

City of Belton, Texas



Comprehensive Annual Financial Report

For Fiscal Year Ended
September 30, 2007

City of Belton, Texas

Comprehensive Annual Financial Report

For the Fiscal Year Ended September 30, 2007

Prepared by:

Finance Department

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Assistant City Manager

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City of Belton, Texas

For the Fiscal Year Ended
September 30, 2007

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City of Belton

- Founded 1850 -

March 25, 2008

To the Honorable Mayor, Members of the City Council,
and Citizens of the City of Belton, Texas:

The City Charter and state statutes require that the City publish at the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Belton, Texas, for the fiscal year ended September 30, 2007.

This report consists of management's representations concerning the finances of the City of Belton. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Belton has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the City of Belton's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Belton's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Belton's financial statements have been audited by Lott, Vernon & Company, P.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Belton for the fiscal year ended September 30, 2007, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Belton's financial statements for the fiscal year ended September 30, 2007, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Belton's MD&A can be found immediately following the report of the independent auditors.

Profile of the City

The City of Belton was founded in 1850 and chartered in 1852. On July 13, 1877, Belton was incorporated by the Texas Legislature. Located in Central Texas on Interstate Highway 35, Belton is approximately 65 miles north of Austin and 40 miles south of Waco. The City currently occupies a land area of 17.24 square miles and serves a population of 18,277. Belton is the county seat of Bell County and is a governmental, agricultural, and commercial center in the area. Two large lakes, Lake Belton and Lake Stillhouse Hollow, are located adjacent to Belton within five minutes driving time from downtown. With 168 miles of shoreline, these lakes offer excellent fishing, camping and water sports.

The City of Belton is a home rule city and operates under the council-manager form of government. The City Council is comprised of the Mayor and six members, and is responsible for enacting ordinances, resolutions, and regulations governing the City, as well as for appointing the City Manager, City Attorney, Municipal Judge, City Clerk and members of various statutory and advisory boards. As the chief administrative officer, the City Manager is responsible for enforcement of laws and ordinances, and the appointment and supervision of City department heads. The City of Belton is empowered to levy a property tax on both real and personal properties located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

The City provides a full range of services, including police and fire protection, the construction and maintenance of streets, roads and other infrastructure, refuse collection, planning and zoning, parks operation and maintenance, recreation, library services, and administrative services necessary to serve the citizens of our community. Water and sewer services are operated under an enterprise fund concept, with user charges set to ensure adequate coverage of operating expenses and payments on outstanding debt. In addition, the City of Belton is also financially accountable for a legally separate economic development corporation, which is reported separately with the City of Belton's financial statements. Additional information on this legally separate entity can be found in the Notes to the Financial Statements.

The annual budget serves as the foundation for the City of Belton's financial planning and control. It defines the type, quality, and quantity of City goods and services that will be provided to citizens. The budget is also a control device that serves as a system of "checks and balances" between levels of City government.

The City Charter establishes the fiscal year as the twelve-month period beginning October 1 and ending September 30. Department Heads submit to the City Manager a budget of estimated expenditures for the ensuing fiscal year by July 1. The City Manager then submits a budget of estimated expenditures and revenues to the City Council not later than August 31. At this meeting, the City Council sets the time and place of a public hearing on the budget. A notice of the hearing

is published at least five days before the day of the hearing. Prior to September 28, the budget is adopted through passage of an ordinance. If the budget is not accepted and formally approved by the City Council before September 28, the budget submitted by the City Manager is deemed to have been finally adopted by the Council until such time as the Council adopts a budget.

After adoption of the budget, the City Manager may transfer any unencumbered appropriation or portion thereof between general classifications of expenditures within a division or department. At the request of the City Manager and within the last three months of the fiscal year, the Council may by resolution, transfer any unencumbered appropriation or portion thereof from one division or department to another. After adoption, the City Council may amend the budget at any time by ordinance.

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented on pages 21-22 as part of the basic financial statement for the governmental funds. For governmental funds, other than the General fund, with appropriated annual budgets, this comparison is presented in the governmental funds subsection of this report, which starts on page 54.

Factors Affecting 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 of Belton operates.

Local economy. Belton's economy continues to enjoy moderate, sustained growth as evidenced by local economic indicators such as increased tax appraisal values and sales tax receipts. Major industries with headquarters or divisions located within the City include manufacturers of office furniture, mobile homes, advertising novelties, and exercise equipment. Belton Independent School District (BISD) is the largest employer in the City, with 1,200 employees. Bell County is also a major economic presence in the City, providing over 1,000 jobs in the local job market. Additionally, Belton is proud to be the home of the University of Mary Hardin-Baylor (UMHB), a private four-year college with an enrollment of over 2,700 students. The regional economy is bolstered by the large medical and manufacturing industry in nearby Temple and the presence of the Fort Hood Army Base in western Bell County.

Long-term financial planning. In 2002, the City issued \$4.3 million in Contracts of Obligation for the purpose of constructing several major water and sewer projects. The Leon River sewer project was the last of these projects, and was completed during FY 2007.

A bond package approved by voters in February 2005 included \$3.3 million in funding for street construction and reconstruction. Major street improvements around the UMHB campus were completed in FY 2007. Improvements in the downtown area, reconstruction of 14 residential streets, and funding for drainage projects were also included in the bond program. All projects are under construction, and expected to be completed in FY 2008.

In late FY 2007, the City issued \$5.365 million in combination tax & limited revenue CO's. Projects to be funded include:

Streets	\$1,450,000
Water & Sewer	\$2,445,000
Building	\$ 805,000
Drainage	\$ 500,000
Parks	\$ 100,000

These projects will begin in FY 2008 and are anticipated to take at least three years to complete.

Cash management policies and practices. Cash temporarily idle during the year was invested in demand deposits and in TexPool and TexSTAR, local government investment pools. The City earned interest revenue of \$526,129 on all investments for FY 2007.

The City's investment policies stress (in order of priority):

1. **Safety** and preservation of principal
2. Maintenance of sufficient **liquidity** to meet operating needs
3. **Public trust** from prudent investment activities
4. Optimization of **interest earnings** on the portfolio

All of the deposits and investments held by the City during the year end at September 30, 2007, are secured by either FDIC insurance, pledged securities, or by TexPool and TexSTAR. Note II of the financial statements provides more detail concerning deposits and investments.

Risk management. The City provides health coverage, life insurance, and accidental death and dismemberment coverage to its employees through the Scott & White HMO and other commercial carriers. Employees are also covered for workers' compensation insurance through the Texas Municipal League, a modified self-insurance pool of Texas cities. The City maintains coverage for significant liability and property risks through the Texas Municipal League. Additional information regarding risk management appears in Note IX of the financial statements.

Pension Benefits. The City provides pension benefits for all of its full-time employees through a non-traditional, joint contributory, hybrid defined benefit plan in the State-wide Texas Municipal Retirement System (TMRS), an agent/multiple-employer public employee retirement system.

Members can retire at ages sixty and above with five or more years of service, or at any age with twenty or more years of service. The plan also provides death and disability benefits. A member is vested after five years, but he must leave his accumulated contributions in the plan. If a member withdraws his own money, he is not entitled to the employer-financed monetary credits, even if he was vested. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes. Additional detail regarding the City's employee retirement program is contained in Note VIII of the financial statements.

Awards and Acknowledgements

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 Belton, Texas, for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2006.

This was the twenty-first consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government published an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the GFOA presented a Distinguished Budget Presentation Award to the City of Belton, Texas, for its annual budget document for fiscal year beginning October 1, 2006. In order to receive this award, a governmental unit must publish a document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device. This award is valid for a period of one year only. This was the fifteenth consecutive year that the City has received the budget award.

The preparation of this report could not have been accomplished without the proficient and dedicated work of the entire staff of the Finance Department. We would also like to thank the Mayor and the City Council for their continued interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

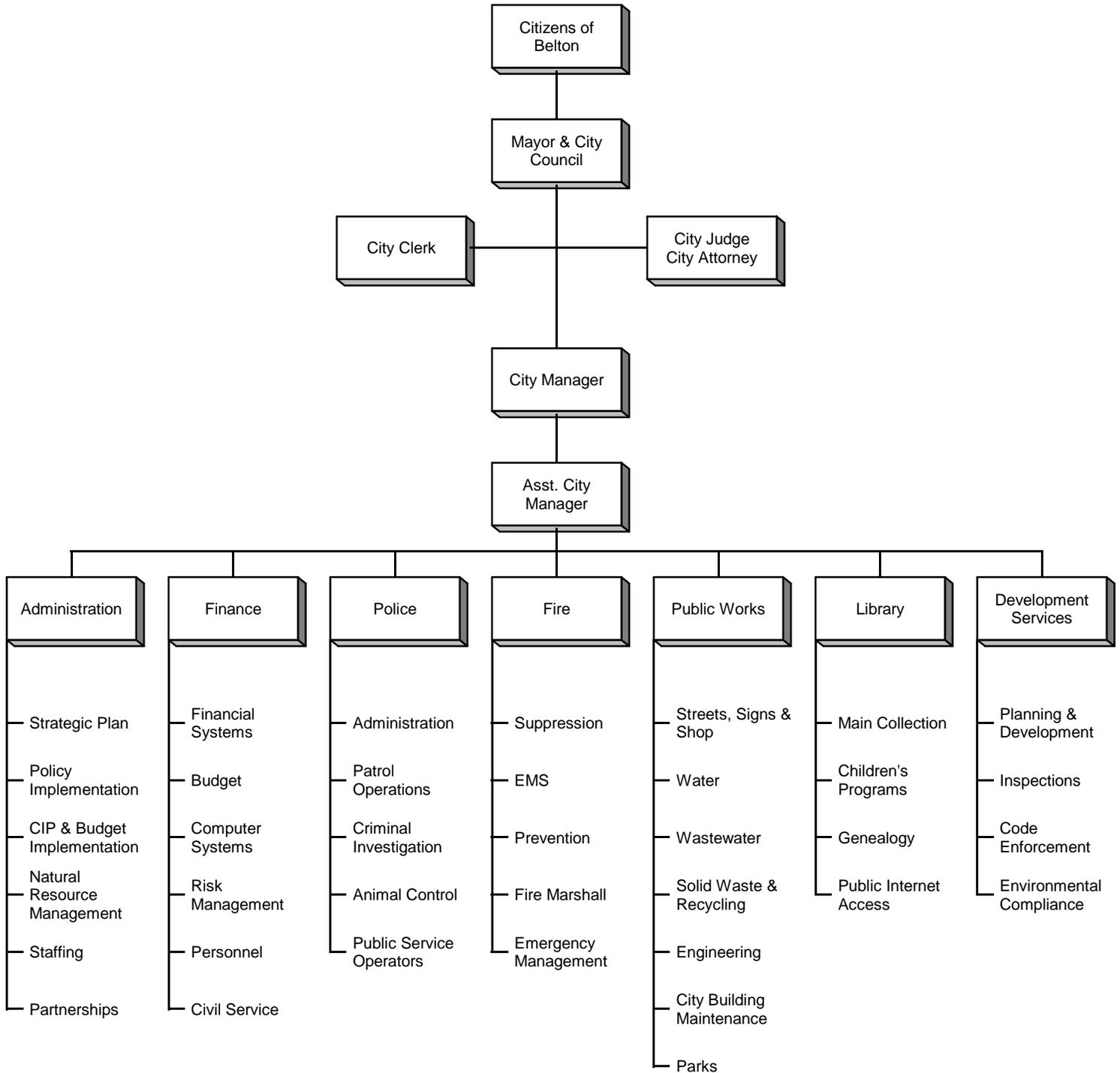


Cristy Daniell, CPA
Assistant City Manager
Finance Director



Karen Evans, CPA
Assistant Finance Director

CITY OF BELTON Functional Structure



CITY OF BELTON

ELECTED OFFICIALS

CITY COUNCIL

Two-Year Terms

<u>NAME</u>	<u>TERM EXPIRES</u>
Jim Covington, Mayor	May 17, 2008
Marion Grayson, Mayor Pro Tem	May 17, 2008
Clifton Peters	May 12, 2009
David K. Leigh	May 12, 2009
Joe B. Baisden	May 12, 2009
Craig Pearson	May 12, 2009
John Agan	May 17, 2008

APPOINTED OFFICIALS

CITY STAFF

<u>POSITION</u>	<u>NAME</u>	<u>DATE APPOINTED</u>
City Manager	Sam Listi	March 19, 2001
City Attorney	John Messer	September 1, 1978
City Clerk	Connie Torres	September 24, 1991
City Judge	Mickey Wade	October 1, 1995
Asst. City Manager/Finance Director	Cristy Daniell	February 17, 1992
Support Services Coordinator	Jerri Gauntt	September 4, 2007
Development Corporation Director	Carol Mills	December 1, 2005
Fire Chief	Roy Harmon	April 12, 1994
Police Chief	Mike Sleeth	January 24, 1995
Director of Public Works	Les Hallbauer	May 1, 2002
Parks Superintendent	Dennis Browning	January 8, 2003
Building Superintendent	Wayne Guthrie	September 17, 2001
Library Director	Kim Kroll	October 2, 2000
Development Services Director	Fred Morris	October 7, 2002
Building Official	Rex Robertson	April 6, 1998
Asst. Building Official	Tom Doehre	March 1, 2004
Code Enforcement Officer	Kim Ross	May 16, 2005

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Belton
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2006

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.



Charles S. Cox

President

Jeffrey R. Emer

Executive Director



LOTT, VERNON & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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*Member of
American Institute & Texas Society of
Certified Public Accountants*

INDEPENDENT AUDITORS' REPORT

The Honorable Mayor Jim Covington
And the City Council
City of Belton
Belton, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Belton, Texas (the City) as of and for the year ended September 30, 2007, 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 an opinion 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. 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Belton, Texas as of September 30, 2007, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis information on pages 3 through 12 is not a required part of the basic financial statements but is 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 conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Belton's basic financial statements. The introductory section, combining and individual fund statements and schedules, capital assets used in the operation of governmental funds, supplementary data, and statistical section are presented for purposes of

INDEPENDENT AUDITORS' REPORT (CONTINUED)

additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements and schedules, capital assets used in the operation of governmental funds, and supplementary data 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.

Lott, Vernon & Co., P.C.

Temple, Texas
February 20, 2008

Management's Discussion and Analysis

As management of the City of Belton, Texas, we offer readers of the financial statements this narrative discussion and analysis (MD&A) of the financial activities of the City of Belton for the fiscal year ended September 30, 2007. 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 through v of this report.

This is the fourth year that the financials were prepared in the new reporting format prescribed by the Governmental Accounting Standards Board (GASB) Statement Number 34 (GASB 34). These financial statements differ considerably, in both the form and accounting principles used, from financial statements presented in annual financial reports prior to fiscal year 2004. While the financial statements presented in prior years focused on the accountability of funds, these statements focus on the financial condition of the City of Belton, Texas (the City), the changes in its financial position, and the cash flows to the City as a whole. The most apparent differences are the recording and depreciation of General Fund capital assets, and the recording of long-term general obligation debt and the payment thereof.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$39,757,588 (*net assets*). Of this amount, \$13,303,024 (*unrestricted net assets*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's net assets increased by \$3,267,406. Of this increase, 94.26 percent, \$3,079,855 is attributable to capital grants and contributions from third parties, including developers, grant agencies, and the local school district. Another contributor to the increase is funding for capital project programs which will be spent on capital projects in the next three fiscal years. Also, the degree to which increases in ongoing revenues were larger than similar increases in ongoing expenses contributed to the increase in net assets.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$10,269,253. Of this total amount, 94.34 percent, \$9,688,487 is *available for spending* at the City's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$3,536,554, or 45.32 percent of total general fund expenditures.
- The City's total debt increased by \$4,483,624 or 32.09 percent during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of 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 most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, highways and streets, development services, culture and recreation, refuse collection, economic development, and maintenance. The business-type activity of the City is the water and sewer utility.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate economic development corporation for which the City is financially accountable. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 15-17 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 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 *near-term inflows and outflows 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 City's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds 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 eighteen individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, the 2005 Consolidated GO's Fund, the 2007 Consolidated CO's Fund, and the Debt Service Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated

presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental funds financial statements can be found on pages 18-22 of this report.

Proprietary funds. The City maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses an enterprise fund to account for its water and sewer utility.

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, which is considered to be a major fund of the City.

The basic proprietary fund financial statements can be found on pages 23-25 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 27-50 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *optional supplementary information* concerning the City's long term debt, including debt service requirements to maturity. Optional supplementary information can be found on page 73 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds is presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 51-59 of this report.

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, assets exceeded liabilities by \$39,757,588 at the close of the most recent fiscal year.

City of Belton Statement of Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 11,401,847	\$ 7,539,861	\$ 4,018,816	\$ 3,227,215	\$ 15,420,663	\$ 10,767,076
Capital assets	21,459,445	19,174,534	22,373,362	21,424,506	43,832,807	40,599,040
Total assets	32,861,292	26,714,395	26,392,178	24,651,721	59,253,470	51,366,116
Long-term liabilities outstanding	10,673,363	7,075,568	7,783,930	6,898,101	18,457,293	13,973,669
Other liabilities	678,105	571,688	360,484	330,577	1,038,589	902,265
Total liabilities	11,351,468	7,647,256	8,144,414	7,228,678	19,495,882	14,875,934
Net assets:						
Invested in capital assets, net of related debt	11,074,215	12,380,934	14,637,860	14,564,542	25,712,075	26,945,476
Restricted	742,489	573,420	-	-	742,489	573,420
Unrestricted	9,693,120	6,112,785	3,609,904	2,858,501	13,303,024	8,971,286
Total net assets	\$ 21,509,824	\$ 19,067,139	\$ 18,247,764	\$ 17,423,043	\$ 39,757,588	\$ 36,490,182

By far the largest portion of the City's net assets (\$25,712,075 or 64.67 percent) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City 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.

An additional portion of the City's net assets (\$742,489 or 1.87 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$13,303,024 or 33.46 percent) may be used to meet the City's ongoing obligations to citizens and creditors.

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

City of Belton's Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues:						
Charges for services	\$ 2,046,877	\$ 1,991,561	\$ 3,985,697	\$ 4,190,262	\$ 6,032,574	\$ 6,181,823
Operating grants and contributions	274,889	227,310	-	-	274,889	227,310
Capital grants and contributions	2,041,342	2,269,098	1,038,513	968,544	3,079,855	3,237,642
General revenues:						
Property taxes	3,810,255	3,403,788	-	-	3,810,255	3,403,788
Sales taxes	1,987,095	1,830,944	-	-	1,987,095	1,830,944
Franchise taxes	928,508	1,053,573	-	-	928,508	1,053,573
Other taxes	173,608	131,892	-	-	173,608	131,892
Investment earnings	407,083	386,911	119,046	144,074	526,129	530,985
Sales of assets	21,132	36,490	(43,635)	4,962	(22,503)	41,452
Other income/loss	119,256	277,764	-	-	119,256	277,764
Total revenues	11,810,045	11,609,331	5,099,621	5,307,842	16,909,666	16,917,173
Expenses:						
General government	796,507	675,727	-	-	796,507	675,727
Public safety	4,365,643	4,158,479	-	-	4,365,643	4,158,479
Highways and streets	1,419,572	1,430,432	-	-	1,419,572	1,430,432
Development services	346,087	310,782	-	-	346,087	310,782
Culture and recreation	1,299,129	847,167	-	-	1,299,129	847,167
Refuse collection	717,398	646,508	-	-	717,398	646,508
Economic development	117,828	217,824	-	-	117,828	217,824
Maintenance	265,857	245,430	-	-	265,857	245,430
Other costs	-	79,018	-	-	-	79,018
Interest on long-term debt	285,339	280,277	-	-	285,339	280,277
Water and sewer	-	-	4,028,900	3,737,110	4,028,900	3,737,110
Total expenses	9,613,360	8,891,644	4,028,900	3,737,110	13,642,260	12,628,754
Changes in net assets before transfers						
Transfers	2,196,685	2,717,687	1,070,721	1,570,732	3,267,406	4,288,419
Changes in net assets	2,442,685	3,013,687	824,721	1,274,732	3,267,406	4,288,419
Net assets - October 1	19,067,139	16,053,452	17,423,043	16,148,311	36,490,182	32,201,763
Net assets - September 30	\$ 21,509,824	\$ 19,067,139	\$ 18,247,764	\$ 17,423,043	\$ 39,757,588	\$ 36,490,182

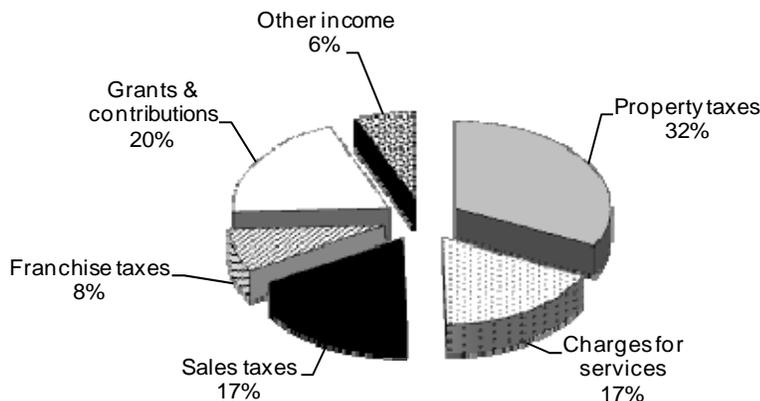
The City's net assets increased by \$3,267,406 during the current fiscal year. Most of this increase represents capital contributions from third parties, as well as funding for capital project programs, which will be spent on capital projects in the next three fiscal years. Also, the degree to which increases in ongoing revenues were larger than similar increases in ongoing expenses, as well as increases in grants and investment earnings contributed to the increase in net assets.

Governmental activities. Governmental activities increased the City's net assets by \$2,442,685, thereby accounting for 74.76 percent of the total growth in the net assets of the City.

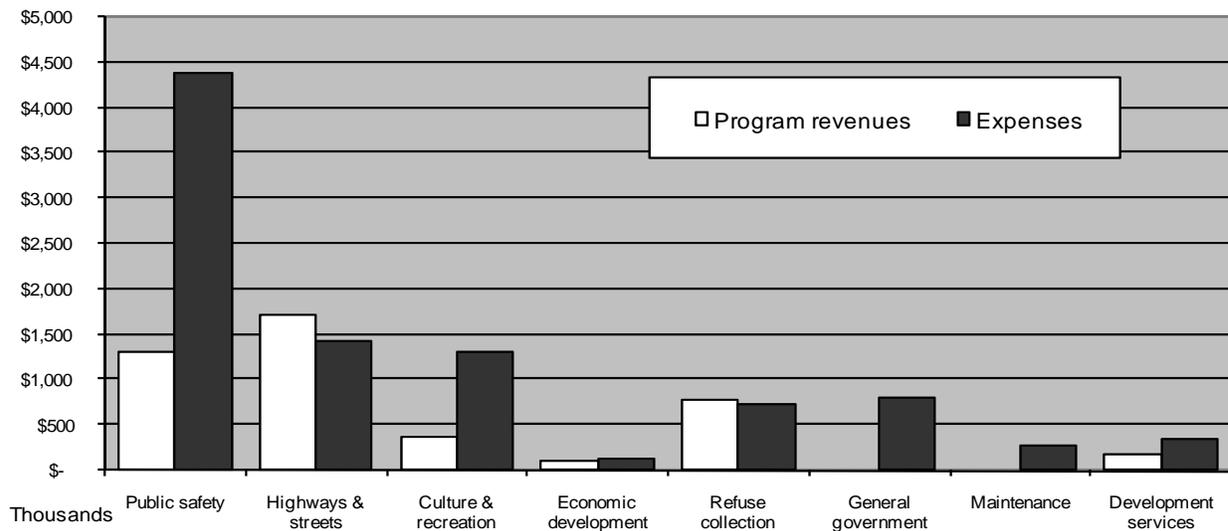
Revenues for governmental activities:

- For the fiscal year ended September 30, 2007, program revenues from governmental activities totaled \$4,363,108. These revenues consist primarily of ambulance fees, municipal court fines and fees, refuse collection fees, building permits, and grant receipts.
- Property taxes totaled \$3,810,255, an increase of 11.94 percent from the prior year.
 - Assessed values rose \$67.5 million or 13.46 percent from the prior year. New property and improvements added \$29.4 million to the tax rolls, with the remainder of the increase due to changes in the values of existing properties.
 - The ad valorem tax rate for fiscal year 2007 was \$0.6550 per \$100 of assessed valuation. The tax rate decreased \$0.02 or 2.96 percent from the prior year rate.
- Sales taxes totaled \$1,987,095 for fiscal year 2007, which was an increase of 8.53 percent over the prior year. This was the eighteenth consecutive year of increases in sales tax revenues.
- Franchise taxes totaled \$928,508 for fiscal year 2007, a decrease of 11.87 percent from 2006. Franchise taxes are paid by utility companies as a percentage of their gross receipts collected from customers within the City. The decreased revenue was primarily due to a change in timing of electric franchise payments.
- Operating grants and contributions totaled \$274,889, while capital grants and contributions totaled \$2,041,342. These amounts included funding for the building of park facilities, low income housing programs, training and equipment for the fire department, and manpower costs and equipment for the police department.

Revenues by Source – Governmental Activities



Expenses and Program Revenues – Governmental Activities



Expenses for governmental activities:

Expenses for governmental activities totaled \$9,613,360 in fiscal year 2007.

- The major expenditure for governmental activities is for salaries and benefits, which totaled \$5,239,140 in 2007.
- The next largest category was services, which totaled \$1,024,296, and included the City's share of 911 services, tax appraisal and collection, street lighting, utilities, insurance, and funding for the Strategic Plan.
- Depreciation on capital assets for the year was \$1,555,257.
- The City spent \$671,844 for refuse collection contracted services.

Business-type activities. Changes in net assets for business-type activities before transfers amounted to a \$1,070,721 increase. After transfers to the General Fund, net assets increased by \$824,721, accounting for 25.24 percent of the total growth in the City's net assets. Key elements of this change are as follows:

- Charges for business-type activities totaled \$3,985,697, generated from water and sewer utility fees.
- The water and sewer utility received capital contributions of \$1,022,367, in the form of water and sewer improvements built by developers and subsequently dedicated to the City.
- Investment earnings amounted to \$119,046.

Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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 \$10,269,253. Approximately 94.34 percent (\$9,688,487) of this total amount constitutes *unreserved fund balance*, which is available for spending at the City's discretion. Of this unreserved fund balance, 57.04 percent (\$5,526,120) comes from capital project funding sources, and will be spent on major capital projects during the next three years.

The remainder of fund balance is *reserved* to indicate that it is not available for discretionary spending because it has already been committed: 1) to pay debt service (\$117,140); and 2) to pay for future civil service costs (\$463,626).

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$3,536,554, while total fund balance amounted to \$4,000,180. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 45.32 percent of total General Fund expenditures, while total fund balance represents 51.26 percent of that same amount.

The fund balance of the City's General Fund increased by \$281,623 during the current fiscal year. Key factors in this growth are:

- Ad valorem property tax revenues increased by \$254,083, despite a tax rate reduction.
- Sales tax receipts rose by \$156,151 due to an expansion in the local retail sector.
- Charges for services increased by \$85,159 primarily due to increased ambulance runs and revenues, and increased refuse rates and billings.
- Franchise revenues decreased \$125,065, primarily due to a change in timing of electric franchise payments.
- Interest earnings increased \$31,353 due to larger investable cash balances.
- Decreases in grant receipts for police and fire caused intergovernmental receipts to decline by \$196,479.
- Construction related licenses and permits increased \$17,817 as building activity and permits increased slightly from the prior year's pace.
- Court fines and fees decreased \$51,211 from the prior year, due to vacancies in the public safety departments.
- Increases in revenues were partially offset by increased expenditures, most notably in personnel costs.

The 2005 Consolidated GO's Fund has a fund balance of \$920,141, to be used for street and drainage projects which will be completed in FY 2008.

The 2007 Consolidated CO's Fund is used to account for the proceeds of a debt issue, which took place in late FY 2007. These proceeds will be used to fund a variety of projects, including streets, drainage, water and sewer, parks, and buildings. These projects will begin in FY 2008, and are expected to take at least three years to complete.

The Debt Service Fund has a total fund balance of \$117,140, all of which is reserved for the payment of debt service.

Proprietary fund. The City’s proprietary fund provides 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 amounted to \$3,609,904, an increase of \$751,403. Other factors concerning the finances of this fund have already been addressed in the discussion of the City’s business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget amounted to a \$246,682 increase in appropriations, and can be briefly summarized as follows:

- \$154,500 for mid-year pay plan increases;
- \$46,000 for a grant match to build a special needs softball field;
- \$19,675 for participation in a street project pursuant to a development agreement;
- \$17,107 for vehicle repairs related to traffic accidents, funded with insurance proceeds;
- \$7,300 in refuse collection costs, funded through increased refuse rates; and
- \$2,100 for Police Department equipment, funded through a federal grant.

These increases in appropriations were funded by revenues which exceeded original budgetary estimates, most notably in sales taxes and ambulance revenues.

Capital Asset and Debt Administration

Capital assets. The City’s investment in capital assets for its governmental and business type activities as of September 30, 2007, amounts to \$43,832,807 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, park facilities, streets and roads, bridges, drainage structures, and water and sewer system infrastructure, to include pumps, pipes, storage tanks, and associated fittings and fixtures. The total increase in the City’s investment in capital assets for the current fiscal year was 7.97 percent (an 11.92 percent increase for governmental activities and a 4.43 percent increase for business-type activities).

**City of Belton’s Capital Assets
(net of depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land	\$ 1,593,231	\$ 1,585,827	\$ 144,393	\$ 128,999	\$ 1,737,624	\$ 1,714,826
Buildings	3,044,155	2,173,938	22,141	25,182	3,066,296	2,199,120
Improvements other than buildings	1,613,675	1,295,720	21,955,724	18,887,490	23,569,399	20,183,210
Machinery and equipment	1,628,217	1,662,858	194,780	226,668	1,822,997	1,889,526
Infrastructure	12,162,515	9,579,541	-	-	12,162,515	9,579,541
Construction in progress	1,417,652	2,876,650	56,324	2,156,167	1,473,976	5,032,817
Total	\$ 21,459,445	\$ 19,174,534	\$ 22,373,362	\$ 21,424,506	\$ 43,832,807	\$ 40,599,040

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

- Work was completed on:
 - Hike & Bike Trail lighting project
 - Beal Street drainage project
 - Dunn’s Canyon Road project
 - University streets projects
 - Baseball Tomorrow ballfield project
 - Leon River sewer project
 - River Fair sewer project
 - Loop 121 sewer extension project

- Work began/continued on:
 - In-house street re-construction projects
 - Harris Park
 - South Belton Park
 - Huey Road water line
 - Downtown grinder pump
 - Water and sewer mapping projects
 - Water and wastewater master plans

Additional information on the City’s capital assets can be found in Note V on pages 38-41 of this report.

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$18,120,732, all of which is backed by the full faith and credit of the City. In addition, \$7,735,502 of this amount is also backed with a water and sewer revenue pledge.

City of Belton’s Outstanding Debt
General Obligation and Revenue Bonds

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
General obligation bonds	\$ 10,385,230	\$ 6,793,600	\$ -	\$ -	\$ 10,385,230	\$ 6,793,600
Revenue bonds with tax cross-pledge	-	-	7,735,502	6,859,964	7,735,502	6,859,964
Total	\$ 10,385,230	\$ 6,793,600	\$ 7,735,502	\$ 6,859,964	\$ 18,120,732	\$ 13,653,564

The City’s total bonded debt increased by \$4,467,168 (32.72 percent) during the current fiscal year, due to the 2007 CO issue in late FY 2007.

The City maintains an "A" rating from Standard & Poor's and a "Baa 1" rating from Moody's for general obligation debt. The revenue bonds of the water and sewer utility have been rated "A-" by Standard & Poor’s and “Baa” by Moody’s.

No direct funded debt limitation is imposed on the City under current State law or the City Charter. Article XI, Section 5, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem rate to \$2.50 per \$100 of assessed valuation for all City purposes. The City Charter limits the tax rate to \$1.90 per \$100 of assessed valuation for all City purposes. Administratively, the Attorney General of the State of Texas will permit allocation of \$1.25 of the maximum tax rate for

general obligation debt service. The City's FY 2007 tax rate is well below all of the aforementioned limits.

Additional information on the City's long-term debt can be found in Note VI on pages 42-46 of this report.

Economic Factors and Next Year's Budget and Rates

The City is experiencing a time of expanding opportunity, and finds itself well positioned for the future in the midst of a sustained period of growth. Belton's growth does create new challenges which must be addressed, and the Strategic Plan provides a framework for the future. Virtually every sector of the City has construction projects underway, with projects pending in residential, industrial, retail/commercial, and governmental/institutional sectors. Meeting these challenges takes financial resources, a Council vision directing the Strategic Plan, and a management team to implement it. The City Council has taken the initiative to create opportunities for affordable housing in Belton through TDHCA grants. The initiative to fund capital infrastructure has opened up several hundred acres for new residential development, addressing a deficiency in lot inventory. Other important capital investments in utility infrastructure will create further opportunity in the southern sector of the City. The Nolan Creek Hike and Bike Trail has opened up the beauty along the creek area, while connecting downtown to assorted historical, governmental, and educational facilities.

During fiscal year 2007, unreserved fund balance in the General Fund increased to \$3,536,554. Of that amount, City Council has stipulated three months operating expenditures be maintained as a minimum of undesignated reserves, which currently equates to \$2,075,216. It is intended that the available fund balance beyond this minimum will be used for non-recurring capital outlay, and not for financing of on-going operational costs.

The ad valorem tax rate for FY 2008 remained at a combined rate of \$0.6550 per \$100 of assessed valuation, despite the issuance of \$2.23 million in new debt to be paid from ad valorem taxes. This was made possible by the retirement of existing debt, combined with increased taxable values in both existing property valuations and new construction values appearing on the tax rolls for the first time.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

City of Belton
Finance Department
P.O. Box 120
Belton, Texas, 76513

Basic Financial Statements



City of Belton, Texas
Statement of Net Assets
September 30, 2007

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Belton Development Corporation
Assets				
Cash and cash equivalents	\$ 10,101,105	\$ 1,655,208	\$ 11,756,313	\$ 3,844,564
Receivables (net of allowance for uncollectibles)	1,018,381	626,346	1,644,727	87,895
Due from other governments	180,281	-	180,281	-
Prepaid items	3,080	6,199	9,279	-
Restricted cash and cash equivalents	-	1,653,455	1,653,455	393,156
Deferred charges	99,000	77,608	176,608	8,144
Capital assets (net of accumulated depreciation):				
Land	1,593,231	144,393	1,737,624	491,011
Buildings	3,044,155	22,141	3,066,296	1,217,214
Improvements other than buildings	1,613,675	21,955,724	23,569,399	-
Machinery and equipment	1,628,217	194,780	1,822,997	30,699
Infrastructure	12,162,515	-	12,162,515	743,122
Construction in progress	1,417,652	56,324	1,473,976	300,203
Total assets	<u>32,861,292</u>	<u>26,392,178</u>	<u>59,253,470</u>	<u>7,116,008</u>
Liabilities				
Accounts and retainages payable	371,696	120,211	491,907	65,400
Accrued interest payable	64,561	53,781	118,342	13,378
Other accrued liabilities	241,848	32,612	274,460	5,657
Customer deposits payable	-	113,080	113,080	-
Unearned revenue	-	40,800	40,800	-
Noncurrent liabilities:				
Due within one year	740,025	437,007	1,177,032	164,329
Due in more than one year	9,933,338	7,346,923	17,280,261	1,438,936
Total liabilities	<u>11,351,468</u>	<u>8,144,414</u>	<u>19,495,882</u>	<u>1,687,700</u>
Net assets				
Invested in capital assets, net of related debt	11,074,215	14,637,860	25,712,075	1,178,984
Restricted for:				
Debt service	117,140	-	117,140	-
Economic development	300,130	-	300,130	-
Grant requirements	127,541	-	127,541	-
Life saving equipment and training	196,037	-	196,037	-
Court technology	1,641	-	1,641	-
Unrestricted	9,693,120	3,609,904	13,303,024	4,249,324
Total net assets	<u>\$ 21,509,824</u>	<u>\$ 18,247,764</u>	<u>\$ 39,757,588</u>	<u>\$ 5,428,308</u>

See accompanying notes to financial statements.

City of Belton, Texas
Statement of Activities
For the Fiscal Year Ended
September 30, 2007

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
General government	\$ 796,507	\$ -	\$ -	\$ -
Public safety	4,365,643	1,126,432	162,674	-
Highways and streets	1,419,572	-	-	1,707,616
Development services	346,087	162,914	-	-
Culture and recreation	1,299,129	-	19,780	333,726
Refuse collection	717,398	757,531	-	-
Economic development	117,828	-	92,435	-
Maintenance	265,857	-	-	-
Interest on long-term debt	285,339	-	-	-
Total governmental activities	<u>9,613,360</u>	<u>2,046,877</u>	<u>274,889</u>	<u>2,041,342</u>
Business-type activities:				
Water and sewer	<u>4,028,900</u>	<u>3,985,697</u>	-	<u>1,038,513</u>
Total business-type activities	<u>4,028,900</u>	<u>3,985,697</u>	-	<u>1,038,513</u>
Total primary government	<u>\$ 13,642,260</u>	<u>\$ 6,032,574</u>	<u>\$ 274,889</u>	<u>\$ 3,079,855</u>
Component unit:				
Development Corporation of Belton	<u>\$ 493,961</u>	<u>\$ 88,360</u>	<u>\$ -</u>	<u>\$ -</u>
Total component unit	<u>\$ 493,961</u>	<u>\$ 132,540</u>	<u>\$ -</u>	<u>\$ -</u>
General revenues:				
Property taxes				
Sales taxes				
Franchise taxes				
Hotel/motel taxes				
Alcoholic beverage taxes				
Unrestricted investment earnings				
Miscellaneous				
Gain(Loss) on sale of capital assets				
Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets, beginning of year				
Net assets, end of year				

See accompanying notes to financial statements.

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit Belton Development Corporation
Governmental Activities	Business-type Activities	Total	
\$ (796,507)	\$ -	\$ (796,507)	\$ -
(3,076,537)	-	(3,076,537)	-
288,044	-	288,044	-
(183,173)	-	(183,173)	-
(945,623)	-	(945,623)	-
40,133	-	40,133	-
(25,393)	-	(25,393)	-
(265,857)	-	(265,857)	-
(285,339)	-	(285,339)	-
<u>(5,250,252)</u>	<u>-</u>	<u>(5,250,252)</u>	<u>-</u>
-	995,310	995,310	-
-	995,310	995,310	-
<u>(5,250,252)</u>	<u>995,310</u>	<u>(4,254,942)</u>	<u>-</u>
-	-	-	(405,601)
-	-	-	(405,601)
3,810,255	-	3,810,255	-
1,987,095	-	1,987,095	993,548
928,508	-	928,508	-
163,749	-	163,749	-
9,859	-	9,859	-
407,083	119,046	526,129	151,218
119,256	-	119,256	-
21,132	(43,635)	(22,503)	176,655
246,000	(246,000)	-	-
<u>7,692,937</u>	<u>(170,589)</u>	<u>7,522,348</u>	<u>1,321,421</u>
2,442,685	824,721	3,267,406	915,820
<u>19,067,139</u>	<u>17,423,043</u>	<u>36,490,182</u>	<u>4,512,488</u>
<u>\$ 21,509,824</u>	<u>\$ 18,247,764</u>	<u>\$ 39,757,588</u>	<u>\$ 5,428,308</u>

City of Belton, Texas
Balance Sheet
Governmental Funds
September 30, 2007

	General	2005 Consolidated GO's	2007 Consolidated CO's	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 3,223,421	\$ 1,234,232	\$ 3,909,706	\$ 117,140	\$ 1,616,606	\$ 10,101,105
Receivables (net of allowance for uncollectibles)	944,655	-	-	26,765	46,961	1,018,381
Due from other governments	76,919	-	-	-	103,362	180,281
Due from other funds	558,655	-	-	-	-	558,655
Prepaid items	3,080	-	-	-	-	3,080
Total assets	\$ 4,806,730	\$ 1,234,232	\$ 3,909,706	\$ 143,905	\$ 1,766,929	\$ 11,861,502
Liabilities and Fund Balances						
Liabilities:						
Accounts and retainages payable	\$ 174,104	\$ 41,404	\$ -	\$ -	\$ 156,188	\$ 371,696
Accrued liabilities	239,161	2,687	-	-	-	241,848
Deferred revenue	393,285	-	-	26,765	-	420,050
Due to other funds	-	270,000	-	-	288,655	558,655
Total liabilities	806,550	314,091	-	26,765	444,843	1,592,249
Fund balances:						
Reserved for:						
Debt service	-	-	-	117,140	-	117,140
Civil service sick pay	430,150	-	-	-	-	430,150
Civil service appeals	33,476	-	-	-	-	33,476
Unreserved, reported in:						
General fund	3,536,554	-	-	-	-	3,536,554
Special revenue funds	-	-	-	-	625,813	625,813
Capital projects funds	-	920,141	3,909,706	-	696,273	5,526,120
Total fund balances	4,000,180	920,141	3,909,706	117,140	1,322,086	10,269,253
Total liabilities and fund balances	\$ 4,806,730	\$ 1,234,232	\$ 3,909,706	\$ 143,905	\$ 1,766,929	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	21,459,445
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	519,050
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. This amount includes bonds payable (\$10,385,230), compensated absences (\$288,133), and accrued interest payable (\$64,561).	(10,737,924)

Net assets of governmental activities \$21,509,824

See accompanying notes to financial statements.

City of Belton, Texas
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
For the Fiscal Year Ended
September 30, 2007

	General	2005 Consolidated GO's	2007 Consolidated CO's	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes:						
Ad valorem	\$ 2,916,347	\$ -	\$ -	\$ 655,909	\$ 158,747	\$ 3,731,003
Sales	1,987,095	-	-	-	-	1,987,095
Franchise	928,508	-	-	-	-	928,508
Hotel/motel	-	-	-	-	163,749	163,749
Alcoholic beverage	9,859	-	-	-	-	9,859
Licenses and permits	162,914	-	-	-	-	162,914
Intergovernmental	164,989	-	-	-	335,068	500,057
Charges for services	1,559,209	-	-	-	-	1,559,209
Fines	282,852	-	-	-	4,328	287,180
Interest	218,753	84,041	9,706	20,842	73,741	407,083
Contributions and donations	17,465	105,000	-	-	86,093	208,558
Payments in lieu of taxes	3,276	-	-	-	-	3,276
Miscellaneous	97,624	-	-	-	1,250	98,874
Total revenues	<u>8,348,891</u>	<u>189,041</u>	<u>9,706</u>	<u>676,751</u>	<u>822,976</u>	<u>10,047,365</u>
Expenditures:						
Current:						
General government	791,655	-	-	-	5,528	797,183
Public safety	4,227,415	-	-	-	4,624	4,232,039
Highways and streets	683,861	-	-	-	3,504	687,365
Development services	337,046	-	-	-	-	337,046
Culture and recreation	796,690	-	-	-	12,568	809,258
Refuse collection	717,398	-	-	-	-	717,398
Economic development	-	-	-	-	117,828	117,828
Maintenance	250,138	-	-	-	-	250,138
Debt service:						
Principal	-	-	-	353,370	-	353,370
Interest and fiscal charges	-	-	-	263,575	-	263,575
Capital outlay	-	1,143,961	-	-	907,008	2,050,969
Total expenditures	<u>7,804,203</u>	<u>1,143,961</u>	<u>-</u>	<u>616,945</u>	<u>1,051,060</u>	<u>10,616,169</u>
Excess (deficiency) of revenues over (under) expenditures	544,688	(954,920)	9,706	59,806	(228,084)	(568,804)
Other financing sources (uses):						
Insurance proceeds	17,106	-	-	-	-	17,106
Sale of capital assets	24,205	-	-	-	-	24,205
Transfers in	246,000	-	-	-	835,464	1,081,464
Transfers out	(550,376)	-	-	-	(285,088)	(835,464)
Issuance of debt	-	-	3,945,000	-	-	3,945,000
Payments to escrow agents	-	-	(45,000)	-	-	(45,000)
Total other financing sources (uses)	<u>(263,065)</u>	<u>-</u>	<u>3,900,000</u>	<u>-</u>	<u>550,376</u>	<u>4,187,311</u>
Net change in fund balances	281,623	(954,920)	3,909,706	59,806	322,292	3,618,507
Fund balances, October 1	<u>3,718,557</u>	<u>1,875,061</u>	<u>-</u>	<u>57,334</u>	<u>999,794</u>	<u>6,650,746</u>
Fund balances, September 30	<u>\$ 4,000,180</u>	<u>\$ 920,141</u>	<u>\$ 3,909,706</u>	<u>\$ 117,140</u>	<u>\$ 1,322,086</u>	<u>\$ 10,269,253</u>

See accompanying notes to financial statements.

City of Belton, Texas
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Fiscal Year Ended
September 30, 2007

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Net change in fund balances - total governmental funds (A-4)	\$ 3,618,507
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay (\$2,235,625) exceeded depreciation expense (\$1,555,257) in the current period.	680,368
In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold.	(3,073)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	1,724,442
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in governmental funds. This amount is the net effect related to an increase in accrued interest payable (\$21,764) and an increase in other accrued liabilities (\$6,165).	(27,929)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes 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 these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	<u>(3,549,630)</u>
Change in net assets of governmental activities (A-2)	<u><u>\$ 2,442,685</u></u>

See accompanying notes to financial statements.

City of Belton, Texas
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended
September 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes:				
Current ad valorem	\$ 2,777,288	\$ 2,777,288	\$ 2,820,116	\$ 42,828
Delinquent ad valorem	47,000	47,000	53,666	6,666
Penalty and interest	37,000	37,000	42,565	5,565
Total ad valorem	<u>2,861,288</u>	<u>2,861,288</u>	<u>2,916,347</u>	<u>55,059</u>
Sales	1,900,000	1,900,000	1,987,095	87,095
Franchise	880,000	880,000	928,508	48,508
Alcoholic beverage	11,500	11,500	9,859	(1,641)
Total taxes	<u>5,652,788</u>	<u>5,652,788</u>	<u>5,841,809</u>	<u>189,021</u>
Licenses and permits:				
Building	70,000	70,000	76,346	6,346
Electrical	24,000	24,000	27,091	3,091
Plumbing	23,000	23,000	26,646	3,646
Mechanical	17,000	17,000	17,545	545
Swimming pool	1,500	1,500	975	(525)
Rezoning fees	4,000	4,000	3,137	(863)
Subdivision fees	6,000	6,000	3,978	(2,022)
Miscellaneous	6,700	6,700	7,196	496
Total licenses and permits	<u>152,200</u>	<u>152,200</u>	<u>162,914</u>	<u>10,714</u>
Intergovernmental	<u>162,944</u>	<u>165,044</u>	<u>164,989</u>	<u>(55)</u>
Charges for services:				
Ambulance	775,000	775,000	801,678	26,678
Refuse collection	730,240	738,415	757,531	19,116
Total charges for services	<u>1,505,240</u>	<u>1,513,415</u>	<u>1,559,209</u>	<u>45,794</u>
Fines:				
Municipal court	363,200	363,200	258,563	(104,637)
Court fees	31,000	31,000	24,289	(6,711)
Total fines	<u>394,200</u>	<u>394,200</u>	<u>282,852</u>	<u>(111,348)</u>
Interest	<u>143,000</u>	<u>143,000</u>	<u>218,753</u>	<u>75,753</u>
Contributions and donations	<u>-</u>	<u>-</u>	<u>17,465</u>	<u>17,465</u>
Payments in lieu of taxes	<u>4,600</u>	<u>4,600</u>	<u>3,276</u>	<u>(1,324)</u>
Miscellaneous	<u>36,000</u>	<u>39,000</u>	<u>97,624</u>	<u>58,624</u>
Total revenues	<u>8,050,972</u>	<u>8,064,247</u>	<u>8,348,891</u>	<u>284,644</u>

(Continued)

City of Belton, Texas
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended
September 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Expenditures:				
General government:				
City council	\$ 58,645	\$ 68,745	\$ 67,885	\$ 860
City administration	679,147	347,036	288,539	58,497
Finance	322,909	307,648	303,001	4,647
Legal	132,768	140,708	132,230	8,478
Total general government	<u>1,193,469</u>	<u>864,137</u>	<u>791,655</u>	<u>72,482</u>
Public safety:				
Police	2,269,300	2,357,212	2,331,358	25,854
Fire	1,793,458	1,917,123	1,896,057	21,066
Total public safety	<u>4,062,758</u>	<u>4,274,335</u>	<u>4,227,415</u>	<u>46,920</u>
Highways and streets	<u>766,520</u>	<u>705,166</u>	<u>683,861</u>	<u>21,305</u>
Development services	<u>339,919</u>	<u>367,339</u>	<u>337,046</u>	<u>30,293</u>
Culture and recreation:				
Parks	540,616	581,177	572,223	8,954
Library	205,684	228,861	224,467	4,394
Total culture and recreation	<u>746,300</u>	<u>810,038</u>	<u>796,690</u>	<u>13,348</u>
Refuse collection	<u>668,130</u>	<u>703,350</u>	<u>717,398</u>	<u>(14,048)</u>
Maintenance	<u>262,717</u>	<u>268,754</u>	<u>250,138</u>	<u>18,616</u>
Total expenditures	<u>8,039,813</u>	<u>7,993,119</u>	<u>7,804,203</u>	<u>188,916</u>
Excess (deficiency) of revenues over (under) expenditures	<u>11,159</u>	<u>71,128</u>	<u>544,688</u>	<u>473,560</u>
Other financing sources (uses):				
Insurance proceeds	-	17,106	17,106	-
Sale of capital assets	-	3,500	24,205	20,705
Transfers in	246,000	246,000	246,000	-
Transfers out	(257,000)	(550,376)	(550,376)	-
Total other financing sources (uses)	<u>(11,000)</u>	<u>(283,770)</u>	<u>(263,065)</u>	<u>20,705</u>
Net change in fund balances	159	(212,642)	281,623	494,265
Fund balances, October 1	<u>3,718,557</u>	<u>3,718,557</u>	<u>3,718,557</u>	<u>-</u>
Fund balances, September 30	<u>\$ 3,718,716</u>	<u>\$ 3,505,915</u>	<u>\$ 4,000,180</u>	<u>\$ 494,265</u>

See accompanying notes to financial statements.

City of Belton, Texas
Statement of Net Assets
Proprietary Fund
September 30, 2007

	Business-type activities - Enterprise Fund
	Water and Sewer
Assets	
Current assets:	
Cash and cash equivalents	\$ 1,655,208
Receivables (net of allowance for uncollectibles)	626,346
Prepaid items	6,199
Total current assets	2,287,753
Noncurrent assets:	
Restricted cash and cash equivalents	1,653,455
Debt issue costs	77,608
Capital assets:	
Land	144,393
Buildings	94,063
Improvements other than buildings	29,826,429
Machinery and equipment	667,211
Construction in progress	56,324
	30,788,420
Less accumulated depreciation	(8,415,058)
Total capital assets, net	22,373,362
Total noncurrent assets	24,104,425
Total assets	26,392,178
Liabilities	
Current liabilities:	
Accounts and retainages payable	120,211
Accrued interest payable	53,781
Other accrued liabilities	32,612
Customer deposits payable	113,080
Deferred revenue	40,800
Compensated absences - current	46,206
Revenue bonds payable - current	390,801
Total current liabilities	797,491
Noncurrent liabilities:	
Compensated absences	2,222
Revenue bonds payable (net of deferred amount on refunding)	7,344,701
Total noncurrent liabilities	7,346,923
Total liabilities	8,144,414
Net Assets	
Invested in capital assets, net of related debt	14,637,860
Unrestricted	3,609,904
Total net assets	\$ 18,247,764

See accompanying notes to financial statements.

City of Belton, Texas
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Fund
For the Fiscal Year Ended
September 30, 2007

	Business-type activities - Enterprise Fund
	Water and Sewer
Operating revenues:	
Charges for sales and services:	
Water service	\$ 2,293,482
Sewer service	1,519,429
Reconnect and late fees	86,583
Tap fees	62,847
Other	23,356
Total operating revenues	3,985,697
Operating expenses:	
Salaries and wages	725,796
Employee benefits	201,172
Supplies	81,974
Repairs and maintenance	81,462
Water, sewage treatment, and other charges	1,783,802
Depreciation	820,999
Total operating expenses	3,695,205
Operating income	290,492
Nonoperating revenues (expenses):	
Interest revenue	119,046
Interest expense	(296,363)
Amortization expense	(37,332)
Loss on sale of capital asset	(43,635)
Total nonoperating revenues (expenses)	(258,284)
Income before contributions and transfers	32,208
Capital contributions from developers and others	1,038,513
Transfers out	(246,000)
Change in net assets	824,721
Total net assets, October 1	17,423,043
Total net assets, September 30	\$ 18,247,764

See accompanying notes to financial statements.

City of Belton, Texas
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended
September 30, 2007

	Business-type activities - Enterprise Fund
	Water and Sewer
Cash flows from operating activities:	
Receipts from customers and users	\$ 3,981,564
Payments to suppliers	(1,923,044)
Payments to employees	(916,836)
Net cash provided by operating activities	1,141,684
Cash flows from noncapital financing activities:	
Transfer to other funds	(246,000)
Net cash used in noncapital financing activities	(246,000)
Cash flows from capital and related financing activities:	
Capital contributions	16,146
Purchases and construction of capital assets	(791,122)
Proceeds from issuance of debt	1,400,000
Principal paid on capital debt	(558,322)
Interest paid on capital debt	(295,083)
Net cash used in capital and related financing activities	(228,381)
Cash flows from investing activities:	
Interest received	119,046
Net cash provided by investing activities	119,046
Net decrease in cash and cash equivalents	786,349
Cash and cash equivalents, October 1	2,522,314
Cash and cash equivalents, September 30	\$ 3,308,663
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 290,492
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	820,999
Increase in accounts receivable	(4,026)
Increase in prepaid items	(4,698)
Increase in accounts and retainages payable	28,892
Decrease in accrued liabilities	(158)
Increase in customer deposits payable	14,893
Decrease in deferred revenue	(15,000)
Increase in compensated absences	10,290
Total adjustments	851,192
Net cash provided by operating activities	\$ 1,141,684
Noncash investing, capital and financing activities:	
Contributions of water and sewer assets from developers and others	1,022,367

See accompanying notes to financial statements.



City of Belton, Texas
Notes to Financial Statements

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City of Belton, Texas
Notes to Financial Statements
September 30, 2007

I. Summary of Significant Accounting Policies

A. Reporting Entity

The City of Belton, Texas (the City) was incorporated in January of 1852 under provisions of the Constitution of the State of Texas. The City operates under a home rule charter which was approved by the electorate August 20, 1951, rewritten and approved May 5, 1990, and again rewritten and approved May 7, 2005. The charter provides for the Council-Manager form of government for the City. Policy-making and supervisory functions are the responsibility of and vested in the Mayor and City Council. As authorized by its charter, the City provides the following services: public safety (police and fire), highways and streets, sanitation and health, public improvements, planning and zoning, recreation, and general administrative services.

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. The City did not have any blended component units. A discretely presented component unit, on the other hand, is reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the government.

Discretely presented component unit - The Belton Development Corporation, Inc. (the Development Corporation) is a governmental nonprofit corporation organized for the purpose of promoting, assisting, and enhancing economic development activities of the City of Belton, Texas. The City Council appoints a governing body that is not substantively the same as the governing body of the primary government. Budgets of the Corporation and debt to be incurred must be approved by the Council.

Financial statements for the Development Corporation may be obtained from the finance department of the City.

B. Change in Financial Reporting

Effective October 1, 2003, the City adopted GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus*, and Statement No. 38, *Certain Financial Statement Note Disclosures*.

These Statements establish standards for external financial reporting for local governments as a whole. Previously, financial statements only focused on the accountability of individual fund groups rather than on the City as a whole. Certain of the significant changes in the Statements include the following:

- A Management Discussion and Analysis section, providing an analysis of the City's overall financial position and results of operations;
- Financial statements prepared using full accrual accounting for all of the City's activities;
- A change in the fund financial statements to focus on the major funds.

City of Belton, Texas
Notes to Financial Statements
September 30, 2007

These and other changes are reflected in the accompanying financial statements, including notes to financial statements.

C. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the activities of the primary government and its component unit. 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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

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

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

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

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

City of Belton, Texas
Notes to Financial Statements
September 30, 2007

The City reports the following major governmental funds:

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

The *2005 General Obligation Bond Fund* accounts for financing, acquisition, construction, improvement and equipping of land, streets, and related drainage facilities, for municipal parks and recreation facilities, and for refunding of the 1997 bond. Financing was provided by a combination of levy and collection of a continuing tax levied on all taxable property within the city.

The *2007 Certificates of Obligation Fund* accounts for financing, acquisition, construction, improvement and equipping of land, streets, and related drainage facilities, for municipal parks and recreation facilities, and for renovating and equipping city buildings.

The *Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The City reports the following major proprietary fund:

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The

City of Belton, Texas
Notes to Financial Statements
September 30, 2007

principal operating revenues of the water and sewer enterprise fund are charges to customers for sales and services. The water and sewer fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources, as they are needed.

E. Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. Between thirty and ninety days prior to the beginning of each fiscal year, the City Manager submits a proposed budget to the City Council. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are held on the proposed budget and on the revised budget, if applicable.
- c. Prior to September 28, but no sooner than five days after the final public hearing, the budget is legally enacted through passage of an ordinance. If not accepted and formally approved by the City Council before September 28, the budget as submitted by the City Manager is automatically adopted.
- d. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. Supplemental appropriations during the year were not significant.
- e. A provision is made in the annual budget of the general fund for a contingent appropriation not to exceed three percent of the total general fund expenditures to be used in the case of unforeseen expenditures. This contingency is under the control of the City Manager and distributed by him. Disbursements of this appropriation are transferred to the department incurring the expenditure.
- f. Budgets for the general fund, the hotel/motel tax special revenue fund, and debt service fund are annually adopted on the modified accrual basis of accounting in accordance with generally accepted accounting principles. Budgets are not prepared for capital project funds because all significant expenditures are based on fixed-bid contracts, which are controlled by management in the initial project planning stages.
- g. Budget appropriations lapse at year-end and do not carry forward to future periods. The reported budgetary data has been revised for amendments authorized during the year.
- h. The level of control (level at which expenditures may not exceed budget) is the fund.

City of Belton, Texas
Notes to Financial Statements
September 30, 2007

F. Encumbrances

Encumbrances represent commitments related to unperformed (executory) contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the general fund, special revenue fund, debt service fund, and the water and sewer enterprise fund. All encumbrances outstanding at year-end lapse and must be budgeted in the following year.

G. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, short-term investments with a maturity date within three months of the date acquired by the City, and deposits in the Texas Local Government Investment Pool (TexPool) and in TexStar.

TexPool and TexStar are public funds investment pools created pursuant to the Interlocal Cooperation Act of the State of Texas. TexPool and TexStar are stated at amortized cost, based upon the criteria for the exception to fair value reporting for investments under Government Accounting Standards Board Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that mature within one year of acquisition that are reported at amortized cost.

H. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown net of an allowance for uncollectibles. The property tax receivable allowance is equal to 28.75 percent of outstanding property taxes at September 30, 2007.

I. Inventory

The City does not maintain any significant amount of supplies. Supplies are expensed when the purchase is made.

J. Restricted Assets

Certain proceeds of the City's enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

City of Belton, Texas
Notes to Financial Statements
September 30, 2007

K. Capital Assets

Capital assets, which include land, buildings, improvements other than buildings, machinery and equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest expense that relates to the cost of acquiring or constructing fixed assets in the enterprise fund is capitalized. Interest expense incurred in connection with construction of capital assets has been reduced by interest earned on the investment of funds borrowed for construction in accordance with Financial Accounting Standards Board (FASB) Statement No. 62, *Capitalization of Interest Cost in Situations Involving Certain Tax-Exempt Borrowings and Certain Gifts and Grants*.

Capital assets of the primary government, as well as the component unit, are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Improvements other than buildings	4 - 50
Machinery and equipment	5 - 15
Infrastructure	10 - 20

L. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the City. Employees are allowed to accumulate up to five days of vacation leave from the previous anniversary year. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Accumulated vacation leave, which is expected to be liquidated with expendable available financial resources, is reported as a program expense and fund liability in the general fund. Amounts of accumulated vacation leave within the governmental funds that are not expected to be liquidated with expendable available financial resources are reported as a long-term liability on the statement of net assets. No expenditure is reported for these amounts in the fund financial statements. Accumulated vacation leave of proprietary fund types are recorded as an expense and liability of those funds as the benefits accrue to employees.

City of Belton, Texas
Notes to Financial Statements
September 30, 2007

M. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

N. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

II. Deposits and Investments

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires the City to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the City to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) Mutual Funds, (8) Investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the City to have independent auditors perform test procedures related to investment practices as provided by the Act. The City is in substantial compliance with the requirements of the Act and with local policies.

Deposits and Investments Risk

In compliance with the **Public Funds Investment Act**, the City has adopted an investment policy. That policy does address the following risks:

Custodial Credit Risk – Deposits: In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City is not exposed to custodial credit risk due to deposits being covered by FDIC insurance.

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Custodial Credit Risk – Investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. In accordance with state law, investments in mutual funds and investment pools must be rated at least AAA, and investments in obligations from other states, municipalities, counties, etc. must be rated at least A. The ratings of investment pools used by the City are disclosed in the “external investment pool” section of the footnotes. The City is not exposed to custodial credit risk in relation to the current investment portfolio.

Interest-rate Risk: Interest rate risk occurs when potential purchasers of debt securities do not agree to pay face value for those securities if interest rates rise. In accordance with state law and the City’s investment policy, the City does not purchase any investments with maturities greater than 10 years.

Concentration Risk: Concentration risk is defined as positions of 5 percent or more in the securities of a single issuer. The City does not place a limit on the amount the City may invest in any one issuer. All of the City’s investments are explicitly guaranteed by the U.S. Government or invested in an external investment pool and therefore, are not exposed to concentration risk. None of the City’s investments are in FNMA, FHLB, or similar investments.

External Investment Pool

The City uses the following external investment pools:

TexPool: The Texas Local Government Investment Pool (“TexPool”) was created by an inter-local contract under the laws of the State of Texas and is governed by the Public Funds Investments Act, Chapter 2256 of the Texas Government Code. TexPool is governed by the Comptroller of Public Accounts as public funds investments pools through the Texas Treasury Safekeeping Trust Company. This Trust Company is a special-purpose trust company authorized to receive, transfer, and disburse money and securities as provided by statute or belonging to the state, agencies, and local political subdivisions and other organizations created on behalf of the state or agency or political subdivision of the state. The Comptroller is the sole officer, director, and shareholder of the Trust Company.

The Comptroller and the Trust Company have contracted with Lehman Brothers Inc., as administrator, and Federated Investors, Inc., as investment manager for the TexPool Portfolios. TexPool invests in U.S. Treasury and government agency securities, repurchase agreements, and certain mutual funds. As required by the Public Funds Investment Act, TexPool maintains a AAAM rating by a nationally recognized statistical rating organization.

TexPool offers a safe, efficient, and liquid investment alternative to local governments in the State of Texas. The expectation is that local governments will benefit from the receipt of higher investment returns as a result of economies of scale and the investment expertise and regulatory oversight of the Comptroller and the Trust Company. Nonetheless, participants in the Pool own a pro rata interest in the underlying assets of the fund in which they participate. A member’s sole source of payment from its investment in the Pool is the fair market value of such assets.

TexSTAR: The Texas Short-Term Asset Reserve Program (TexSTAR) was organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. JPMorgan

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Fleming Asset Management (USA), Inc. and First Southwest Asset Management, Inc. serve as co-administrators for TexSTAR under an agreement with the TexSTAR Board.

TexSTAR will invest only in instruments authorized under both the Public Funds Investment Act and the current TexSTAR Investment Policy. The primary objectives of TexSTAR are, in order of priority, preservation and protection of principal, maintenance of sufficient liquidity to meet Participants' needs, diversification to avoid unreasonable or avoidable risks, and yield. In order to comply with the Public Funds Investment Act, TexSTAR maintains a AAAM rating from Standard & Poor's which monitors weekly the fund's compliance with its requirements. TexSTAR operates in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. The TexSTAR Cash Reserve Fund seeks to maintain a net asset value of \$1.00 per unit and provides participants with the investment of funds that require daily liquidity availability. All investments are stated at amortized cost, which closely approximates the market value of the securities. All TexSTAR securities are marked to market on a daily basis.

The City and the Development Corporation do not own specific, identifiable investments with TexPool or with TexSTAR; consequently, no disclosure of categories of credit risk is made.

A reconciliation of deposits and investments as shown on the statement of net assets for the primary government follows:

Cash on hand	\$ 3,003
Carrying amount of deposits	204,800
Carrying amount of investments	<u>13,201,965</u>
	<u>\$ 13,409,768</u>
Cash and cash equivalents	\$ 11,756,313
Restricted cash and cash equivalents	<u>1,653,455</u>
	<u>\$ 13,409,768</u>

A reconciliation of deposits and investments as shown on the statement of net assets for the component unit follows:

Carrying amounts of deposits	\$ 58,735
Carrying amount of investments	<u>4,178,985</u>
	<u>\$ 4,237,720</u>
Cash and cash equivalents	\$ 3,844,564
Restricted cash and cash equivalents	<u>393,156</u>
	<u>\$ 4,237,720</u>

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III. Receivables

Receivables as of year-end for the City's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Debt Service	Enterprise	Nonmajor Funds	Total
Receivables:					
Taxes	\$ 559,897	\$ 38,627	\$ -	\$ 46,961	\$ 645,485
Water/sewer	-	-	641,514	-	641,514
Ambulance	419,142	-	-	-	419,142
Other	235,500	-	-	-	235,500
	<u>1,214,539</u>	<u>38,627</u>	<u>641,514</u>	<u>46,961</u>	<u>1,941,641</u>
Less:					
Allowance for uncollectibles	<u>269,884</u>	<u>11,862</u>	<u>15,168</u>	<u>-</u>	<u>296,914</u>
	<u>\$ 944,655</u>	<u>\$ 26,765</u>	<u>\$ 626,346</u>	<u>\$ 46,961</u>	<u>\$1,644,727</u>

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, all deferred revenue relates to revenue that is unavailable.

IV. Property Taxes

The City's property taxes are levied each October 1 on the assessed value listed as of the previous January 1 for all real and personal property located in the City. The assessment ratio of the City has historically been a percent of market value. Beginning with the tax levy of October 1, 1981, the assessment ratio has been 100 percent of market value. Over the past seven years, substantially all of the taxable property in the City has been revalued. The assessed value for the tax roll of January 1, 2006, upon which the 2007 fiscal year levy was based, was \$569,513,455.

The tax assessment of October 2006 set a tax levy of \$.655 per \$100 of assessed valuation at 100 percent of assumed market value. The City may levy a tax of up to \$1.90 per \$100 of assessed valuation.

Taxes were due January 31, 2007, at which time a lien attaches for unpaid taxes. Tax collections during the fiscal year ended September 30, 2007, for the fiscal year 2007 levy were 97.79 percent of the total tax levy for that year.

Legislation has been passed by the Texas Legislature, which affects the method of property assessment and tax collection in the City. This legislation, with certain exceptions, exempts intangible personal property and household goods. In addition, this legislation creates a "property tax code" and provides, among other things, for the establishment of county appraisal districts and for a state property tax board, which commenced operations in January 1980.

Since 1982, the appraisal of property within the City has been the responsibility of the county appraisal district. The appraisal district is required under the property tax code to assess all property within the appraisal district on the basis of 100 percent of its appraised value and is prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed at least every five years. The City may challenge appraised values established by the appraisal district through various

City of Belton, Texas
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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, excluding tax rates for bonds and other contractual obligations and adjusted for new improvements, exceeds the rate of the previous year by more than 8 percent, qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than 8 percent above the rate of the previous year.

V. Capital Assets

Capital asset activity for the year ended September 30, 2007 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
<i>Governmental activities:</i>				
Capital assets, not being depreciated:				
Land	\$ 1,585,827	\$ 7,404	\$ -	\$ 1,593,231
Construction in progress	2,876,650	1,882,666	(3,341,664)	1,417,652
Total capital assets, not being depreciated	4,462,477	1,890,070	(3,341,664)	3,010,883
Capital assets, being depreciated:				
Buildings	3,316,797	1,016,534	(28,634)	4,304,697
Improvements other than buildings	2,028,248	411,730	(14,531)	2,425,447
Machinery and equipment	3,292,054	282,001	(250,966)	3,323,089
Infrastructure	16,924,768	3,584,570	(7,770)	20,501,568
Total capital assets, being depreciated	25,561,867	5,294,835	(301,901)	30,554,801
Less accumulated depreciation for:				
Buildings	(1,142,859)	(146,316)	28,634	(1,260,541)
Improvements other than buildings	(732,528)	(93,774)	14,531	(811,771)
Machinery and equipment	(1,629,196)	(313,570)	247,893	(1,694,873)
Infrastructure	(7,345,227)	(1,001,597)	7,770	(8,339,054)
Total accumulated depreciation	(10,849,810)	(1,555,257)	298,828	(12,106,239)
Total capital assets, being depreciated, net	14,712,057	3,739,578	(3,073)	18,448,562
Governmental activities capital assets, net	\$ 19,174,534	\$ 5,629,648	\$ (3,344,737)	\$ 21,459,445

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	Beginning Balance	Increases	Decreases	Ending Balance
<i>Business-type activities:</i>				
Capital assets, not being depreciated:				
Land	\$ 128,999	\$ 15,394	\$ -	\$ 144,393
Construction in progress	2,156,167	755,622	(2,855,465)	56,324
Total capital assets, not being depreciated	2,285,166	771,016	(2,855,465)	200,717
Capital assets, being depreciated:				
Buildings	96,984	-	(2,920)	94,064
Improvements other than buildings	26,245,462	3,869,593	(288,626)	29,826,429
Machinery and equipment	814,829	28,347	(175,965)	667,211
Total capital assets, being depreciated	27,157,275	3,897,940	(467,511)	30,587,704
Less accumulated depreciation for:				
Buildings	(71,802)	(3,040)	2,919	(71,923)
Improvements other than buildings	(7,357,972)	(757,724)	244,991	(7,870,705)
Machinery and equipment	(588,161)	(60,235)	175,965	(472,431)
Total accumulated depreciation	(8,017,935)	(820,999)	423,875	(8,415,059)
Total capital assets, being depreciated, net	19,139,340	3,076,941	(43,636)	22,172,645
Business-type activities capital assets, net	\$ 21,424,506	\$ 3,847,957	\$ (2,899,101)	\$ 22,373,362

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

Governmental activities:	
General government	\$ 10,803
Public safety	284,563
Highways and streets, including depreciation of general infrastructure assets	728,362
Development services	13,475
Maintenance	13,009
Culture and recreation	505,045
	\$ 1,555,257
Total depreciation expense – governmental activities	
Business-type activities:	
Water and sewer	\$ 820,999
	\$ 820,999

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Construction Commitments

At September 30, 2007, the following uncompleted contracts were in progress for governmental activities:

Project Title	Expended to Date	Remaining Commitment
Harris Park	\$ 43,534	\$ 61,035
2005 GO Street Projects	1,172,362	1,005,834
2005 Go Parks Projects	21,938	84,306
Miller Heights Drainage Study	13,000	6,000
Finance Building Remodel	53,378	26,622
Central Fire Station Remodel	40,296	94,704
In-House Street Projects	73,144	237,626
Total	<u>\$ 1,417,652</u>	<u>\$ 1,516,127</u>

The projects will be financed with available resources.

At September 30, 2007, the following uncompleted contracts were in progress for business-type activities:

Project Title	Expended to Date	Remaining Commitment
Water System Mapping Project	\$ 9,584	\$ 3,416
Water Master Plan	14,626	15,374
Huey Road Water Line	5,434	11,410
Downtown Grinder Pump	6,100	93,900
Sewer System Mapping Project	10,334	7,666
Wastewater Master Plan	10,246	186
Total	<u>\$ 56,324</u>	<u>\$ 131,952</u>

The projects will be financed with available resources.

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Discretely Presented Component Unit

Capital asset activity for the discretely presented component unit for the year ended September 30, 2007, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 504,668	\$ -	\$ (13,657)	\$ 491,011
Construction in progress	1,459,256	70,974	(1,230,027)	300,203
Total capital assets, not being depreciated	<u>1,963,924</u>	<u>70,974</u>	<u>(1,243,684)</u>	<u>791,214</u>
Capital assets, being depreciated:				
Buildings	1,610,381	1,230,027	(1,610,381)	1,230,027
Machinery and equipment	47,321	3,667	(4,461)	46,527
Infrastructure	1,303,208	-	-	1,303,208
Total capital assets, being depreciated	<u>2,960,910</u>	<u>1,233,694</u>	<u>(1,614,842)</u>	<u>2,579,762</u>
Less accumulated depreciation for:				
Buildings	(164,484)	(39,713)	191,385	(12,812)
Machinery and equipment	(11,411)	(8,671)	4,253	(15,829)
Infrastructure	(489,300)	(70,786)	-	(560,086)
Total accumulated depreciation	<u>(665,195)</u>	<u>(119,170)</u>	<u>195,638</u>	<u>(588,727)</u>
Total capital assets, being depreciated, net	<u>2,295,715</u>	<u>1,114,524</u>	<u>(1,419,204)</u>	<u>1,991,035</u>
Component unit capital assets, net	<u>\$4,259,639</u>	<u>\$1,185,498</u>	<u>\$(2,662,888)</u>	<u>\$2,782,249</u>

At September 30, 2007, the following uncompleted contracts were in progress for the component unit:

<u>Project Title</u>	<u>Expended to Date</u>	<u>Remaining Commitment</u>
Digby Drive	<u>\$ 300,203</u>	<u>\$ 1,167,350</u>
Total	<u>\$ 300,203</u>	<u>\$ 1,167,350</u>

The projects will be financed with available resources.

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Notes to Financial Statements
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VI. Long-Term Debt

Long-term debt consists of bonded indebtedness and notes payable. The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and pledges income derived from the acquired or constructed assets to pay debt service. Revenue bonds have been issued for the business-type activities.

The following is a summary of changes in long-term debt for the City for the year ended September 30, 2007:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
General obligation bonds	\$6,793,600	\$3,945,000	\$ 353,370	\$10,385,230	\$458,370
Compensated absences	281,968	306,671	300,506	288,133	281,655
	<u>\$7,075,568</u>	<u>\$4,251,671</u>	<u>\$ 653,876</u>	<u>\$10,673,363</u>	<u>\$740,025</u>
Business-type activities					
Revenue bonds	\$6,859,964	\$1,420,000	\$ 544,462	\$7,735,502	\$ 390,801
Compensated absences	38,137	41,823	31,532	48,428	46,206
	<u>\$6,898,101</u>	<u>\$1,461,823</u>	<u>\$ 575,994</u>	<u>\$7,783,930</u>	<u>\$437,007</u>

Compensated absences for governmental activities are generally liquidated by the general fund.

City of Belton, Texas
Notes to Financial Statements
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Long-term debt of the City at September 30, 2007, is comprised of the following:

Governmental Activities:

General obligation bonds:

\$283,710 Series 2002 combination tax and revenue certificates of obligation due in annual installments of \$28,370 through 2013; interest at 4.4%	\$ 170,230
\$2,480,000 Series 2003 general obligation bonds due in annual installments of \$100,000 to \$200,000 through 2023; interest at 4.15%	2,295,000
\$4,500,000 Series 2005 general obligation bonds due in annual installments of \$140,000 to \$275,000 through 2025; interest at 3.54%	3,975,000
\$3,945,000 Series 2007 combination tax and revenue certificates of obligation due in annual installments of \$60,000 to \$190,000 through 2027; interest at 4.13%	<u>3,945,000</u>
Total general obligation bonds	<u>10,385,230</u>
Compensated absences	<u>288,133</u>
Total	<u>\$10,673,363</u>

Annual debt service requirements for governmental activities to maturity are as follows:

Year ended September 30,	Principal	Interest
2008	\$ 458,370	\$ 387,368
2009	453,370	388,736
2010	468,370	370,976
2011	488,370	352,656
2012	508,370	333,507
2013-2017	2,858,380	1,352,808
2018-2022	3,505,000	746,733
2023-2027	1,645,000	155,652
	<u>\$10,385,230</u>	<u>\$ 4,088,436</u>

City of Belton, Texas
Notes to Financial Statements
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Business-type Activities:

Revenue bonds:

\$2,107,582 Series 1999 general obligation refunding bonds due in an annual installment of \$305,000 through 2007, annual installments of \$5,000 from 2008 through 2010, and annual installments of \$162,250 to \$212,400 from 2011 through 2017; interest at 3.10% to 4.65%; net of the unamortized difference between the reacquisition price and the carrying value of the refunded debt of \$68,003.	\$1,259,747
\$2,301,140 Series 2002 general obligation refunding bonds due in annual installments of \$55,000 to \$70,000 through 2016; interest at 3.35%	570,000
\$4,360,449 Series 2002 combination tax and revenue certificates of obligation due in annual installments of \$67,630 to \$356,500 through 2022; interest at 4.4%	4,051,770
\$451,943 Series 2005 general obligation refunding bonds due in annual installments of \$5,986 to \$149,650 through 2010; interest at 3.54%	433,985
\$1,420,000 Series 2007 combination tax and revenue certificates of obligation due in annual installments of \$10,000 to \$150,000 through 2027; interest at 4.13%	<u>1,420,000</u>
Total revenue bonds	<u>7,735,502</u>
Compensated absences	<u>48,428</u>
Total	<u>\$7,783,930</u>

Annual debt service requirements to maturity for business-type activities are as follows:

Year ended September 30,	Principal	Interest
2008	\$ 390,801	\$ 322,685
2009	410,794	314,073
2010	420,780	297,898
2011	440,880	281,333
2012	460,680	262,835
2013-2017	2,706,070	996,017
2018-2022	2,403,500	433,107
2023-2027	<u>570,000</u>	<u>72,275</u>
	<u>\$7,803,505</u>	<u>\$2,980,223</u>
Unamortized difference between the reacquisition price and refunded debt	(68,003)	-
Total debt service requirements	<u>\$7,735,502</u>	<u>\$2,980,223</u>

City of Belton, Texas
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All bonded debt requires semi-annual payments of interest. The various bond ordinances provide the City with rights of redemption at par plus accrued interest at specified future dates.

Discretely Presented Component Unit

The following is a summary of changes in long-term debt of the Development Corporation for the year ended September 30, 2007:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bond	\$ 445,000	\$ -	\$ 60,000	\$ 385,000	\$ 65,000
General obligation bonds	1,306,573	-	88,308	1,218,265	99,329
	<u>\$1,751,573</u>	<u>\$ -</u>	<u>\$ 148,308</u>	<u>\$1,603,265</u>	<u>\$164,329</u>

Long-term debt of the Development Corporation at September 30, 2006, is comprised of the following:

Revenue bond:

\$840,000 Series 1997 sales tax revenue bond due in annual installments of \$65,000 to \$90,000 through 2012; interest at 6.9% to 7.5%	\$ 385,000
Total revenue bond	<u>\$ 385,000</u>

General obligation bonds issued by the City for which the Development Corporation is legally obligated to repay:

\$978,497 Series 1999 general obligation refunding bonds due in annual installments of \$5,000 to \$147,600 through 2017; interest at 3.10% to 4.65%	927,250
\$303,057 Series 2005 general obligation refunding bonds due in annual installments of \$4,014 to \$100,350 through 2010; interest at 3.54%	291,015
Total general obligation bonds	1,218,265
Total long-term debt	<u>\$1,603,265</u>

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Annual debt service requirements to maturity for the Development Corporation are as follows:

Year Ended September 30,	Principal	Interest
2008	\$ 164,329	\$ 80,268
2009	171,336	71,944
2010	180,350	63,141
2011	197,750	53,785
2012	210,950	42,619
2013-2017	678,550	95,384
	\$ 1,603,265	\$ 407,141

The City's bond indentures contain restrictions concerning the maintenance of accounting records as well as reporting the results of the City's operations to specified major bond holders. The City is in compliance with all significant requirements and restrictions.

VII. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of September 30, 2007, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General	2005 Consolidated GO's	\$270,000
	Nonmajor governmental	288,655
Total		\$558,655

Interfund transfers:

	Transfer In		
	General	Nonmajor Governmental	Total
Transfer out:			
General	\$ -	\$ 550,376	\$ 550,376
Water and sewer	246,000	-	246,000
Nonmajor governmental	-	285,088	285,088
Total transfers	\$ 246,000	\$ 835,464	\$ 1,081,464

Transfers are used to (1) move revenues from the fund responsible for collecting them to the fund responsible for expending them as required by statute or budget, and (2) move unrestricted revenues

City of Belton, Texas
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collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

VIII. Employee Benefits

Plan Description

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

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 the plan began are a percent (100%, 150%, or 200%) of the employee's accumulated contributions. In addition, the City can grant, as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows (as of April 4, 2007):

Deposit rate	5%
Matching ratio (City to employee)	2 to 1
A member is vested after	5 years

Members can retire at certain ages, based on the years of service with the City. The service retirement eligibilities for the City are:

5 years/age 60
20 years/any age

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 matching percent, which are 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 (overfunded) actuarial liability (asset) 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.

City of Belton, Texas
Notes to Financial Statements
September 30, 2007

Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect (i.e., December 31, 2006 valuation is effective for rates beginning January 2008).

		Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed		Net Pension Obligation
		2007	\$380,796	100%		-
		2006	\$340,213	100%		-
		2005	\$335,143	100%		-
						UAAL
						as a
						Percentage
						of
Actuarial Valuation December 31,	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded (UAAL)	Funded Ratios	Covered Payroll	Covered Payroll
2006	\$5,091,585	\$6,500,998	\$1,409,413	78.32%	\$4,416,931	31.91%
2005	\$5,707,823	\$6,979,368	\$1,271,545	81.8%	\$3,987,402	31.9%
2004	\$5,516,115	\$6,726,250	\$1,210,135	82.0%	\$3,874,689	31.2%

Actuarial cost method -	Unit credit
Amortization method -	Level percent of payroll
Remaining amortization period -	25 years – open period
Asset valuation method -	Amortized cost
Investment rate of return -	7%
Projected salary increases -	None
Includes inflation at -	3.5%
Cost-of-living adjustments -	None

The City of Belton is one of 821 municipalities having their benefit plan administered by TMRS. Each of the 821 municipalities has an annual, individual actuarial valuation performed. All assumptions for the December 31, 2006 valuations are contained in the 2006 TMRS Comprehensive Annual Financial Report, a copy of which may be obtained by writing to P. O. Box 149153, Austin, Texas 78714-9153.

IX. Risk Management

The City is a member of the Texas Municipal League's Intergovernmental Risk Pool ("Pool"). The Pool was created for the purpose of providing coverage against risks, which are inherent in operating a political subdivision. The City pays annual premiums to the Pool for liability, property and workers' compensation coverage. The City's agreement with the Pool provides that the Pool will be self-sustaining through member premiums and will provide through commercial companies reinsurance contracts. The Pool agrees to handle all liability, property, and workers' compensation claims and provide any defense as is necessary. The Pool makes available to the City loss control services to assist the City in following a plan of loss control that may result in reduced losses. The City agrees that it will cooperate in instituting any and all reasonable loss control recommendations made by the Pool. The City also carries commercial insurance on all other risks of loss, including employee health and accident insurance.

City of Belton, Texas
Notes to Financial Statements
September 30, 2007

The City has experienced no significant reductions in coverage through the Pool over the past year. There have been no insurance settlements exceeding Pool coverage for any of the past four years.

X. Commitments and Contingencies

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies. 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 grantors cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

In 1992, the City entered into a long-term agreement to purchase water from the Brazos River Authority (the Authority). The agreement requires the City to pay for a certain portion of the water rights, whether or not it actually withdraws the full amount of water to which it is entitled. The cost of the water may be adjusted each year based on changes in the consumer price index. Further, additional costs imposed on the Authority (by taxation or as a result of new regulations) may be passed through to the City. The agreement expires in 2042. The City's cost under the agreement for the year ended September 30, 2007 was \$31,375.

Also, the City has entered into a long-term agreement to purchase water from Bell County Water Control and Improvement District No. 1 (the District). The District serves six civilian resale customers (cities and water districts) and the Fort Hood Military Reservation. Under the agreement, the City pays its proportionate share of fixed capital costs (debt service) and operating costs (purchasing, producing, treating and delivering water) of the District. Consequently, the price of the water will vary over the term of the agreement. The agreement remains in effect until all bonds of the District are repaid, currently 2018. Charges for water under the agreement for the year ended September 30, 2007 were \$1,042,404.

Finally, the City entered into an agreement with the Brazos River Authority in 1971, whereby the Authority receives, treats and disposes of the City's sewage. The City is charged a monthly amount for sewer services based on the amount of sewage treated. The City's net expense for the year ended September 30, 2007 was \$556,231.

The City is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate outcome of these claims will not have a material adverse effect on the City's financial position.

XI. Related Organizations

The following entities are related organizations to which the City appoints board members but for which the City has no significant financial accountability: Housing Authority of the City of Belton, Texas; Public Property Finance Corporation of Texas; and Texas Dormitory Finance Authority. Financial information is available from the respective organizations.

XII. Subsequent Events

The City's component unit, the Belton Economic Development Corporation, called the remaining 385,000 principal balance of the Sales Tax Revenue Bonds Taxable Series 1997 in November 2007. These bonds were issued to fund land and improvements for the Belton Business Park.

City of Belton, Texas
Notes to Financial Statements
September 30, 2007

In January 2008, Harvest Technologies entered into a development agreement with the Belton Economic Development Corporation. Councilmember David K. Leigh is the President of Harvest Technologies.

XIII. Authoritative Pronouncements Not Yet Effective

A summary of pronouncements issued by the Governmental Accounting Standards Board (GASB), which may impact the City but are not yet effective follows. The City has not yet determined the effects of the adoption of these pronouncements on the financial statements.

Statement No. 45, “Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions” - This statement provides guidance on all aspects of OPEB reporting by employers. The provisions of this statement are effective for fiscal periods beginning after December 15, 2007.

Statement No. 48, “Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues” – This statement establishes criteria that governments will use to ascertain whether certain transactions should be regarded as sales or a collateralized borrowings. The statement also includes disclosure requirements for future revenues that are pledged or sold. The requirements of the statement become effective for fiscal periods beginning after December 15, 2006.

Statement No. 49, “Accounting and Financial Reporting for Pollution Remediation Obligations” – This statement provides guidance on how to calculate and report the costs and obligations associated with pollution cleanup efforts. The requirements of the statement become effective for fiscal periods beginning after December 15, 2007.

**Combining and Individual Fund Statements
and Schedules**

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for specific revenue that is legally restricted to expenditure for particular purposes.

Greathouse Public Trust Fund: This fund is used to account for resources bequeathed to the City pursuant to the will and trust agreement of Zora Lee Greathouse. Such resources and income thereon are required by the trust agreement to be spent for the purchase of life saving medical equipment for use by the City and to train City employees as paramedics in life saving techniques.

Revolving Loan Fund: This fund is used to account for economic development loans to private enterprises, and the repayment thereof.

Hotel/Motel Tax Fund: This fund is used to account for the levy and utilization of the local hotel occupancy tax. State law requires that revenue from this tax be used for advertising and promotion of the City.

Court Technology Fund: This fund is used to account for court technology fees collected in connection with citations issued by the City. State law requires that revenue from these fees be used for technological enhancements of the municipal court.

TDHCA Homebuyer Assistance Fund: This fund is used to account for the City's matching funds for a joint grant project with the Temple Housing Authority. The grant from Texas Department of Housing and Community Affairs HOME Program provides down payment assistance to qualified first-time homebuyers within the City of Belton.

TDHCA Housing Rehabilitation Fund: This fund is used to account for the proceeds and expenditures for a Texas Department of Housing and Community Affairs grant. This HOME program grant provides funding for the rehabilitation and replacement of dilapidated owner-occupied housing within the City of Belton.

Capital Projects Funds

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

General Capital Projects Fund: This fund is used to account for infrastructure projects, which extend over several fiscal years. Financing is provided primarily by the transfer of funds from the general fund.

General Capital Equipment Fund: This fund is used to account for major capital equipment. Financing is provided primarily by the transfer of funds from the general fund.

Drainage Fund: This fund is used to account for drainage infrastructure projects, which extend over several fiscal years. Financing is provided primarily by the transfer of funds from the general fund.

Park Donation Fund: This fund is used to account for funds donated to the City for use in the Parks system.

Park Grants Fund: This fund is used to account for financing and acquisition of community parks. Financing is provided by contributions to the City, transfer of funds from the general fund, and state grants from the Texas Parks and Wildlife Department.

TIRZ Fund: This fund is used to account for projects financed with tax revenues collected in the City's tax increment and reinvestment zone, created pursuant to the state tax code statutes.

Hike & Bike Trail Fund: This fund accounts for financing and construction of the Nolan Creek Hike & Bike Trail. Financing is provided by contributions to the City, transfer of funds from the general fund, and a grant from the Texas Department of Transportation.

Baseball Tomorrow Fund: This fund is used to account for financing and construction of a youth softball field at Chisholm Trail Park. Financing is provided by contributions to the City, transfer of funds from the general fund, and a grant from the Major League Baseball and the Major League Baseball Players Association.

City of Belton, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2007

	Special Revenue						
	Greathouse Public Trust	Revolving Loan Fund	Hotel/Motel Tax	Court Technology	TDHCA Homebuyer Assistance	TDHCA Housing Rehab	Total
Assets							
Cash and cash equivalents	\$ 196,037	\$ 53,771	\$ 217,286	\$ 1,671	\$ 72,727	\$ 38,110	\$ 579,602
Receivables	-	-	46,961	-	-	-	46,961
Due from other governments	-	-	-	-	-	-	-
Total assets	<u>\$ 196,037</u>	<u>\$ 53,771</u>	<u>\$ 264,247</u>	<u>\$ 1,671</u>	<u>\$ 72,727</u>	<u>\$ 38,110</u>	<u>\$ 626,563</u>
Liabilities and Fund Balances							
Liabilities:							
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts and retainages payable	-	-	720	30	-	-	750
Total liabilities	<u>-</u>	<u>-</u>	<u>720</u>	<u>30</u>	<u>-</u>	<u>-</u>	<u>750</u>
Fund balances:							
Unreserved, undesignated	<u>196,037</u>	<u>53,771</u>	<u>263,527</u>	<u>1,641</u>	<u>72,727</u>	<u>38,110</u>	<u>625,813</u>
Total fund balances	<u>196,037</u>	<u>53,771</u>	<u>263,527</u>	<u>1,641</u>	<u>72,727</u>	<u>38,110</u>	<u>625,813</u>
Total liabilities and fund balances	<u>\$ 196,037</u>	<u>\$ 53,771</u>	<u>\$ 264,247</u>	<u>\$ 1,671</u>	<u>\$ 72,727</u>	<u>\$ 38,110</u>	<u>\$ 626,563</u>

See accompanying independent auditors' report.

Capital Projects

General Capital Projects	General Capital Equipment	Drainage Fund	Park Donation	Park Grant	TIRZ Fund	Hike & Bike Trail	Baseball Tomorrow Grant Fund	Total	Total Nonmajor Governmental Funds
\$ 376,706	\$ 369,005	\$ 21,465	\$ 31,228	\$ 201,997	\$ 36,603	\$ -	\$ -	\$ 1,037,004	\$ 1,616,606
-	-	-	-	-	-	-	-	-	46,961
-	-	-	-	103,362	-	-	-	103,362	103,362
<u>\$ 376,706</u>	<u>\$ 369,005</u>	<u>\$ 21,465</u>	<u>\$ 31,228</u>	<u>\$ 305,359</u>	<u>\$ 36,603</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,140,366</u>	<u>\$ 1,766,929</u>
\$ -	\$ -	\$ -	\$ -	\$ 288,655	\$ -	\$ -	\$ -	\$ 288,655	\$ 288,655
54,080	-	101,358	-	-	-	-	-	155,438	156,188
54,080	-	101,358	-	288,655	-	-	-	444,093	444,843
<u>322,626</u>	<u>369,005</u>	<u>(79,893)</u>	<u>31,228</u>	<u>16,704</u>	<u>36,603</u>	<u>-</u>	<u>-</u>	<u>696,273</u>	<u>1,322,086</u>
<u>322,626</u>	<u>369,005</u>	<u>(79,893)</u>	<u>31,228</u>	<u>16,704</u>	<u>36,603</u>	<u>-</u>	<u>-</u>	<u>696,273</u>	<u>1,322,086</u>
<u>\$ 376,706</u>	<u>\$ 369,005</u>	<u>\$ 21,465</u>	<u>\$ 31,228</u>	<u>\$ 305,359</u>	<u>\$ 36,603</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,140,366</u>	<u>\$ 1,766,929</u>

City of Belton, Texas
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Nonmajor Governmental Funds
For the Fiscal Year Ended
September 30, 2007

	Special Revenue						
	Greathouse Public Trust	Revolving Loan Fund	Hotel/Motel Tax	Court Technology	TDHCA Homebuyer Assistance	TDHCA Housing Rehab	Total
Revenues:							
Taxes	\$ -	\$ -	\$ 163,749	\$ -	\$ -	\$ -	\$ 163,749
Intergovernmental	-	-	-	-	-	-	-
Fines	-	-	-	4,328	-	-	4,328
Interest	9,925	2,704	9,493	22	4,868	822	27,834
Contributions and donations	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	1,250	-	1,250
Total revenues	<u>9,925</u>	<u>2,704</u>	<u>173,242</u>	<u>4,350</u>	<u>6,118</u>	<u>822</u>	<u>197,161</u>
Expenditures:							
General Government	-	-	-	5,528	-	-	5,528
Public safety	2,642	-	-	-	-	-	2,642
Highways and streets	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Economic development	-	-	100,116	-	7,500	212	107,828
Capital outlay	-	-	-	-	-	-	-
Total expenditures	<u>2,642</u>	<u>-</u>	<u>100,116</u>	<u>5,528</u>	<u>7,500</u>	<u>212</u>	<u>115,998</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,283</u>	<u>2,704</u>	<u>73,126</u>	<u>(1,178)</u>	<u>(1,382)</u>	<u>610</u>	<u>81,163</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	37,500	37,500
Transfers out	-	-	-	-	(37,500)	-	(37,500)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(37,500)</u>	<u>37,500</u>	<u>-</u>
Net change in fund balances	<u>7,283</u>	<u>2,704</u>	<u>73,126</u>	<u>(1,178)</u>	<u>(38,882)</u>	<u>38,110</u>	<u>81,163</u>
Fund balance, October 1	<u>188,754</u>	<u>51,067</u>	<u>190,401</u>	<u>2,819</u>	<u>111,609</u>	<u>-</u>	<u>544,650</u>
Fund balance, September 30	<u>\$ 196,037</u>	<u>\$ 53,771</u>	<u>\$ 263,527</u>	<u>\$ 1,641</u>	<u>\$ 72,727</u>	<u>\$ 38,110</u>	<u>\$ 625,813</u>

See accompanying independent auditors' report.

Capital Projects									Total Nonmajor Governmental Funds
General Capital Projects	General Capital Equipment	Drainage Fund	Park Donation	Park Grant	TIRZ Fund	Hike & Bike Trail	Baseball Tomorrow Grant Fund	Total	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 158,747	\$ -	\$ -	\$ 158,747	\$ 322,496
-	-	-	-	239,062	92,435	3,571	-	335,068	335,068
-	-	-	-	-	-	-	-	-	4,328
12,245	4,113	2,859	1,228	10,017	5,712	9,127	606	45,907	73,741
6,620	-	-	30,000	250	-	-	49,223	86,093	86,093
-	-	-	-	-	-	-	-	-	1,250
<u>18,865</u>	<u>4,113</u>	<u>2,859</u>	<u>31,228</u>	<u>249,329</u>	<u>256,894</u>	<u>12,698</u>	<u>49,829</u>	<u>625,815</u>	<u>822,976</u>
-	-	-	-	-	-	-	-	-	5,528
1,982	-	-	-	-	-	-	-	1,982	4,624
-	-	3,504	-	-	-	-	-	3,504	3,504
12,568	-	-	-	-	-	-	-	12,568	12,568
-	-	-	-	-	10,000	-	-	10,000	117,828
<u>204,860</u>	<u>26,992</u>	<u>232,298</u>	<u>-</u>	<u>321,801</u>	<u>-</u>	<u>8,228</u>	<u>112,829</u>	<u>907,008</u>	<u>907,008</u>
<u>219,410</u>	<u>26,992</u>	<u>235,802</u>	<u>-</u>	<u>321,801</u>	<u>10,000</u>	<u>8,228</u>	<u>112,829</u>	<u>935,062</u>	<u>1,051,060</u>
<u>(200,545)</u>	<u>(22,879)</u>	<u>(232,943)</u>	<u>31,228</u>	<u>(72,472)</u>	<u>246,894</u>	<u>4,470</u>	<u>(63,000)</u>	<u>(309,247)</u>	<u>(228,084)</u>
254,014	289,700	100,000	-	108,250	-	-	46,000	797,964	835,464
(8,250)	-	-	-	-	(235,000)	(4,338)	-	(247,588)	(285,088)
<u>245,764</u>	<u>289,700</u>	<u>100,000</u>	<u>-</u>	<u>108,250</u>	<u>(235,000)</u>	<u>(4,338)</u>	<u>46,000</u>	<u>550,376</u>	<u>550,376</u>
45,219	266,821	(132,943)	31,228	35,778	11,894	132	(17,000)	241,129	322,292
<u>277,407</u>	<u>102,184</u>	<u>53,050</u>	<u>-</u>	<u>(19,074)</u>	<u>24,709</u>	<u>(132)</u>	<u>17,000</u>	<u>455,144</u>	<u>999,794</u>
<u>\$ 322,626</u>	<u>\$ 369,005</u>	<u>\$ (79,893)</u>	<u>\$ 31,228</u>	<u>\$ 16,704</u>	<u>\$ 36,603</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 696,273</u>	<u>\$ 1,322,086</u>

City of Belton, Texas
Hotel/Motel Tax Fund
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
For the Fiscal Year Ended
September 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Hotel/motel taxes	\$ 150,000	\$ 150,000	\$ 163,749	\$ 13,749
Interest	7,700	7,700	9,493	1,793
Total revenues	157,700	157,700	173,242	15,542
Expenditures:				
Economic development	106,368	106,368	100,116	6,252
Total expenditures	106,368	106,368	100,116	6,252
Net change in fund balance	51,332	51,332	73,126	21,794
Fund balance, October 1	190,401	190,401	190,401	-
Fund balance, September 30	\$ 241,733	\$ 241,733	\$ 263,527	\$ 21,794

See accompanying independent auditors' report.

City of Belton, Texas
Debt Service Fund
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
For the Fiscal Year Ended
September 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 613,539	\$ 613,539	\$ 655,909	\$ 42,370
Interest	21,000	21,000	20,842	(158)
Total revenues	634,539	634,539	676,751	42,212
Expenditures:				
Principal	353,370	353,370	353,370	-
Interest and fiscal charges	256,780	256,780	263,575	(6,795)
Total expenditures	610,150	610,150	616,945	(6,795)
Net change in fund balance	24,389	24,389	59,806	35,417
Fund balance, October 1	57,334	57,334	57,334	-
Fund balance, September 30	\$ 81,723	\$ 81,723	\$ 117,140	\$ 35,417

See accompanying independent auditors' report.



Enterprise Fund

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises (1) where the intent of the government's council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (2) where the government's council has decided that periodic determination of net income is appropriate for accountability purposes.

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

City of Belton, Texas
Water and Sewer Fund
Schedule of Revenue and Expenses -
Budget and Actual (Budget Basis)
For the Fiscal Year Ended
September 30, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget
Operating revenue:				
Water service	\$ 2,346,150	\$ 2,346,150	\$ 2,293,482	\$ (52,668)
Sewer service	1,505,750	1,505,750	1,519,429	13,679
Reconnect and late fees	80,000	80,000	86,583	6,583
Tap fees	50,000	50,000	62,847	12,847
Other	19,500	19,500	23,356	3,856
Total operating revenue	<u>4,001,400</u>	<u>4,001,400</u>	<u>3,985,697</u>	<u>(15,703)</u>
Operating expenses:				
Salaries and wages	777,787	770,595	715,506	55,089
Employee benefits	207,692	214,884	201,172	13,712
Supplies	107,221	96,321	81,974	14,347
Repairs and maintenance	95,850	107,650	81,462	26,188
Water, sewage treatment, and other charges	2,058,007	2,050,807	2,029,802	21,005
Capital outlay	25,000	36,000	35,501	499
Total operating expenses	<u>3,271,557</u>	<u>3,276,257</u>	<u>3,145,417</u>	<u>130,840</u>
Operating income	729,843	725,143	840,280	115,137
Nonoperating revenue (expenses):				
Interest revenue	57,000	57,000	119,046	62,046
Contributions from developers and others	-	-	1,038,513	1,038,513
Payments to fiduciary for debt service	(853,650)	(853,650)	(853,405)	245
Total nonoperating revenue (expenses)	<u>(796,650)</u>	<u>(796,650)</u>	<u>304,154</u>	<u>1,100,804</u>
Net income (loss)	<u>\$ (66,807)</u>	<u>\$ (71,507)</u>	<u>\$ 1,144,434</u>	<u>\$ 1,215,941</u>

See accompanying independent auditors' report.

City of Belton, Texas
Water and Sewer Fund
Schedule of Operating Expenses by Department -
Budget and Actual (Budget Basis)
For the Fiscal Year Ended
September 30, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget
Administration:				
Salaries and wages	\$ 472,042	\$ 449,509	\$ 418,786	\$ 30,723
Employee benefits	102,001	106,216	104,099	2,117
Supplies	37,860	37,860	32,138	5,722
Repairs and maintenance	27,650	27,650	21,122	6,528
Other charges	65,330	51,630	62,235	(10,605)
Total administration	<u>704,883</u>	<u>672,865</u>	<u>638,380</u>	<u>34,485</u>
Water:				
Salaries and wages	185,859	195,631	184,150	11,481
Employee benefits	64,521	66,484	60,720	5,764
Supplies	34,774	26,274	22,620	3,654
Repairs and maintenance	48,500	59,700	36,069	23,631
Other charges	205,845	212,345	209,351	2,994
Cost of water	1,111,016	1,111,016	1,078,838	32,178
Capital outlay	25,000	36,000	35,501	499
Total water	<u>1,675,515</u>	<u>1,707,450</u>	<u>1,627,249</u>	<u>80,201</u>
Sanitary sewer gathering system:				
Salaries and wages	93,445	98,642	86,232	12,410
Employee benefits	32,449	33,396	27,768	5,628
Supplies	26,252	23,852	18,817	5,035
Repairs and maintenance	14,700	15,300	12,996	2,304
Other charges	97,385	97,385	96,644	741
Total sanitary sewer gathering system	<u>264,231</u>	<u>268,575</u>	<u>242,457</u>	<u>26,118</u>
Sewage treatment and disposal:				
Salaries and wages	26,441	26,813	26,338	475
Employee benefits	8,721	8,788	8,585	203
Supplies	8,335	8,335	8,399	(64)
Repairs and maintenance	5,000	5,000	11,275	(6,275)
Other charges	25,135	25,135	26,503	(1,368)
Charges for sewage treatment	553,296	553,296	556,231	(2,935)
Total sewage treatment and disposal	<u>626,928</u>	<u>627,367</u>	<u>637,331</u>	<u>(9,964)</u>
	<u>\$ 3,271,557</u>	<u>\$ 3,276,257</u>	<u>\$ 3,145,417</u>	<u>\$ 130,840</u>

See accompanying independent auditors' report

City of Belton, Texas
Water and Sewer Fund
Schedule of Cash Receipts and Disbursements of Restricted
Cash and Cash Equivalents for Project Construction
For the Fiscal Year Ended
September 30, 2007

	Bond Issue Proceeds	Capital Projects	Grant Projects	Total
Balance, October 1	\$ 599,734	\$ 282,234	\$ 32,041	\$ 914,009
Receipts:				
Proceeds from issuance of debt	1,400,000	-	-	1,400,000
Transactions from operating cash	27,700	46,110	-	73,810
Developer/owner contributions	1,146	-	-	1,146
Interest income	16,523	8,668	1,306	26,497
Transfers from other projects	30,396	-	-	30,396
Total receipts	1,475,765	54,778	1,306	1,531,849
Disbursements:				
Construction progress payments	535,065	222,363	2,698	760,126
Other charges	-	1,628	-	1,628
Transfers to operating cash	-	-	253	253
Transfers to other projects	-	-	30,396	30,396
Total disbursements	535,065	223,991	33,347	792,403
Balance, September 30	\$ 1,540,434	\$ 113,021	\$ -	\$ 1,653,455

See accompanying independent auditors' report.

**Capital Assets Used in the
Operation of Governmental Funds**



City of Belton, Texas
Capital Assets Used in the Operation of Governmental Funds
Comparative Schedules by Source
September 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Governmental funds capital assets:		
Land	\$ 1,593,231	\$ 1,585,827
Buildings	4,304,698	3,316,797
Improvements other than buildings	2,425,446	2,028,248
Machinery and equipment	3,323,088	3,292,053
Infrastructure	20,501,569	16,924,769
Construction in progress	<u>1,417,652</u>	<u>2,876,650</u>
Total governmental funds capital assets	<u><u>\$ 33,565,684</u></u>	<u><u>\$ 30,024,344</u></u>
 Investments in governmental funds capital assets by source:		
General fund	\$ 17,430,304	\$ 17,528,914
Special revenue funds	123,646	129,215
Capital projects funds	12,780,689	10,742,786
Donations	<u>3,231,045</u>	<u>1,623,429</u>
Total governmental funds capital assets	<u><u>\$ 33,565,684</u></u>	<u><u>\$ 30,024,344</u></u>

See accompanying independent auditors' report.

City of Belton, Texas
Capital Assets Used in the Operation of Governmental Funds
Schedule By Function and Activity
September 30, 2007

<u>Function and Activity</u>	<u>Land</u>	<u>Buildings</u>
General government:		
Council	\$ 18,344	\$ -
Administration	7,180	90,000
Finance	-	-
Legal	-	5,203
Total general government	<u>25,524</u>	<u>95,203</u>
Public safety:		
Police	34,981	485,396
Fire	56,266	1,377,370
Total public safety	<u>91,247</u>	<u>1,862,766</u>
Public works:		
Street maintenance	841,922	20,877
Fleet maintenance	-	107,548
Buildings and grounds	-	400,741
Development services	18,122	-
Total public works	<u>860,044</u>	<u>529,166</u>
Culture and recreation:		
Parks	616,416	1,741,702
Library	-	75,861
Total culture and recreation	<u>616,416</u>	<u>1,817,563</u>
Total governmental funds capital assets	<u>\$ 1,593,231</u>	<u>\$ 4,304,698</u>

See accompanying independent auditors' report.

<u>Improvements Other Than Buildings</u>	<u>Machinery and Equipment</u>	<u>Infrastructure</u>	<u>Construction in Progress</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ 18,344
-	1,683	-	-	98,863
-	43,487	-	53,377	96,864
-	3,073	-	-	8,276
-	48,243	-	53,377	222,347
-	471,823	-	-	992,200
69,269	1,649,688	-	40,296	3,192,889
69,269	2,121,511	-	40,296	4,185,089
3,469	716,571	16,089,544	1,258,507	18,930,890
-	46,702	-	-	154,250
-	15,589	-	-	416,330
-	84,145	-	-	102,267
3,469	863,007	16,089,544	1,258,507	19,603,737
2,352,708	277,676	4,412,025	65,472	9,465,999
-	12,651	-	-	88,512
2,352,708	290,327	4,412,025	65,472	9,554,511
\$ 2,425,446	\$ 3,323,088	\$ 20,501,569	\$ 1,417,652	\$ 33,565,684

City of Belton, Texas
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes By Function and Activity
For the Fiscal Year Ended
September 30, 2007

Function and Activity	Governmental Funds Capital Assets October 1, 2006	Additions	Deletions	Governmental Funds Capital Assets September 30, 2007
General government:				
Council	\$ 18,344	\$ -	\$ -	\$ 18,344
Administration	110,018	-	11,155	98,863
Finance	50,696	53,377	7,209	96,864
Legal	17,101	-	8,825	8,276
Total general government	<u>196,159</u>	<u>53,377</u>	<u>27,189</u>	<u>222,347</u>
Public safety:				
Police	984,700	104,413	96,913	992,200
Fire	3,142,204	125,905	75,220	3,192,889
Total public safety	<u>4,126,904</u>	<u>230,318</u>	<u>172,133</u>	<u>4,185,089</u>
Public works:				
Street maintenance	15,969,826	2,997,884	36,820	18,930,890
Fleet maintenance	158,842	-	4,592	154,250
Buildings and grounds	429,762	-	13,432	416,330
Development services	98,600	3,667	-	102,267
Total public works	<u>16,657,030</u>	<u>3,001,551</u>	<u>54,844</u>	<u>19,603,737</u>
Culture and recreation:				
Parks	8,927,245	557,995	19,241	9,465,999
Library	117,006	-	28,494	88,512
Total culture and recreation	<u>9,044,251</u>	<u>557,995</u>	<u>47,735</u>	<u>9,554,511</u>
Total governmental funds capital assets	<u>\$ 30,024,344</u>	<u>\$ 3,843,241</u>	<u>\$ 301,901</u>	<u>\$ 33,565,684</u>

See accompanying independent auditors' report.

Supplementary Data



City of Belton, Texas
Schedule of Total Debt Service Requirements to Maturity
September 30, 2007

Year Ended September 30,	General Long-Term Debt			Enterprise Fund Debt			Summary		
	Bonds			Bonds			Principal	Interest	Total
	Principal	Interest	Total	Principal	Interest	Total			
2008	458,370	387,368	845,738	390,801	322,685	713,486	849,171	710,053	1,559,224
2009	453,370	388,736	842,106	410,794	314,073	724,867	864,164	702,809	1,566,973
2010	468,370	370,976	839,346	420,780	297,898	718,678	889,150	668,874	1,558,024
2011	488,370	352,656	841,026	440,880	281,333	722,213	929,250	633,989	1,563,239
2012	508,370	333,507	841,877	460,680	262,835	723,515	969,050	596,342	1,565,392
2013	528,380	313,562	841,942	480,620	243,225	723,845	1,009,000	556,787	1,565,787
2014	550,000	292,789	842,789	529,800	222,749	752,549	1,079,800	515,538	1,595,338
2015	570,000	271,375	841,375	547,700	200,105	747,805	1,117,700	471,480	1,589,180
2016	595,000	249,164	844,164	564,550	176,575	741,125	1,159,550	425,739	1,585,289
2017	615,000	225,918	840,918	583,400	153,363	736,763	1,198,400	379,281	1,577,681
2018	645,000	201,905	846,905	471,000	127,189	598,189	1,116,000	329,094	1,445,094
2019	670,000	176,710	846,710	459,000	106,870	565,870	1,129,000	283,580	1,412,580
2020	700,000	150,511	850,511	475,000	87,079	562,079	1,175,000	237,590	1,412,590
2021	730,000	123,099	853,099	491,000	66,584	557,584	1,221,000	189,683	1,410,683
2022	760,000	94,508	854,508	507,500	45,385	552,885	1,267,500	139,893	1,407,393
2023	635,000	64,704	699,704	105,000	23,541	128,541	740,000	88,245	828,245
2024	315,000	40,002	355,002	110,000	19,205	129,205	425,000	59,207	484,207
2025	325,000	27,818	352,818	115,000	14,662	129,662	440,000	42,480	482,480
2026	180,000	15,281	195,281	120,000	9,912	129,912	300,000	25,193	325,193
2027	190,000	7,847	197,847	120,000	4,955	124,955	310,000	12,802	322,802
	<u>\$ 10,385,230</u>	<u>\$ 4,088,436</u>	<u>\$ 14,473,666</u>	<u>\$ 7,803,505</u>	<u>\$ 2,980,223</u>	<u>\$ 10,783,728</u>	<u>\$ 18,188,735</u>	<u>\$ 7,068,659</u>	<u>\$ 25,257,394</u>

See accompanying independent auditors' report.



City of Belton, Texas Statistical Section

This part of the City of Belton'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.

Contents	Page
Financial Trends <i>These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.</i>	76
Revenue Capacity <i>These schedules contain information to help the reader assess the city's most significant local revenue source, the property tax.</i>	85
Debt Capacity <i>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.</i>	89
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place.</i>	97
Operating Information <i>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 government provides and the activities it performs.</i>	99

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

Note: City of Belton first applied GASB Statement No. 34 in fiscal year 2004; therefore, government-wide financial information for years prior to fiscal year 2004 is not available.

City of Belton, Texas
Net Assets by Component
 Last Ten Fiscal Years
 (accrual basis of accounting)

	Fiscal Year			
	2004	2005	2006	2007
Governmental activities				
Invested in capital assets, net of related debt	\$ 9,907,261	\$ 7,403,580	\$ 12,380,934	\$ 11,074,215
Restricted	393,201	905,502	573,420	742,489
Unrestricted	3,907,266	7,744,370	6,112,785	9,693,120
Total governmental activities net assets	<u>\$14,207,728</u>	<u>\$16,053,452</u>	<u>\$ 19,067,139</u>	<u>\$ 21,509,824</u>
Business-type activities				
Invested in capital assets, net of related debt	\$13,168,867	\$11,826,016	\$ 14,564,542	\$ 14,637,860
Unrestricted	1,654,725	4,322,295	2,858,501	3,609,904
Total business-type activities net assets	<u>\$14,823,592</u>	<u>\$16,148,311</u>	<u>\$ 17,423,043</u>	<u>\$ 18,247,764</u>
Primary government				
Invested in capital assets, net of related debt	\$23,076,128	\$19,229,596	\$ 26,945,476	\$ 25,712,075
Restricted	393,201	905,502	573,420	742,489
Unrestricted	5,561,991	12,066,665	8,971,286	13,303,024
Total primary government net assets	<u>\$29,031,320</u>	<u>\$32,201,763</u>	<u>\$ 36,490,182</u>	<u>\$ 39,757,588</u>

City of Belton, Texas
Changes in Net Assets
 Last Ten Fiscal Years
 (accrual basis of accounting)

	Fiscal Year			
	2004	2005	2006	2007
Expenses				
Governmental activities:				
General government	\$ 752,377	\$ 729,634	\$ 754,745	\$ 796,507
Public safety	3,228,500	3,750,732	4,158,479	4,365,643
Highways and streets	1,048,679	1,127,558	1,430,432	1,419,572
Development services	216,454	245,482	310,782	346,087
Culture and recreation	652,828	715,176	847,167	1,299,129
Refuse collection	593,704	607,668	646,508	717,398
Economic development	95,759	630,911	217,824	117,828
Maintenance	248,752	247,712	245,430	265,857
Interest on long-term debt	251,490	112,486	280,277	285,339
Total governmental activities expenses	<u>7,088,543</u>	<u>8,167,359</u>	<u>8,891,644</u>	<u>9,613,360</u>
Business-type activities:				
Water and sewer	3,330,285	3,186,511	3,737,110	4,028,900
Total business-type activities expenses	<u>3,330,285</u>	<u>3,186,511</u>	<u>3,737,110</u>	<u>4,028,900</u>
Total primary government expenses	<u>\$ 10,418,828</u>	<u>\$ 11,353,870</u>	<u>\$ 12,628,754</u>	<u>\$ 13,642,260</u>
Program Revenues				
Governmental activities:				
Charges for services:				
Public safety	\$ 1,026,338	\$ 989,758	\$ 1,131,522	\$ 1,126,432
Development services	124,731	190,462	145,097	162,914
Refuse collection	645,905	664,842	714,942	757,531
Operating grants and contributions	41,196	136,560	227,310	274,889
Capital grants and contributions	337,676	1,858,959	2,269,098	2,041,342
Total governmental activities program revenues	<u>2,175,846</u>	<u>3,840,581</u>	<u>4,487,969</u>	<u>4,363,108</u>
Business-type activities:				
Charges for services:				
Water and sewer	3,387,512	3,733,067	4,190,262	3,985,697
Capital grants and contributions	69,484	932,057	968,544	1,038,513
Total business-type activities program revenues	<u>3,456,996</u>	<u>4,665,124</u>	<u>5,158,806</u>	<u>5,024,210</u>
Total primary government program revenues	<u>\$ 5,632,842</u>	<u>\$ 8,505,705</u>	<u>\$ 9,646,775</u>	<u>\$ 9,387,318</u>
Net (expense)/revenue				
Governmental activities	\$ (4,912,697)	\$ (4,326,778)	\$ (4,403,675)	\$ (5,250,252)
Business-type activities	126,711	1,478,613	1,421,696	995,310
Total primary government net expense	<u>\$ (4,785,986)</u>	<u>\$ (2,848,165)</u>	<u>\$ (2,981,979)</u>	<u>\$ (4,254,942)</u>
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Taxes				
Property taxes	\$ 2,925,631	\$ 3,075,583	\$ 3,403,788	\$ 3,810,255
Sales taxes	1,298,594	1,537,164	1,830,944	1,987,095
Franchise taxes	757,657	833,188	1,053,573	928,508
Hotel/motel taxes	79,075	91,638	119,568	163,749
Alcoholic beverage taxes	7,734	9,059	12,324	9,859
Unrestricted investment earnings	71,641	208,202	386,911	407,083
Miscellaneous	225,438	135,668	277,764	119,256
Gain (loss) on sale of capital assets	78,908	-	36,490	21,132
Transfers	225,895	282,000	296,000	246,000
Total governmental activities	<u>5,670,573</u>	<u>6,172,502</u>	<u>7,417,362</u>	<u>7,692,937</u>
Business-type activities:				
Unrestricted investment earnings	71,424	123,648	144,074	119,046
Gain (loss) on sale of capital assets	(991)	4,458	4,962	(43,635)
Transfers	(225,895)	(282,000)	(296,000)	(246,000)
Total business-type activities	<u>(155,462)</u>	<u>(153,894)</u>	<u>(146,964)</u>	<u>(170,589)</u>
Total primary government	<u>\$ 5,515,111</u>	<u>\$ 6,018,608</u>	<u>\$ 7,270,398</u>	<u>\$ 7,522,348</u>
Change in Net Assets				
Governmental activities	\$ 757,876	\$ 1,845,724	\$ 3,013,687	\$ 2,442,685
Business-type activities	(28,751)	1,324,719	1,274,732	824,721
Total primary government	<u>\$ 729,125</u>	<u>\$ 3,170,443</u>	<u>\$ 4,288,419</u>	<u>\$ 3,267,406</u>



City of Belton, Texas
Governmental Activities Tax Revenues By Source
 Last Ten Fiscal Years
 (accrual basis of accounting)

Fiscal Year	Property Tax (1)	Sales Tax	Franchise Tax	Hotel/Motel Occupancy Tax	Alcoholic Beverage Tax	Total
2004	\$ 2,925,631	1,298,594	757,657	79,075	7,734	\$ 5,068,691
2005	3,075,583	1,537,164	833,188	91,638	9,059	5,546,632
2006	3,403,788	1,830,944	1,053,573	119,568	12,324	6,420,197
2007	3,810,255	1,987,095	928,508	163,749	9,859	6,899,466

(1) Includes penalty and interest on delinquent taxes

City of Belton, Texas
Fund Balances of Governmental Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

	Fiscal Year			
	1998	1999	2000	2001
General fund				
Reserved	\$ 78,054	\$ 119,526	\$ 177,444	\$ 220,326
Unreserved	<u>2,275,802</u>	<u>2,505,507</u>	<u>2,274,420</u>	<u>2,585,944</u>
Total general fund	<u><u>\$ 2,353,856</u></u>	<u><u>\$ 2,625,033</u></u>	<u><u>\$ 2,451,864</u></u>	<u><u>\$ 2,806,270</u></u>
All other governmental funds				
Reserved	\$ 281,214	\$ 307,993	\$ 136,906	\$ 157,891
Unreserved, reported in:				
Special revenue funds	316,949	273,413	313,370	352,374
Capital projects funds	<u>1,411,976</u>	<u>827,787</u>	<u>1,245,029</u>	<u>1,073,772</u>
Total all other governmental funds	<u><u>\$ 2,010,139</u></u>	<u><u>\$ 1,409,193</u></u>	<u><u>\$ 1,695,305</u></u>	<u><u>\$ 1,584,037</u></u>

Table IV

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
\$ 252,809	\$ 293,934	\$ 326,635	\$ 388,136	\$ 407,058	\$ 463,626
<u>2,464,504</u>	<u>2,492,906</u>	<u>2,999,535</u>	<u>3,000,253</u>	<u>3,311,499</u>	<u>3,536,554</u>
<u><u>\$ 2,717,313</u></u>	<u><u>\$2,786,840</u></u>	<u><u>\$ 3,326,170</u></u>	<u><u>\$ 3,388,389</u></u>	<u><u>\$ 3,718,557</u></u>	<u><u>\$4,000,180</u></u>
\$ 164,641	\$ 172,472	\$ 45,184	\$ 48,606	\$ 57,334	\$ 117,140
442,086	397,376	318,393	442,297	544,650	625,813
<u>562,175</u>	<u>3,111,964</u>	<u>940,580</u>	<u>4,745,998</u>	<u>2,330,205</u>	<u>5,526,120</u>
<u><u>\$ 1,168,902</u></u>	<u><u>\$3,681,812</u></u>	<u><u>\$ 1,304,157</u></u>	<u><u>\$ 5,236,901</u></u>	<u><u>\$ 2,932,189</u></u>	<u><u>\$6,269,073</u></u>

City of Belton, Texas
Changes in Fund Balances of Governmental Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

	Fiscal Year			
	1998	1999	2000	2001
Revenues				
Taxes	\$ 3,507,298	\$ 3,712,093	\$ 3,843,198	\$ 4,118,756
Licenses and permits	51,580	35,750	41,061	46,390
Intergovernmental	-	-	682,216	264,655
Charges for services	808,222	876,085	1,003,440	1,068,598
Fines	252,080	300,796	347,238	425,479
Interest	304,316	234,951	284,603	238,980
Contributions and donations	-	9,190	5,659	38,013
Payments in lieu of taxes	-	-	-	-
Miscellaneous	309,808	376,719	89,375	133,868
Total revenues	<u>5,233,304</u>	<u>5,545,584</u>	<u>6,296,790</u>	<u>6,334,739</u>
Expenditures				
General government	406,309	396,219	479,390	436,299
Public safety	1,735,725	2,106,477	2,340,801	2,744,189
Highways, streets, and development services	675,507	681,469	779,686	748,273
Culture and recreation	415,087	364,917	484,712	455,990
Refuse collection	450,137	442,811	500,591	541,054
Economic development	64,751	67,963	97,024	84,148
Maintenance	121,204	124,046	117,429	123,089
Debt service				
Principal	383,136	416,559	714,508	607,635
Interest and fiscal charges	203,802	206,593	245,154	214,747
Capital outlay	1,769,215	1,337,360	1,429,741	453,178
Total expenditures	<u>6,224,873</u>	<u>6,144,414</u>	<u>7,189,036</u>	<u>6,408,602</u>
Excess of revenues over(under) expenditures	(991,569)	(598,830)	(892,246)	(73,863)
Other financing sources(uses)				
Insurance proceeds	-	-	9,526	31,560
Sale of capital assets	-	-	-	-
Transfers in	517,573	583,241	906,213	631,178
Transfers out	(392,573)	(553,043)	(601,550)	(345,737)
Issuance of Debt	-	1,324,968	-	-
Note payable proceeds	-	-	691,000	-
Payments to escrow agents	-	(1,086,105)	-	-
Other uses	-	-	-	-
Total other financing sources(uses)	<u>125,000</u>	<u>269,061</u>	<u>1,005,189</u>	<u>317,001</u>
Net change in fund balances	<u>\$ (866,569)</u>	<u>\$ (329,769)</u>	<u>\$ 112,943</u>	<u>\$ 243,138</u>
Debt service as a percentage of noncapital expenditures	13.17%	12.96%	16.66%	13.81%

Table V

2002	2003	2004	2005	2006	2007
\$4,288,108	\$ 4,520,933	\$ 5,049,654	\$ 5,533,566	\$ 6,378,070	\$ 6,820,214
41,880	97,191	124,731	190,462	145,097	162,914
574,853	719,146	374,328	800,929	1,879,511	500,057
1,095,404	1,044,037	1,186,509	1,254,321	1,474,050	1,559,209
292,584	427,546	388,831	400,278	339,026	287,180
93,338	82,977	71,641	208,202	386,911	407,083
8,012	50,556	11,690	219,988	206,147	208,558
-	-	15,564	4,108	-	3,276
113,289	73,789	126,238	61,767	132,426	98,874
<u>6,507,468</u>	<u>7,016,175</u>	<u>7,349,186</u>	<u>8,673,621</u>	<u>10,941,238</u>	<u>10,047,365</u>
486,032	521,860	600,650	684,170	730,039	797,183
2,798,983	2,877,405	3,255,153	3,630,982	4,013,361	4,232,039
823,179	742,422	754,993	874,444	1,137,504	1,024,411
490,860	479,072	437,582	498,003	603,387	809,258
563,877	581,560	593,704	607,668	646,508	717,398
111,391	616,366	95,759	630,911	217,824	117,828
101,451	220,047	235,121	222,244	241,290	250,138
621,560	631,517	638,939	907,129	343,370	353,370
180,731	204,334	203,090	195,797	282,435	263,575
1,132,020	549,568	2,595,465	1,165,578	5,068,664	2,050,969
<u>7,310,084</u>	<u>7,424,151</u>	<u>9,410,456</u>	<u>9,416,926</u>	<u>13,284,382</u>	<u>10,616,169</u>
(802,616)	(407,976)	(2,061,270)	(743,305)	(2,343,144)	(568,804)
7,354	5,606	25,891	7,645	30,735	17,106
-	-	103,349	8,623	41,865	24,205
682,469	713,674	463,737	581,514	1,306,753	1,081,464
(391,299)	(384,568)	(237,842)	(299,514)	(1,010,753)	(835,464)
-	4,452,910	-	4,500,000	-	3,945,000
-	-	-	-	-	-
-	(621,757)	-	(60,000)	-	(45,000)
-	-	(132,190)	-	-	-
<u>298,524</u>	<u>4,165,865</u>	<u>222,945</u>	<u>4,738,268</u>	<u>368,600</u>	<u>4,187,311</u>
<u>\$ (504,092)</u>	<u>\$ 3,757,889</u>	<u>\$ (1,838,325)</u>	<u>\$ 3,994,963</u>	<u>\$ (1,974,544)</u>	<u>\$ 3,618,507</u>
12.99%	12.16%	12.89%	13.94%	7.86%	7.36%

City of Belton, Texas
General Governmental Tax Revenues By Source
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

Fiscal Year	Property Tax (1)	Sales Tax	Franchise Tax	Hotel/Motel Occupancy Tax	Alcoholic Beverage Tax	Total
1998	1,826,240	996,354	598,868	74,460	11,376	3,507,298
1999	1,896,886	1,103,447	623,123	74,893	13,744	3,712,093
2000	2,008,767	1,111,026	635,353	79,308	8,744	3,843,198
2001	2,187,414	1,129,271	714,837	79,992	7,242	4,118,756
2002	2,280,829	1,173,536	741,040	81,526	11,177	4,288,108
2003	2,443,807	1,226,076	762,796	72,417	15,837	4,520,933
2004	2,906,594	1,298,594	757,657	79,075	7,734	5,049,654
2005	3,062,517	1,537,164	833,188	91,638	9,059	5,533,566
2006	3,361,661	1,830,944	1,053,573	119,568	12,324	6,378,070
2007	3,731,003	1,987,095	928,508	163,749	9,859	6,820,214

(1) Includes penalty and interest on delinquent taxes

City of Belton, Texas
Assessed Value and Estimated Actual Value of Taxable Property (1)
 Last Ten Fiscal Years

Fiscal Year	Real Property	Personal Property	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Value	Assessed Value as a Percentage of Actual Value	
1998	\$ 300,490,769	53,855,728	99,613,025	254,733,472	0.7200	354,346,497	71.89	%
1999	312,374,499	59,517,392	102,189,173	269,702,718	0.7100	371,891,891	72.52	
2000	324,955,550	60,938,129	102,214,214	283,679,465	0.7100	385,893,679	73.51	
2001	364,093,502	64,591,333	112,451,360	316,233,475	0.6975	428,684,835	73.77	
2002	381,203,916	66,183,791	117,435,877	329,951,830	0.6975	447,387,707	73.75	
2003	450,302,668	70,875,419	155,182,434	365,995,653	0.6750	521,178,087	70.22	
2004	489,178,392	70,961,490	160,225,967	399,913,915	0.7350	560,139,882	71.40	
2005	534,291,271	77,875,459	172,579,784	439,586,946	0.7050	612,166,730	71.81	
2006	597,022,523	84,484,247	179,521,260	501,985,510	0.6750	681,506,770	73.66	
2007	652,059,373	97,845,476	180,391,394	569,513,455	0.6550	749,904,849	75.94	

Source: Bell County Appraisal District

(1) To derive taxable value, deductions from estimated actual value are made for caps on homestead increases, abatements, totally exempt property, exemptions for agriculture use, ownership by individuals over 65, and disabled veterans.

City of Belton, Texas
Property Tax Rates and Tax Levies
Direct and Overlapping Governments (1)
Last Ten Fiscal Years

Fiscal Year	City of Belton	Bell County	Belton I.S.D.	Clear Water Underground Water Cons. District	Totals
TAX RATES (Per \$100 assessed value)					
1998	\$ 0.7200	\$ 0.2967	\$ 1.4900	N/A	\$ 2.5067
1999	0.7100	0.3418	1.6000	N/A	2.6518
2000	0.7100	0.3657	1.6200	N/A	2.6957
2001	0.6975	0.3651	1.6481	\$ 0.0059	2.7166
2002	0.6975	0.3651	1.6668	0.0059	2.7353
2003	0.6750	0.3651	1.6810	0.0052	2.7263
2004	0.7350	0.3650	1.6640	0.0049	2.7689
2005	0.7050	0.3610	1.7400	0.0048	2.8108
2006	0.6750	0.3760	1.6685	0.0044	2.7239
2007	0.6550	0.4110	1.6685	0.0040	2.7385

TAX LEVIES

1998	\$ 1,834,081	\$ 16,347,669	\$ 8,270,610	N/A	\$ 26,452,360
1999	1,935,396	18,073,696	9,594,940	N/A	29,604,032
2000	2,014,124	22,104,217	10,277,393	N/A	34,395,734
2001	2,205,728	22,916,029	11,627,707	\$ 384,492	37,133,956
2002	2,301,414	24,320,022	12,144,052	405,245	39,170,733
2003	2,470,471	26,444,393	14,397,506	387,861	43,700,231
2004	2,939,169	28,192,313	16,059,655	392,997	47,584,134
2005	3,099,088	30,488,825	21,186,215	411,485	55,185,613
2006	3,388,414	32,087,011	23,687,766	414,547	59,577,738
2007	3,730,314	42,317,342	23,775,472	422,080	70,245,208

Tax rate limit, City: \$1.90

Is limitation by statute or constitution? Statute

Do they include debt service? Yes.

Tax due date: January 31

Discount allowed? Yes. October 31, 3%; November 30, 2%; December 31, 1%

Uncollected taxes:

1. Second notice mailed in May following due date.
2. Letter of intent to sue sent.
3. Tax suit filed.

Tax sale date: As ordered; not set by date.

Penalty and interest:

Month	Penalty	Interest	Total
February	6%	1%	7%
March	7%	2%	9%
April	8%	3%	11%
May	9%	4%	13%
June	10%	5%	15%
July	12%	6%	18%

15% attorney fee added after July 1

Source: Bell County Appraisal District

(1) Overlapping rates and levies are those of local and county governments that apply to property owners within the City of Belton. Not all overlapping rates and levies apply to all City of Belton property owners (e.g., the rates for special districts apply only to the proportion of the city's property owners whose property is located within the geographic boundaries of the special district).

City of Belton, Texas
Principal Property Taxpayers
September 30, 2007

Taxpayer	2007			1998		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Wal-Mart Real Estate Business Trust	\$ 15,649,291	1	2.75 %	\$ 2,598,033	6	1.02 %
TXU Electric Delivery Co.	8,720,125	2	1.53	4,325,775	3	1.70
Fleetwood Homes of Texas	7,569,686	3	1.33	3,825,756	4	1.50
Turtle Creek Investments	7,016,205	4	1.23	-		-
Chappell Hill Equity III Ltd	5,432,303	5	0.95	-		-
Southwestern Bell Telephone Co.	4,897,488	6	0.86	4,745,991	2	1.86
JSJ Seating Corporation	4,766,035	7	0.84	5,443,046	1	2.14
Custom Printing II Ltd	4,525,426	8	0.79	3,190,006	5	1.25
H.E.B. Grocery Co.	3,661,686	9	0.64	2,515,291	7	0.99
Tarco of Texas, Inc.	3,554,920	10	0.62	-		-
Oceanview Mobile Estate	-		-	1,930,931	9	0.76
BHC Cedar Crest RTC, Inc.	-		-	1,837,866	10	0.72
Lasermedics, Inc.	-		-	2,402,795	8	0.94
Totals	\$ 65,793,165		11.55 %	\$ 32,815,490		12.88 %

Source: Bell County Appraisal District

City of Belton, Texas
Property Tax Levies and Collections
 Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1998	\$ 1,834,081	\$ 1,795,144	97.88 %	\$ 14,958	\$ 1,810,102	98.69 %
1999	1,935,396	1,873,271	96.79	20,902	1,894,173	97.87
2000	2,014,124	1,949,762	96.80	55,641	2,005,403	99.57
2001	2,205,728	2,143,266	97.17	51,526	2,194,792	99.50
2002	2,301,414	2,230,104	96.90	52,254	2,282,358	99.17
2003	2,470,471	2,397,861	97.06	43,723	2,441,584	98.83
2004	2,939,169	2,879,699	97.98	54,236	2,933,935	99.82
2005	3,099,088	3,015,229	97.29	60,987	3,076,216	99.26
2006	3,388,414	3,300,813	97.41	43,048	3,343,861	98.69
2007	3,730,314	3,647,857	97.79	-	3,647,857	97.79

Source: Finance Department, City of Belton, Texas

City of Belton, Texas
Ratios of Outstanding Debt by Type
 Last Ten Fiscal Years

Fiscal Year	<u>Governmental Activities</u> General Obligation Bonds	<u>Business-Type Activities</u> Revenue Bonds	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
1998	\$ 3,490,810	6,168,975	\$ 9,659,785	3.00 %	\$ 670
1999	3,108,810	5,935,474	9,044,284	2.60	620
2000	3,002,332	5,473,800	8,476,132	2.36	580
2001	2,361,867	5,747,674	8,109,541	2.18	553
2002	1,891,535	5,198,148	7,089,683	1.88	482
2003	1,395,285	9,126,610	10,521,895	2.70	713
2004	3,086,300	8,389,775	11,476,075	2.66	757
2005	7,136,970	7,691,322	14,828,292	2.99	932
2006	6,793,600	6,941,827	13,735,427	2.52	858
2007	10,385,230	7,803,505	18,188,735	2.67	995

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

(1) See the Schedule of Demographic and Economic Statistics for personal income and population data.

City of Belton, Texas
Ratios of General Bonded Debt Outstanding
 Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value (1) of Property	Per Capita (2)
1998	\$ 3,490,810	281,214	\$ 3,209,596	1.26 %	\$ 223
1999	3,108,810	307,993	2,800,817	1.04	192
2000	3,002,332	136,906	2,865,426	1.01	196
2001	2,361,867	157,891	2,203,976	0.70	150
2002	1,891,535	164,641	1,726,894	0.52	117
2003	1,395,285	172,472	1,222,813	0.33	83
2004	3,086,300	45,184	3,041,116	0.76	201
2005	7,136,970	48,606	7,088,364	1.61	445
2006	6,793,600	57,334	6,736,266	1.34	421
2007	10,385,230	117,140	10,268,090	1.80	562

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

(1) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

(2) Population data can be found in the Schedule of Demographic and Economic Statistics.

City of Belton, Texas
Direct and Overlapping Governmental Activities Debt
General Obligation Bonds
September 30, 2007

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Direct:			
City of Belton	\$ <u>10,385,230</u> (1)	100.00 %	\$ <u>10,385,230</u>
Total direct	<u>10,385,230</u>		<u>10,385,230</u>
Overlapping:			
Development Corporation of Belton	1,603,265	100.00	1,603,265
Belton Independent School District	72,449,991	39.97	28,958,261
Bell County	<u>99,855,000</u>	5.53	<u>5,521,982</u>
Total overlapping	<u>173,908,256</u>		<u>36,083,508</u>
Total direct and overlapping debt	<u>\$ 184,293,486</u>		<u>\$ 46,468,738</u>

(1) Excluding general obligation bonds reported in the enterprise fund.

City of Belton, Texas
Computation of Maximum Debt Margin
September 30, 2007

The City of Belton has no legal debt limit established by its charter or ordinances. Article XI, Section 5, of the Texas Constitution is applicable to the City and limits the maximum ad valorem tax rate to \$2.50 per \$100 Assessed Valuation (for all City purposes). The City operates under a Home Rule Charter that limits its tax rate to \$1.90 per \$100 Assessed Valuation for all City purposes. Administratively, the Attorney General of the State of Texas will permit allocation of \$1.25 of the maximum tax rate for general obligation debt service.

Assessed value, FY 2007 tax roll	\$ 569,513,455
Limit on amount designated for debt service	<u>1.25%</u>
Legal debt limit	<u><u>\$ 7,118,918</u></u>
Actual amount expended for general obligation debt service during the year ended September 30, 2007	<u><u>\$ 616,945</u></u>

City of Belton, Texas
Pledged-Revenue Coverage
 Last Ten Fiscal Years

Fiscal Year	Gross Operating Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
1998	\$ 3,287,817	1,697,675	1,590,142	357,930	372,988	\$ 730,918	2.18
1999	3,229,554	1,883,197	1,346,357	439,161	289,137	728,298	1.85
2000	3,630,909	2,120,017	1,510,892	461,674	246,512	708,186	2.13
2001	3,392,699	2,173,398	1,219,301	476,126	276,791	752,917	1.62
2002	3,352,499	2,203,367	1,149,132	549,526	269,802	819,328	1.40
2003	3,703,295	2,267,085	1,436,210	458,537	326,074	784,611	1.83
2004	3,458,936	2,379,094	1,079,842	736,835	378,612	1,115,447	0.97
2005	3,856,715	2,242,446	1,614,269	725,390	337,237	1,062,627	1.52
2006	4,334,336	2,645,121	1,689,215	749,495	317,848	1,067,343	1.58
2007	4,104,743	2,874,206	1,230,537	558,322	295,083	853,405	1.44

Source: Finance Department, City of Belton, Texas

Note: Details regarding the government's outstanding debt can be found in the notes to the financial statements. Operating revenue includes investment earnings. Operating expenses do not include amortization or depreciation.

City of Belton, Texas
Waterworks and Sewer System Condensed Statement of Operations
September 30, 2007

	Fiscal Year			
	2000	2001	2002	2003
Revenue:				
Waterworks and Sewer System	\$ 3,421,385	\$ 3,180,869	\$ 3,279,823	\$ 3,598,358
Miscellaneous	25,264	37,059	12,028	17,340
Interest	184,260	174,771	60,648	87,597
Total	\$ 3,630,909	\$ 3,392,699	\$ 3,352,499	\$ 3,703,295
Expense:				
Waterworks and Sewer System (1)	\$ 2,120,017	\$ 2,173,398	\$ 2,203,367	\$ 2,267,085

(1) Excludes depreciation expense

Table XVI

2004	2005	2006	2007
\$ 3,363,939	\$ 3,714,215	\$ 4,166,704	\$ 3,962,341
23,573	18,852	23,558	23,356
71,424	123,648	144,074	119,046
\$ 3,458,936	\$ 3,856,715	\$ 4,334,336	\$ 4,104,743
\$ 2,379,094	\$ 2,242,446	\$ 2,645,121	\$ 2,874,206

City of Belton, Texas
Top Ten Water Customers

Customer	Customer Type	2007			1998		
		Annual Sales	Rank	Percentage of Total Sales	Annual Sales	Rank	Percentage of Total Sales
University of Mary Hardin Baylor	Higher Education	\$ 225,926	1	9.85 %	\$ 99,938	1	5.46 %
Bell County	County Government	137,536	2	6	52,526	4	2.87
Belton ISD	Public Education	109,745	3	4.79	54,873	3	3.00
Belton Housing Authority	Government Housing	99,498	4	4.34	67,655	2	3.70
College View Apartments	Multi-Family Housing	69,898	5	3.05	22,315	6	1.22
Montrose II Apartments	Multi-Family Housing	47,005	6	2.05	15,617	8	0.85
Turtle Creek Village	Multi-Family Housing	40,785	7	1.78	-	-	-
Garcar Properties, Inc.	Multi-Family Housing	32,127	8	1.4	-	-	-
Wal Mart Stores, Inc.	Retail Store	28,819	9	1.26	-	-	-
Bell County Expo Center	Exposition Center	27,540	10	1.2	24,160	5	1.32
Tarco of Texas, Inc.	Roofing Material	-	-	-	16,379	7	0.89
Chappell Oaks Apartments	Multi-Family Housing	-	-	-	10,938	9	0.60
Bell Village Apartments	Multi-Family Housing	-	-	-	10,649	10	0.58
Totals		<u>\$ 818,879</u>		<u>35.72 %</u>	<u>\$ 375,050</u>		<u>20.49 %</u>

Source: Finance Department, City of Belton, Texas

City of Belton, Texas
Demographic and Economic Statistics
 Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Income</u>	<u>Median Age #</u>	<u>School Enrollment *</u>	<u>Unemployment Rate **</u>
1998	14,423 @	\$ 322,166,551	\$ 22,337 **	19	6,410	4.2 %
1999	14,576 @	347,331,504	23,829 **	19	6,502	3.3
2000	14,623 #	359,901,276	24,612 **	28	6,600	3.1
2001	14,670 @	372,559,320	25,396 **	28	6,602	4.0
2002	14,717 @	376,475,577	25,581 **	28	6,726	5.0
2003	14,764 @	389,946,768	26,412 **	28	6,950	5.4
2004	15,159 !	431,182,596	28,444 **	28	7,171	4.4
2005	15,912 !	495,483,768	31,139 **	28	7,149	5.3
2006	16,000 @	545,429,515	34,089 @	28	7,994	5.3
2007	18,277 @	682,083,520	37,319 @	28	7,995	4.6

Data Sources:

* Belton Independent School District

** Texas Workforce Commission

@ City of Belton

U.S. Census Bureau

! Texas State Data Center

City of Belton, Texas
Principal Employers
 Current Year and Nine Years Ago

Employer	2007			1998		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Belton Independent School District	1,200	1	19.48 %	780	2	14.05 %
Bell County	1,003	2	16.28	800	1	14.41
University of Mary Hardin Baylor	570	3	9.25	195	7	3.51
Super Wal-Mart	373	4	6.06	100	10	1.80
Custom Printing	225	5	3.65	260	4	4.68
Fleetwood Homes of Texas	145	6	2.35	370	3	6.66
Cedar Crest Hospital & Clinic	145	6	2.35	-	-	-
Superior Chaircraft	140	8	2.27	220	5	3.96
City of Belton	134	9	2.18	110	9	1.98
Central Texas Council of Govt.	132	10	2.14	-	-	-
Odell Geer Construction	-	-	-	200	6	3.60
HEB Grocery	-	-	-	130	8	2.34
United Parcel Service	-	-	-	100	10	1.80
Total	4,067		66.01 %	3,265		58.79 %

Source: Belton Economic Development Corporation.

City of Belton, Texas
Full-time Equivalent City Government Employees by Function
 Last Ten Fiscal Years

Function	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General government	11	11	11	11	11	12	12	12	13	13
Public Safety										
Police										
Officers	23	23	24	24	24	24	24	27	27	28
Civilians	11	10	9	9	9	9	9	9	9	9
Fire										
Firefighters and officers	16	19	19	19	19	20	26	26	26	26
Civilians	1	1	1	1	1	1	1	1	1	1
Highways and streets	9	9	9	9	8	8	8	10	10	11
Development Services	4	4	4	4	4	4	4	5	5	5
Culture and recreation	11	11	11	12	12	12	12	12	13	16
Maintenance	6	6	6	6	7	6	6	6	6	6
Water and Sewer	17	17	17	17	17	19	20	20	20	19
Economic development	2	2	2	2	2	2	2	2	2	2
Total	111	113	113	114	114	117	124	130	132	136

Source: Finance Department, City of Belton, Texas

City of Belton, Texas
Operating Indicators by Function
 Last Ten Fiscal Years

Function	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Police				
Citations issued	4,954	5,290	8,656	10,443
Alarms responded to	562	630	763	737
Disturbance calls	733	1,304	609	958
Animal control citations issued	39	10	14	7
Fire				
Fires	238	198	204	188
Inspections	298	151	313	308
Investigations	82	6	10	14
Highways and streets				
Signs erected	144	190	131	153
Development Services				
Permits issued	1,006	778	838	1,127
Inspections	1,284	1,302	1,035	1,101
Abatement of junk vehicle	86	81	68	73
Abatement of weedy lots	80	111	100	87
Dilapidated structures	4	10	7	4
Culture and recreation				
Library circulation	30,121	30,700	32,574	31,828
Maintenance				
Work orders completed	NC	2,019	1,909	1,343
Water				
New connections	199	45	50	68
Water main breaks	34	19	17	20
Average daily water consumption (millions of gallons)	2.19	3.64	2.09	1.72
Sewer				
Average daily sewage treatment (millions of gallons)	1.64	1.59	1.44	1.9

Sources: Various city departments.

Note: Indicators are not available for the general government, refuse collection, and economic development functions.

NC: Not collected

Table XXI

2002	2003	2004	2005	2006	2007
8,500	9,800	6,766	5,288	3,412	4,307
757	765	600	695	651	898
1,046	1,100	488	429	575	640
16	7	10	-	-	-
194	150	114	182	200	123
206	169	268	420	329	460
15	8	5	12	17	28
95	187	100	149	65	90
973	1,157	1,070	1,515	1,585	1,413
1,226	2,074	1,561	1,735	1,905	2,848
168	164	200	300	300	384
152	234	325	500	500	1,651
11	25	40	25	25	30
30,929	31,931	52,423	43,306	43,132	38,878
1,509	1,654	1,495	1,025	980	1,390
77	109	69	133	214	159
19	20	12	12	15	6
2.01	2.01	2.01	1.66	1.31	1.61
1.65	1.65	1.62	1.64	1.04	1.56

City of Belton, Texas
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Public safety				
Police:				
Stations	1	1	1	1
Substations	-	-	-	-
Patrol units	9	9	9	9
Fire stations	1	1	1	1
Highways and streets				
Streets (miles)	96	96	96	96
Culture and recreation				
Parks acreage	121.69	121.69	121.69	137.58
Playgrounds	5	5	7	5
Ball fields	13	13	13	15
Sports courts	-	-	-	8
Pavilions	-	-	-	5
Amphitheaters	-	-	-	1
Trails (miles)	-	-	-	1.95
Water				
Service Connections	4,160	4,188	4,295	4,308
Water mains (miles)	93	93	100	100
Water pump stations	1	1	1	2
Fire hydrants	569	573	581	610
Plant Capacity	6.57	6.57	6.57	6.57
(millions of gallons)				
Sewer				
Service Connections	3,355	3,366	3,454	3,513
Sanitary sewers (miles)	90.5	90.5	90.5	90.5
Number of lift stations	16	17	17	18
Treatment plant capacity	2.5	2.5	2.5	2.5
(millions of gallons)				

Sources: Various city departments.

Note: No capital asset indicators are available for the general government, refuse collection, development services, maintenance, and economic development functions.

Table XXII

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
1	1	1	1	1	1
-	-	1	1	1	1
9	12	12	12	12	12
1	1	2	2	2	2
96	96	96	101	103	115
137.58	156.9	168.7	168.7	175.2	177
5	8	13	13	13	14
15	13	13	13	13	14
8	8	8	8	8	8
5	5	5	5	5	6
1	1	1	1	1	1
1.95	1.95	2.2	2.2	2.2	3.5
4,368	4,472	4,532	4,665	4,879	5,038
100	102	104	106	108.5	112
2	2	2	2	2	2
612	614	617	656	684	702
6.57	6.57	6.57	6.57	6.57	6.57
3,556	3,634	3,689	3,797	3,895	4,016
90.5	91	92	102	103	103
18	18	18	18	18	17
2.5	2.5	2.5	2.5	2.5	2.5

