balance (GAAP) and unrealized investment gain (loss) is recognized for GAAP basis only.

Adjustments necessary to convert the General Fund's excess of revenues and other sources over expenditures and other uses on the budget basis to a GAAP basis are as follows:

Excess of revenues and other sources over expenditures and other uses budget basis	\$ (136,171)
Capital expenditures not recognized	(362,329)
Lease proceeds not recognized	36,743
Sale of property not recognized	113,560
Transfers not recognized	769,436
Unrealized investment gain recognized for GAAP basis only	<u>428,698</u>
Excess of revenues and other sources over expenditures and other uses-GAAP basis	<u>\$ 849,937</u>

### (3) Deposits and Investments:

The City maintains an investment asset pool that is used by all funds. The investment asset pool maintains the pooled cash and investment accounts. Each fund type's portion of this pool is displayed on the balance sheet or statement of Net Assets as "Claim on Pooled Assets." In addition, deposits are separately held by two of the City's funds and are displayed on the Governmental Funds Balance Sheet and on the Proprietary Funds Statement of Net Assets as cash. The cash and investments restricted for revenue bond debt service are held by a revenue bond debt service investment pool.

Deposits – State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. At year-end, the carrying amount of the City's cash and deposits was \$1,011,628 and the bank balance was \$2,353,679. Of the bank balance, \$100,000 was covered by federal depository insurance, and \$2,253,376 was covered by collateral held by the pledging bank's agent in the City's name.

Investments – State statutes, city bond ordinances and city resolutions authorize the City's investments. Government Pool Investments are not categorized, in accordance with GASB Statement No. 3, because they are not evidenced by securities that exist in physical or book entry form. Government Pool investments as of September 30, 2008, of \$37,058,093 were invested in LOGIC, \$8,728,172, TEXPOOL, \$13,018,765, TEXSTAR, \$8,859,912, and MBIA \$6,451,244.

The Texas State Comptroller of Public Accounts is the sole office, director and shareholder of the Texas Treasury Safekeeping Trust Company, which is authorized to operate TexPool. Pursuant to the TexPool Participation Agreement, administrative and investment services to TexPool are provided by Federated Investors, Inc., under an agreement with the Comptroller, acting on behalf of the Trust Company. The Comptroller maintains oversight of the services provided to TexPool by Federated Investors, Inc. In addition, the TexPool Advisory Board advises on TexPool's Investment Policy and approves any fee increases. As required by the Public Funds Investment Act, the Advisory Board is composed equally of participants in TexPool and other persons who do not have a business relationship with TexPool who are qualified to advise TexPool. Finally, TexPool is rated AAAM by Standard and Poors. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard and Poors, as well as the office of the Comptroller of Public Accounts for review.

TexPool operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexPool uses amortized cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool shares. A complete copy of the TexPool Operating Procedures may be obtained by contacting TexPool Participant Services, 600 Travis Street, Suite 7200, Houston, TX 77002.

JPMorgan Fleming Asset Management (USA), Inc. ("JPMFAM") and First Southwest Asset Management, Inc. ("FSAM") serve as co-administrators for TexStar under an agreement with the TexStar board of directors (the "Board"). JPMFAM provides investment services, and FSAM provides participant services and marketing. Custodial, transfer agency, fund accounting and depository services are provided by JPMorgan Chase Bank and/or its subsidiary J.P. Morgan Investor Services Co. In

## City of Cleburne, Texas

Notes to Basic Financial Statements  
For Year Ended September 30, 2008

addition, the TexStar Advisory Board advises on TexStar's Investment Policy and approves any fee increases. As required by the Public Funds Investment Act, the Advisory Board is composed equally of participants in TexStar and other persons who do not have a business relationship with TexStar who are qualified to advise TexStar. Finally, TexStar is rated AAAM by Standard and Poor's. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard and Pooors, as well as the office of the Comptroller of Public Accounts for review.

TexStar operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexStar uses amortized cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in TexStar is the same as the value of TexStar shares. A complete copy of the TexStar Operating Procedures may be obtained by contacting TexStar Participant Services, 325 North St. Paul, Suite 800, Dallas, TX 75201.

JPMorgan Chase Asset Management (USA), Inc. ("JPMFAM") and First Southwest Asset Management Inc. ("FSAM") serve as co-administrators for Logic under an agreement with the Logic board of directors (the "Board"). JPMCAM provides investment management, custody, fund accounting and transfer agency services. FSAM provides administrative and participant services and marketing. In addition, the Logic Advisory Board advises on Logic's Investment Policy and approves any fee increases. The Advisory Board is comprised of government officials or employees. An advisor board member represents the general manager of the Cooperative. Finally, Logic is rated AAAM by Standard & Poor's.

Logic operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Logic uses amortized cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in Logic is the same as the value of Logic shares. A complete copy of the Logic operating Procedures may be obtained by contacting LOGIC, 325 North St. Paul, Suite 800, Dallas, TX 75201.

Balance Sheet

	9/30/2008	9/30/2007
Cash on hand	\$4,700	\$4,675
Carrying amount of deposits	1,011,628	6,440,621
Carrying amount of investments	37,058,093	28,830,788
Total	\$38,074,421	\$35,276,084
Cash	757,759	273,616
Equity in Pooled Cash and Investments	30,836,135	27,013,810
Equity in Pooled Cash and Investments Restricted	6,480,527	7,988,658
Total	\$38,074,421	\$35,276,084

At year end, the City's investment balances were as follows:

<b>Deposits:</b>	Fund Type	Bank Balance	Fair Value	Unrealized Gain (Loss)
Insured (FDIC)	Pooled	\$100,000	\$100,000	\$ -
Collateralized with Securities held by pledging bank's agent in City's name	Pooled/HUD/ Credit Card	2,253,679	2,253,679	-
Bank Balance		\$2,353,679	\$2,353,679	\$ -
<b>Investments:</b>	Fund -Pool/ Debt/Bond	Carrying Amount	Fair Value	Unrealized Gain (Loss)
<u>Non-Pooled Investments</u>				
Local Government Investment Pools	Debt/Bond	\$17,079,757	\$17,079,757	\$ -
<u>Pooled Investments</u>				
Local Government Investment Pools	Pool	19,978,336	19,978,336	-
Total Investments		\$37,058,093	\$37,058,093	\$ -

## City of Cleburne, Texas

Notes to Basic Financial Statements  
For Year Ended September 30, 2008

### 4) Capital Assets:

Capital asset activity for the year ended September 30, 2008, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital Assets not being depreciated				
Land	\$ 2,752,051	\$ 55,000	\$ 201,630	\$ 2,605,421
Construction in progress	-	1,507,920	-	1,507,920
Total Capital Assets not being depreciated	<u>2,752,051</u>	<u>1,562,920</u>	<u>201,630</u>	<u>4,113,341</u>
Capital Assets, being depreciated:				
Structures	22,932,010	3,839,207	5,007	26,766,210
Improvements	14,272,387	1,378,907	40,783	15,610,511
Equipment	13,373,908	1,865,188	1,084,197	14,154,899
Infrastructure	31,453,240	1,790,741	272,520	32,971,461
Total Capital assets being depreciated	<u>82,031,545</u>	<u>8,874,043</u>	<u>1,402,507</u>	<u>89,503,081</u>
Less accumulated depreciation for:				
Structures	7,742,157	793,080	189,344	8,345,893
Improvements	2,491,267	679,445	13,036	3,157,676
Equipment	9,848,462	944,167	1,026,272	9,766,357
Infrastructure	25,189,183	492,423	25,251	25,656,355
Total accumulated depreciation	<u>45,271,069</u>	<u>2,909,115</u>	<u>1,253,903</u>	<u>46,926,281</u>
Total Capital assets being depreciated, net	<u>36,760,475</u>	<u>5,964,928</u>	<u>148,604</u>	<u>42,576,800</u>
Governmental activities capital assets, net	<u>\$ 39,512,526</u>	<u>\$ 7,527,848</u>	<u>\$ 350,234</u>	<u>\$ 46,690,141</u>
	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities</b>				
Capital Assets not being depreciated				
Land	\$ 2,290,482	\$ 129,022	\$ -	\$ 2,419,504
Construction in progress	3,334,974	570,694	2,401,403	1,504,265
Total Capital Assets not being depreciated	<u>5,625,456</u>	<u>699,716</u>	<u>2,401,403</u>	<u>3,923,769</u>
Capital Assets, being depreciated:				
Structures	51,199,172	-	-	51,199,172
Improvements	6,030,233	331,482	-	6,361,715
Equipment	2,313,404	356,335	31,625	2,638,114
Water Rights	11,527,500	-	-	11,527,500
Infrastructure	32,743,317	3,004,494	-	35,747,811
Total Capital assets being depreciated	<u>103,813,626</u>	<u>3,692,311</u>	<u>31,625</u>	<u>107,474,312</u>
Less accumulated depreciation for:				
Structures	17,177,925	1,608,201	-	18,786,126
Improvements	4,344,138	253,332	-	4,597,470
Equipment	1,837,075	187,702	-	2,024,777
Water Rights	2,421,500	545,000	-	2,966,500
Infrastructure	9,336,684	1,583,370	-	10,920,054
Total accumulated depreciation	<u>35,117,322</u>	<u>4,177,605</u>	<u>-</u>	<u>39,294,927</u>
Total Capital assets being depreciated, net	<u>68,696,304</u>	<u>(485,294)</u>	<u>31,625</u>	<u>68,179,385</u>
Business-type activities capital assets, net	<u>\$ 74,321,760</u>	<u>\$ 214,422</u>	<u>\$ 2,433,028</u>	<u>\$ 72,103,154</u>

## City of Cleburne, Texas

Notes to Basic Financial Statements  
For Year Ended September 30, 2008

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

Governmental Activities:	
General	\$ 581,823
Public Safety	320,003
Public Service	640,005
Public Works	1,192,737
Sanitation	174,547
Total depreciation expense-Governmental activities	\$ 2,909,115
Business-type activities:	
Water and Sewer	\$ 3,888,164
Municipal Airport	107,382
Drainage Utilities	168,446
Total depreciation expense-Business-type activities	\$ 4,163,992

Water Rights – Represent rights to 4,700 acre feet of water from Lake Whitney and 5,300 acre feet of water from Lake Aquilla. These rights were purchased through long-term contracts from Brazos River Authority. Brazos River Authority had purchased these rights in the Federal Reservoirs through long-term contracts from the federal government. The City recorded these at cost and amortized them using the straight-line method. In accordance with Accounting Principals Board opinion No. 17, water rights acquired prior to November 1, 1970, are amortized over the contract terms while water rights acquired after October 31, 1970, are amortized over a certain period not to exceed 40 years. An additional 5,000 acre feet of water was acquired March 1, 2008 from Lake Whitney, at a cost of \$272,500 annually until 8/31/2032. With the 5,760 acre feet of water in Lake Pat Cleburne, the City has water rights to 20,760 acre feet of water.

Water rights at September 30, 2008, consist of the following:

Water rights purchased after October 31, 1970, and amortized over 25 years (life remaining on the contract), net of accumulated amortization	\$8,561,000
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### (5) Long-Term Debt:

On July 1, 2008, the City issued \$10,890,000 of General Obligation Refunding Bonds, Series 2008. This refunding paid off \$6,483,437 of the \$9,499,098 Certificate of Obligation Bonds, Series 1998, an increase in principal due of \$4,406,563. The refunding was undertaken to remove restrictive bond covenants associated with the revenue bonds, to reduce total future debt service payments. This advance refunding resulted in a present value economic gain of \$900,196 or a net present value of 8.046% of the \$10,465,000 of debt refunded.

On October 1, 2007 the City entered into a lease agreement as lessee for financing a John Deere mower, with an initial payment of \$266.27. Also on December 12, 2007 the City entered into a lease agreement as lessee for financing a John Deere tractor, with an initial payment of \$628.07.

On August 30, 2008 the City entered into a lease agreement as lease for financing 5 Phillips difibulators, \$110,550.88, with an initial payment of \$25,000.

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2008, were as follows:

Year Ending Sep. 30	Governmental Activities
2009	\$ 68,446
2010	34,689
2011	<u>10,748</u>
Total minimum lease payments	113,883
Less: amount representing interest	<u>(3,942)</u>
Present value of minimum lease payments	\$ <u>109,941</u>

## City of Cleburne, Texas

Notes to Basic Financial Statements  
For Year Ended September 30, 2008

At September 30, 2008, bonds payable consisted of the following individual issues:

	<u>Governmental</u>	<u>Business-type</u>
2001 Certificates of Obligation Bonds, due in annual installments through February 15, 2022, having approximate yields of 5.375% to 5.820%.	4,994,538	
2001 Waterworks and Sewer System Revenue Bonds, due in annual installments through February 15, 2024, having approximate yields of 4.40% to 5.200%.		6,080,000
2003 General Obligation Refunding Bonds, due in annual installments through February 15, 2012, having approximate yield of 3.14%.	3,015,000	
2004 Certificates of Obligation Bonds, due in annual installments through February 15, 2024, having approximate yields of 3.35% to 10.00%.	3,580,000	
2005 General Obligation Refunding Bonds, due in annual installments through February 15, 2019, having approximate yield of 5.02%.	3,255,000	
2005 Waterworks and Sewer System Refunding Bonds, due in annual installments through February 15, 2024, having approximate yield of 4.45%.		38,950,000
2006 Waterworks and Sewer System Refunding Bonds, due in annual installments through February 15, 2026, having approximate yields of 4.00% to 4.625%.		12,655,000
2008 General Obligation Refunding Bonds, due in annual installments through February 15, 2018, having approximate yield of 4.00%.	10,890,000	
<i>Total governmental bonds payable</i>	25,734,538	57,685,000
2002 Certificate of Obligation Bonds, due in annual installments through February 15, 2011, having approximate yields of 4.625%.	985,000	
2007 Sales Tax Revenue Refunding and Improvement Bonds, due in annual installments through February 15, 2032, having approximate yields of 4.000% to 4.500%.	16,280,000	
<i>Total self-supporting bonds payable</i>	17,265,000	
<i>Total bonds payable</i>	\$ 42,999,538	\$ 57,685,000

## City of Cleburne, Texas

### Notes to Basic Financial Statements For Year Ended September 30, 2008

Transactions for the year ended September 30, 2008 are summarized as follows:

	Balance October 1	Additions	Reductions	Balance September 30	Due within one year
<b><u>Governmental Type Activities</u></b>					
Certificates of Obligation	\$15,884,593	\$ -	\$7,310,056	\$8,574,537	\$255,000
General Obligation Bonds	7,185,000	10,890,000	915,000	17,160,000	1,285,000
Revenue Bonds	17,510,000	-	245,000	17,265,000	340,000
Self Supported Obligation	1,042,511	-	371,906	670,605	380,000
Capital Leases	0	147,294	33,411	113,883	68,738
Long-term risk liability	5,678,912	581,902	-	6,260,814	209,000
Compensated Absences	5,416,700	910,025	515,809	5,810,916	291,000
Unamortized Premiums	0	538,524	-	538,524	-
Unamortized Refunding	0	-	4,451,563	(4,451,563)	-
Unamortized Bond Discounts	0	-	312,018	(312,018)	-
Total governmental activities	<u>\$52,717,716</u>	<u>\$13,067,745</u>	<u>\$14,154,763</u>	<u>\$51,630,698</u>	<u>\$2,828,738</u>
<b><u>Business Type Activities</u></b>					
Revenue Bonds Payable	6,495,000	-	415,000	6,080,000	435,000
Refunding Bonds Payable	53,055,000	-	1,450,000	51,605,000	1,870,000
Contracts Payable	9,106,000	-	570,000	8,536,000	-
Compensated Absences	597,503	101,573	3,703	695,373	-
Unamortized Bond Discounts	(382,159)	-	27,581	(354,578)	-
Total business –type activities	<u>\$68,871,344</u>	<u>\$101,573</u>	<u>\$2,466,284</u>	<u>\$66,561,795</u>	<u>\$2,305,000</u>
Total government	<u>\$121,589,060</u>	<u>\$13,169,318</u>	<u>\$16,621,047</u>	<u>\$118,192,493</u>	<u>\$5,133,738</u>

General Obligation Bonds and Certificates of Obligation are direct obligations issued on a pledge of the general taxing power for the payment of the debt obligations of the City. General Obligation Bonds and Certificates of Obligation require the City to compute, at the time other taxes are levied, the rate of tax required to provide (in each year bonds are outstanding) a fund to pay interest and principle at maturity. The City is in compliance with this requirement. Arbitrage provisions of the Internal Revenue Tax Act of 1986 require the City to rebate excess arbitrage earnings from bond proceeds to the federal government. As provided for by the bond indentures, this amount has been recorded as a liability in the General Fund for the benefit of the federal government and will be paid as required by applicable regulations.

Water and Wastewater Bonds constitute special obligations of the City solely secured by a lien on and a pledge of the net revenues of the water and wastewater system. The Revenue Bonds are collateralized by the revenue of the Water and Wastewater system as well as various reserves established by bond ordinances. A Debt Service Reserve Fund is required to be maintained in an amount equal to the lesser of (1) the average annual debt service requirements of the Previously Issued Bonds, the Bonds and any Additional Bonds issued on parity therewith or (2) the maximum amount in a reasonably required reserve fund that can be invested without restriction so to yield under the Internal Revenue Code. The total amount required to be maintained in the Reserve Fund shall be accumulated over a period not to exceed 60 months, and the amount to be maintained in the Reserve Fund may be in cash or in authorized investments held for the credit of such Fund or may be provided with a debt service reserve insurance policy issued by an insurance company or institution having the highest rating by two nationally recognized rating agencies. Currently, the Reserve Fund requirements are funded by surety bonds.

In addition to the Debt Service Fund, the City has established a Rate Mitigation Fund. The Rate Mitigation Fund is not required by bond debt covenant, but was established as policy by ordinance on July 13, 1999, by the City Council. The purpose of this ordinance was to set aside funds when the Water and Wastewater Fund had produced a surplus after payment of all operating and maintenance expenses, debt service, and all required contributions to reserves, if any. Contributions shall be added to such Fund per the above criteria. Withdrawals from the Fund are limited to capital improvement, renewal and/or replacement of capital assets, service of long-term debt, or stabilization of water and sewer rates. All withdrawals from the Fund require the authorization of the City Council. Compensated Absences were increased as follows: General Fund - \$371,398, HUD Fund - \$12,633, C/C Transportation Fund - \$10,204, Water and Sewer Fund - \$106,200, and the Municipal Airport Fund - \$1,944. Compensated Absences were decreased as follows: the Drainage Utility Fund - \$10,275.

## City of Cleburne, Texas

Notes to Basic Financial Statements  
For Year Ended September 30, 2008

The following table summarizes the restricted cash and cash investments:

Revenue Bond's Accrued Interest Payable	\$	324,742	
Current Maturities of Revenue Bonds		2,305,000	
Total Interest and Sinking Fund		<u>2,629,742</u>	
Reserve for Revenue Bond Retirement		199,650	
Total Reserve for Revenue Bond Retirement			\$ 2,829,392
Accounts Payable for Construction Projects		14,568	
Unspent revenue bond proceeds		3,325,855	
Total Cash in Construction Fund			3,340,423
Customer Deposits Payable			<u>310,712</u>
Total Restricted Cash and Cash Investments as of September 30, 2008			<u><u>\$ 6,480,527</u></u>

Annual Requirements to Retire Debt Obligations –

The annual aggregate maturities for each bond type, includes interest of \$46,579,288, for the years subsequent to September 30, 2008, are as follows:

<u>Year Ending</u> <u>September 30</u>	<u>Governmental Activities</u>				<u>Total</u> <u>Requirements</u>
	<u>Certificates of Obligation Bonds</u>		<u>General Obligation Bonds and</u> <u>Self Supported Debt</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2009	\$ 595,000	\$ 1,068,717	\$ 1,285,000	\$ 807,295	\$ 3,756,012
2010	650,000	1,043,601	1,435,000	660,223	3,788,824
2011	705,000	1,016,052	1,485,000	608,079	3,814,131
2012	680,000	1,074,975	1,535,000	554,067	3,844,042
2013	620,000	1,132,443	1,635,000	492,474	3,879,917
2014-2018	3,705,000	5,117,712	9,410,000	1,232,210	19,464,922
2019-2023	9,889,538	4,916,335	375,000	9,413	15,190,286
2024-2028	4,755,000	1,481,769	-	-	6,236,769
2029-2033	4,240,000	392,174	-	-	4,632,174
Total	<u>\$ 25,839,538</u>	<u>\$ 17,243,778</u>	<u>\$ 17,160,000</u>	<u>\$ 4,363,761</u>	<u>\$ 64,607,077</u>

<u>Year Ending</u> <u>September 30</u>	<u>Business-type Activities</u>		<u>Total</u> <u>Requirements</u>
	<u>Revenue Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	
2009	\$ 2,305,000	\$ 2,531,920	\$ 4,836,920
2010	2,410,000	2,425,745	4,835,745
2011	2,515,000	2,316,263	4,831,263
2012	2,630,000	2,202,950	4,832,950
2013	2,755,000	2,083,714	4,838,714
2014-2018	15,745,000	8,439,429	24,184,429
2019-2023	19,665,000	4,499,364	24,164,364
2024-2025	9,660,000	472,364	10,132,364
Total	<u>\$ 57,685,000</u>	<u>\$ 24,971,749</u>	<u>\$ 82,656,749</u>

## City of Cleburne, Texas

### Notes to Basic Financial Statements For Year Ended September 30, 2008

Deceased Bonds Outstanding – In prior years, the City issued refunding bonds to defease certain outstanding bonds for the purpose of consolidation and to achieve debt service savings. The City has placed the proceeds from the refunding issues in irrevocable escrow accounts with a trust agent to ensure payment of debt service on the refunded bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements. Although defeased, the refunded debt from these earlier issues will not be actually retired until the call dates have come due or until maturity if they are not callable issues. On September 30, 2008, \$61,270,055 of bonds outstanding is considered defeased.

#### **(6) Property Tax:**

Property Tax is levied each October 1 on the assessed (appraised) value listed as of the prior January 1 for all real and business personal property located in the City. Taxable assessed value represents the appraisal value less applicable exemptions authorized by the City Council. Appraised values are established by the Appraisal Board of Review at 100% for estimated fair market value.

Taxes are due on October 1, the levy date, and are delinquent after the following January 31. Tax liens are automatic on January 1 each year. The tax lien is part of a law suit for property that can be filed any time after taxes become delinquent (February 1). The City usually waits until after July 1 to file suits on real- estate property. Property taxes which are paid after they become delinquent are assessed penalties and interest. The penalty is one (1) percent for each month or portion of a month the tax remains unpaid, and in addition thereto, a penalty of six (6) percent of the amount of the tax for the first calendar month it is delinquent plus one (1) percent for each additional month or portion of a month the tax remains unpaid prior to July 1<sup>st</sup> of the year in which it becomes delinquent. However, a tax delinquent on July 1<sup>st</sup> incurs a total penalty of twelve (12) percent of the amount of the delinquent tax without regard to the numbers of months the tax had been delinquent. As of July 1, 15% collection costs are added to all delinquent accounts. Current tax collections for the year ended September 30, 2008, were 98.2% of the tax levy.

Property taxes at the fund level are recorded as receivables and deferred revenues at the time the taxes are assessed. Revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible in time to be a resource for payment of obligations incurred during the fiscal year and therefore susceptible to accrual in accordance with Generally Accepted Accounting Principles have been recognized as revenue. The City charter of the City of Cleburne, Texas, does not provide for a debt limit, therefore, no computation can be made. However, at September 30, 2008, the City had a tax margin of \$1.7881 for every \$100 valuation based upon a maximum ad valorem tax of \$2.50 for every \$100 valuation imposed by Texas Constitutional law.

In Texas, county-wide central appraisal districts are required under the Property Tax Code to assess all property within the appraisal district on the basis of 100% of its market value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed at least every three years; however, the City may, at its own expense, require annual reviews of appraisal values. The City may challenge appraised values established by the appraisal district through various appeals, and, if necessary, legal action. Under this legislation the City continues to set tax rates on City property. However, if the effective tax rate, adjusted for new improvements, exceeds the rate for the previous year by more than 8%, qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than 8% above the effective tax rate of the previous year.

#### **(7) Pension Plans:**

##### A-1. Texas Municipal Retirement System – Pension Trust Fund

###### Plan Description

The City provides pension benefits for all of its full-time employees and non-firemen employees through a nontraditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of over 827 administered by TMRS, an agent multiple-employer public employee retirement system.

###### Benefits

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since each plan began (or current service credits) are a percent (100%, 150%, or 200%) of the employee's accumulated contributions. In addition, the City can grant annually or on an annually repeating basis, another type of monetary credit referred to as an updated service credit. This credit is determined by hypothetically recomputing the member's account balance by assuming that the current member deposit rate of 7% has always been in effect. The computation also assumes that the member's salary has always been the member's average salary — using a salary calculation based on the 36-month period ending a year before the effective date of calculation. This hypothetical account balance is increased by 3% each year, not the actual interest credited to member accounts in previous years, and increased by the city match currently in effect (100%, 150%, or 200%). The resulting sum is then compared to

## City of Cleburne, Texas

Notes to Basic Financial Statements  
For Year Ended September 30, 2008

the member's actual account balance increased by the actual city match and actual interest credited. If the hypothetical calculation exceeds the actual calculation, the member is granted a monetary credit (or Updated Service Credit) equal to the difference between the hypothetical calculation and the actual calculation. At retirement, the benefit is calculated as if the sum of the employee's contributions with interest and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options: retiree life only; one of three lifetime survivor options; or one of three guaranteed term options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution (PLSD) in an amount equal to 12, 24, or 36 monthly payments under the retiree life only option, which cannot exceed 75% of the total member deposits and interest. A member city may elect to increase the annuities of its retirees, either annually or on an annually repeating basis, effective January 1 of a calendar year. Cities may adopt annuity increases at a rate equal to either 30%, 50%, or 70% of the increase (if any) in the Consumer Price Index — all Urban Consumers (CPI-U) between the December preceding the member's retirement date and the December one year before the effective date of the increase, minus any previously granted increases. Members in most cities can retire at age 60 and above with 5 or more years of service or with 20 years of service regardless of age. Some cities have elected retirement eligibility with 25 years of service regardless of age. Most plans also provide death benefits and all provide disability benefits.

Effective January 1, 2002, members are vested after 5 years, unless a city opted to maintain 10-year vesting. The plan provisions are adopted by the governing body of each city, within the options available in the state statutes governing TMRS.

Members may work for more than one TMRS city during their career. If an individual has become vested in one TMRS city, he or she is immediately vested upon employment with another TMRS city. Similarly, once a member has met the eligibility requirements for retirement in a TMRS city, he or she is eligible in other TMRS cities as well.

### Contributions

Under the state law governing TMRS, the actuary annually determines the City contribution rate. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to the City's matching percent, which is the obligation of the City as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortizes the unfunded actuarial liability over the remainder of the plan's 25-year amortization period. The unit credit actuarial cost method is used for determining the City contribution rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect. (i.e., December 31, 2007 valuation is effective for rates beginning January 2008.) The annual pension costs and contributions for the last three fiscal years are as follows: 2005 - \$1,476,544; and 2006 - \$1,530,496 and 2007 - \$1,614,832. Also see section D-1 of the Basic Financial Statements for required supplemental information.

### Actuarial Assumptions

The actuarial assumptions included (a) 7 percent investment rate of return, (b) no projected salary increases or cost of living adjustments and (c) 3.5 percent inflation rate. The actuarial value of assets was determined by amortized cost over a 25 year open period. The amortization method is level percent of payroll. For our city the following actuarial assumptions were used:

- (a) 5 percent payroll growth,
- (b) 25 year remaining amortization period, and
- (c) a mid/low withdrawal rate for male/female.

The City of Cleburne is one of 827 municipalities having the benefit plan administered by TMRS. Each of the Municipalities has an annual, individual actuarial valuation performed. All assumptions for the 12-31-07 valuations are contained in the 2007 TMRS Comprehensive Annual Financial Report, a copy of which may be obtained by writing to P.O. Box 149153, Austin, Texas 78714-9153 or the TMRS website at [www.TMRS.com](http://www.TMRS.com).

## A-2. Texas Municipal Retirement System – Supplemental Death Benefits Fund

### Plan Description

TMRS also administers a cost sharing multiple-employer defined benefit group term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). This is a voluntary program in which participating municipalities may elect, by ordinance, to provide group-term life insurance coverage ("supplemental death benefits") for their active members and/or retirees. Employers 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.

## City of Cleburne, Texas

Notes to Basic Financial Statements  
For Year Ended September 30, 2008

### Benefits

Payments from this fund are similar to group-term life insurance benefits, and are paid to the designated beneficiaries upon the receipt of an approved application for payment. 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 a postemployment benefit other than pension benefit (OPEB or other postemployment benefit) and is a fixed amount of \$7,500. The obligations of this plan are payable only from the SDBF and are not an obligation of, or a claim against, the Pension Trust Fund

### Contributions

Contributions are made monthly based on the covered payroll of employee members of the participating municipality. The contractually required contribution rate is determined annually for each municipality. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the municipality. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect. The contributions to the SDBF are pooled for investment purposes with those of the Pension Trust Fund. The TMRS Act requires the Pension Trust Fund to allocate investment income to the SDBF on an annual basis. The funding policy of this plan is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers. As such, contributions are utilized to fund active member deaths on a pay-as-you-go basis; any excess contributions and investment income over payments then become net assets available for OPEB. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect. (i.e., December 31, 2007 valuation is effective for rates beginning January 2008.) The annual pension costs and contributions for the last three fiscal years are as follows: 2005 - \$31,660; and 2006 - \$34,028 and 2007 - \$36,802. Also see section D-1 of the Basic Financial Statements for required supplemental information.

### Actuarial Assumptions

The actuarial assumptions included (a) 4.25 percent investment rate of return, (b) no projected salary increases or cost of living adjustments and (c) 3.5 percent inflation rate. The actuarial value of assets was determined by a fund value over a 25 year open period. The projected unit credit is level percent of payroll. For our city the following actuarial assumptions were used:

- (a) no salary increases,
- (b) 25 year fund value period, and
- (c) a mid/low withdrawal rates for male/female.

The City of Cleburne is one of 827 municipalities having the benefit plan administered by TMRS. Each of the Municipalities has an annual, individual actuarial valuation performed. All assumptions for the 12-31-07 valuations are contained in the 2007 TMRS Comprehensive Annual Financial Report, a copy of which may be obtained by writing to P.O. Box 149153, Austin, Texas 78714-9153 or the TMRS website at [www.TMRS.com](http://www.TMRS.com).

## B. Fireman's Relief & Retirement

### Plan Description

All active firefighters in the Cleburne Fire Department are covered by the Cleburne Firemen's Relief and Retirement Fund. The Cleburne Firemen's Relief and Retirement Fund is a single-employer defined benefit pension plan administered by a Board of Trustees.

The City of Cleburne is the only contributing employer. The firefighters covered by the plan also contribute to the plan. The plan is established pursuant to the Texas Local Firefighters Retirement Act (TLFFRA). All assumptions for the December 31, 2007 valuations are contained in the report Actuarial Valuation Cleburne Firemen's Relief and Retirement Fund as of December 31, 2007. The Fund also issues an annual financial report. A copy of these reports may be obtained by writing Cleburne Firemen's Relief and Retirement Fund, 114 W. Wardville, Cleburne, TX 76033.

### Contributions

Service is granted under the plan for the period of time during which a firefighter pays into, and keeps on deposit in the fund, the contributions required by the plan and those periods during which the firefighter received a disability retirement benefit. Employee contributions are equal to 13.00 percent of pay. Employer contributions are contributions paid into the plan which are in addition to the employee contributions. The City contributes 20.27 percent of pay into the plan, annually.

## City of Cleburne, Texas

Notes to Basic Financial Statements  
For Year Ended September 30, 2008

Final 36-month departmental average salary is equal to the average monthly pay for the entire department for the 36 calendar months immediately preceding the firefighter's date of retirement, or the date of his death if death occurred while he was an employee of the fire department, provided, however, that each firefighter whose pay is considered in the determination of final 36-month departmental average salary for a given month must have been a member of the fund for the entire month in question.

The contribution rate of the firefighters and City are set by the plan document, a legal instrument binding both the City and the firefighters. While the contribution certified requirements are not actuarially determined, state law requires that each plan of benefits adopted by the fund must be approved by a qualified actuary. The actuary certifies that the contribution commitment by the firefighters and the City provides and adequate financing arrangement. Pension cost for fiscal year with 100% of annual pension cost contributed each year and NPO of \$0 each year. Actuarial valuations are performed once during each two year period. The most recent valuation was performed December 31, 2006. The December 31, 2006 actuarial valuation using the entry age actuarial cost method and a level dollar amortization method for an open period of 20 years. The actuarial assumptions included (a) 7.5% investment rate of return, net of expenses, compounded annually and (b) projected salary increases of 4.0% per year. Both (a) and (b) did include an inflation rate of 4.0% per year. The payroll growth rate used was 3.0%. There is no provision for automatic postretirement benefit increases. The actuarial value of assets method is fair market value smoothed by a 5-year deferred recognition method with an 80%/120% corridor on market. The costs of administering the plan are financed from the trust. The annual pension costs and contributions for the last three fiscal years are as follows: 2005 - \$481,333; 2006 - \$546,121 AND 2007 - \$788,731. Also see section D-2 of the Basic Financial Statements for required supplemental information.

**(8) Receivables:**

The delinquent taxes receivable account represents the past years of uncollected tax levies. The allowance for estimated uncollectibles is 38.2% of the total delinquent taxes receivable at September 30, 2008 - \$440412.

Accounts receivable of the business-type funds consists primarily of receivables due from customers for water, sewer and garbage services - \$1,836,726.

Accounts receivable of the general fund consists of receivables due from - sanitation services - \$16,456; police services - \$47,285; insufficient checks, transfer station and miscellaneous services - \$16,503.

Accounts receivable of the special revenue funds consists of receivables due from HUD fund - \$12,079, transit services - \$2,520, and pipeline operation management services - \$255,481.

**(9) Interfund Transfers:**

Interfund transfers during the year ended September 30, 2008, were as follows:

<u>Transfers In</u>	<u>Transfers Out</u>					<u>Total</u>
	<u>General Fund</u>	<u>Major Governmental</u>	<u>Non-Major Governmental</u>	<u>Water &amp; Sewer</u>	<u>Municipal Airport</u>	
General Fund	\$ -	\$ 4,108,554	\$ 33,299	\$ 1,882,055	\$ 40,688	\$ 6,064,596
Debt Service	35,637	610,797	371,906	-	6,250	1,024,590
Major	-	-	-	-	-	-
Non-Major	769,773	4,708,943	1,711	-	-	5,480,427
Water & Sewer	-	70,184	-	3,082,287	-	3,152,471
Municipal Airport	-	1,376	-	-	-	1,376
Drainage Utility	-	439,256	-	-	-	439,256
<b>Total</b>	<b>\$ 805,410</b>	<b>\$ 9,939,110</b>	<b>\$ 406,916</b>	<b>\$ 4,964,342</b>	<b>\$ 46,938</b>	<b>\$16,162,716</b>

*Transfers are primarily used to move funds from: (1) The proprietary funds to the General Fund for an allocated amount of wages and other related costs of personnel who perform administrative services, (2) The Non-Major Governmental Funds and the Municipal Airport Fund to the Debt Service Fund to pay various L/T Debts, (3) The Non-Major Governmental Funds to proprietary funds was for capital grant match and to the General Fund for various operating and capital expenditures.*

**City of Cleburne, Texas**

Notes to Basic Financial Statements  
For Year Ended September 30, 2008

**(10) Other Information Regarding Individual Funds:**

Excess of Expenditures over Appropriations in Individual Departments

	<b>2008</b>	<b>2007</b>
General Fund – City Manager	\$ 3,718	\$ -
General Fund – City Attorney	-	39,069
General Fund – Municipal Court	5,427	-
General Fund – Information Services	8,384	-
General Fund – Non-Departmental	467,332	-
General Fund – Animal Control	12,690	-
General Fund – Health	-	10,815
General Fund – Municipal Golf Course	15,643	14,309
General Fund – Sports Complex	5,254	-
General Fund – Building Maintenance	-	11,632
General Fund – Library	-	13,456
General Fund – Public Works	-	305,459
General Fund – Fleet Maintenance	7,175	10,815
General Fund – Transfer Station	-	12,290
General Fund – Landfill	-	85,289
General Fund – Shredding	-	124,963
HUD Grant Expenditures	53,228	-
Hotel/Motel Expenditures	249,146	-
Total	<u>\$ 343,136</u>	<u>\$ 589,028</u>

General Fund – These departments have more expenditures than appropriations primarily because of the following; under appropriations in employee salaries and benefits for retirees and terminations in the Non-Departmental Department as well as consultants approved by Council. The Hotel/Motel Department excess of expenditures over appropriations was created by the following: the city has a contract with the Chamber of Commerce to promote tourism. The agreed fee is 78.65% (5.5 cents of the 7 cent) of the Hotel/Motel Occupancy Tax that the City collects. We collected \$155,175 more revenue than budgeted. The other expenditures were related to tourism activities: Chisholm Trail Improvements, Plaza Theater advertising and Trilogy Branding Promotions that were approved by Council. The other departments had contracts changed during the year.

Excess of Expenditures over Appropriations in Individual Funds

	<b>2008</b>	<b>2007</b>
Hotel/Motel Fund	\$ 95,122	\$ -
Total	<u>\$ 95,122</u>	<u>\$ -</u>

Due to a one time City logo and Chisholm Trail improvements charge approved by the City Council without a budget change.

## City of Cleburne, Texas

Notes to Basic Financial Statements  
For Year Ended September 30, 2008

**(11) Commitments and Contingent Liabilities:**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

The City is party, in the normal course of business, to litigation and claims. Management, after consultation with the City Attorney, believes that the liabilities, if any, arising from such litigation and claims will not be material to the financial position of the City.

The City had several outstanding or planned construction projects or purchases of equipment as of September 30, 2008. These projects are evidenced by contractual commitments with contractors or bond holders and include:

<u>Project</u>	<u>Spent to Date</u>	<u>Commitment Remaining</u>
Land	\$ 149,700	\$ 146,500
Landfill Improvements	400,200	-
Water Facility Improvements	40,356,400	2,302,200
Sewer Facility Improvements	12,503,100	1,750,600
Various Equipment Purchases	1,870,700	708,300
Storm Drainage	1,694,700	-
Walks and Fences	296,400	180,900
Street Improvements	5,492,800	710,700
Traffic Signals	618,800	-
Non-building Improvements	4,315,600	579,500
Renovations	423,900	542,700
Structures	1,579,900	6,994,000
Total Projects	<u>\$ 69,702,200</u>	<u>\$ 13,915,400</u>

The construction of water facility improvements and sewer facility improvements are being funded by the proceeds of revenue bonds. All other construction projects are being funded by the proceeds of certificates of obligation bonds, mineral and lease revenue or donations.

**City of Cleburne, Texas**

Notes to Basic Financial Statements  
For Year Ended September 30, 2008

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**CITY OF CLEBURNE, TEXAS**

REQUIRED SUPPLEMENTARY INFORMATION  
 TEXAS MUNICIPAL RETIREMENT SYSTEM  
 PENSION TRUST FUND  
 ANALYSIS OF FUNDING PROGRESS

FISCAL YEAR	ACTUARIAL VALUE OF ASSETS	ACTUARIAL ACCRUED LIABILITY	FUNDED RATIO (1)/(2)	UNFUNDED ACTUARIAL ACCRUED LIABILITY	ANNUAL COVERED PAYROLL	UNFUNDED ACTUARIAL ACCRUED LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
1998	16,302,290	22,146,276	73.61%	5,843,986	6,495,249	89.97%
1999	18,021,023	24,275,674	74.23%	6,254,651	6,914,638	90.46%
2000	18,597,995	25,092,307	74.12%	6,494,312	7,207,926	90.10%
2001	19,280,911	26,269,329	73.40%	6,988,418	7,870,237	88.80%
2002	21,322,260	28,901,922	73.77%	7,579,662	7,707,723	98.34%
2003	23,444,212	32,006,638	73.25%	8,562,426	9,036,396	94.75%
2004	23,187,608	32,067,954	72.31%	8,880,346	9,659,045	91.94%
2005	23,682,412	33,369,851	70.97%	9,687,439	10,351,452	93.59%
2006	23,858,790	34,732,442	68.69%	10,873,652	10,947,547	99.33%
2007	25,287,734	44,696,784	56.58%	19,409,050	12,752,702	152.20%

**CITY OF CLEBURNE, TEXAS**

REQUIRED SUPPLEMENTARY INFORMATION  
FIREMAN'S RELIEF & RETIREMENT  
ANALYSIS OF FUNDING PROGRESS

FISCAL YEAR	ACTUARIAL VALUE OF ASSETS	ENTRY AGE ACTUARIAL ACCRUED LIABILITY	FUNDED RATIO (1)/(2)	UNFUNDED ACTUARIAL ACCRUED LIABILITY	(1) ANNUAL COVERED PAYROLL	UNFUNDED ACTUARIAL ACCRUED LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
1996	6,526,730	7,392,012	88.3%	865,282	1,287,028	67.2%
1999	7,957,333	8,878,403	89.6%	921,070	1,503,672	61.3%
2002	9,414,627	12,917,971	72.9%	3,503,344	2,673,590	131.0%
2004	10,279,086	14,308,464	71.8%	4,029,378	2,980,867	135.2%
2006	11,731,571	18,495,139	63.4%	6,763,568	3,183,827	212.4%

(1) THE COVERED PAYROLL IS BASED ON ESTIMATED ANNUALIZED SALARIES USED IN THE VALUATION.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

PLAN YEAR ENDED DECEMBER 31	(1) ANNUAL CONTRIBUTION AS A PERCENTAGE OF PAYROLL	(2) ANNUAL CONTRIBUTION AS A PERCENTAGE OF PAYROLL	ANNUAL REQUIRED CONTRIBUTION	UNFUNDED ACTUARIAL ACCRUED LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
2002	11.50	13.96	261,721	100
2003	13.77	13.96	359,903	100
2004	14.47	16.47	415,112	100
2005	16.47	17.66	497,564	100
2006	17.66	19.85	568,857	100

(1) THE ANNUAL REQUIRED CONTRIBUTION IS BASED ON ACTUAL COVERED PAYROLL AS REPORTED IN THE FUND'S ANNUAL REPORT TO THE STATE OF TEXAS FIRE FIGHTERS' PENSION COMMISSION.

(2) THE CONTRIBUTION RATE AS A PERCENTAGE OF PAYROLL CHANGED DURING THE YEAR ACCORDING TO THE FUND'S ANNUAL REPORT TO THE STATE OF TEXAS FIREFIGHTERS' PENSION COMMISSION.

# COMBINING FINANCIAL STATEMENTS

## NON-MAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

H. U. D. GRANT - TO ACCOUNT FOR THE FUNDS RECEIVED FROM DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT THAT ARE LEGALLY RESTRICTED TO SUBSIDIZE RENTAL AND UTILITY EXPENSES OF LOW-INCOME FAMILIES.

HOTEL/MOTEL OCCUPANCY TAX FUND - TO ACCOUNT FOR THE ACCUMULATION OF RESOURCES FROM THE HOTEL/MOTEL TAX LEVIED BY THE CITY. THESE MONIES ARE TO BE SPENT TO PROMOTE THE PROGRESS, DEVELOPMENT OR GROWTH OF CITY WITHIN THE GUIDELINES SET FORTH ON DISPOSITION OF REVENUES COLLECTED UNDER THE AUTHORITY OF THE TEXAS HOTEL OCCUPANCY TAX ACT (ARTICLE 1269; VEMON'S TEXAS CIVIL STATUTES).

C/C TRANSPORTATION FUND - TO ACCOUNT FOR THE REVENUES FROM OPERATIONS AND FEDERAL AND STATE GRANTS THAT ARE SPECIFICALLY RESTRICTED TO ADMINISTRATIVE, OPERATING AND CAPITAL EXPENDITURES FOR THE SOLE BENEFIT OF THE CITY'S AND COUNTY'S TRANSPORTATION SYSTEM.

4B SALES TAX FUND - TO ACCOUNT FOR THE PROCEEDS OF THE 4B SALES TAX LEVIED BY THE CITY. THE FUNDS WILL BE SPENT TO PROMOTE AND DEVELOP THE FOLLOWING PROJECTS: YOUTH SPORTS COMPLEX, AQUATIC CENTER, RAILROAD MUSEUM, PARK IMPROVEMENTS, COMMUNITY CENTER, AND OTHER PROJECTS SELECTED BY THE 4B SALES TAX BOARD. MAINTENANCE AND OPERATION EXPENSES AND CONSTRUCTION COSTS OF THESE PROJECTS WILL BE EXPENDED FROM THIS FUND.

OTHER SPECIAL FUNDS - TO ACCOUNT FOR MISCELLANEOUS FUNDS DESIGNATED FOR SPECIAL PROGRAM OF THE CITY.

### CAPITAL PROJECTS FUNDS

1997 CO BOND FUND - TO ACCOUNT FOR BOND PROCEEDS TO FINANCE STORM DRAINAGE, POLICE, LIBRARY, MUSEUM, PARKS, ACCOUNTING, STREET PROJECTS, RENOVATIONS AND EQUIPMENT.

2001 CO BOND FUND - TO ACCOUNT FOR BOND PROCEEDS TO FINANCE INFORMATION SYSTEMS, AIRPORT, FIRE, PARKS, BUILDING MAINTENANCE, STREET, INCINERATOR AND STORM DRAINAGE IMPROVEMENTS PROJECTS AND EQUIPMENT.

2002 4B SALES TAX BOND FUND - TO ACCOUNT FOR BOND PROCEEDS TO FINANCE CONSTRUCTION OF A YOUTH SPORTS COMPLEX AND AQUATIC FACILITY.

GENERAL CAPITAL PROJECTS FUND - TO ACCOUNT FOR TRANSFERS FROM THE MINERAL AND LEASE ROYALTIES FUND (FUND 21) TO FINANCE CAPITAL AND IMPROVEMENT PROJECTS AS SELECTED BY THE CI COUNCIL.

CITY OF CLEBURNE

COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2008

	SPECIAL REVENUE			GENERAL SPECIAL REVENUE
	H.U.D. GRANT	HOTEL/ MOTEL TAX	C/C TRANSIT	
<b>ASSETS</b>				
CASH	229,674	-	525	75
CLAIM ON POOLED ASSETS	88,299	22,363	-	2,031,274
INVESTMENTS	-	-	-	-
OTHER RECEIVABLE	12,079	-	2,520	255,481
DUE FROM OTHER GOVERNMENTS	-	-	71,158	9,340
DEPOSITS	-	-	-	6,163
TOTAL ASSETS	<u>330,052</u>	<u>22,363</u>	<u>74,203</u>	<u>2,302,333</u>
<b>LIABILITIES AND FUND BALANCES</b>				
LIABILITIES:				
ACCOUNTS PAYABLE	5,072	500	13,155	168,649
ADVANCED POOLED ASSETS	59,446	-	-	4,288
DEPOSITS	-	-	-	157,752
TOTAL LIABILITIES	<u>64,518</u>	<u>500</u>	<u>13,155</u>	<u>330,689</u>
FUND BALANCES:				
UNRESERVED:				
DESIGNATED FOR SUBSEQUENT YEAR'S EXPENDITURES	-	-	-	-
UNRESERVED, UNDESIGNATED REPORTED IN:				
SPECIAL REVENUE FUNDS	265,534	21,863	61,048	1,971,644
CAPITAL PROJECT FUNDS	-	-	-	-
TOTAL FUND BALANCES	<u>265,534</u>	<u>21,863</u>	<u>61,048</u>	<u>1,971,644</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>330,052</u>	<u>22,363</u>	<u>74,203</u>	<u>2,302,333</u>

CITY OF CLEBURNE

COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2008  
(CONTINUED)

CAPITAL PROJECTS				TOTAL NON MAJOR GOVERNMENTAL FUNDS
2006 4B SALES TAX BOND	2004 CO BOND	1997 CO BOND	GENERAL PROJECTS	
-	-	-	-	230,274
837,829	1,116,140	8,177	433,448	4,537,530
3,818,142	1,598,655	-	1,362,081	6,778,878
-	-	-	-	270,080
-	-	-	-	80,498
-	-	-	-	6,163
<u>4,655,971</u>	<u>2,714,795</u>	<u>8,177</u>	<u>1,795,529</u>	<u>11,903,423</u>
2,542	445,178	-	129,329	764,425
-	-	-	-	63,734
-	-	-	-	157,752
<u>2,542</u>	<u>445,178</u>	<u>-</u>	<u>129,329</u>	<u>985,911</u>
4,600,000	2,193,858	-	1,034,000	7,827,858
-	-	-	-	2,320,089
53,429	75,759	8,177	632,200	769,565
<u>4,653,429</u>	<u>2,269,617</u>	<u>8,177</u>	<u>1,666,200</u>	<u>10,917,512</u>
<u>4,655,971</u>	<u>2,714,795</u>	<u>8,177</u>	<u>1,795,529</u>	<u>11,903,423</u>

CITY OF CLEBURNE, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NON-MAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2008

	SPECIAL REVENUE			GENERAL SPECIAL REVENUE
	H.U.D. GRANT	HOTEL/ MOTEL TAX	C/C TRANSIT	
<b>REVENUES:</b>				
TAXES	-	431,345	-	-
PERMITS AND FEES	-	-	-	35,675
INTERGOVERNMENTAL CHARGES FOR SERVICES	1,824,635	-	739,425	77,433
FINES/FORFEITURES	6,385	-	81,504	2,171,718
INVESTMENT INCOME	8,545	2,680	-	65,352
CONTRIBUTIONS	-	-	55,975	43,605
ROYALTIES	-	-	-	155,941
MISCELLANEOUS	10	-	394	-
TOTAL REVENUES	<u>1,839,575</u>	<u>434,025</u>	<u>877,298</u>	<u>2,889,867</u>
<b>EXPENDITURES:</b>				
CURRENT:				
GENERAL GOVERNMENT	-	-	-	48,857
PUBLIC SAFETY	-	-	-	137,339
PUBLIC SERVICE	1,786,091	512,465	943,263	81,228
PUBLIC WORKS	-	-	-	1,800,662
CAPITAL OUTLAY:				
GENERAL GOVERNMENT	-	-	-	15,615
PUBLIC SAFETY	-	-	-	380,999
PUBLIC SERVICE	-	-	16,995	367,355
PUBLIC WORKS	-	-	-	42,393
TOTAL EXPENDITURES	<u>1,786,091</u>	<u>512,465</u>	<u>960,258</u>	<u>2,874,448</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>53,484</u>	<u>(78,440)</u>	<u>(82,960)</u>	<u>15,419</u>
OTHER FINANCING SOURCES (USES):				
PROCEEDS FROM T.I.F.	-	-	-	-
TRANSFERS IN	4,128	-	144,008	1,448,503
TRANSFERS OUT	-	-	-	(406,916)
TOTAL OTHER FINANCING SOURCES (USES)	<u>4,128</u>	<u>-</u>	<u>144,008</u>	<u>1,041,587</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>57,612</u>	<u>(78,440)</u>	<u>61,048</u>	<u>1,057,006</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>207,922</u>	<u>100,303</u>	<u>-</u>	<u>914,638</u>
FUND BALANCES AT END OF YEAR	<u>265,534</u>	<u>21,863</u>	<u>61,048</u>	<u>1,971,644</u>

CITY OF CLEBURNE, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NON-MAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2008  
 (CONTINUED)

CAPITAL PROJECTS				TOTAL
2006 4B SALES TAX BOND	2004 CO BOND	1997 CO BOND	GENERAL PROJECTS	NON MAJOR GOVERNMENTAL FUNDS
-	-	-	-	431,345
-	-	-	-	35,675
-	-	-	-	2,641,493
-	-	-	-	2,253,222
-	-	-	-	71,737
157,486	58,529	1,928	95,900	368,673
-	35,000	-	499,618	746,534
-	-	-	-	-
-	-	-	-	340,547
<u>157,486</u>	<u>93,529</u>	<u>1,928</u>	<u>595,518</u>	<u>6,889,226</u>
-	2,375	4,335	-	55,567
-	-	-	2,750	140,089
-	-	-	48,706	3,371,753
-	28,235	-	895,899	2,724,796
-	-	63,535	-	79,150
-	-	-	3,500	384,499
713,746	1,824,320	-	259,862	3,182,278
-	(52,481)	-	1,302,424	1,292,336
<u>713,746</u>	<u>1,802,449</u>	<u>67,870</u>	<u>2,513,141</u>	<u>11,230,468</u>
<u>(556,260)</u>	<u>(1,708,920)</u>	<u>(65,942)</u>	<u>(1,917,623)</u>	<u>(4,341,242)</u>
-	-	-	-	-
100,000	2,583,788	-	1,200,000	5,480,427
-	-	-	(100,000)	(506,916)
<u>100,000</u>	<u>2,583,788</u>	<u>-</u>	<u>1,100,000</u>	<u>4,973,511</u>
(456,260)	874,868	(65,942)	(817,623)	632,269
<u>5,109,689</u>	<u>1,394,749</u>	<u>74,119</u>	<u>2,483,823</u>	<u>10,285,243</u>
<u>4,653,429</u>	<u>2,269,617</u>	<u>8,177</u>	<u>1,666,200</u>	<u>10,917,512</u>

**CITY OF CLEBURNE, TEXAS**

**DEBT SERVICE FUND  
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2008  
WITH COMPARITIVE ACTUAL TOTALS FOR 2007**

	2008			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2007
	BUDGET AMOUNTS		ACTUAL GAAP BASIS		ACTUAL
	ORIGINAL	FINAL			GAAP BASIS
REVENUES					
AD VALOREM TAXES	2,766,597	2,766,597	2,869,734	103,137	2,970,088
INVESTMENT INCOME	25,000	25,000	92,416	67,416	18,598
TOTAL REVENUES	<u>2,791,597</u>	<u>2,791,597</u>	<u>2,962,150</u>	<u>170,553</u>	<u>2,988,686</u>
EXPENDITURES					
DEBT SERVICE:					
COST OF BONDS	-	-	289,918	(289,918)	600,388
PRINCIPAL	2,031,618	2,031,618	2,031,618	-	1,860,477
INTEREST	2,153,922	2,153,922	2,156,414	(2,492)	1,472,454
DEBT COSTS	5,000	5,000	2,094	2,906	5,245
LEASE PAYMENTS	-	-	33,411	(33,411)	-
T.I.F. PAYMENTS	400,000	400,000	371,906	28,094	399,699
TOTAL EXPENDITURES	<u>4,590,540</u>	<u>4,590,540</u>	<u>4,885,361</u>	<u>(294,821)</u>	<u>4,338,263</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(1,798,943)	(1,798,943)	(1,923,211)	(124,268)	(1,349,577)
OTHER FINANCING SOURCES (USES):					
PREMIUM ON BOND SALES	-	-	552,332	552,332	-
PROCEEDS FROM BOND SALES	-	-	10,890,000	10,890,000	16,420,789
PROCEEDS TO AGENT	-	-	(11,162,252)	(11,162,252)	(10,746,206)
TRANSFERS IN	1,015,797	1,015,797	1,024,590	8,793	973,531
TRANSFERS OUT	-	-	-	-	(5,000,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,015,797</u>	<u>1,015,797</u>	<u>1,304,670</u>	<u>288,873</u>	<u>1,648,114</u>
NET CHANGE IN FUND BALANCES	(783,146)	(783,146)	(618,541)	164,605	298,537
FUND BALANCES - BEGINNING	<u>1,008,491</u>	<u>1,008,491</u>	<u>1,008,491</u>	-	<u>709,954</u>
FUND BALANCES - ENDING	<u>225,345</u>	<u>225,345</u>	<u>389,950</u>	<u>164,605</u>	<u>1,008,491</u>

CITY OF CLEBURNE, TEXAS

4B SALES TAX SPECIAL REVENUE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED SEPTEMBER 30, 2008

	2008			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2007
	BUDGETED AMOUNTS		ACTUAL GAAP BASIS		ACTUAL GAAP BASIS
	ORIGINAL	FINAL			
REVENUES:					
TAXES	2,573,655	2,573,655	3,390,426	816,771	2,689,990
INTERGOVERNMENTAL	495,000	495,000	495,000	0	60,904
INVESTMENT INCOME	125,000	125,000	100,760	(24,240)	139,506
TOTAL REVENUES	3,193,655	3,193,655	3,986,186	792,531	2,890,400
EXPENDITURES:					
GENERAL GOVERNMENT	75,000	75,000	63,940	11,060	62,813
PUBLIC SERVICES	70,000	70,000	25,163	44,837	28,074
CAPITAL OUTLAY	2,550,000	2,550,000	2,142,229	407,771	306,939
TOTAL EXPENDITURES	2,695,000	2,695,000	2,231,332	463,668	397,826
EXCESS/(LOSS) OF REVENUES OVER EXPENDITURES	498,655	498,655	1,754,854	1,256,199	2,492,574
OTHER FINANCING (USES):					
TRANSFERS OUT	(2,453,010)	(2,453,010)	(2,412,929)	40,081	(1,363,513)
TOTAL OTHER FINANCING	(2,453,010)	(2,453,010)	(2,412,929)	40,081	(1,363,513)
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(1,954,355)	(1,954,355)	(658,075)	1,296,280	1,129,061
FUND BALANCES AT BEGINNING OF YEAR	3,162,519	3,162,519	3,162,519	0	2,033,458
FUND BALANCES AT END OF YEAR	1,208,164	1,208,164	2,504,444	1,296,280	3,162,519

**CITY OF CLEBURNE, TEXAS**

**MINERAL & LEASE ROYALTY SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	2008		ACTUAL GAAP BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2007
	BUDGETED AMOUNTS				ACTUAL
	ORIGINAL	FINAL			GAAP BASIS
REVENUES:					
INVESTMENT INCOME	90,000	90,000	69,983	(20,017)	195,766
ROYALTIES	5,000,000	5,000,000	9,410,393	4,410,393	6,608,944
TOTAL REVENUES	5,090,000	5,090,000	9,480,376	4,390,376	6,804,710
EXPENDITURES:					
PUBLIC WORKS	1,000,000	1,000,000	271,796	728,204	572,825
CAPITAL OUTLAY	0	0	180,269	(180,269)	(48,736)
TOTAL EXPENDITURES	1,000,000	1,000,000	452,065	547,935	524,089
EXCESS/(LOSS) OF REVENUES OVER EXPENDITURES	4,090,000	4,090,000	9,028,311	4,938,311	6,280,621
OTHER FINANCING (USES):					
TRANSFERS OUT	(4,200,000)	(6,533,788)	(7,426,181)	(892,393)	(7,092,790)
TOTAL OTHER FINANCING	(4,200,000)	(6,533,788)	(7,426,181)	(892,393)	(7,092,790)
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(110,000)	(2,443,788)	1,602,130	4,045,918	(812,169)
FUND BALANCES AT BEGINNING OF YEAR	3,651,246	3,651,246	3,651,246	0	4,463,415
FUND BALANCES AT END OF YEAR	3,541,246	1,207,458	5,253,376	4,045,918	3,651,246

CITY OF CLEBURNE, TEXAS

H.U.D. GRANT SPECIAL REVENUE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED SEPTEMBER 30, 2008  
 WITH COMPARITIVE ACTUAL TOTALS FOR 2007

	2008			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2007
	BUDGETED AMOUNTS		ACTUAL GAAP BASIS		ACTUAL GAAP BASIS
	ORIGINAL	FINAL			
REVENUES:					
INTERGOVERNMENTAL	1,712,652	1,712,652	1,824,635	111,983	1,762,566
FINES/FORFEITURES	-	-	6,385	6,385	7,922
INVESTMENT INCOME	7,000	7,000	8,545	1,545	10,552
MISCELLANEOUS	-	-	10	10	225
TOTAL REVENUES	1,719,652	1,719,652	1,839,575	119,923	1,781,265
EXPENDITURES:					
PUBLIC SERVICES	1,732,864	1,732,864	1,786,091	(53,227)	1,723,853
TOTAL EXPENDITURES	1,732,864	1,732,864	1,786,091	(53,227)	1,723,853
EXCESS/(LOSS) OF REVENUES OVER EXPENDITURES	(13,212)	(13,212)	53,484	173,150	57,412
OTHER FINANCING SOURCES/(USES):					
TRANSFERS IN	24,128	24,128	4,128	(20,000)	-
TOTAL OTHER FINANCING	24,128	24,128	4,128	(20,000)	-
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	10,916	10,916	57,612	153,150	57,412
FUND BALANCES AT BEGINNING OF YEAR	207,922	207,922	207,922	-	150,510
FUND BALANCES AT END OF YEAR	218,838	218,838	265,534	153,150	207,922

**CITY OF CLEBURNE, TEXAS**

**HOTEL/MOTEL TAX SPECIAL REVENUE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED SEPTEMBER 30, 2008  
 WITH COMPARATIVE ACTUAL TOTALS FOR 2007**

	2008			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2007
	BUDGETED AMOUNTS		ACTUAL GAAP BASIS		ACTUAL GAAP BASIS
	ORIGINAL	FINAL			
REVENUES:					
OCCUPANCY TAX	275,000	275,000	431,345	156,345	280,084
INVESTMENT INCOME	5,000	5,000	2,680	(2,320)	5,294
CONTRIBUTIONS	-	-	-	-	6,250
TOTAL REVENUES	<u>280,000</u>	<u>280,000</u>	<u>434,025</u>	<u>154,025</u>	<u>291,628</u>
EXPENDITURES:					
PUBLIC SERVICES	<u>263,318</u>	<u>263,318</u>	<u>512,465</u>	<u>(249,147)</u>	<u>255,965</u>
TOTAL EXPENDITURES	<u>263,318</u>	<u>263,318</u>	<u>512,465</u>	<u>(249,147)</u>	<u>255,965</u>
EXCESS/(LOSS) OF REVENUES OVER EXPENDITURES	16,682	16,682	(78,440)	(95,122)	35,663
FUND BALANCES AT BEGINNING OF YEAR	<u>100,303</u>	<u>100,303</u>	<u>100,303</u>	<u>-</u>	<u>64,640</u>
FUND BALANCES AT END OF YEAR	<u><u>116,985</u></u>	<u><u>116,985</u></u>	<u><u>21,863</u></u>	<u><u>(95,122)</u></u>	<u><u>100,303</u></u>

CITY OF CLEBURNE, TEXAS

C/C TRANSPORTATION SPECIAL REVENUE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED SEPTEMBER 30, 2008  
 WITH COMPARITIVE ACTUAL TOTALS FOR 2007

	2008		ACTUAL GAAP BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2007
	BUDGETED AMOUNTS				ACTUAL GAAP BASIS
	ORIGINAL	FINAL			
REVENUES:					
INTERGOVERNMENTAL	690,106	690,106	739,425	49,319	943,692
CHARGES FOR SERVICES	85,500	85,500	81,504	(3,996)	129,156
CONTRIBUTIONS	56,370	56,370	55,975	(395)	48,899
MISCELLANEOUS	-	-	394	394	394
TOTAL REVENUES	831,976	831,976	877,298	45,322	1,122,141
EXPENDITURES:					
PUBLIC SERVICES	888,495	888,495	943,263	(54,768)	884,995
CAPITAL OUTLAY	17,000	17,000	16,995	5	454,945
TOTAL EXPENDITURES	905,495	905,495	960,258	(54,763)	1,339,940
EXCESS/(LOSS) OF REVENUES OVER EXPENDITURES	(73,519)	(73,519)	(82,960)	(9,441)	(217,799)
OTHER FINANCING SOURCES/(USES):					
TRANSFERS IN	73,762	73,762	144,008	70,246	266,258
TOTAL OTHER FINANCING	73,762	73,762	144,008	70,246	266,258
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	243	243	61,048	60,805	48,459
FUND BALANCES AT BEGINNING OF YEAR	-	-	-	-	(48,459)
FUND BALANCES AT END OF YEAR	243	243	61,048	60,805	-

**CITY OF CLEBURNE, TEXAS**

**GENERAL SPECIAL REVENUE FUNDS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED SEPTEMBER 30, 2008  
WITH COMPARITIVE ACTUAL TOTALS FOR 2007**

	<u>2008</u>	<u>2007</u>
	<u>ACTUAL</u>	<u>ACTUAL</u>
REVENUES:		
PERMITS AND FEES	35,675	16,158
INTERGOVERNMENTAL	77,433	692,512
CHARGES FOR SERVICES	2,171,718	1,390,731
FINES/FORFEITURES	65,352	82,333
INVESTMENT INCOME	43,605	57,813
CONTRIBUTIONS	155,941	285,944
MISCELLANEOUS	340,143	201,067
	<hr/>	<hr/>
TOTAL REVENUES	2,889,867	2,726,558
	<hr/>	<hr/>
EXPENDITURES:		
CURRENT:		
GENERAL GOVERNMENT	48,857	72,798
PUBLIC SAFETY	137,339	545,224
PUBLIC SERVICE	81,228	170,514
PUBLIC WORKS	1,800,662	1,031,244
CAPITAL OUTLAY:		
GENERAL GOVERNMENT	15,615	19,951
PUBLIC SAFETY	380,999	
PUBLIC SERVICE	367,355	391,549
PUBLIC WORKS	42,393	371,726
	<hr/>	<hr/>
TOTAL EXPENDITURES	2,874,448	2,603,006
	<hr/>	<hr/>
EXCESS/(LOSS) OF REVENUES OVER EXPENDITURES	15,419	123,552
	<hr/>	<hr/>
OTHER FINANCING SOURCES/(USES):		
PROCEEDS FROM T.I.F.	-	-
SALE OF ASSETS	-	3,777
TRANSFERS IN	1,448,503	535,033
TRANSFERS OUT	(406,916)	(482,890)
	<hr/>	<hr/>
TOTAL OTHER FINANCING	1,041,587	55,920
	<hr/>	<hr/>
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	1,057,006	179,472
	<hr/>	<hr/>
FUND BALANCES AT BEGINNING OF YEAR	914,638	735,166
	<hr/>	<hr/>
FUND BALANCES AT END OF YEAR	1,971,644	914,638
	<hr/> <hr/>	<hr/> <hr/>

CITY OF CLEBURNE, TEXAS

2006 4B BOND FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL FROM INCEPTION AND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2008

	PRIOR YEARS	CURRENT YEARS	TOTAL TO DATE	PROJECT AUTHORIZATION
<b>REVENUES:</b>				
INVESTMENT INCOME	588,299	157,486	745,785	-
MISCELLANEOUS	6	-	6	-
TOTAL REVENUES	<u>588,305</u>	<u>157,486</u>	<u>745,791</u>	<u>-</u>
<b>EXPENDITURES:</b>				
OPERATING:				
PUBLIC SERVICES	119,029	-	119,029	-
TOTAL OPERATING EXPENDITURES	<u>119,029</u>	<u>-</u>	<u>119,029</u>	<u>-</u>
CAPITAL OUTLAY:				
PUBLIC SERVICES	12,193,457	713,746	12,907,203	12,000,000
TOTAL CAPITAL EXPENDITURES	<u>12,193,457</u>	<u>713,746</u>	<u>12,907,203</u>	<u>12,000,000</u>
TOTAL EXPENDITURES	<u>12,312,486</u>	<u>713,746</u>	<u>13,026,232</u>	<u>12,000,000</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(11,724,181)	(556,260)	(12,280,441)	(12,000,000)
OTHER FINANCING SOURCES (USES):				
BOND ISSUED	12,000,000	-	12,000,000	12,000,000
TRANSFERS IN	5,354,904	100,000	5,454,904	-
TRANSFERS OUT	(521,034)	-	(521,034)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>16,833,870</u>	<u>100,000</u>	<u>16,933,870</u>	<u>12,000,000</u>
NET CHANGE IN FUND BALANCES	<u>5,109,689</u>	<u>(456,260)</u>	<u>4,653,429</u>	<u>-</u>
FUND BALANCE - BEGINNING		<u>5,109,689</u>		
FUND BALANCE - ENDING		<u>4,653,429</u>		

**CITY OF CLEBURNE, TEXAS**

**2004 CO BOND FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL FROM INCEPTION AND  
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>PRIOR YEARS</u>	<u>CURRENT YEARS</u>	<u>TOTAL TO DATE</u>	<u>PROJECT AUTHORIZATION</u>
<b>REVENUES:</b>				
CHARGES FOR SERVICES	21,535	-	21,535	-
INVESTMENT INCOME	387,951	58,529	446,480	450,000
CONTRIBUTIONS	-	35,000	35,000	-
TOTAL REVENUES	<u>409,486</u>	<u>93,529</u>	<u>503,015</u>	<u>450,000</u>
<b>EXPENDITURES:</b>				
OPERATING:				
GENERAL GOVERNMENT	74,750	2,375	77,125	75,000
PUBLIC WORKS	532,413	28,235	560,648	950,000
TOTAL OPERATING EXPENDITURES	<u>607,163</u>	<u>30,610</u>	<u>637,773</u>	<u>1,025,000</u>
CAPITAL OUTLAY:				
GENERAL GOVERNMENT	955	-	955	-
PUBLIC SERVICES	3,083,466	1,824,320	4,907,786	3,000,000
PUBLIC WORKS	604,780	(52,481)	552,299	500,000
TOTAL CAPITAL EXPENDITURES	<u>3,689,201</u>	<u>1,771,839</u>	<u>5,461,040</u>	<u>3,500,000</u>
TOTAL EXPENDITURES	<u>4,296,364</u>	<u>1,802,449</u>	<u>6,098,813</u>	<u>4,525,000</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,886,878)	(1,708,920)	(5,595,798)	(4,075,000)
OTHER FINANCING SOURCES:				
BOND ISSUED	4,500,000	-	4,500,000	4,500,000
SALE OF ASSETS	1,127	-	1,127	-
TRANSFERS IN	780,500	2,583,788	3,364,288	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>5,281,627</u>	<u>2,583,788</u>	<u>7,865,415</u>	<u>4,500,000</u>
NET CHANGE IN FUND BALANCES	<u>1,394,749</u>	874,868	<u>2,269,617</u>	<u>425,000</u>
FUND BALANCE - BEGINNING		<u>1,394,749</u>		
FUND BALANCE - ENDING		<u>2,269,617</u>		

CITY OF CLEBURNE, TEXAS

1997 CO BOND FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL FROM INCEPTION AND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2008

	PRIOR YEARS	CURRENT YEARS	TOTAL TO DATE	PROJECT AUTHORIZATION
<b>REVENUES:</b>				
INVESTMENT INCOME	567,004	1,928	568,932	-
CONTRIBUTIONS	20,000	-	20,000	-
TOTAL REVENUES	587,004	1,928	588,932	-
<b>EXPENDITURES:</b>				
OPERATING:				
GENERAL GOVERNMENT	211,068	4,335	215,403	-
PUBLIC SAFETY	200,751	-	200,751	186,883
PUBLIC SERVICES	173,074	-	173,074	165,000
PUBLIC WORKS	750,566	-	750,566	878,117
SANITATION	383,273	-	383,273	15,000
MISCELLANEOUS	192,466	-	192,466	195,000
TOTAL OPERATING EXPENDITURES	1,911,198	4,335	1,915,533	1,440,000
CAPITAL OUTLAY:				
GENERAL GOVERNMENT	318,474	63,535	382,009	25,000
PUBLIC SAFETY	49,132	-	49,132	43,000
PUBLIC SERVICES	7,221	-	7,221	-
PUBLIC WORKS	208,145	-	208,145	80,000
SANITATION	1,455,351	-	1,455,351	1,775,000
TOTAL CAPITAL EXPENDITURES	2,038,323	63,535	2,101,858	1,923,000
TOTAL EXPENDITURES	3,949,521	67,870	4,017,391	3,363,000
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,362,517)	(65,942)	(3,428,459)	(3,363,000)
OTHER FINANCING SOURCES (USES):				
BOND ISSUED	4,195,000	-	4,195,000	4,195,000
TRANSFERS OUT	(758,364)	-	(758,364)	(832,000)
TOTAL OTHER FINANCING SOURCES (USES)	3,436,636	-	3,436,636	3,363,000
NET CHANGE IN FUND BALANCES	74,119	(65,942)	8,177	-
FUND BALANCE - BEGINNING		74,119		
FUND BALANCE - ENDING		8,177		

**CITY OF CLEBURNE, TEXAS**

**GENERAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL FROM INCEPTION AND  
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>PRIOR YEARS</u>	<u>CURRENT YEARS</u>	<u>TOTAL TO DATE</u>	<u>PROJECT AUTHORIZATION</u>
<b>REVENUES:</b>				
INVESTMENT INCOME	21,896	95,900	117,796	120,000
CONTRIBUTIONS	527,720	499,618	1,027,338	1,350,000
TOTAL REVENUES	<u>549,616</u>	<u>595,518</u>	<u>1,145,134</u>	<u>1,470,000</u>
<b>EXPENDITURES:</b>				
OPERATING:				
PUBLIC SAFETY	-	2,750	2,750	150,000
PUBLIC SERVICES	-	48,706	48,706	260,000
PUBLIC WORKS	97,111	895,899	993,010	1,000,000
TOTAL OPERATING EXPENDITURES	<u>97,111</u>	<u>947,355</u>	<u>1,044,466</u>	<u>1,410,000</u>
CAPITAL OUTLAY:				
PUBLIC SAFETY	-	3,500	3,500	200,000
PUBLIC SERVICES	503,890	259,862	763,752	1,500,000
PUBLIC WORKS	2,192,852	1,302,424	3,495,276	4,000,000
TOTAL CAPITAL EXPENDITURES	<u>2,696,742</u>	<u>1,565,786</u>	<u>4,262,528</u>	<u>5,700,000</u>
TOTAL EXPENDITURES	<u>2,793,853</u>	<u>2,513,141</u>	<u>5,306,994</u>	<u>7,110,000</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,244,237)</u>	<u>(1,917,623)</u>	<u>(4,161,860)</u>	<u>(5,640,000)</u>
OTHER FINANCING SOURCES (USES):				
TRANSFERS IN	4,728,060	1,200,000	5,928,060	6,000,000
TRANSFERS TO	-	(100,000)	(100,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>4,728,060</u>	<u>1,100,000</u>	<u>5,828,060</u>	<u>6,000,000</u>
NET CHANGE IN FUND BALANCES	<u>2,483,823</u>	<u>(817,623)</u>	<u>1,666,200</u>	<u>360,000</u>
FUND BALANCE - BEGINNING		<u>2,483,823</u>		
FUND BALANCE - ENDING		<u>1,666,200</u>		

**CAPITAL ASSETS  
USED IN THE OPERATION  
OF GOVERNMENTAL FUNDS**

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**CITY OF CLEBURNE**

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
COMPARATIVE SCHEDULES BY SOURCE  
SEPTEMBER 30, 2008 AND 2007**

	<b>2008</b>	<b>2007</b>
<b>GOVERNMENTAL FUNDS CAPITAL ASSETS:</b>		
LAND	2,605,421	2,752,051
STRUCTURES	26,766,210	22,932,010
IMPROVEMENTS OTHER THAN BUILDINGS	15,610,511	14,272,387
EQUIPMENT	14,154,899	13,373,908
INFRASTRUCTURE	32,971,461	31,453,240
CONSTRUCTION IN PROGRESS	1,507,920	-
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	93,616,422	84,783,596
 <b>INVESTMENTS IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE:</b>		
GENERAL FUND	22,291,171	19,732,563
DONATIONS	4,852,184	4,777,310
SPECIAL REVENUE FUND	6,388,116	4,391,828
CAPITAL PROJECTS FUNDS	60,084,950	55,881,895
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	93,616,422	84,783,596

CITY OF CLEBURNE

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
 SCHEDULE BY FUNCTION AND ACTIVITY  
 SEPTEMBER 30, 2008

FUNCTION AND ACTIVITY	LAND	STRUCTURES
GENERAL GOVERNMENT:		
CITY COUNCIL	-	-
CITY SECRETARY	-	-
FINANCE	-	-
HUMAN RESOURCES	-	-
MUNICIPAL COURT	-	-
INFORMATION SYSTEMS	-	-
NON-DEPARTMENTAL	763,618.47	2,709,059
TOTAL GENERAL GOVERNMENT	<u>763,618.47</u>	<u>2,709,059</u>
PUBLIC SAFETY:		
POLICE	-	29,273
ANIMAL SERVICES	-	143,520
FIRE	327,771.77	2,323,380
HEALTH	-	-
PUBLIC SAFETY INTERLOCAL	-	343,708
EMERGENCY MANAGEMENT	-	-
TOTAL PUBLIC SAFETY	<u>327,771.77</u>	<u>2,839,880</u>
PUBLIC SERVICES		
WASHIGTON REC CENTER	-	2,185,737
CEMETERY	-	150,188
PARKS AND RECREATION	374,049.25	796,559
MUNICIPAL GOLF COURSE	181,233.16	1,001,328
MUNICIPAL POOLS	-	4,340,898
SPORTS COMPLEX	251,317.31	144,453
C & C TRANSPORTATION	59,400.00	821,752
BUILDING MAINTENANCE	-	175,153
CENTERS	-	1,063,542
MUNICIPAL LIBRARY	-	-
LAYLAND MUSEUM	2,012.00	64,149
TOTAL PUBLIC SERVICES	<u>868,011.72</u>	<u>10,743,759</u>
PUBLIC WORKS		
PUBLIC WORKS	-	-
ENGINEERING	-	-
INSPECTIONS	-	-
FLEET MAINTENANCE	-	-
STREET MAINTENANCE	21,132.50	2,534,090
TOTAL PUBLIC WORKS	<u>21,132.50</u>	<u>2,534,090</u>
SANITATION		
REFUSE COLLECTION	-	-
TRANSFER STATION	-	7,632,711
LANDFILL	624,886.06	306,711
SHREDDING FACILITY	-	-
STORM DRAINAGE	-	-
RECLAIMED WATER	-	-
TOTAL SANITATION	<u>624,886.06</u>	<u>7,939,422</u>
CONSTRUCTION IN PROGRESS		
STREET MAINTENANCE	-	-
	-	-
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	<u>2,605,421</u>	<u>26,766,210</u>

CITY OF CLEBURNE

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
 SCHEDULE BY FUNCTION AND ACTIVITY  
 SEPTEMBER 30, 2008  
 (CONTINUED)

IMPROVEMENTS OTHER THAN STRUCTURES	EQUIPMENT	INFRASTRUCTURE	TOTAL
-	31,227	-	31,227
-	40,923	-	40,923
-	110,854	-	110,854
-	22,487	-	22,487
11,350	58,578	-	69,928
-	461,589	-	461,589
20,782	475,147	-	3,968,606
<u>32,132</u>	<u>1,200,805</u>	<u>-</u>	<u>4,705,614</u>
9,135	1,955,915	-	1,994,323
-	98,122	-	241,642
12,750	2,613,316	-	5,277,218
-	31,748	-	31,748
-	165,335	-	509,043
-	7,393	-	7,393
<u>21,885</u>	<u>4,871,830</u>	<u>-</u>	<u>8,061,367</u>
-	-	-	2,185,737
-	330,630	311,110	791,928
782,332	759,879	145,299	2,858,119
3,656,481	375,031	-	5,214,073
-	30,209	-	4,371,107
7,264,958	172,288	98,792	7,931,808
-	748,185	-	1,629,337
-	123,728	-	298,881
2,166	73,231	-	1,138,939
825,001	71,752	-	896,753
76,152	5,000	132,691	280,004
<u>12,607,091</u>	<u>2,689,933</u>	<u>687,893</u>	<u>27,596,686</u>
-	59,074	356,833	415,907
-	231,487	-	231,487
-	76,931	-	76,931
75,036	451,562	-	526,597
-	1,944,414	30,097,278	34,596,915
<u>75,036</u>	<u>2,763,467</u>	<u>30,454,111</u>	<u>35,847,837</u>
-	1,276,252	-	1,276,252
831,819	112,285	12,825	8,589,641
1,986,238	983,971	-	3,901,805
-	256,357	28,818	285,175
-	-	33,337	33,337
56,311	-	1,754,478	1,810,788
<u>2,874,368</u>	<u>2,628,865</u>	<u>1,829,458</u>	<u>15,896,998</u>
-	-	1,507,920	1,507,920
-	-	1,507,920	1,507,920
<u>15,610,511</u>	<u>14,154,899</u>	<u>34,479,381</u>	<u>93,616,422</u>

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY  
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

<b>FUNCTION AND ACTIVITY</b>	<b>GOVERNMENTAL FUNDS CAPITAL ASSETS PRIOR YEAR END</b>	<b>ADDITIONS</b>	<b>DEDUCTIONS</b>	<b>GOVERNMENTAL FUNDS CAPITAL ASSETS CURRENT YEAR END</b>
<b>GENERAL GOVERNMENT:</b>				
CITY COUNCIL	31,227	-	-	31,227
CITY SECRETARY	40,923	-	-	40,923
FINANCE	110,854	-	-	110,854
HUMAN RESOURCES	-	22,487	-	22,487
MUNICIPAL COURT	69,928	-	-	69,928
INFORMATION SYSTEMS	366,105	95,485	-	461,589
NON-DEPARTMENTAL	3,955,184	13,422	-	3,968,606
<b>TOTAL GENERAL GOVERNMENT</b>	<b>7,158,626</b>	<b>131,393</b>	<b>-</b>	<b>4,705,614</b>
<b>PUBLIC SAFETY:</b>				
POLICE	1,683,017	525,475	214,168	1,994,323
ANIMAL SERVICES	241,642	-	-	241,642
FIRE	5,364,866	89,824	177,472	5,277,218
HEALTH	46,157	-	14,409	31,748
PUBLIC SAFETY INTERLOCAL	335,033	174,010	-	509,043
EMERGENCY MANAGEMENT	7,393	-	-	7,393
<b>TOTAL PUBLIC SAFETY</b>	<b>7,634,626</b>	<b>789,308</b>	<b>406,049</b>	<b>8,061,367</b>
<b>PUBLIC SERVICES</b>				
WASHIGTON REC CENTER	446,611	1,739,126	-	2,185,737
CEMETERY	775,227	16,701	-	791,928
PARKS AND RECREATION	2,228,083	667,794	37,758	2,858,119
MUNICIPAL GOLF COURSE	3,515,872	1,724,909	26,707	5,214,073
MUNICIPAL POOLS	4,340,898	30,209	-	4,371,107
SPORTS COMPLEX	7,926,939	79,323	74,454	7,931,808
C & C TRANSPORTATION	1,612,342	16,995	-	1,629,337
BUILDING MAINTENANCE	298,881	-	-	298,881
CENTERS	264,925	874,014	-	1,138,939
MUNICIPAL LIBRARY	843,680	53,073	-	896,753
LAYLAND MUSEUM	188,284	91,720	-	280,004
<b>TOTAL PUBLIC SERVICES</b>	<b>22,105,548</b>	<b>5,293,864</b>	<b>138,919</b>	<b>27,596,686</b>
<b>PUBLIC WORKS</b>				
PUBLIC WORKS	529,784	2,123	116,000	415,907
ENGINEERING	229,035	18,995	16,543	231,487
INSPECTIONS	70,737	16,580	10,386	76,931
FLEET MAINTENANCE	452,413	74,184	-	526,597
STREET MAINTENANCE	32,729,792	2,385,725	518,602	34,596,915
<b>TOTAL PUBLIC WORKS</b>	<b>31,833,105</b>	<b>2,497,607</b>	<b>661,531</b>	<b>35,847,837</b>
<b>SANITATION</b>				
REFUSE COLLECTION	1,166,196	171,494	61,438	1,276,252
TRANSFER STATION	8,563,129	58,800	32,288	8,589,641
LANDFILL	3,985,873	-	84,067	3,901,805
SHREDDING FACILITY	518,441	-	233,266	285,175
STORM DRAINAGE	33,337	-	-	33,337
RECLAIMED WATER	1,810,788	-	-	1,810,788
<b>TOTAL SANITATION</b>	<b>16,051,690</b>	<b>230,294</b>	<b>411,059</b>	<b>15,896,998</b>
<b>CONSTRUCTION IN PROGRESS</b>				
STREET MAINTENANCE	-	1,507,920	-	1,507,920
	-	1,507,920	-	1,507,920
<b>TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS</b>	<b>84,783,596</b>	<b>10,450,386</b>	<b>1,617,558</b>	<b>93,616,422</b>

**SUPPLEMENTAL INDIVIDUAL FUND  
FINANCIAL STATEMENTS AND SCHEDULES**

**GENERAL FUND**

THESE SUPPLEMENTARY STATEMENTS ARE INCLUDED TO  
PROVIDE MANAGEMENT ADDITIONAL INFORMATION FOR FINANCIAL ANALYSIS

CITY OF CLEBURNE, TEXAS

GENERAL FUND  
 SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - SUMMARY  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED SEPTEMBER 30, 2008

	BUDGET AMOUNTS		ACTUAL GAAP BASIS	ADJUSTMENTS BUDGET BASIS	ACTUAL BUDGET BASIS	VARIANCE FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL				
<b>REVENUES</b>						
TAXES:						
AD VALOREM	11,061,547	11,061,547	8,488,440	-	8,488,440	(2,573,107)
PENALTY AND INTEREST	145,000	145,000	143,917	-	143,917	(1,083)
SALES	5,114,512	5,114,512	6,784,547	-	6,784,547	1,670,035
GROSS RECEIPTS	3,049,000	3,049,000	2,798,109	-	2,798,109	(250,891)
PERMITS AND FEES	465,200	465,200	429,992	-	429,992	(35,208)
INTERGOVERNMENTAL	-	-	3,338	-	3,338	3,338
CHARGES FOR SERVICES	5,965,393	5,965,393	6,119,657	-	6,119,657	154,264
FINES AND FORFEITURES	954,500	954,500	919,855	-	919,855	(34,645)
INVESTMENT INCOME	250,000	250,000	328,861	(37,049)	291,812	41,812
MISCELLANEOUS	36,100	36,100	483,336	(391,648)	91,688	55,588
TOTAL REVENUES	<u>27,041,252</u>	<u>27,041,252</u>	<u>26,500,052</u>	<u>(428,697)</u>	<u>26,071,355</u>	<u>(969,897)</u>
<b>EXPENDITURES</b>						
CURRENT:						
GENERAL GOVERNMENT	4,488,216	4,738,216	4,297,966	432,550	4,730,516	7,700
PUBLIC SAFETY	13,114,384	13,424,869	13,535,662	(241,196)	13,294,466	130,403
PUBLIC SERVICES	5,872,224	5,872,225	5,687,673	(128,472)	5,559,201	313,024
PUBLIC WORKS	3,727,627	3,727,627	3,872,895	(284,117)	3,588,778	138,849
SANITATION	3,951,560	3,951,560	3,832,912	(141,094)	3,691,818	259,742
TOTAL EXPENDITURES	<u>31,154,011</u>	<u>31,714,497</u>	<u>31,227,108</u>	<u>(362,329)</u>	<u>30,864,779</u>	<u>849,718</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(4,112,759)</u>	<u>(4,673,245)</u>	<u>(4,727,056)</u>	<u>(66,368)</u>	<u>(4,793,424)</u>	<u>(120,179)</u>
<b>OTHER FINANCING SOURCES AND (USES)</b>						
CAPITAL LEASE PROCEEDS	-	-	147,294	(36,743)	110,551	110,551
SALE OF PROPERTY PROCEEDS	-	-	170,512	(113,560)	56,952	56,952
TRANSFERS IN	5,825,635	5,825,635	6,244,670	(780,074)	5,464,596	(361,039)
TRANSFERS OUT	(3,879,518)	(4,077,252)	(985,483)	10,637	(974,846)	3,102,406
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,946,117</u>	<u>1,748,383</u>	<u>5,576,993</u>	<u>(919,740)</u>	<u>4,657,253</u>	<u>2,908,870</u>
NET CHANGE IN FUND BALANCES	(2,166,642)	(2,924,862)	849,937	(986,108)	(136,171)	2,788,691
FUND BALANCES - BEGINNING	<u>6,058,563</u>	<u>6,058,563</u>	<u>6,669,707</u>	<u>(611,144)</u>	<u>6,058,563</u>	<u>-</u>
FUND BALANCES - ENDING	<u><u>3,891,921</u></u>	<u><u>3,133,701</u></u>	<u><u>7,519,644</u></u>	<u><u>(1,597,252)</u></u>	<u><u>5,922,392</u></u>	<u><u>2,788,691</u></u>

CITY OF CLEBURNE, TEXAS

GENERAL FUND  
 SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - DETAILED  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED SEPTEMBER 30, 2008

	BUDGET AMOUNTS		ACTUAL GAAP BASIS	ADJUSTMENTS BUDGET BASIS	ACTUAL BUDGET BASIS	VARIANCE FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL				
<b>REVENUES</b>						
TAXES:						
AD VALOREM	11,061,547	11,061,547	8,488,440	-	8,488,440	(2,573,107)
PENALTY AND INTEREST	145,000	145,000	143,917	-	143,917	(1,083)
TOTAL PROPERTY TAXES	11,206,547	11,206,547	8,632,357	-	8,632,357	(2,574,190)
SALES:						
SALES TAX	5,114,512	5,114,512	6,784,547	-	6,784,547	1,670,035
TOTAL SALES	5,114,512	5,114,512	6,784,547	-	6,784,547	1,670,035
GROSS RECEIPTS TAXES						
BINGO	19,000	19,000	24,858	-	24,858	5,858
CABLE	155,000	155,000	161,270	-	161,270	6,270
ELECTRIC	1,750,000	1,750,000	1,718,266	-	1,718,266	(31,734)
GAS	800,000	800,000	550,486	-	550,486	(249,514)
SANITATION	90,000	90,000	103,627	-	103,627	13,627
TELEPHONE	200,000	200,000	196,251	-	196,251	(3,749)
MIXED DRINKS	35,000	35,000	43,351	-	43,351	8,351
TOTAL GROSS RECEIPTS TAXES	3,049,000	3,049,000	2,798,109	-	2,798,109	(250,891)
PERMITS AND FEES						
BUILDING PERMITS	200,000	200,000	203,822	-	203,822	3,822
INSPECTION PERMITS	45,000	45,000	39,928	-	39,928	(5,072)
PLUMBING PERMITS	70,000	70,000	39,008	-	39,008	(30,992)
LICENSES	16,000	16,000	47,563	-	47,563	31,563
COMMUNITY DEVELOPMENT	5,000	5,000	26,209	-	26,209	21,209
OTHER	129,200	129,200	73,462	-	73,462	(55,738)
TOTAL PERMITS AND FEES	465,200	465,200	429,992	-	429,992	(35,208)
INTERGOVERNMENTAL						
GRANTS	-	-	3,338	-	3,338	3,338
TOTAL INTERGOVERNMENTAL	-	-	3,338	-	3,338	3,338
CHARGES FOR SERVICES						
SANITATION	4,845,000	4,845,000	5,001,668	-	5,001,668	156,668
GOLF COURSE	-	-	-	-	-	-
CEMETERY	254,000	254,000	282,806	-	282,806	28,806
SWIMMING POOL/CONCESSION	423,273	423,273	429,154	-	429,154	5,881
SPORTS COMPLEX	26,000	26,000	28,597	-	28,597	2,597
PARKING METERS	27,720	27,720	3,455	-	3,455	(24,265)
AMBULANCE SERVICES	70,000	70,000	39,343	-	39,343	(30,657)
CIVIC CENTER	59,000	59,000	43,563	-	43,563	(15,437)
RENTS AND LEASES	40,000	40,000	58,392	-	58,392	18,392
OTHER	220,400	220,400	232,679	-	232,679	12,279
TOTAL CHARGES FOR SERVICES	5,965,393	5,965,393	6,119,657	-	6,119,657	154,264
FINES AND FORFEITURES						
MUNICIPAL COURT	900,000	900,000	867,857	-	867,857	(32,143)
LIBRARY	17,500	17,500	15,515	-	15,515	(1,985)
ANIMAL CONTROL	25,000	25,000	26,734	-	26,734	1,734
PARKING	4,000	4,000	2,105	-	2,105	(1,895)
OTHER RESTITUTION	8,000	8,000	7,644	-	7,644	(356)
TOTAL FINES AND FORFEITURES	954,500	954,500	919,855	-	919,855	(34,645)
OTHER REVENUE						
INTEREST	250,000	250,000	328,861	(37,049)	291,812	41,812
MISCELLANEOUS	36,100	36,100	483,336	(391,648)	91,688	55,588
TOTAL OTHER REVENUE	286,100	286,100	812,197	(428,697)	383,500	97,400
TOTAL REVENUES	27,041,252	27,041,252	26,500,052	(428,697)	26,071,355	(969,897)

CITY OF CLEBURNE, TEXAS

GENERAL FUND  
 SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - DETAILED  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED SEPTEMBER 30, 2008  
 (CONTINUED)

	BUDGET AMOUNTS		ACTUAL GAAP BASIS	ADJUSTMENTS BUDGET BASIS	ACTUAL BUDGET BASIS	VARIANCE FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL				
<b>EXPENDITURES</b>						
GENERAL GOVERNMENT						
CITY COUNCIL:						
SUPPLIES	10,250	10,250	4,613	-	4,613	5,637
MAINTENANCE AND REPAIR	500	500	40	-	40	460
CONTRACTUAL	27,640	27,640	17,536	-	17,536	10,104
	<u>38,390</u>	<u>38,390</u>	<u>22,189</u>	<u>-</u>	<u>22,189</u>	<u>16,201</u>
CITY MANAGER:						
PERSONNEL SERVICES	523,527	523,527	523,597	-	523,597	(70)
SUPPLIES	5,500	5,500	4,940	-	4,940	560
MAINTENANCE AND REPAIR	500	500	150	-	150	350
CONTRACTUAL	25,837	25,837	30,395	-	30,395	(4,558)
	<u>555,364</u>	<u>555,364</u>	<u>559,082</u>	<u>-</u>	<u>559,082</u>	<u>(3,718)</u>
CITY ATTORNEY:						
SUPPLIES	1,200	1,200	1,278	-	1,278	(78)
CONTRACTUAL	183,000	433,000	160,475	-	160,475	272,525
	<u>184,200</u>	<u>434,200</u>	<u>161,753</u>	<u>-</u>	<u>161,753</u>	<u>272,447</u>
CITY SECRETARY:						
PERSONNEL SERVICES	308,122	308,122	300,585	-	300,585	7,537
SUPPLIES	8,670	8,670	8,482	-	8,482	188
MAINTENANCE AND REPAIR	2,100	2,100	1,891	-	1,891	209
CONTRACTUAL	80,940	80,940	54,862	-	54,862	26,078
	<u>399,832</u>	<u>399,832</u>	<u>365,820</u>	<u>-</u>	<u>365,820</u>	<u>34,012</u>
FINANCE:						
PERSONNEL SERVICES	599,212	599,212	601,033	-	601,033	(1,821)
SUPPLIES	7,100	7,100	8,353	-	8,353	(1,253)
MAINTENANCE AND REPAIR	28,000	28,000	24,095	-	24,095	3,905
CONTRACTUAL	36,250	36,250	30,196	-	30,196	6,054
	<u>670,562</u>	<u>670,562</u>	<u>663,677</u>	<u>-</u>	<u>663,677</u>	<u>6,885</u>
HUMAN RESOURCES:						
PERSONNEL SERVICES	343,803	343,803	307,255	-	307,255	36,548
SUPPLIES	48,098	48,098	32,160	-	32,160	15,938
MAINTENANCE AND REPAIR	4,950	4,950	5,051	-	5,051	(101)
CONTRACTUAL	113,110	113,110	80,610	-	80,610	32,500
CAPITAL OUTLAY	26,400	26,400	22,476	(18,489)	3,987	22,413
	<u>536,361</u>	<u>536,361</u>	<u>447,552</u>	<u>(18,489)</u>	<u>429,063</u>	<u>107,298</u>
MUNICIPAL COURT:						
PERSONNEL SERVICES	265,571	265,571	265,691	-	265,691	(120)
SUPPLIES	3,700	3,700	3,480	-	3,480	220
MAINTENANCE AND REPAIR	11,206	11,206	11,134	-	11,134	72
CONTRACTUAL	54,985	54,985	60,584	-	60,584	(5,599)
	<u>335,462</u>	<u>335,462</u>	<u>340,889</u>	<u>-</u>	<u>340,889</u>	<u>(5,427)</u>
INFORMATION SERVICES:						
PERSONNEL SERVICES	282,847	282,847	280,381	-	280,381	2,466
SUPPLIES	3,945	3,945	9,421	-	9,421	(5,476)
MAINTENANCE AND REPAIR	58,986	58,986	58,555	-	58,555	431
CONTRACTUAL	20,818	20,818	46,623	-	46,623	(25,805)
CAPITAL OUTLAY	20,000	20,000	-	-	-	20,000
	<u>386,596</u>	<u>386,596</u>	<u>394,980</u>	<u>-</u>	<u>394,980</u>	<u>(8,384)</u>

CITY OF CLEBURNE, TEXAS

GENERAL FUND  
 SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - DETAILED  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED SEPTEMBER 30, 2008  
 (CONTINUED)

	BUDGET AMOUNTS		ACTUAL GAAP BASIS	ADJUSTMENTS BUDGET BASIS	ACTUAL BUDGET BASIS	VARIANCE FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL				
NON-DEPARTMENTAL:						
PERSONNEL SERVICES	613,450	613,450	1,010,800	-	1,010,800	(397,350)
SUPPLIES	2,500	2,500	10,449	-	10,449	(7,949)
MAINTENANCE AND REPAIR	5,000	5,000	4,509	-	4,509	491
CONTRACTUAL	560,900	560,900	124,815	451,039	575,854	(14,954)
OTHER	1,000	1,000	55	-	55	945
	<u>1,182,850</u>	<u>1,182,850</u>	<u>1,150,628</u>	<u>451,039</u>	<u>1,601,667</u>	<u>(418,817)</u>
ECONOMIC DEVELOPEMENT:						
PERSONNEL SERVICES	175,194	175,194	171,560	-	171,560	3,634
SUPPLIES	2,920	2,920	3,049	-	3,049	(129)
MAINTENANCE AND REPAIR	400	400	325	-	325	75
CONTRACTUAL	20,085	20,085	16,462	-	16,462	3,623
	<u>198,599</u>	<u>198,599</u>	<u>191,396</u>	<u>-</u>	<u>191,396</u>	<u>7,203</u>
TOTAL GENERAL GOVERNMENTAL	<u>4,488,216</u>	<u>4,738,216</u>	<u>4,297,966</u>	<u>432,550</u>	<u>4,730,516</u>	<u>7,700</u>
PUBLIC SAFETY						
POLICE:						
PERSONNEL SERVICES	5,723,059	5,723,058	5,685,188	-	5,685,188	37,870
SUPPLIES	245,842	248,842	298,026	-	298,026	(49,184)
MAINTENANCE AND REPAIR	90,432	137,850	81,711	-	81,711	56,139
CONTRACTUAL	429,989	429,989	397,305	-	397,305	32,684
CAPITAL OUTLAY	171,000	422,363	546,883	(167,300)	379,583	42,780
	<u>6,660,322</u>	<u>6,962,102</u>	<u>7,009,113</u>	<u>(167,300)</u>	<u>6,841,813</u>	<u>120,289</u>
ANIMAL CONTROL:						
PERSONNEL SERVICES	217,239	217,239	218,457	-	218,457	(1,218)
SUPPLIES	31,225	31,225	37,217	-	37,217	(5,992)
MAINTENANCE AND REPAIR	2,850	2,850	6,077	-	6,077	(3,227)
CONTRACTUAL	25,091	25,091	27,344	-	27,344	(2,253)
	<u>276,405</u>	<u>276,405</u>	<u>289,095</u>	<u>-</u>	<u>289,095</u>	<u>(12,690)</u>
FIRE:						
PERSONNEL SERVICES	5,204,597	5,204,597	5,103,334	-	5,103,334	101,263
SUPPLIES	252,370	252,370	273,276	-	273,276	(20,906)
MAINTENANCE AND REPAIR	94,900	97,105	106,529	-	106,529	(9,424)
CONTRACTUAL	227,855	227,855	209,025	-	209,025	18,830
CAPITAL OUTLAY	30,000	36,500	190,574	(73,896)	116,678	(80,178)
	<u>5,809,722</u>	<u>5,818,427</u>	<u>5,882,738</u>	<u>(73,896)</u>	<u>5,808,842</u>	<u>9,585</u>
HEALTH:						
PERSONNEL SERVICES	289,896	289,896	294,008	-	294,008	(4,112)
SUPPLIES	14,540	14,540	14,925	-	14,925	(385)
MAINTENANCE AND REPAIR	2,500	2,500	1,236	-	1,236	1,264
CONTRACTUAL	53,499	53,499	44,547	-	44,547	8,952
CAPITAL OUTLAY	7,500	7,500	-	-	-	7,500
	<u>367,935</u>	<u>367,935</u>	<u>354,716</u>	<u>-</u>	<u>354,716</u>	<u>13,219</u>
TOTAL PUBLIC SAFETY	<u>13,114,384</u>	<u>13,424,869</u>	<u>13,535,662</u>	<u>(241,196)</u>	<u>13,294,466</u>	<u>130,403</u>
PUBLIC SERVICES						
COMMUNITY SERVICES:						
PERSONNEL SERVICES	212,181	212,181	187,955	-	187,955	24,226
SUPPLIES	1,450	1,450	3,018	-	3,018	(1,568)
MAINTENANCE AND REPAIR	700	700	213	-	213	487
CONTRACTUAL	3,670	3,670	3,379	-	3,379	291
	<u>218,001</u>	<u>218,001</u>	<u>194,565</u>	<u>-</u>	<u>194,565</u>	<u>23,436</u>

CITY OF CLEBURNE, TEXAS

GENERAL FUND  
 SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - DETAILED  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED SEPTEMBER 30, 2008  
 (CONTINUED)

	BUDGET AMOUNTS		ACTUAL GAAP BASIS	ADJUSTMENTS BUDGET BASIS	ACTUAL BUDGET BASIS	VARIANCE FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL				
CEMETERY:						
PERSONNEL SERVICES	451,853	451,854	431,491	-	431,491	20,363
SUPPLIES	49,600	49,600	50,953	-	50,953	(1,353)
MAINTENANCE AND REPAIR	29,500	29,500	24,094	-	24,094	5,406
CONTRACTUAL	27,136	27,136	26,065	-	26,065	1,071
CAPITAL OUTLAY	9,190	9,190	16,701	(7,702)	8,999	191
	<u>567,279</u>	<u>567,280</u>	<u>549,304</u>	<u>(7,702)</u>	<u>541,602</u>	<u>25,678</u>
PARKS AND RECREATION:						
PERSONNEL SERVICES	583,027	583,027	578,926	-	578,926	4,101
SUPPLIES	165,750	165,750	191,504	-	191,504	(25,754)
MAINTENANCE AND REPAIR	134,000	134,000	112,376	-	112,376	21,624
CONTRACTUAL	221,228	221,228	120,204	-	120,204	101,024
CAPITAL OUTLAY	-	-	120,770	(120,770)	-	-
	<u>1,104,005</u>	<u>1,104,005</u>	<u>1,123,780</u>	<u>(120,770)</u>	<u>1,003,010</u>	<u>100,995</u>
MUNICIPAL GOLF COURSE:						
PERSONNEL SERVICES	478,005	478,005	540,558	-	540,558	(62,553)
SUPPLIES	150,250	150,250	126,423	-	126,423	23,827
MAINTENANCE AND REPAIR	27,500	27,500	57,087	-	57,087	(29,587)
CONTRACTUAL	138,120	138,120	108,135	-	108,135	29,985
	<u>793,875</u>	<u>793,875</u>	<u>832,203</u>	<u>-</u>	<u>832,203</u>	<u>(38,328)</u>
SPLASH STATION:						
PERSONNEL SERVICES	485,183	485,183	465,634	-	465,634	19,549
SUPPLIES	186,370	186,370	197,140	-	197,140	(10,770)
MAINTENANCE AND REPAIR	28,050	28,050	44,450	-	44,450	(16,400)
CONTRACTUAL	51,965	51,965	47,054	-	47,054	4,911
OTHER	55,000	55,000	68,633	-	68,633	(13,633)
CAPITAL OUTLAY	6,000	6,000	5,300	-	5,300	700
	<u>812,568</u>	<u>812,568</u>	<u>828,211</u>	<u>-</u>	<u>828,211</u>	<u>(15,643)</u>
SPORTS COMPLEX:						
PERSONNEL SERVICES	348,095	348,095	310,985	-	310,985	37,110
SUPPLIES	164,100	164,100	128,401	-	128,401	35,699
MAINTENANCE AND REPAIR	52,000	52,000	80,165	-	80,165	(28,165)
CONTRACTUAL	63,623	63,623	37,792	-	37,792	25,831
CAPITAL OUTLAY	51,100	51,100	79,323	-	79,323	(28,223)
	<u>678,918</u>	<u>678,918</u>	<u>636,666</u>	<u>-</u>	<u>636,666</u>	<u>42,252</u>
BUILDINGS:						
PERSONNEL SERVICES	202,438	202,438	197,568	-	197,568	4,870
SUPPLIES	174,025	174,025	168,427	-	168,427	5,598
MAINTENANCE AND REPAIR	153,000	153,000	270,362	-	270,362	(117,362)
CONTRACTUAL	14,413	14,413	20,773	-	20,773	(6,360)
CAPITAL OUTLAY	108,000	108,000	-	-	-	108,000
	<u>651,876</u>	<u>651,876</u>	<u>657,130</u>	<u>-</u>	<u>657,130</u>	<u>(5,254)</u>
CIVIC CENTER:						
PERSONNEL SERVICES	64,426	64,426	71,019	-	71,019	(6,593)
SUPPLIES	78,900	78,900	66,605	-	66,605	12,295
MAINTENANCE AND REPAIR	13,500	13,500	20,834	-	20,834	(7,334)
CONTRACTUAL	5,700	5,700	3,040	-	3,040	2,660
	<u>162,526</u>	<u>162,526</u>	<u>161,498</u>	<u>-</u>	<u>161,498</u>	<u>1,028</u>

CITY OF CLEBURNE, TEXAS

GENERAL FUND  
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - DETAILED  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2008  
(CONTINUED)

	BUDGET AMOUNTS		ACTUAL GAAP BASIS	ADJUSTMENTS BUDGET BASIS	ACTUAL BUDGET BASIS	VARIANCE FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL				
LIBRARY:						
PERSONNEL SERVICES	343,504	343,504	339,029	-	339,029	4,475
SUPPLIES	36,815	36,815	24,403	-	24,403	12,412
MAINTENANCE AND REPAIR	7,500	7,500	34,040	-	34,040	(26,540)
CONTRACTUAL	14,585	14,585	12,878	-	12,878	1,707
CAPITAL OUTLAY	67,000	67,000	51,183	-	51,183	15,817
	<u>469,404</u>	<u>469,404</u>	<u>461,533</u>	<u>-</u>	<u>461,533</u>	<u>7,871</u>
MUSEUM:						
PERSONNEL SERVICES	127,639	127,639	130,743	-	130,743	(3,104)
SUPPLIES	25,950	25,950	25,287	-	25,287	663
MAINTENANCE AND REPAIR	5,000	5,000	6,718	-	6,718	(1,718)
CONTRACTUAL	253,683	253,683	78,834	-	78,834	174,849
CAPITAL OUTLAY	1,500	1,500	1,201	-	1,201	299
	<u>413,772</u>	<u>413,772</u>	<u>242,783</u>	<u>-</u>	<u>242,783</u>	<u>170,989</u>
TOTAL PUBLIC SERVICE	<u>5,872,224</u>	<u>5,872,225</u>	<u>5,687,673</u>	<u>(128,472)</u>	<u>5,559,201</u>	<u>313,024</u>
PUBLIC WORKS						
PUBLIC WORKS:						
PERSONNEL SERVICES	236,508	236,508	210,363	-	210,363	26,145
SUPPLIES	8,700	8,700	9,334	-	9,334	(634)
MAINTENANCE AND REPAIR	1,700	1,700	791	-	791	909
CONTRACTUAL	25,818	25,818	13,728	-	13,728	12,090
	<u>272,726</u>	<u>272,726</u>	<u>234,216</u>	<u>-</u>	<u>234,216</u>	<u>38,510</u>
ENGINEERING:						
PERSONNEL SERVICES	341,492	341,492	319,760	-	319,760	21,732
SUPPLIES	9,505	9,505	7,691	-	7,691	1,814
MAINTENANCE AND REPAIR	19,000	19,000	19,447	-	19,447	(447)
CONTRACTUAL	37,593	37,593	23,192	-	23,192	14,401
CAPITAL OUTLAY	15,000	15,000	18,245	-	18,245	(3,245)
	<u>422,590</u>	<u>422,590</u>	<u>388,335</u>	<u>-</u>	<u>388,335</u>	<u>34,255</u>
DEVELOPMENT SERVICES:						
PERSONNEL SERVICES	118,441	118,441	119,869	-	119,869	(1,428)
SUPPLIES	1,350	1,350	1,049	-	1,049	301
MAINTENANCE AND REPAIR	100	100	47	-	47	53
CONTRACTUAL	6,005	6,005	4,591	-	4,591	1,414
	<u>125,896</u>	<u>125,896</u>	<u>125,556</u>	<u>-</u>	<u>125,556</u>	<u>340</u>
PLANNING & ZONING:						
PERSONNEL SERVICES	72,241	72,241	72,866	-	72,866	(625)
SUPPLIES	2,925	2,925	2,995	-	2,995	(70)
MAINTENANCE AND REPAIR	400	400	-	-	-	400
CONTRACTUAL	25,100	25,100	5,952	-	5,952	19,148
	<u>100,666</u>	<u>100,666</u>	<u>81,813</u>	<u>-</u>	<u>81,813</u>	<u>18,853</u>
INSPECTIONS:						
PERSONNEL SERVICES	309,274	309,274	297,819	-	297,819	11,455
SUPPLIES	14,515	14,515	10,647	-	10,647	3,868
MAINTENANCE AND REPAIR	2,450	2,450	3,236	-	3,236	(786)
CONTRACTUAL	21,036	21,036	16,853	-	16,853	4,183
CAPITAL OUTLAY	-	-	16,580	(16,580)	-	-
	<u>347,275</u>	<u>347,275</u>	<u>345,135</u>	<u>(16,580)</u>	<u>328,555</u>	<u>18,720</u>
FLEET:						
PERSONNEL SERVICES	450,383	450,383	457,384	-	457,384	(7,001)
SUPPLIES	57,550	57,550	66,492	-	66,492	(8,942)
MAINTENANCE AND REPAIR	32,000	32,000	29,984	-	29,984	2,016
CONTRACTUAL	34,624	34,624	39,946	-	39,946	(5,322)
CAPITAL OUTLAY	19,000	19,000	45,187	(38,261)	6,926	12,074
	<u>593,557</u>	<u>593,557</u>	<u>638,993</u>	<u>(38,261)</u>	<u>600,732</u>	<u>(7,175)</u>

CITY OF CLEBURNE, TEXAS

GENERAL FUND  
 SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - DETAILED  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED SEPTEMBER 30, 2008  
 (CONTINUED)

	BUDGET AMOUNTS		ACTUAL GAAP BASIS	ADJUSTMENTS BUDGET BASIS	ACTUAL BUDGET BASIS	VARIANCE FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL				
STREETS:						
PERSONNEL SERVICES	622,055	622,055	598,118	-	598,118	23,937
SUPPLIES	325,988	325,988	345,126	-	345,126	(19,138)
MAINTENANCE AND REPAIR	745,100	745,100	649,399	-	649,399	95,701
CONTRACTUAL	107,774	107,774	108,252	-	108,252	(478)
CAPITAL OUTLAY	64,000	64,000	357,952	(229,276)	128,676	(64,676)
	<u>1,864,917</u>	<u>1,864,917</u>	<u>2,058,847</u>	<u>(229,276)</u>	<u>1,829,571</u>	<u>35,346</u>
TOTAL PUBLIC WORKS	<u>3,727,627</u>	<u>3,727,627</u>	<u>3,872,895</u>	<u>(284,117)</u>	<u>3,588,778</u>	<u>138,849</u>
SANITATION						
REFUSE COLLECTION:						
PERSONNEL SERVICES	1,021,105	1,021,105	983,270	-	983,270	37,835
SUPPLIES	273,060	273,060	312,811	-	312,811	(39,751)
MAINTENANCE AND REPAIR	103,050	103,050	81,842	-	81,842	21,208
CONTRACTUAL	2,451,345	2,451,345	2,255,095	-	2,255,095	196,250
CAPITAL OUTLAY	103,000	103,000	199,894	(141,094)	58,800	44,200
	<u>3,951,560</u>	<u>3,951,560</u>	<u>3,832,912</u>	<u>(141,094)</u>	<u>3,691,818</u>	<u>259,742</u>
TOTAL SANITATION	<u>3,951,560</u>	<u>3,951,560</u>	<u>3,832,912</u>	<u>(141,094)</u>	<u>3,691,818</u>	<u>259,742</u>
TOTAL EXPENDITURES	<u>31,154,011</u>	<u>31,714,497</u>	<u>31,227,108</u>	<u>(362,329)</u>	<u>30,864,779</u>	<u>849,718</u>

(CONCLUDED)

# STATISTICAL SECTION



★ CLEBURNE ★

# Statistical Section

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

## Financial Trends

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

## Revenue Capacity

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

## Debt Capacity

These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.

## Demographic and Economic Information

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

## Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs.

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

## **GOVERNMENT-WIDE INFORMATION**

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CITY OF CLEBURNE

NET ASSETS BY COMPONENT

	FISCAL YEAR					
	2003	2004	2005	2006	2007	2008
GOVERNMENTAL ACTIVITIES						
INVESTED IN CAPITAL ASSETS,						
NET OF RELATED DEBT	(\$13,693,578)	(\$9,760,432)	(\$3,941,687)	(\$1,469,075)	(\$1,067,066)	(\$4,940,559)
RESTRICTED	14,988,094	8,731,856	4,948,564	4,972,020	1,695,694	11,237,424
UNRESTRICTED	(8,057,018)	(7,812,285)	(7,641,796)	(1,337,360)	11,849,109	16,299,520
TOTAL GOVERNMENTAL						
ACTIVITIES NET ASSETS	<u>(\$6,762,502)</u>	<u>(\$8,840,861)</u>	<u>(\$6,634,919)</u>	<u>\$2,165,585</u>	<u>\$12,477,737</u>	<u>\$22,596,385</u>
BUSINESS-TYPE ACTIVITIES						
INVESTED IN CAPITAL ASSETS,						
NET OF RELATED DEBT	\$3,275,891	\$10,542,259	\$9,032,683	\$3,660,930	\$5,488,002	\$14,772,729
RESTRICTED	12,369,362	8,067,067	3,918,754	4,452,632	6,074,214	6,169,815
UNRESTRICTED	2,825,886	214,537	4,965,217	10,018,901	7,093,495	982,984
TOTAL BUSINESS-TYPE						
ACTIVITIES NET ASSETS	<u>\$18,471,139</u>	<u>\$18,823,863</u>	<u>\$17,916,654</u>	<u>\$18,132,463</u>	<u>\$18,655,711</u>	<u>\$21,925,528</u>
PRIMARY GOVERNMENT						
INVESTED IN CAPITAL ASSETS,						
NET OF RELATED DEBT	(\$10,417,687)	\$781,827	\$5,090,996	\$2,191,855	\$2,191,855	\$9,832,170
RESTRICTED	27,357,456	16,798,923	8,867,318	9,424,652	9,424,652	17,407,239
UNRESTRICTED	(5,231,132)	(7,597,748)	(2,676,579)	8,681,541	8,681,541	17,282,504
TOTAL PRIMARY GOVERNMENT NET ASSETS	<u>\$11,708,637</u>	<u>\$9,983,002</u>	<u>\$11,281,735</u>	<u>\$20,298,048</u>	<u>\$20,298,048</u>	<u>\$44,521,913</u>

NOTE: CITY OF CLEBURNE FIRST APPLIED GASB STATEMENT NO. 34 IN FISCAL YEAR 2003; THEREFORE, GOVERNMENT-WIDE FINANCIAL INFORMATION FOR YEARS PRIOR TO FISCAL YEAR 2003 IS NOT AVAILABLE.

CITY OF CLEBURNE

CHANGES IN NET ASSETS  
(ACCRUAL BASIS OF ACCOUNTING)

	FISCAL YEAR			
	2003	2004	2005	2006
<b>EXPENSES</b>				
GOVERNMENTAL ACTIVITIES:				
GENERAL GOVERNMENT	\$ 3,430,373	\$ 4,057,245	\$ 4,950,255	\$ 5,352,075
PUBLIC SAFETY	8,494,005	9,132,070	9,827,933	10,659,705
PUBLIC SERVICE	5,658,188	6,243,500	6,727,704	7,311,633
PUBLIC WORKS	6,031,397	4,610,973	5,631,163	5,034,966
SANITATION	4,785,386	3,893,121	3,137,235	3,031,121
INTEREST ON LONG TERM DEBT	2,039,306	1,346,761	1,844,372	1,756,925
TOTAL GOVERNMENTAL ACTIVITIES EXPENSES	\$ 30,438,655	\$ 29,283,670	\$ 32,118,662	\$ 33,146,425
BUSINESS-TYPE ACTIVITIES:				
WATER AND SEWER	10,609,236	11,130,063	11,972,604	13,198,975
MUNICIPAL AIRPORT	160,640	151,248	206,692	224,149
DRAINAGE UTILITIES	-	407,339	350,925	331,670
TOTAL BUSINESS-TYPE ACTIVITIES EXPENSES	\$ 10,769,876	\$ 11,688,650	\$ 12,530,221	\$ 13,754,794
TOTAL PRIMARY GOVERNMENT EXPENSES	\$ 41,208,531	\$ 40,972,320	\$ 44,648,883	\$ 46,901,219
<b>PROGRAM REVENUES</b>				
GOVERNMENTAL ACTIVITIES:				
CHARGES FOR SERVICES:				
GENERAL GOVERNMENT	\$ 270,012	\$ 1,748,341	\$ 4,032,476	\$ 1,344,609
PUBLIC SAFETY	1,092,538	191,612	174,535	207,468
PUBLIC SERVICE	747,011	734,824	1,034,923	1,101,825
PUBLIC WORKS	2,061,277	1,779,922	1,311,709	1,161,917
SANITATION	4,128,441	4,018,544	4,130,751	4,341,478
OPERATING GRANTS AND CONTRIBUTIONS	2,306,333	2,647,311	3,073,025	2,776,947
CAPITAL GRANTS AND CONTRIBUTIONS	377,330	123,952	850,674	1,792,675
TOTAL GOVERNMENTAL ACTIVITIES PROGRAM REVENUES	\$ 10,982,942	\$ 11,244,506	\$ 14,608,093	\$ 12,726,919
BUSINESS-TYPE ACTIVITIES:				
CHARGES FOR SERVICES:				
WATER AND SEWER	10,529,047	10,760,013	12,376,044	14,926,611
MUNICIPAL AIRPORT	103,360	112,992	111,617	143,933
DRAINAGE UTILITIES	-	228,117	388,048	390,936
OPERATING GRANTS AND CONTRIBUTIONS	-	-	-	-
CAPITAL GRANTS AND CONTRIBUTIONS	1,967,116	2,494,965	-	-
TOTAL BUSINESS-TYPE ACTIVITIES PROGRAM REVENUES	\$ 12,599,523	\$ 13,596,087	\$ 12,875,709	\$ 15,461,480
TOTAL PRIMARY GOVERNMENT REVENUES	\$ 23,582,465	\$ 24,840,593	\$ 27,483,802	\$ 28,188,399
NET (EXPENSE)/REVENUE				
GOVERNMENTAL ACTIVITIES	\$ (19,455,713)	\$ (18,039,164)	\$ (17,510,569)	\$ (20,419,506)
BUSINESS-TYPE ACTIVITIES	1,829,647	1,907,437	345,488	1,706,686
TOTAL PRIMARY GOVERNMENT NET EXPENSE	\$ (17,626,066)	\$ (16,131,727)	\$ (17,165,081)	\$ (18,712,820)
<b>GENERAL REVENUES AND CHANGES IN NET ASSETS</b>				
GOVERNMENTAL ACTIVITIES:				
TAXES				
AD VALOREM TAXES	\$ 8,178,467	\$ 8,615,141	\$ 8,817,155	\$ 9,677,102
SALES TAXES	4,604,346	4,814,823	5,172,563	6,241,603
OCCUPANCY TAXES	87,383	96,463	119,561	187,103
FRANCHISE TAXES	2,614,713	3,269,332	2,695,752	2,459,178
INVESTMENT EARNINGS	292,774	171,142	297,489	708,544
GAIN ON SALE OF CAPITAL ASSETS	11,492	(2,251,297)	77,370	66,974
ROYALTIES	-	-	-	6,578,347
MISCELLANEOUS	282,144	234,478	518,204	1,372,266
LOSS ON REFUNDING BONDS	-	-	-	-
TRANSFERS	1,523,355	1,010,723	2,018,417	2,038,743
TOTAL GOVERNMENTAL ACTIVITIES	\$ 17,594,674	\$ 15,960,805	\$ 19,716,511	\$ 29,329,860
BUSINESS-TYPE ACTIVITIES:				
INVESTMENT EARNINGS	\$ 200,044	\$ 128,869	\$ 169,897	\$ 432,476
MISCELLANEOUS	45,500	(16,045)	4,401	5,540
TRANSFERS	(1,523,355)	(1,010,723)	(2,018,417)	(2,038,743)
TOTAL BUSINESS-TYPE ACTIVITIES	\$ (1,277,811)	\$ (897,899)	\$ (1,844,119)	\$ (1,600,727)
TOTAL PRIMARY GOVERNMENT	\$ 16,316,863	\$ 15,062,906	\$ 17,872,392	\$ 27,729,133
<b>CHANGES IN NET ASSETS</b>				
GOVERNMENTAL ACTIVITIES	\$ (1,861,039)	\$ (2,078,359)	\$ 2,205,942	\$ 8,910,354
BUSINESS-TYPE ACTIVITIES	551,836	1,009,538	(1,498,631)	105,959
TOTAL PRIMARY GOVERNMENT	\$ (1,309,203)	\$ (1,068,821)	\$ 707,311	\$ 9,016,313

**FISCAL YEAR**

	<u>2007</u>		<u>2008</u>	
\$	4,583,335	\$	6,054,378	
	11,983,318		13,258,296	
	8,349,692		9,450,115	
	5,996,339		6,116,341	
	3,705,527		4,118,367	
	1,828,963		1,702,471	
\$	<u>36,447,174</u>	\$	<u>40,699,968</u>	
	13,321,762		14,636,919	
	217,830		301,009	
	543,163		581,761	
\$	<u>14,082,755</u>	\$	<u>15,519,689</u>	
\$	<u><u>50,529,929</u></u>	\$	<u><u>56,219,657</u></u>	
\$	1,105,233	\$	1,215,331	
	233,751		110,094	
	985,646		896,101	
	1,908,821		2,606,944	
	4,855,959		5,001,668	
	2,562,990		3,249,419	
	1,765,891		636,946	
\$	<u>13,418,291</u>	\$	<u>13,716,503</u>	
	14,480,705		18,142,912	
	133,519		1,145,822	
	399,092		528,539	
	-		-	
	982,217		23,338	
\$	<u>15,995,533</u>	\$	<u>19,840,611</u>	
\$	<u><u>29,413,824</u></u>	\$	<u><u>33,557,114</u></u>	
\$	(23,028,883)	\$	(26,983,465)	
	1,912,778		4,320,922	
\$	<u>(21,116,105)</u>	\$	<u>(22,662,543)</u>	
\$	10,833,840	\$	11,536,515	
	8,074,597		10,174,973	
	280,084		431,345	
	3,103,289		2,798,109	
	1,245,647		960,693	
	541,770		(179,724)	
	6,608,944		9,410,393	
	672,896		823,883	
	-		(272,252)	
	1,979,968		1,418,178	
\$	<u>33,341,035</u>	\$	<u>37,102,113</u>	
\$	585,688	\$	358,047	
	4,750		9,025	
	(1,979,968)		(1,418,178)	
\$	<u>(1,389,530)</u>	\$	<u>(1,051,106)</u>	
\$	<u><u>31,951,505</u></u>	\$	<u><u>36,051,007</u></u>	
\$	10,312,152	\$	10,118,648	
	523,248		3,269,816	
\$	<u><u>10,835,400</u></u>	\$	<u><u>13,388,464</u></u>	

## FUND INFORMATION

CITY OF CLEBURNE

FUND BALANCES OF GOVERNMENTAL FUNDS

	FISCAL YEAR					
	2003	2004	2005	2006	2007	2008
GENERAL FUND						
RESERVED	\$5,565	\$8,574	\$0	\$0	\$0	\$0
UNRESERVED	2,036,892	1,720,572	2,644,022	4,596,784	6,669,708	7,519,644
TOTAL GENERAL FUND	<u>\$2,042,457</u>	<u>\$1,729,146</u>	<u>\$2,644,022</u>	<u>\$4,596,784</u>	<u>\$6,669,708</u>	<u>\$7,519,644</u>
ALL OTHER GOVERNMENTAL FUNDS						
RESERVED	\$358,706	\$336,669	\$3,740,788	\$1,958,204	\$2,966,487	\$389,950
UNRESERVED, REPORTED IN:						
SPECIAL REVENUE FUNDS	1,885,584	2,280,487	900,631	5,834,524	5,711,192	10,077,909
CAPITAL PROJECTS FUNDS	14,623,823	8,010,390	3,664,834	3,433,025	9,429,820	8,597,423
TOTAL ALL OTHER GOVERNMENTAL FUNDS	<u>\$16,868,113</u>	<u>\$10,627,546</u>	<u>\$8,306,253</u>	<u>\$11,225,753</u>	<u>\$18,107,499</u>	<u>\$19,065,282</u>

NOTE: CITY OF CLEBURNE FIRST APPLIED GASB STATEMENT NO. 34 IN FISCAL YEAR 2003; THEREFORE, GOVERNMENT-WIDE FINANCIAL INFORMATION FOR YEARS PRIOR TO FISCAL YEAR 2003 IS NOT AVAILABLE.

CITY OF CLEBURNE

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	FISCAL YEAR					
	2003	2004	2005	2006	2007	2008
<b>REVENUES</b>						
TAXES:						
AD VALOREM	\$ 7,906,454	\$ 8,466,043	\$ 8,478,098	\$ 9,539,987	\$ 10,339,551	\$ 11,364,280
PENALTY AND INTEREST	139,112	144,222	170,336	97,742	123,803	172,235
SALES	4,604,346	4,814,823	5,172,563	6,241,603	8,074,597	10,174,973
OCCUPANCY	87,383	96,463	119,561	187,103	280,084	431,345
FRANCHISE FEES	2,614,713	3,269,332	2,695,752	2,459,178	3,103,289	2,798,109
PERMITS AND FEES	358,092	360,985	384,418	529,871	545,017	465,667
INTERGOVERNMENTAL	2,457,951	2,422,449	3,086,136	2,808,404	3,459,674	3,139,831
CHARGES FOR SERVICES	7,036,958	7,016,799	9,224,501	6,538,974	7,528,669	8,372,879
FINES AND FORFEITURES	904,228	1,095,459	1,075,475	1,088,452	1,015,724	991,592
INVESTMENT INCOME	292,774	171,142	297,489	708,544	1,245,647	960,693
CONTRIBUTIONS	225,712	348,814	114,567	348,457	869,207	746,534
ROYALTIES	-	-	-	6,578,347	6,608,944	9,410,393
MISCELLANEOUS	282,144	234,479	518,204	1,372,266	672,896	823,883
TOTAL REVENUES	\$ 26,909,867	\$ 28,441,010	\$ 31,337,100	\$ 38,498,928	\$ 43,867,102	\$ 49,852,414
<b>EXPENDITURES</b>						
GENERAL GOVERNMENT	3,205,843	3,535,736	3,752,650	3,706,971	3,843,737	4,398,984
PUBLIC SAFETY	8,194,786	9,065,397	9,859,310	10,421,434	11,688,879	12,938,293
PUBLIC SERVICE	5,387,439	6,141,394	6,464,808	6,825,045	7,760,814	8,810,110
PUBLIC WORKS	4,542,444	4,343,229	4,831,763	4,004,101	4,965,483	6,431,524
SANITATION	3,918,809	3,846,619	3,004,619	3,022,663	3,950,214	3,633,018
CAPITAL OUTLAY	6,163,405	10,043,329	5,158,852	1,456,301	6,689,708	8,631,511
DEBT SERVICE:						
PRINCIPAL RETIREMENT	1,589,163	1,692,804	1,895,536	1,862,456	1,860,477	2,031,618
T.I.F. PAYMENTS	289,894	401,906	384,684	404,291	399,699	371,906
INTEREST AND FISCAL CHARGES	1,618,981	1,511,954	1,670,066	1,722,613	1,477,699	2,158,508
COST OF BONDS	-	62,156	101,686	-	600,388	289,918
TOTAL EXPENDITURES	\$ 34,910,764	\$ 40,644,524	\$ 37,123,974	\$ 33,425,875	\$ 43,237,098	\$ 49,695,390
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (8,000,897)	\$ (12,203,514)	\$ (5,786,874)	\$ 5,073,053	\$ 630,004	\$ 157,024
<b>OTHER FINANCING SOURCES (USES)</b>						
TRANSFERS IN	\$ 3,549,060	\$ 3,943,350	\$ 4,222,364	\$ 6,091,058	\$ 17,302,256	\$ 12,749,687
TRANSFERS OUT	(2,025,704)	(2,932,628)	(2,203,947)	(4,052,315)	(15,322,288)	(11,331,509)
PROCEEDS FROM BOND SALES	-	9,380,000	3,825,000	-	16,420,289	10,890,000
PROCEEDS TO AGENT	-	(4,814,744)	(3,721,705)	-	(10,746,206)	(11,162,252)
SALE OF ASSETS	11,492	73,658	62,087	66,974	670,116	170,512
TOTAL OTHER FINANCING SOURCES (USES)	\$ 1,534,848	\$ 5,649,636	\$ 2,183,799	\$ 2,105,717	\$ 8,324,167	\$ 1,316,438
NET CHANGE IN FUND BALANCES	\$ (6,466,049)	\$ (6,553,878)	\$ (3,603,075)	\$ 7,178,770	\$ 8,954,171	\$ 1,473,462
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	13.9%	13.4%	14.2%	14.3%	11.6%	12.6%

CITY OF CLEBURNE

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE  
LAST TEN FISCAL YEARS

<u>FISCAL YEAR</u>	<u>PROPERTY TAX</u>	<u>SALES TAX</u>	<u>FRANCHISE TAX</u>	<u>OCCUPANCY TAX</u>	<u>TOTAL</u>
1999	5,820,326	2,717,228	1,768,795	7,525	10,313,874
2000	6,179,339	3,102,808	1,942,073	8,594	11,232,814
2001	6,591,458	3,232,713	2,154,824	12,391	11,991,386
2002	7,163,462	3,772,179	3,019,718	14,624	13,969,983
2003	8,045,566	4,604,346	2,614,713	87,383	15,352,008
2004	8,610,265	4,814,823	3,269,332	96,463	16,790,883
2005	8,648,434	5,172,563	2,695,752	119,561	16,636,310
2006	9,637,729	6,241,603	2,459,178	187,103	18,525,613
2007	10,463,354	8,074,597	3,103,289	280,084	21,921,324
2008	11,502,091	10,174,973	2,798,109	431,345	24,906,518

NOTE: INCLUDES GENERAL, SPECIAL REVENUE, AND DEBT SERVICE FUNDS

CITY OF CLEBURNE

PROPERTY TAX LEVIES AND COLLECTIONS

FISCAL YEAR	(1) TOTAL TAX LEVY	(1) CURRENT TAX COLLECTED	PERCENT OF CURRENT TAXES COLLECTED	(1) DELINQUENT TAX COLLECTED	TOTAL TAX COLLECTED	RATIO OF TOTAL TAX COLLECTED TO TOTAL TAX LEVY	OUTSTANDING DELINQUENT TAXES	RATIO OF DELINQUENT TAXES TO TOTAL TAX LEVY
1999	5,760,157	5,660,910	98.3%	81,826	5,742,736	99.7%	392,533	6.8%
2000	6,105,735	5,993,947	98.2%	84,876	6,078,823	99.6%	404,459	6.6%
2001	6,528,396	6,395,495	98.0%	82,886	6,478,381	99.2%	445,275	6.8%
2002	7,075,411	6,921,369	97.8%	119,793	7,041,162	99.5%	463,716	6.6%
2003	7,933,543	7,779,455	98.1%	126,998	7,906,453	99.7%	460,155	5.8%
2004	8,519,881	8,341,571	97.9%	124,472	8,466,043	99.4%	453,992	5.3%
2005	8,791,207	8,613,327	98.0%	123,173	8,736,499	99.4%	490,251	5.6%
2006	9,796,605	9,624,353	98.2%	117,133	9,741,486	99.4%	471,249	4.8%
2007	10,366,793	10,180,826	98.2%	130,653	10,311,479	99.5%	493,699	4.8%
2008	11,061,547	11,175,528	101.0%	131,437	11,306,964	102.2%	493,699	4.5%

NOTE: INCLUDES GENERAL AND DEBT SERVICE FUNDS

CITY OF CLEBURNE

ASSESSED AND ESTIMATED ACTUAL VALUE OF PROPERTY  
LAST TEN FISCAL YEARS

FISCAL YEAR	REAL PROPERTY	PERSONAL PROPERTY	TOTAL	REAL PROPERTY EXEMPTIONS	TAX INCREMENT FINANCING	NET	TOTAL DIRECT TAX RATE
	ASSESSED VALUE	ASSESSED VALUE	ASSESSED VALUE	ADJUSTMENTS		ASSESSED VALUE	
1999	764,992,982	383,611,104	1,148,604,086	(273,721,281)	-	874,882,805	0.681700
2000	797,372,556	393,397,728	1,190,770,284	(295,611,106)	-	895,159,178	0.695000
2001	844,520,205	421,999,535	1,266,519,740	(316,637,556)	-	949,882,184	0.694000
2002	944,026,979	457,484,599	1,401,511,578	(364,300,145)	-	1,037,211,433	0.693000
2003	1,019,664,511	415,271,344	1,434,935,855	(339,592,970)	(28,324,770)	1,067,018,115	0.730000
2004	1,120,509,900	387,517,270	1,508,027,170	(313,127,530)	(37,651,206)	1,157,248,434	0.711900
2005	1,147,080,479	412,219,569	1,559,300,048	(331,643,259)	(36,555,437)	1,191,101,352	0.711900
2006	1,202,307,460	423,353,669	1,625,661,129	(426,614,648)	(38,718,982)	1,160,327,499	0.748108
2007	1,248,973,312	503,707,775	1,752,681,087	(438,400,284)	(38,929,275)	1,275,351,528	0.714000
2008	1,418,371,211	632,668,853	2,051,040,064	(468,001,453)	(44,633,617)	1,538,404,994	0.650000

NOTE: ASSESSED VALUES ARE ESTABLISHED BY COUNTY-WIDE APPRAISAL DISTRICTS ON THE BASIS OF 100% OF ITS APPRAISED VALUE. THE RATIO OF ASSESSED TO TOTAL ESTIMATED ACTUAL VALUE FOR ALL YEARS PRESENTED IS 100%. THE VALUE OF PROPERTY WITHIN THE APPRAISAL DISTRICT MUST BE REVIEWED EVERY FIVE YEARS.

CITY OF CLEBURNE

PROPERTY TAX RATES  
DIRECT AND OVERLAPPING GOVERNMENTS  
LAST TEN FISCAL YEARS

FISCAL YEAR	GENERAL FUND	DEBT SERVICE FUND	TOTAL CITY	(1) C. I. S. D. SCHOOL	(2) JOHNSON COUNTY	(3) HILL JR. COLLEGE	TOTAL
1999	0.472700	0.209000	0.681700	1.550400	0.441910	0.050000	2.724010
2000	0.485930	0.209070	0.695000	1.583400	0.447360	0.050000	2.775760
2001	0.497600	0.196400	0.694000	1.622030	0.447360	0.050000	2.813390
2002	0.481980	0.211020	0.693000	1.673100	0.447350	0.048940	2.862390
2003	0.531430	0.198570	0.730000	1.693700	0.455085	0.049774	2.883559
2004	0.528330	0.183570	0.711900	1.678700	0.464878	0.048507	2.903985
2005	0.495700	0.216200	0.711900	1.686700	0.434878	0.048140	2.881618
2006	0.507925	0.240183	0.748108	1.693500	0.434878	0.050000	2.926486
2007	0.510516	0.203484	0.714000	1.236800	0.409752	0.050000	2.410552
2008	0.486700	0.163300	0.650000	1.425000	0.359498	0.050000	2.484498

NOTE: (1) CLEBURNE INDEPENDENT SCHOOL DISTRICT  
(2) JOHNSON COUNTY INCLUDES \$.03 FOR THE RURAL FIRE DISTRICT  
(3) HILL COLLEGE (COLLEGE DISTRICT TAX PASSED NOV. 1997)

TAX RATE LIMITATIONS ON MUNICIPALITIES BY THE HOME RULE SECTION OF THE TEXAS CONSTITUTION ARTICLE XI, SECTION 5 PROVIDE THAT A MAXIMUM TAX RATE OF \$2.50 PER \$100 VALUATION MAY BE IMPOSED IN ANY ONE YEAR. NO PROVISIONS ARE MADE LIMITING THE AMOUNT OF THIS \$2.50 TAX RATE THAT CAN BE USED FOR DEBT SERVICE.

CITY OF CLEBURNE

PRINCIPAL TAXPAYERS  
SEPTEMBER 30, 2008

TAXPAYER	TYPE OF BUSINESS	2007 ASSESSED VALUATION	PERCENTAGE OF TOTAL ASSESSED VALUATION
CHESAPEAKE OPERATING INC	OIL AND GAS PRODUCER	\$107,273,714	9.25%
BRAZOS ELECTRIC POWER COOP	CO-GENERATION ELECTRIC PLANT	86,213,470	7.43%
JAMES HARDIE BUILDING	BUILDING MATERIALS	85,127,290	7.34%
SCHLUMGERGER WELL SERVICES	OIL FIELD SERVICE	81,039,800	6.98%
JOHN MANVILLE SALES CORP.	INSULATION MANUFACTURER	86,814,270	7.48%
WAL-MART STORE EAST, INC.	DISTRIBUTION CENTER	47,627,230	4.10%
WAL-MART STORES	RETAIL	33,649,619	2.90%
AIR LIQUIDE AMERICA	MERCHANT GAS MANUFACTURING	22,423,180	1.93%
SACHEM, INC.	MANUFACTURER	21,343,200	1.84%
SYNSIL PRODUCTS INC.	MANUFACTURER	19,089,418	1.65%
ONCOR ELECTRIC DELIVERY CO.	ELECTRICAL UTILITY	15,663,551	1.35%
<b>TOTALS</b>		<b>606,264,742</b>	<b>13.77%</b>

SOURCE: JOHNSON COUNTY TAX APPRAISAL DISTRICT

TAXPAYER	TYPE OF BUSINESS	1999 ASSESSED VALUATION	PERCENTAGE OF TOTAL ASSESSED VALUATION
BRAZOS ELECTRIC POWER COOP	CO-GENERATION ELECTRIC PLANT	\$94,907,222	7.97%
JOHN MANVILLE SALES CORP.	INSULATION MANUFACTURER	76,271,784	6.41%
JAMES HARDIE BUILDING	BUILDING MATERIALS	65,377,604	5.49%
AIR LIQUIDE AMERICA	MERCHANT GAS MANUFACTURING	29,172,626	2.45%
RUBBERMAID INC.	MANUFACTURER	28,521,610	2.40%
SACHEM, INC.	MANUFACTURER	17,395,789	1.46%
WAL-MART STORES	RETAIL	15,885,179	1.33%
WALLS INDUSTRIES	CLOTHING MANUFACTURER	13,353,159	1.12%
BURLINGTON NORTHERN	RAILROAD	12,728,994	1.07%
SOUTHWESTERN BELL TELEPHONE	PHONE UTILITY	12,153,743	1.02%
<b>TOTALS</b>		<b>365,767,710</b>	<b>4.54%</b>

SOURCE: JOHNSON COUNTY TAX APPRAISAL DISTRICT

CITY OF CLEBURNE

COMPUTATION OF LEGAL DEBT MARGIN  
SEPTEMBER 30, 2008

THE CITY CHARTER OF THE CITY OF CLEBURNE, DOES NOT PROVIDE FOR A DEBT LIMIT. UNDER PROVISIONS OF STATE LAW, THE MAXIMUM RATE IS LIMITED TO \$2.50 FOR EVERY \$100 OF ASSESSED VALUATION.

TAX RATE LIMIT	2.500000
CURRENT TAX RATE	<u>0.650000</u>
AVAILABLE TAX RATE	<u><u>1.850000</u></u>

NO DIRECT BOND DEBT LIMITATION IS IMPOSED ON THE CITY UNDER CURRENT STATE LAW OR THE CITY'S CHARTER.

CITY OF CLEBURNE

COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT  
 GENERAL OBLIGATION BONDS  
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

<u>JURISDICTION</u>	<u>NET GENERAL BONDED DEBT OUTSTANDING</u>	<u>PERCENTAGE APPLICABLE TO GOVERNMENT</u>	<u>AMOUNT APPLICABLE TO GOVERNMENT</u>
DIRECT:			
CITY OF CLEBURNE	25,236,291	100.00%	25,236,291
OVERLAPPING:			
C. I. S. D.	49,837,104	55.86%	27,837,431
JOHNSON COUNTY	26,525,579	18.84%	4,997,934
TOTAL	<u>101,598,974</u>		<u>58,071,656</u>

**CITY OF CLEBURNE**

**RATIO OF NET GENERAL BONDED DEBT  
TO ASSESSED VALUE AND NET GENERAL  
BONDED DEBT PER CAPITA  
LAST TEN FISCAL YEARS**

<b>FISCAL YEAR</b>	<b>(1) ESTIMATED POPULATION</b>	<b>(2) ASSESSED VALUE</b>	<b>(3) GROSS BONDED DEBT</b>	<b>LESS DEBT SERVICE FUND</b>
1999	25,625	\$874,882,805	\$100,515,477	-
2000	26,005	895,159,178	96,058,885	2,736
2001	27,335	949,882,184	127,371,849	111,299
2002	28,862	1,037,211,433	121,448,266	255,811
2003	29,058	1,095,342,885	115,768,521	358,706
2004	29,150	1,157,248,434	114,843,947	261,581
2005	29,395	1,191,101,352	113,167,880	423,702
2006	29,395	1,160,327,499	116,372,108	1,200,476
2007	29,500	1,275,351,528	110,021,453	1,104,819
2008	30,100	1,538,404,994	108,042,282	498,247

SOURCES: (1) ESTIMATES EXCEPT FOR US BUREAU CENSUS IN 2002  
 (2) CENTRAL APPRAISAL DISTRICT  
 (3) DOES NOT INCLUDE SELF-SUPPORTED BOND DEBT OF\$ 17,265,000

CITY OF CLEBURNE

RATIO OF NET GENERAL BONDED DEBT  
TO ASSESSED VALUE AND NET GENERAL  
LAST TEN FISCAL YEARS  
LAST TEN FISCAL YEARS  
(CONTINUED)

LESS DEBT PAYABLE FROM ENTERPRISE REVENUES	NET BONDED DEBT	RATIO OF NET BONDED DEBT TO ASSESSED VALUE	NET BONDED DEBT PER CAPITA
\$79,471,420	\$21,044,057	2.41%	\$821
76,304,828	19,751,321	2.21%	760
103,983,254	23,277,296	2.45%	852
99,438,236	21,754,219	2.10%	754
95,112,655	20,297,160	1.85%	699
90,795,884	23,786,482	2.06%	816
86,750,353	25,993,825	2.18%	884
91,647,038	23,524,594	2.03%	800
86,951,860	21,964,774	1.72%	745
82,307,744	25,236,291	1.64%	838

CITY OF CLEBURNE

RATIO OF GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS

<u>FISCAL YEAR</u>	<u>ESTIMATED POPULATION</u>	<u>ASSESSED VALUE</u>	<u>CERTIFICATES OF OBLIGATION</u>	<u>GENERAL OBLIGATION BONDS</u>	<u>TOTAL</u>	<u>RATIO OF NET BONDED DEBT TO ASSESSED VALUE</u>	<u>PER CAPITA</u>
1999	25625	\$874,882,805	\$40,061,794	\$3,207,560	\$43,269,354	4.95%	\$1,689
2000	26005	895,159,178	41,808,114	1,915,000	43,723,114	4.88%	1,681
2001	27335	949,882,184	48,172,337	1,511,695	49,684,032	5.23%	1,818
2002	28862	1,037,211,433	46,192,128	935,000	47,127,128	4.54%	1,633
2003	29058	1,095,342,885	66,701,000	466,375	67,167,375	6.13%	2,311
2004	29150	1,157,248,434	65,722,141	5,490,220	71,212,361	6.15%	2,443
2005	29395	1,191,101,352	56,857,983	10,265,905	67,123,888	5.64%	2,284
2006	29395	1,160,327,499	54,038,372	9,495,883	63,534,255	5.48%	2,161
2007	29500	1,275,351,528	61,351,965	8,629,194	69,981,159	5.49%	2,372
2008	30100	1,538,404,994	43,255,884	21,523,761	64,779,645	4.21%	2,152

CITY OF CLEBURNE

RATIO OF PROPRIETARY BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS

<u>FISCAL YEAR</u>	<u>ESTIMATED POPULATION</u>	<u>REVENUE BONDS</u>	<u>TOTAL</u>	<u>PER CAPITA</u>
1999	25625	\$79,916,195	\$79,916,195	\$3,119
2000	26005	76,728,431	\$76,728,431	2,951
2001	27335	104,593,274	\$104,593,274	3,826
2002	28862	100,019,641	\$100,019,641	3,465
2003	29058	95,663,280	\$95,663,280	3,292
2004	29150	91,315,645	\$91,315,645	3,133
2005	29395	86,907,954	\$86,907,954	2,957
2006	29395	91,858,240	\$91,858,240	3,125
2007	29500	87,147,984	\$87,147,984	2,954
2008	30100	82,656,749	\$82,656,749	2,746

CITY OF CLEBURNE

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES  
FOR GENERAL BONDED DEBT  
TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES  
LAST TEN FISCAL YEARS

<b>FISCAL YEAR</b>	<b>(1) PRINCIPAL</b>	<b>(1) INTEREST</b>	<b>(1) TOTAL DEBT SERVICE</b>	<b>(2) TOTAL GENERAL GOVERNMENTAL EXPENDITURES</b>	<b>RATIO OF DEBT SERVICE TO GENERAL GOVERNMENTAL EXPENDITURES</b>
1999	1,325,000	941,365	2,266,365	19,308,496	11.7%
2000	1,390,000	860,751	2,250,751	21,756,140	10.3%
2001	1,470,000	776,036	2,246,036	22,684,284	9.9%
2002	1,463,566	1,097,487	2,561,053	24,532,155	10.4%
2003	1,589,163	1,618,981	3,208,144	25,961,687	12.4%
2004	1,692,804	1,511,954	3,204,758	29,547,972	10.8%
2005	1,895,536	1,670,066	3,565,602	31,348,759	11.4%
2006	1,862,456	1,727,114	3,589,570	33,425,875	10.7%
2007	1,860,477	1,472,454	3,332,931	43,237,098	7.7%
2008	2,031,618	2,156,414	4,188,032	50,026,334	8.4%

SOURCES: (1) PRINCIPAL AND INTEREST AND FISCAL CHARGES FOR NET GENERAL BONDED DEBT ONLY.  
THIS EXCLUDES BOND ISSUANCE COSTS.  
THIS INCLUDES \$17,265,000 IN SELF-SUPPORTD DEBT.  
(2) INCLUDES GENERAL, SPECIAL REVENUE AND DEBT SERVICE FUNDS.

CITY OF CLEBURNE

REVENUE BOND COVERAGE  
WATER & SEWER REVENUE BONDS  
LAST TEN FISCAL YEARS

FISCAL YEAR	(1) GROSS REVENUE	(2) DIRECT EXPENSES	NET REVENUE AVAILABLE FOR DEBT SERVICE	(3) DEBT SERVICE REQUIREMENTS			COVER-AGE
				PRINCIPAL	INTEREST AND FISCAL CHARGES	TOTAL	
1999	\$8,475,543	\$3,685,124	\$4,790,419	\$855,000	\$1,713,001	\$2,568,001	1.87%
2000	10,618,222	3,940,290	6,677,932	895,000	2,300,631	3,195,631	2.09%
2001	10,374,531	4,364,092	6,010,439	930,000	2,388,863	3,318,863	1.81%
2002	10,128,935	4,618,376	5,510,559	1,525,000	3,205,534	4,730,534	1.16%
2003	10,774,178	4,492,198	6,281,980	1,370,000	2,989,011	4,359,011	1.44%
2004	10,872,750	4,775,753	6,096,997	1,455,000	2,894,935	4,349,935	1.40%
2005	12,546,724	5,460,935	7,085,789	1,515,000	2,780,466	4,295,466	1.65%
2006	15,351,317	6,512,264	8,839,053	1,780,000	2,569,149	4,349,149	1.88%
2007	15,462,922	6,178,618	9,284,304	1,815,000	2,896,679	4,711,679	1.97%
2008	18,142,912	7,898,642	10,244,270	1,865,000	2,627,070	4,492,070	2.28%

NOTE: (1) OPERATING REVENUE AND NON-OPERATING REVENUES OF WATER AND SEWER FUND  
(2) TOTAL OPERATING EXPENSES OF WATER AND SEWER FUND EXCLUSIVE OF DEPRECIATION

CITY OF CLEBURNE

PROPERTY VALUE AND CONSTRUCTION  
LAST TEN FISCAL YEARS

FISCAL YEAR	(1) PROPERTY	(2) COMMERCIAL CONSTRUCTION		(2) RESIDENTIAL CONSTRUCTION		NO. OF PERMITS	
	VALUE	NO. OF PERMITS	VALUE	NO. OF PERMITS	VALUE	NO. OF PERMITS	VALUE
1999	1,148,604,086	148	19,043,958	268	6,370,069	416	25,414,027
2000	1,190,770,284	160	43,925,292	286	6,238,394	446	50,163,686
2001	1,266,519,740	157	42,664,543	278	14,713,392	435	57,377,935
2002	1,401,511,578	177	35,162,522	373	13,221,011	550	48,383,533
2003	1,434,935,855	139	16,123,115	360	14,676,345	499	30,799,460
2004	1,508,027,170	146	11,497,295	368	26,704,426	514	38,201,721
2005	1,559,300,048	169	14,661,601	331	16,089,840	500	30,751,441
2006	1,625,661,129	175	15,789,001	346	15,754,459	521	31,543,460
2007	1,752,681,087	169	14,661,601	331	16,089,840	500	30,751,441
2008	2,051,040,064	197	37,179,289	211	9,687,141	408	46,866,430

SOURCE: (1) JOHNSON COUNTY APPRAISAL DISTRICT  
(2) PUBLIC WORKS DEPARTMENT OF THE CITY

CITY OF CLEBURNE

MISCELLANEOUS STATISTICS  
SEPTEMBER 30, 2008

DATE OF INCORPORATION	MAY 3, 1871
DATE OF ADOPTION OF CITY CHARTER	MARCH 28, 1950
FORM OF GOVERNMENT	HOME RULE COUNCIL/MANAGER
AREA IN SQUARE MILES	32
POPULATION	30,100
NUMBER OF FULL-TIME EMPLOYEES (EXCLUDING POLICE AND FIRE)	227
MILES OF STREETS	206.2
NUMBER OF STREET LIGHTS	1,180
NAME OF GOVERNMENT FACILITIES AND SERVICES:	
CULTURE AND RECREATION:	
PARKS (399 acres)	15
SPORTS COMPLEX (90 acres)	1
AQUATIC CENTER	1
MUNICIPAL GOLF COURSE	1
TENNIS COURTS	4
FIRE PROTECTION:	
NUMBER OF STATIONS	3
NUMBER OF FIRE EMPLOYEES	56
NUMBER OF INVESTIGATIONS	193
NUMBER OF INSPECTIONS CONDUCTED	1,600
NUMBER OF TRAINING HOURS	5,935
NUMBER OF FIRE HYDRANTS	1,098
NUMBER OF STRUCTURE FIRES	57
NUMBER OF OTHER FIRES	127
NUMBER OF EMERGENCY MEDICAL INCIDENTS	2,045
NUMBER OF HAZ-MAT RESPONSES	225
NUMBER OF ALL OTHER RESPONSES	709
TOTAL INCIDENTS	3,163
POLICE PROTECTION:	
NUMBER OF STATIONS	1
NUMBER OF POLICE EMPLOYEES	74
NUMBER OF MARKED PATROL UNITS	39
NUMBER OF CALLS FOR SERVICE	37,774
NUMBER OF ARRESTS	2,276
NUMBER OF CITATIONS ISSUED	12,625
NUMBER OF TRAFFIC ACCIDENTS WORKED	1,466
NUMBER OF TRAINING HOURS	4,546
NUMBER OF ANIMAL CALLS	4,178
STOLEN PROPERTY RECOVERED	\$604,367
POPULATION STATISTICS:	
1970 CENSUS	15,016
1980 CENSUS	19,218
1990 CENSUS	22,205
2000 CENSUS	26,005
2001 ESTIMATED	27,335
2002 ESTIMATED	28,862
2003 ESTIMATED	29,058
2004 ESTIMATED	29,150
2005 ESTIMATED	29,395
2006 ESTIMATED	29,395
2007 ESTIMATED	29,500
2008 ESTIMATED	30,100

SOURCES: ESTIMATES PER NCTCOG.

CITY OF CLEBURNE

MISCELLANEOUS STATISTICS  
 SEPTEMBER 30, 2008  
 (CONTINUED)

WATER SYSTEM:	
NUMBER OF WATER ACCOUNTS	11,277
NUMBER OF GALLONS PRODUCED	2,674,964,035
NUMBER OF GALLONS SOLD	2,002,477,948
AVERAGE DAILY CONSUMPTION - PUMPED (IN GALLONS)	7,328,669
MAXIMUM DAILY CAPACITY - WATER PRODUCTION (IN GALLONS)	15,000,000
MAXIMUM DAILY USAGE - WATER PRODUCTION (IN GALLONS)	11,800,000
WATER MAINS - MILES	250
SEWER SYSTEM:	
NUMBER OF SEWER ACCOUNTS	10,211
STORM SEWER - MILES	19
SANITARY SEWER - MILES	240
MAXIMUM DAILY CAPACITY (IN MILLION GALLONS)	7,500,000
NUMBER OF REFUSE ACCOUNTS	10,059
HOSPITALS:	
NUMBER OF HOSPITALS	1
NUMBER OF PATIENT BEDS	137
EDUCATION:	
ELEMENTARY - C. I. S. D.	7
MIDDLE SCHOOL - C. I. S. D.	2
CLEBURNE INTERMEDIATE SCHOOL - C. I. S. D.	1
HIGH SCHOOL - C. I. S. D.	1
NUMBER OF ADM. PERSONNEL - C. I. S. D.	34
NUMBER OF TEACHERS - C. I. S. D.	493
NUMBER OF STUDENTS - C. I. S. D.	6,695
PRIVATE SCHOOLS	2
JUNIOR COLLEGES - BRANCH	1
EMPLOYEES BY FUNCTION	
GENERAL GOVERNMENT	28
PUBLIC SAFETY	130
PUBLIC SERVICE	55
PUBLIC WORKS	51
SANITATION	20
WATER AND SEWER	56
MUNICIPAL AIRPORT	3
DRAINAGE UTILITIES	3
	<hr/>
	346
TOP 10 EMPLOYERS IN CLEBURNE	
CLEBURNE ISD	EMPLOYEES 1119
WAL-MART DISTRIBUTION CENTER / STORES	966
JOHNSON COUNTY	582
PUMPCO PIPELINE	400
HARRIS METHODIST HOSPITAL	390
JOHNS-MANVILLE CORPORTATION	363
CITY OF CLEBURNE	346
SCHLUMBERGER, LTD	300
BROAN NUTONE STORAGE SOLUTIONS (RANGAIRE)	300
GREENBRIAR RAIL SERVICE	275
Do not have prior nine year information.	

# SINGLE AUDIT SECTION



★ CLEBURNE ★



**CITY OF CLEBURNE**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

<b>FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE</b>	<b>FEDERAL CFDA NO.</b>	<b>PASS- THROUGH ENTITY IDENTIFYING NUMBER</b>	<b>FEDERAL EXPENDITURES</b>
<u>U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
DIRECT PROGRAMS:			
SECTION 8 RENTAL VOUCHER PROGRAM	14.871		1,823,920
ECONOMIC DEVELOPMENT INITIATIVE	14.251	B-06SP-TX-0983	495,000
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>2,318,920</u>
<u>U. S. DEPARTMENT OF TRANSPORTATION</u>			
PASSED THROUGH STATE DEPARTMENT OF TRANSPORTATION:			
URBAN MASS TRANSPORTATION CAPITAL AND OPERATING ASSISTANCE FORMULA GRANTS	20.507	ED 0702(02)	33,970
URBAN MASS TRANSPORTATION CAPITAL AND OPERATING ASSISTANCE FORMULA GRANTS	20.507	NTCCOG PROJECTS	63,743
URBAN MASS TRANSPORTATION CAPITAL AND OPERATING ASSISTANCE FORMULA GRANTS	20.507	RPT 0706(02) 30	345,668
TOTAL DEPARTMENT OF TRANSPORTATION			<u>443,381</u>
<u>FEDERAL EMERGENCY MANAGEMENT AGENCY:</u>			
PASSED THROUGH TEXAS ENGINEERING EXTENSION SERVICE			
2006 STATE HOMELAND SECURITY PROGRAM	97.073	2006-GE-T6-0068	1,587
PASSED THROUGH TEXAS ENGINEERING EXTENSION SERVICE			
2007 STATE HOMELAND SECURITY PROGRAM	97.073	2007-GE-T7-0068	31,549
PASSED THROUGH DIVISION OF EMERGENCY MANAGEMENT			
DISASTER ASSISTANCE PROGRAM		HURRICANE IKE	9,340
PASSED THROUGH DIVISION OF EMERGENCY MANAGEMENT			
DISASTER ASSISTANCE PROGRAM	97.042	07TX-EMPG-1252	33,299
TOTAL FEDERAL EMERGENCY MANAGEMENT AGENCY:			<u>75,775</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>2,838,076</u>

CITY OF CLEBURNE

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARD  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

**NOTE 1 - BASIS OF PRESENTATION**

THE ACCOMPANYING SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS INCLUDES THE FEDERAL GRANT ACTIVITY OF CITY OF CLEBURNE, TEXAS AND IS PRESENTED ON THE MODIFIED ACCRUAL BASIS OF ACCOUNTING. THE INFORMATION IN THIS SCHEDULE IS PRESENTED IN ACCORDANCE WITH THE REQUIREMENTS OF OMB CIRCULAR A-133, AUDITS OF STATES, LOCAL GOVERNMENTS AND NON-PROFIT ORGANIZATIONS. THEREFORE, SOME AMOUNTS PRESENTED IN THIS SCHEDULE MAY DIFFER FROM AMOUNTS PRESENTED IN, OR USED IN THE PREPARATION OF, THE BASIC FINANCIAL STATEMENTS.

**NOTE 2 - US DEPARTMENT OF HOUSING AND URBAN DEVELOPEMENT GRANTS**

\$1,823,920 OF TOTAL DIRECT PROGRAM EXPENDITURES AGREES WITH THE HUD EXPENDITURES AS REPORTED ON COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES, NON-MAJOR GOVERNMENT FUNDS.

\$495,000 OF TOTAL DIRECT PROGRAM EXPENDITURES AGREES WITH THE HUD ECONOMIC DEVELOPEME INITIATIVE EXPENDITURES AS REPORTED ON COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES, NON-MAJOR GOVERNMENT FUNDS.

**NOTE 3 - URBAN MASS TRANSPORTATION GRANTS**

THE CITY OF CLEBURNE INCURRED THE FOLLOWING IN OPERATING C/C TRANSPORTATION.

FEDERAL GRANT REVENUE	443,381
STATE GRANT REVENUE	296,046
FEES AND TRANSFER IN (MATCHING)	71,424
OTHER REVENUE	66,449
	<u>877,300</u>
EXPENDITURES	-
	<u><u>877,300</u></u>

THESE EXPENDITURES AGREE WITH THE TRANSIT EXPENDITURES AS REPORTED ON COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES, NON-MAJOR GOVERNMENT FUNDS.

**NOTE 4 - FEDERAL EMERGENCY MANAGEMENT AGENCY**

\$75,775 OF TOTAL DIRECT PROGRAM EXPENDITURES AGREES WITH THE GENERAL SPECIAL REVENUE EXPENDITURES AS REPORTED ON COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES, NON-MAJOR GOVERNMENT FUNDS.

CITY OF CLEBURNE

SCHEDULE OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

<u>GRANT AGENCY</u>	<u>PROGRAM/GRANT</u>		<u>STATE</u>
	<u>NAME</u>	<u>NUMBER</u>	<u>EXPENDITURES</u>
<u>TEXAS DEPARTMENT OF TRANSPORTATION:</u>			
STATE PUBLIC TRANSPORTATION FUND GRANT	SECT 18	RPT 0801 (02)	296,046
TOTAL TEXAS DEPARTMENT OF TRANSPORTATION			<u>296,046</u>
<u>COMPTROLLER OF PUBLIC ACCOUNTS:</u>			
LAW ENFORCEMENT OFFICER STANDARDS AND EDUCATION	LEOSE	POLICE	4,340
LAW ENFORCEMENT OFFICER STANDARDS AND EDUCATION	LEOSE	FIRE	814
TOTAL COMPTROLLER OF PUBLIC ACCOUNTS			<u>5,154</u>
<u>TEXAS STATE LIBRARY &amp; ARCHIVES COMMISSION</u>			
LONE STAR LIBRARIES GRANT		442-08090	3,076
TOTAL TEXAS STATE LIBRARY & ARCHIVES COMMISSION			<u>3,076</u>
<u>TEXAS DEPARTMENT OF TRANSPORTATION - AVIATION</u>			
RAMP GRANT		M802CLBRN	23,338
TOTAL TEXAS DEPARTMENT OF TRANSPORTATION - AVIATION			<u>23,338</u>
TOTAL EXPENDITURES OF STATE AWARDS			<u>327,613</u>

CITY OF CLEBURNE

NOTES TO THE SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

**NOTE 1 - BASIS OF PRESENTATION**

THE ACCOMPANYING SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS INCLUDES THE FEDERAL GRANT ACTIVITY OF CITY OF CLEBURNE, TEXAS AND IS PRESENTED ON THE MODIFIED ACCRUAL BASIS OF ACCOUNTING. THE INFORMATION IN THIS SCHEDULE IS PRESENTED IN ACCORDANCE WITH THE REQUIREMENTS OF OMB CIRCULAR A-133, AUDITS OF STATES, LOCAL GOVERNMENTS AND NON-PROFIT ORGANIZATIONS. THEREFORE, SOME AMOUNTS PRESENTED IN THIS SCHEDULE MAY DIFFER FROM AMOUNTS PRESENTED IN, OR USED IN THE PREPARATION OF, THE BASIC FINANCIAL STATEMENTS.

**NOTE 2 - STATE PUBLIC TRANSPORTATION GRANTS**

THE CITY OF CLEBURNE INCURRED THE FOLLOWING IN OPERATING C/C TRANSPORTATION.

FEDERAL GRANT REVENUE	443,381
STATE GRANT REVENUE	296,046
FEES AND TRANSFER IN (MATCHING)	71,424
OTHER REVENUE	66,449
	<u>877,300</u>
EXPENDITURES	-
	<u>877,300</u>

THESE EXPENDITURES AGREE WITH THE TRANSIT EXPENDITURES AS REPORTED ON COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES, NON-MAJOR GOVERNMENT FUNDS.

**NOTE 3 - LAW ENFORCEMENT OFFICER STANDARDS AND EDUCATION**

\$5,154 OF TOTAL DIRECT PROGRAM EXPENDITURES AGREES WITH THE GENERAL SPECIAL REVENUE EXPENDITURES AS REPORTED ON COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES, NON-MAJOR GOVERNMENT FUNDS.

**NOTE 4 - TEXAS STATE LIBRARY & ARCHIVES COMMISSION**

\$3,076 OF TOTAL DIRECT PROGRAM EXPENDITURES AGREES WITH THE GENERAL SPECIAL REVENUE EXPENDITURES AS REPORTED ON COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES, NON-MAJOR GOVERNMENT FUNDS.

**NOTE 5 - TEXAS DEPARTMENT OF TRANSPORTATION - AVIATION**

\$23,338 OF TOTAL DIRECT PROGRAM EXPENDITURES AGREES WITH THE MUNICIPAL AIRPORT PROPRIETA FUND EXPENDITURES AS REPORTED ON COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS, SUPPLEMENTAL INDIVIDUAL FUND FINANCIAL STATEMENTS.



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 City Council  
City of Cleburne, Texas

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 Cleburne (the City) as of and for the year ended September 30, 2008, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 21, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. WE did not identify any deficiencies in internal control over financial reporting that we considered to be material weaknesses, as defined above.

Compliance and Other Matters

As a 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 determination of financial statement amounts. 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*.

We noted certain matters that we reported to management of the City in a separate letter dated March 21, 2009.

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This report is intended for the information and use of the Honorable Mayor, management, the City Council, others within the organization, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*Audbridge Griffin, P.C.*

Cleburne, Texas  
March 21, 2009



**Auldridge Griffin**  
*Certified Public Accountants*  
A Professional Corporation

Jack L. Auldridge, Jr., CPA  
Michael W. Griffin, CPA  
W.L. "Woody" Mathews, Jr., CPA  
Kenneth L. von Tungeln, CPA  
Keith A. Hollar, CPA

Michael D. Dunlap, CPA  
Karen O. Thompson, CPA  
John A. Stanbery, CPA  
Kenneth W. Sanders, CPA

## Independent Auditor's Report

Report on Compliance and with Requirements Applicable  
To each Major Program and Internal Control over Compliance  
In Accordance with OMB Circular A-133

City Council  
City of Cleburne  
10 North Robinson  
Cleburne, TX 76031

### Compliance

We have audited the compliance of the City of Cleburne with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2008. The City of Cleburne's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Cleburne's management. Our responsibility is to express an opinion on the City of Cleburne's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United State of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining on a test basis, evidence about the City of Cleburne's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Cleburne's compliance with those requirements.

In our opinion, the City of Cleburne complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2008.

## Internal Control Over Compliance

The management of the City of Cleburne is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Cleburne's internal control over compliance with the requirements that could have a direct effect and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Cleburne's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we considered to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, others within the organization, the City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



Cleburne, Texas  
March 21, 2009

**CITY OF CLEBURNE**

**FEDERAL GRANTS AND PROGRAMS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

<b>PROGRAM</b>	<b>DESCRIPTION</b>
TYPE OF REPORT ON FINANCIAL STATEMENTS	UNQUALIFIED OPINION.
REPORTABLE CONDITIONS	THERE WERE NOT ANY REPORTABLE CONDITIONS.
MATERIAL WEAKNESSES INVOLVING REPORTABLE CONDITIONS	NONE.
NONCOMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS	THERE WAS NOT ANY NONCOMPLIANCE NOTICED DURING THE AUDIT.
TYPE OF REPORT ON COMPLIANCE WITH MAJOR PROGRAMS	UNQUALIFIED OPINION.
FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS AS DEFINED IN SECTION ____ .510(A), OMB CIRCULAR A-133	THERE WERE NOT ANY QUESTIONED COSTS NOTED DURING THE AUDIT.
DOLLAR THRESHOLD CONSIDERED BETWEEN TYPE A AND TYPE B FEDERAL PROGRAMS	\$500,000
LOW RISK AUDITEE STATEMENTS	THE CITY WAS NOT CLASSIFIED AS A LOW-RISK AUDITEE IN THE CONTACT OF OMB CIRCULAR A-
MAJOR FEDERAL PROGRAMS	SECTION 8 RENTAL VOUCHER PROGRAM 14.871 AND ECONOMIC DEVELOPMENT INITIATIVE PROGRAM 14.251, URBAN MASS TRANSPORTATION CAPITAL, AND OPERATING ASSISTANCE FORMULA GRANTS PROGRAM 20.507
PASS-THROUGH ENTITIES	TEXAS DEPARTMENT OF TRANSPORTATION TEXAS DEPARTMENT OF EMERGENCY SERVICES
CORRECTIVE ACTION PLAN	THERE IS NOT ANY NEED FOR A CORRECTIVE ACTION PLAN AT THE PRESENT TIME.
PRIOR AUDIT FINDINGS FOR AUDIT PERIOD ENDING SEPTEMBER 30, 2006	THERE WERE NOT ANY FINDINGS RELATED TO FEDERAL FINANCIAL ASSISTANCE PROGRAMS DURING THE FISCAL YEAR.
PRIOR AUDIT FINDINGS FOR AUDIT PERIOD ENDING SEPTEMBER 30, 2007	THERE WERE NOT ANY FINDINGS RELATED TO FEDERAL FINANCIAL ASSISTANCE PROGRAMS DURING THE FISCAL YEAR.