

City of Belton, Texas



*Comprehensive Annual Financial Report
For the Fiscal Year Ended
September 30, 2012*

On the Cover:

Old Glory flies over Patriot Plaza in downtown Belton, Texas.

Photo by Cristy Daniell

City of Belton, Texas

Comprehensive Annual Financial Report

For the Fiscal Year Ended September 30, 2012

Prepared by:

Finance Department

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City of Belton Texas

Year Ended September 30, 2012

Table of Contents

	<u>Exhibit/Table</u>	<u>Page Number</u>
Introductory Section		
Letter of Transmittal		i – v
Organization Chart		vi
Principal Officials		vii
GFOA Certificate of Achievement for Excellence In Financial Reporting		viii
Financial Section		
Independent Auditor’s Report		1
Management’s Discussion and Analysis		3
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Assets	A – 1	17
Statement of Activities	A – 2	18
Fund Financial Statements:		
Balance Sheet – Governmental Funds	A – 3	20
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	A – 4	21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	A – 5	22
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budgetary Basis - General Fund	A – 6	23
Statement of Net Assets – Proprietary Funds	A – 7	25

City of Belton Texas

Year Ended September 30, 2012

Table of Contents

	<u>Exhibit/Table</u>	<u>Page Number</u>
Financial Section (continued)		
Basic Financial Statements: (continued)		
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds	A – 8	26
Statement of Cash Flows – Proprietary Funds	A – 9	27
Notes to Financial Statements		29
Combining and Individual Fund Statements and Schedules:		
Nonmajor Governmental Funds:		
Combining Balance Sheet – Nonmajor Governmental Funds	B – 1	64
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds	B – 2	66
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Budgetary Basis – Hotel/Motel Tax Fund	B – 3	68
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Budgetary Basis – Debt Service Fund	B – 4	69
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Budgetary Basis – TIRZ Fund	B – 5	70
Enterprise Funds:		
Schedule of Revenue and Expenses – Budget and Actual – Budgetary Basis – Water and Sewer Fund	C – 1	72
Schedule of Expenses by Department – Budget and Actual – Budgetary Basis – Water and Sewer Fund	C – 2	73

City of Belton Texas

Year Ended September 30, 2012

Table of Contents

	<u>Exhibit/Table</u>	<u>Page Number</u>
Financial Section (continued)		
Combining and Individual Fund Statements and Schedules: (continued)		
Enterprise Funds: (continued)		
Schedule of Cash Receipts and Disbursements of Restricted Cash and Cash Equivalents for Project Construction – Water and Sewer Fund	C – 3	74
Schedule of Revenue and Expenses – Budget and Actual – Budgetary Basis - Drainage Fund	C – 4	75
Schedule of Cash Receipts and Disbursements of Restricted Cash and Cash Equivalents for Project Construction – Drainage Fund	C – 5	76
Statistical Section		
Net Assets by Component	I	78
Changes in Net Assets	II	80
Fund Balances of Governmental Funds	III	84
Changes in Fund Balances of Governmental Funds	IV	86
General Governmental Tax Revenues by Source	V	89
Assessed Value and Estimated Actual Value of Taxable Property	VI	90
Property Tax Rates and Tax Levies – Direct and Overlapping Governments	VII	91
Principal Property Taxpayers	VIII	92
Property Tax Levies and Collections	IX	93

City of Belton Texas

Year Ended September 30, 2012

Table of Contents

	<u>Exhibit/Table</u>	<u>Page Number</u>
Statistical Section (continued)		
Ratios of Outstanding Debt by Type	X	94
Ratios of General Bonded Debt Outstanding	XI	95
Direct and Overlapping Governmental Activities Debt – General Obligation Bonds	XII	96
Computation of Maximum Debt Margin	XIII	97
Pledged Revenue Coverage	XIV	99
Water and Sewer System Condensed Statement of Operations	XV	100
Top Ten Water Customers	XVI	102
Demographic and Economic Statistics	XVII	104
Principal Employers	XVIII	105
Full-Time Equivalent City Government Employees by Function	XIX	107
Operating Indicators by Function	XX	108
Capital Asset Statistics by Function	XXI	110



City of Belton

~ *Founded 1850* ~

March 8, 2013

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 of Belton (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, 2012.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Jaynes, Reitmeier, Boyd & Therrell, P.C., Certified Public Accountants, have issued an unqualified (“clean”) opinion on the City of Belton’s financial statements for the year ended September 30, 2012. The independent auditor’s report is located at the front of the financial section of this report.

Management’s discussion and analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

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 19.76 square miles and serves an estimated population of 18,981. 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. These lakes offer excellent fishing, camping, and water sports with 168 miles of shoreline.

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, construction and maintenance of streets, roads and other infrastructure, solid waste collection, planning and zoning, parks operation and maintenance, library services, and administrative services necessary to serve the citizens of our community. Water, sewer, and drainage 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 as part of the basic financial statement for the governmental funds. For other governmental funds with appropriated annual budgets, this comparison is presented in the governmental funds subsection of this report.

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. Major industries with headquarters or divisions located within the City include manufacturers of fiberglass tanks and vessels, IT services, construction contractors, and advertising novelties. Belton Independent School District (BISD) is the largest employer in the City, with 1,400 employees. Bell County is also a major economic presence in the City, providing 1,072 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 2,800 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. And, while the national economy is struggling, the City's current economic environment has remained stable and indicators such as increased tax appraisal values and local sales tax receipts point to continued stability.

In May 2012, Forbes Magazine announced that the Killeen/Temple/Ft. Hood metropolitan statistical area ranked number 43rd in the nation on their "Best Cities for Jobs" list based on employment data from the Bureau of Labor Statistics, recent growth trends, mid and long-term growth trends, and momentum. In fiscal year 2011, the Belton Economic Development Corporation expanded Arbor Drive through the Belton Business Park, opening up additional areas for development and job opportunity. In June 2012, the Belton Economic Development Corporation approved a contract with Scott & White Healthcare for 3.68 acres in the Belton Business Park for a future 7,644 square foot Pediatric Clinic and a 14,406 square foot Family Practice Clinic. The contract provides that the BEDC will design and construct a storm water detention pond and a waterline to serve both clinics and adjoining property owners. The sale will be finalized in the Fall of 2012 and construction is anticipated to commence on these projects totaling \$1.5 million and \$2.7 million respectively.

HEB Grocery Company, a privately held supermarket chain based in San Antonio, Texas, opened a new HEB Plus store in Belton in the Fall of 2011. This flag-ship store is 117,000 square feet, which is about four times larger than former HEB store in Belton. The new store created an additional 160 jobs and employs a total of 285 people. The HEB Plus includes a pharmacy, bakery, fish market, florist, dine-in deli, entertainment/electronics department, and a 7,000 square foot fresh produce section. Additional facility features include a ten-pump gas station and car wash, and lease space both inside the store and in adjacent buildings for third-party businesses.

CGI, Inc., an international information technology management and business process services company with over 125 offices worldwide, constructed a \$5 million facility and created 102 jobs

in Belton in 2012. CGI will bring a total of 350-400 professional level jobs to the area with an estimated local economic impact of over \$60 million by 2016.

Associated Supply Company, Inc. (ASCO), a Lubbock, Texas-based equipment dealership and rental company, opened an 11,000 square foot facility in Belton in February of 2012 creating twelve jobs. ASCO Equipment represents Case, Caterpillar, Bobcat, and several other well-known and respected lines of construction machinery, material handling equipment, forklifts, wheel loaders, and contractor supplies.

The Grand Avenue Theatre, a 1,200-seat movie theater, opened its doors in May 2012 and created 45 jobs in Belton. This \$4 million theater complex has six screens, “Soda-Jerk” café with a full service kitchen, ice cream parlor, and snack bar.

The University of Mary Hardin Baylor broke ground on a new 10,000 seat football stadium and adjoining state-of-the-art student union building in February 2012. The facilities are located adjacent to the Mayborn Center and nearby intramural fields to create a “student activity zone” surrounded by student residence halls and apartments. The student union building includes resident dining, grill, sports bar, Starbucks, Chick-Fil-A, social areas, bookstore, offices, new band hall, meeting areas, and banquet hall. This \$50 million project is scheduled for completion in the Fall of 2013.

Long-term financial planning. In 2007 and 2008, the City took the opportunity to issue additional bonds without a tax or rate increase. This was made possible by growth in the tax base and retirement of outstanding debt. In fiscal year 2007, \$5.365 million in contractual obligations were issued to fund the 2007 City Improvement Plan (CIP) program providing funding for:

General Fund	\$2,230,000
Water & Sewer	\$1,420,000
TIRZ	\$1,715,000

Work on these projects began in early fiscal year 2008, and the last of these projects is expected to be completed in fiscal year 2013.

In fiscal year 2008, the City issued \$2 million in contractual obligations. These funds were used to fund the Avenue D and Loop 121 wastewater projects, which included streets, drainage, and utilities related to the site of the new South Belton Middle School in the area. This important CIP project was substantially completed in fiscal year 2011; however, cost savings on all project components will allow the construction of other eligible priority infrastructure projects.

Streets	\$1,485,000
Water & Sewer	\$ 180,000
Drainage	\$ 335,000

A CIP Committee is being formed to evaluate the capital needs of the City for a potential November 2013 bond election. A CIP committee, which has only been created three times in the

past thirteen years, is generally tasked with reviewing infrastructure or large equipment needs to enhance services for all citizens within the City.

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, 2011. This was the twenty-sixth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish 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, 2011. 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 twentieth 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,



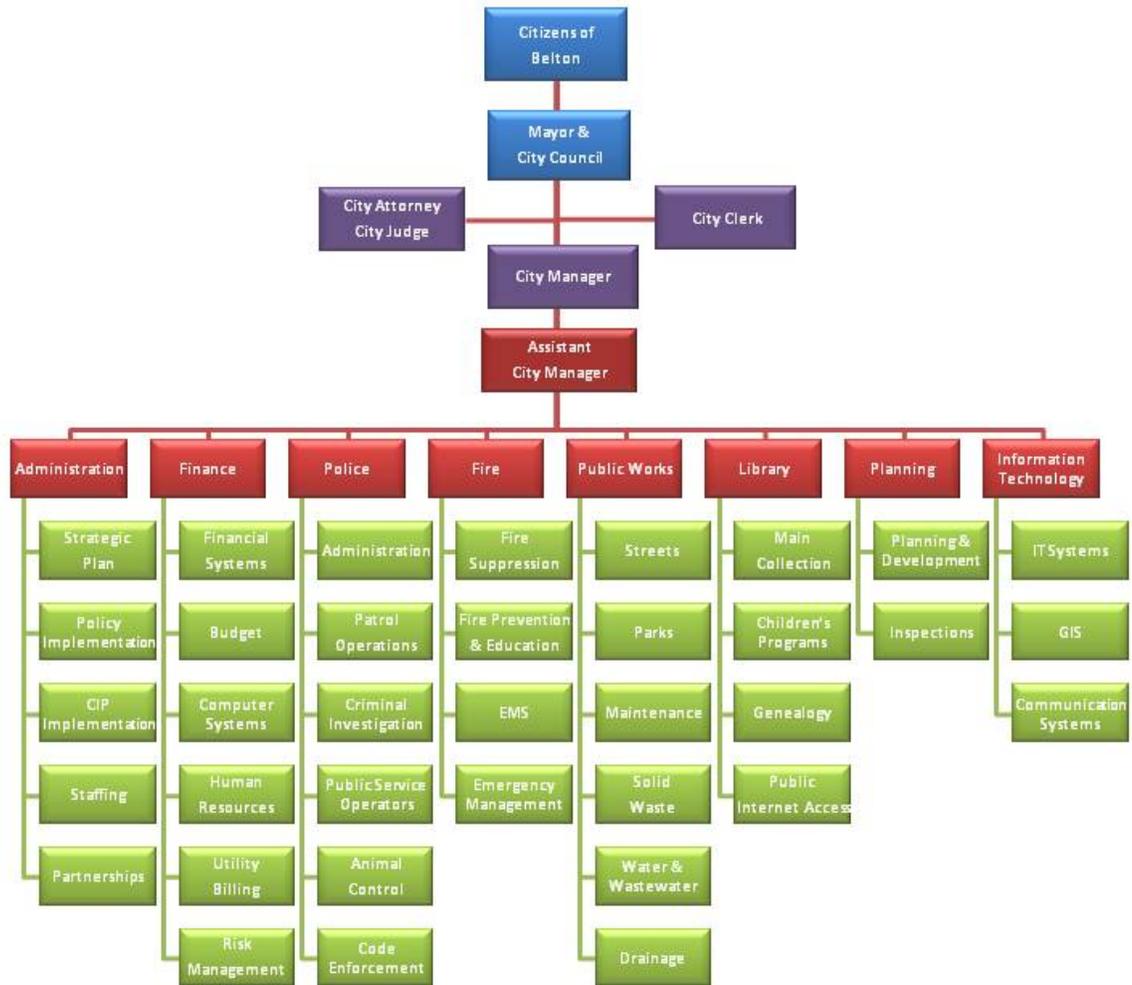
Cristy Daniell, CPA
Assistant City Manager
Finance Director



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 10, 2014
Marion Grayson, Mayor Pro Tem	May 10, 2014
John Agan	May 10, 2014
Clifton Peters	May 11, 2013
David K. Leigh	May 11, 2013
Craig Pearson	May 11, 2013
Wayne Carpenter	May 11, 2013

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 Judge	Steve Lee	October 9, 2007
City Clerk	Connie Torres	September 9, 1991
Asst. City Manager/Finance Director	Cristy Daniell	February 17, 1992
Fire Chief	Francisco Corona	February 28, 2012
Police Chief	Gene Ellis	April 20, 2009
Director of Public Works	Les Hallbauer	May 1, 2002
Library Director	Kim Kroll	October 2, 2000
Planning Director	Erin Newcomer	March 26, 2012
Economic Development Corp. Director	Cynthia Hernandez	September 28, 2011
Human Resources Director	Charlotte Walker	October 1, 2010
IT Director	Denny Lassetter	November 15, 2010
Recreation / Events Director	Sandy Slade	October 1, 2010

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, 2011

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.



Christopher P. Mouill

President

Jeffrey R. Emsw

Executive Director



Independent Auditors' Report

The Honorable Mayor
and Members of the City Council
City of 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, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Belton, Texas as of September 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2013 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing

of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

March 8, 2013

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, 2012. 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.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$45,865,783 (*net assets*). Of this amount, \$13,224,763 (*unrestricted net assets*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's net assets increased by \$728,970. This increase is attributable to \$1,445,432 in capital grants and contributions from third parties, including developers and grant agencies.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$9,526,871. Of this total amount, \$4,538,658 (47.64 percent) is *available for spending* at the City's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$4,538,665, or 44.96 percent of total general fund expenditures.
- The City's total debt decreased by \$1,025,120 (6.07 percent) during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements 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, planning, culture and recreation, solid waste collection, economic development, and maintenance. The business-type activities of the City include a water and sewer utility and a drainage 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 17 - 19 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 twenty-two 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 and the Debt Service Fund, both 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 basic governmental funds financial statements can be found on pages 20 - 22 of 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, found on pages 23 - 24 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 enterprise funds to account for its water and sewer utility and for its drainage 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 and for the Drainage Fund, both of which are considered to be major funds of the City.

The basic proprietary fund financial statements can be found on pages 25-27 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 29-58 of this report.

Other information. 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 64-76 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 \$45,865,783 at the close of the most recent fiscal year.

City of Belton Statement of Net Assets

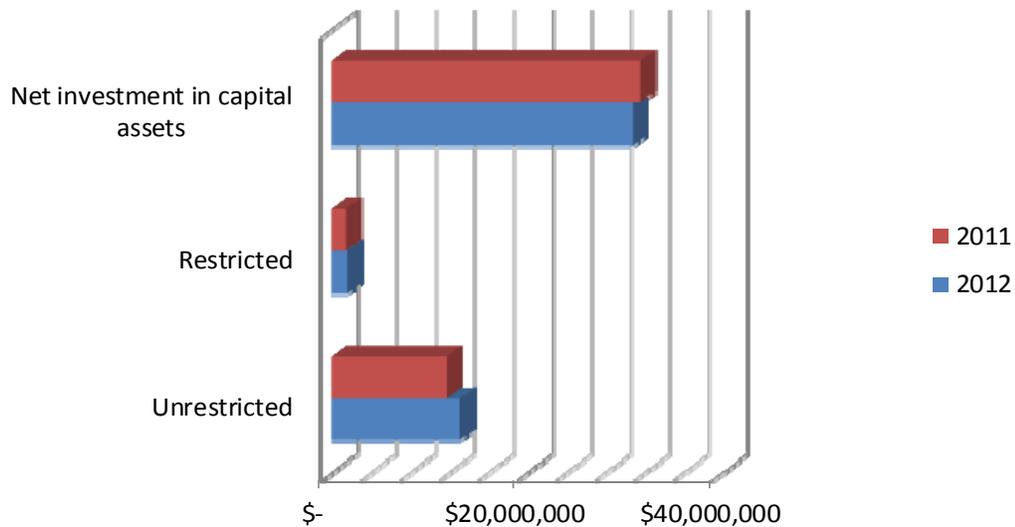
	Governmental Activities		Business-Type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 10,665,779	\$ 10,638,793	\$ 6,974,035	\$ 6,348,849	\$ 17,639,814	\$ 16,987,642
Capital assets	23,022,827	23,593,159	22,263,216	23,029,180	45,286,043	46,622,339
Total assets	33,688,606	34,231,952	29,237,251	29,378,029	62,925,857	63,609,981
Long-term liabilities						
outstanding	9,712,370	10,202,170	6,145,000	6,680,320	15,857,370	16,882,490
Other liabilities	756,247	1,095,604	446,457	495,074	1,202,704	1,590,678
Total liabilities	10,468,617	11,297,774	6,591,457	7,175,394	17,060,074	18,473,168
Net assets:						
Invested in capital assets,						
net of related debt	14,506,537	14,748,004	16,439,528	16,962,666	30,946,065	31,710,670
Restricted	1,661,938	1,340,467	33,017	231,106	1,694,955	1,571,573
Unrestricted	7,051,514	6,845,707	6,173,249	5,008,863	13,224,763	11,854,570
Total net assets	\$ 23,219,989	\$ 22,934,178	\$ 22,645,794	\$ 22,202,635	\$ 45,865,783	\$ 45,136,813

By far the largest portion of the City's net assets (\$30,946,065 or 67.47 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 a variety of services to its 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 (\$1,694,955 or 3.7 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$13,224,763 or 28.83 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 reported 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.

Net Assets - Government Wide



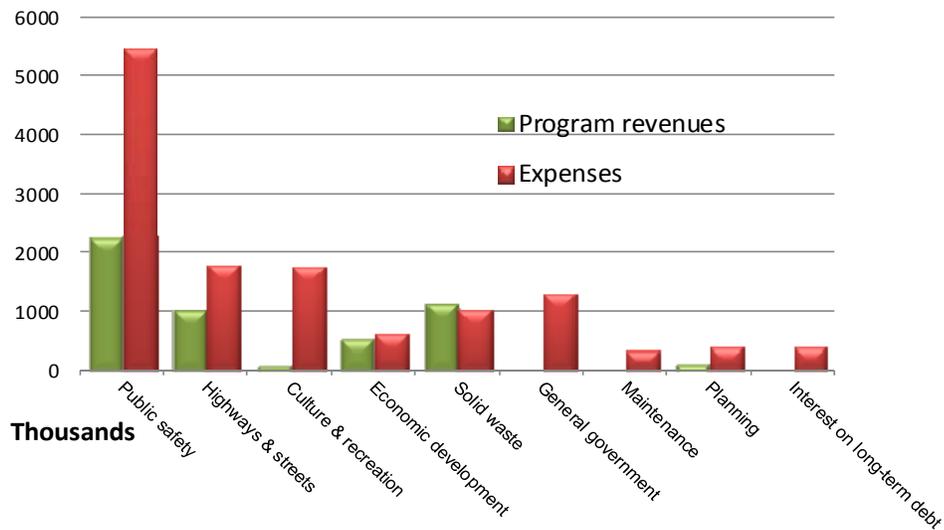
The City's net assets increased \$728,970 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental and business-type activities.

City of Belton's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2010
Revenues:						
Program revenues:						
Charges for services	\$ 2,918,470	\$ 2,552,436	\$ 6,182,281	\$ 6,384,100	\$ 9,100,751	\$ 8,936,536
Operating grants and contributions	640,097	829,734	-	-	640,097	829,734
Capital grants and contributions	805,335	1,864,243	377,895	730,798	1,183,230	2,595,041
General revenues:						
Property taxes	4,954,391	4,791,388	-	-	4,954,391	4,791,388
Sales taxes	2,763,063	2,323,032	-	-	2,763,063	2,323,032
Franchise taxes	1,062,958	1,110,063	-	-	1,062,958	1,110,063
Other taxes	180,670	183,136	-	-	180,670	183,136
Investment earnings	12,431	14,386	6,362	6,684	18,793	21,070
Gain (loss) on sale of assets	(20,815)	3,833	-	10,286	(20,815)	14,119
Other income	102,342	229,790	-	1,316	102,342	231,106
Total revenues	13,418,942	13,902,041	6,566,538	7,133,184	19,985,480	21,035,225
Expenses:						
General government	1,384,187	1,312,897	-	-	1,384,187	1,312,897
Public safety	5,625,533	5,513,342	-	-	5,625,533	5,513,342
Highways and streets	1,878,313	1,786,877	-	-	1,878,313	1,786,877
Planning	340,545	416,266	-	-	340,545	416,266
Culture and recreation	1,940,672	1,779,825	-	-	1,940,672	1,779,825
Solid waste	992,345	1,024,826	-	-	992,345	1,024,826
Economic development	456,987	609,974	-	-	456,987	609,974
Maintenance	448,480	343,480	-	-	448,480	343,480
Interest on long-term debt	394,913	415,624	-	-	394,913	415,624
Water and sewer	-	-	5,586,624	5,405,274	5,586,624	5,405,274
Drainage	-	-	207,911	167,411	207,911	167,411
Total expenses	13,461,975	13,203,111	5,794,535	5,572,685	19,256,510	18,775,796
Changes in net assets before transfers	(43,033)	698,930	772,003	1,560,499	728,970	2,259,429
Transfers	328,844	1,081,636	(328,844)	(1,081,636)	-	-
Changes in net assets	285,811	1,780,566	443,159	478,863	728,970	2,259,429
Net assets - October 1	22,934,178	21,153,612	22,202,635	21,723,772	45,136,813	42,877,384
Net assets - September 30	\$ 23,219,989	\$ 22,934,178	\$ 22,645,794	\$ 22,202,635	\$ 45,865,783	\$ 45,136,813

Governmental activities. During the current fiscal year, net assets for governmental activities increased \$285,811 from the prior fiscal year for an ending balance of \$23,219,989. This increase was the result of higher than expected sales tax and ambulance revenues.

Expenses and Program Revenues – Governmental Activities



Business-type activities. Business-type activities increased the City’s net assets by \$443,159. Key elements of this increase are as follows:

- Charges for business-type activities totaled \$6,182,281, a decrease of \$201,819 or 3.16 percent from the prior year. These charges are generated from water and sewer utility fees and storm water drainage fees. This decrease is a result of a retraction from the record water sales that occurred in fiscal year 2011 due to a severe drought.
- The water and sewer utility and the drainage utility received capital contributions of \$377,895 from developers and from the economic development corporation.
- Investment earnings amounted to \$6,362.

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, *unassigned 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 \$9,526,871. Approximately 47.64 percent (\$4,538,658) of this total amount constitutes *unassigned fund balance*, which is available for spending at the City’s discretion.

The remainder of fund balance is *non-spendable, restricted, committed, or assigned* to indicate that it is not available for discretionary spending because it has already been:

- 1) restricted to pay for:
 - a. debt service (\$269,913);
 - b. public, educational, or governmental access facilities (\$124,571);
 - c. public safety training, equipment, and security facilities (\$224,270);
 - d. cemetery maintenance and improvements (\$3,077); and
 - e. capital projects and economic development (\$1,531,327).

- 2) committed to pay for capital projects and economic development (\$460,465).

- 3) assigned to pay for:
 - a. future civil service costs (\$711,366);
 - b. library books and park facilities (\$12,668); and
 - c. capital projects and equipment (\$1,644,454).

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$4,538,665, while total fund balance amounted to \$5,439,804. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 44.96 percent of total General Fund expenditures, while total fund balance represents 53.88 percent of that same amount.

During the current fiscal year, the fund balance of the City's General Fund increased by \$655,862. Key factors in this growth are:

- Ad valorem property tax revenues increased by \$143,267. Assessed values rose \$23.32 million from the prior year. New properties and improvements added \$26.6 million to the tax role which was partially offset by decreases in the values of existing properties and exemptions;
- Sales tax receipts rose by \$440,031 despite the sluggish national economy. This was the twenty-third consecutive year of increases in sales tax revenues;
- Charges for services increased by \$141,096, primarily due to increased ambulance runs and related revenues, and increased solid waste billings;
- Franchise revenues decreased \$47,105. Franchise taxes are paid by utility companies as a percentage of their gross receipts collected from customers within the City;
- Interest earnings decreased \$1,076 due to the continued decline of interest rates;
- Intergovernmental receipts decreased by \$18,339 due to a five-year declining fire fighter manpower grant;
- Construction related licenses and permits increased by \$40,814 as building activity and related permits have been on the rise;
- Court fines and fees increased \$45,281 from the prior year;
- Increases in revenues were partially offset by increased personnel costs which increased \$172,307 from the prior year; and
- The transfer of \$375,000 to capital project funds for the Public Works facility project.

The Debt Service Fund has a total fund balance of \$269,913, all of which is restricted for the payment of debt service. Fund balance did not change significantly from the prior year.

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

Unrestricted net assets of the Water and Sewer Fund at the end of the year amounted to \$5,813,288, and those for the drainage fund amounted to \$359,961. The combined growth in net assets for both funds was \$443,159. Other factors concerning the finances of these funds have already been addressed in the discussion of the City’s business-type activities.

General Fund Budgetary Highlights

Original Budget compared to final budget. Differences between the original budget and the final amended budget amounted to a \$518,033 increase in appropriations, and can be briefly summarized as follows:

- \$375,000 for the new public works maintenance facility;
- \$54,200 for planning services;
- \$24,500 for public safety equipment funded through federal grants;
- \$17,448 for increased solid waste collection contractor fees;
- \$28,000 for increase in incarceration costs due to warrant roundup; and
- \$18,885 for vehicular repairs funded by insurance proceeds.

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

Final budget compared to actual results. The most significant differences between estimated revenues and actual revenues were as follows:

<u>Revenue Source</u>	<u>Estimated Revenues</u>	<u>Actual Revenues</u>	<u>Difference</u>
Taxes	\$ 7,183,774	\$ 7,599,304	\$ 415,530
Charges for services	2,220,930	2,363,864	142,934

The overages in these revenue sources were caused by strong sales tax collections that surpassed budget expectations in the current economic climate. Charges for services is the classification used to report ambulance revenue which was conservatively estimated at the fiscal year 2011 level as there were no rate increases. However, EMS calls for service have increased, thereby increasing revenue.

A review of actual expenditures compared to appropriations in the final budget shows no significant variances.

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, 2012, amounts to \$45,286,043 (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 decrease in the City's investment in capital assets for the current fiscal year was 2.87 percent (a 2.42 percent decrease for governmental activities and a 3.33 percent decrease for business-type activities).

	Governmental Activities		Business-Type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Land	\$ 2,252,974	\$ 2,324,867	\$ 187,270	\$ 170,344	\$ 2,440,244	\$ 2,495,211
Buildings	3,619,972	3,141,473	11,730	12,432	3,631,702	3,153,905
Improvements other than buildings	1,469,110	1,514,052	-	-	1,469,110	1,514,052
Machinery and equipment	1,518,247	1,769,537	471,678	451,236	1,989,925	2,220,773
Infrastructure	13,158,985	12,997,026	20,676,342	21,340,705	33,835,327	34,337,731
Construction in progress	1,003,539	1,846,204	916,196	1,054,463	1,919,735	2,900,667
Total	\$ 23,022,827	\$ 23,593,159	\$ 22,263,216	\$ 23,029,180	\$ 45,286,043	\$ 46,622,339

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

- Work was completed on:
 - Commerce Drive extension;
 - Harris Center repairs;
 - Public Works Center;
 - West FM 93 sewer project;
 - Auction Barn Road sewer project;
 - Miller Heights CDBG sewer project; and
 - Oak View drainage project.

- Work began/continued on:
 - Patriot Plaza;
 - Pedestrian & Bike Trail extension;
 - 9th Avenue extension;
 - Safe Routes to School project;
 - UMHB wastewater project;
 - TBRSS expansion; and
 - IH-35 utility relocations.

Additional information on the City's capital assets can be found in Note V on pages 44-47 of this report.

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$15,333,822, all of which is backed by the full faith and credit of the City. In addition, \$6,055,767 of this amount is also backed with a water and sewer revenue pledge and a storm water drainage revenue pledge.

City of Belton's Outstanding Debt

General Obligation and Revenue Bonds

	Governmental Activities		Business-Type Activities		Totals	
	2012	2011	2012	2011	2012	2011
General obligation bonds	\$ 9,278,055	\$ 9,842,113	-	-	\$ 9,278,055	\$ 9,842,113
Revenue bonds with tax cross-pledge	-	-	6,055,767	6,554,324	6,055,767	6,554,324
Total	<u>\$ 9,278,055</u>	<u>\$ 9,842,113</u>	<u>\$ 6,055,767</u>	<u>\$ 6,554,324</u>	<u>\$ 15,333,822</u>	<u>\$ 16,396,437</u>

During the current fiscal year, the City's total bonded debt decreased by \$1,062,615 (6.48 percent). The City maintains an "AA-" rating from Standard & Poor's for general obligation debt.

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 fiscal year 2012 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 48 - 51 of this report.

Economic Factors and Next Year's Budget and Rates

Despite the sluggish national economy, the local economy has remained stable and is even experiencing some mild growth as evidenced by construction activity. Residential home starts continue and local foreclosures are not the problem experienced in other areas of the country. Several large projects are underway, including a new Scott & White Pediatric Clinic, a Family Practice Clinic, and a new UMHB football stadium with adjoining student union building. Meanwhile, the City continues to make infrastructure improvements and conduct master planning which will position the City for future expansion.

Growth does create new challenges which must be addressed, and the Strategic Plan provides a framework for the future. Meeting these challenges takes the vision of the Council to guide the Strategic Plan, financial resources to fund the Plan, and a management team and staff to implement the Plan. The Belton City Council, management, and staff remain dedicated to the purposes of planning and providing for the future of the City.

The fiscal year 2013 budget was based on sustaining operating levels, while meeting the demands created by growth and the sagging national economy. The ad valorem tax rate was raised from \$0.6540 to the effective rate of \$0.6598 per \$100 of assessed valuation to fund increases in recurring expenditure obligations. Planned water and sewer rate increases have been

deferred, in order to benefit ratepayers during the economic downturn. Improvements to be funded from these rate increases were also deferred and, while still necessary in the future, their deferral will not immediately impact service. Department budgets were developed with a no growth directive in order to maintain operations with little or no growth in revenues.

The City Council has stipulated that the General Fund maintain three months of operating expenditures as a minimum of undesignated reserves, which currently equates to \$2.8 million. At the end of fiscal year 2012, unassigned fund balance in the General Fund is \$4,538,665. It is intended that the available fund balance beyond the minimum be used for non-recurring capital outlay and projects, and not for financing of on-going operational costs. For fiscal year 2013, fund balance in all budgeted funds is projected to remain at adequate levels to provide for unexpected decreases in revenues plus extraordinary unbudgeted expenditures.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all interested parties. 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, 2012

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Belton Economic Development Corporation, Inc.
Assets				
Cash and cash equivalents	\$ 8,612,372	5,546,861	14,159,233	2,610,713
Receivables (net of allowance for uncollectibles)	1,418,420	952,668	2,371,088	235,330
Due from other governments	535,115	356,779	891,894	-
Prepaid items	6,102	2,900	9,002	-
Restricted cash and cash equivalents	-	65,217	65,217	-
Deferred charges	93,770	49,610	143,380	12,220
Capital assets not being depreciated:				-
Land	2,252,974	187,270	2,440,244	517,540
Construction in progress	1,003,539	916,196	1,919,735	128,232
Capital assets, net of accumulated depreciation:				
Buildings	3,619,972	11,730	3,631,702	1,184,055
Improvements other than buildings	1,469,110	-	1,469,110	-
Machinery and equipment	1,518,247	471,678	1,989,925	-
Infrastructure	13,158,985	20,676,342	33,835,327	1,681,348
Total assets	33,688,606	29,237,251	62,925,857	6,369,438
Liabilities				
Accounts and retainages payable	566,144	234,708	800,852	1,037,460
Accrued interest payable	61,127	45,026	106,153	3,082
Other accrued liabilities	115,951	24,568	140,519	2,620
Customer deposits payable	13,025	142,155	155,180	10,720
Noncurrent liabilities:				
Due within one year	896,831	589,389	1,486,220	137,350
Due in more than one year	8,815,539	5,555,611	14,371,150	518,650
Total liabilities	10,468,617	6,591,457	17,060,074	1,709,882
Net assets				
Invested in capital assets, net of related debt	14,506,537	16,439,528	30,946,065	2,855,175
Restricted for:				
Debt service	299,104	-	299,104	-
Economic development	637,476	-	637,476	-
Court	23,280	-	23,280	-
Public safety	200,990	-	200,990	-
Public access facilities	124,571	-	124,571	-
Cemetery	3,077	-	3,077	-
Capital projects and equipment	373,440	33,017	406,457	-
Unrestricted	7,051,514	6,173,249	13,224,763	1,804,381
Total net assets	\$ 23,219,989	22,645,794	45,865,783	4,659,556

See accompanying notes to financial statements.

City of Belton, Texas
Statement of Activities
For the Fiscal Year Ended
September 30, 2012

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 1,384,187	-	14,000	-
Public safety	5,625,533	1,544,949	356,212	25,811
Highways and streets	1,878,313	-	-	538,710
Planning	340,545	163,410	-	-
Culture and recreation	1,940,672	43,835	13,699	146,468
Solid waste	992,345	1,166,276	-	-
Economic development	456,987	-	256,186	94,346
Maintenance	448,480	-	-	-
Interest on long-term debt	394,913	-	-	-
Total governmental activities	<u>13,461,975</u>	<u>2,918,470</u>	<u>640,097</u>	<u>805,335</u>
Business-type activities:				
Water and sewer	5,586,624	5,833,008	-	377,895
Drainage	207,911	349,273	-	-
Total business-type activities	<u>5,794,535</u>	<u>6,182,281</u>	<u>-</u>	<u>377,895</u>
Total primary government	<u>\$ 19,256,510</u>	<u>9,100,751</u>	<u>640,097</u>	<u>1,183,230</u>
Component unit:				
Belton Economic Development Corporation, Inc.				
Development Corporation, Inc.	\$ 1,857,036	103,173	-	-
Total component unit	<u>\$ 1,857,036</u>	<u>103,173</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 Revenues (Expenses) and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Belton Economic Development Corporation, Inc.
(1,370,187)		(1,370,187)	
(3,698,561)		(3,698,561)	
(1,339,603)		(1,339,603)	
(177,135)		(177,135)	
(1,736,670)		(1,736,670)	
173,931		173,931	
(106,455)		(106,455)	
(448,480)		(448,480)	
(394,913)		(394,913)	
<u>(9,098,073)</u>		<u>(9,098,073)</u>	
-	624,279	624,279	
-	141,362	141,362	
-	765,641	765,641	
<u>(9,098,073)</u>	<u>765,641</u>	<u>(8,332,432)</u>	
			\$ <u>(1,753,863)</u>
			<u>(1,753,863)</u>
\$ 4,954,391	-	4,954,391	-
2,763,063	-	2,763,063	1,381,532
1,062,958	-	1,062,958	-
151,802	-	151,802	-
28,868	-	28,868	-
12,431	6,362	18,793	3,013
102,342	-	102,342	-
(20,815)	-	(20,815)	9,025
328,844	(328,844)	-	-
<u>9,383,884</u>	<u>(322,482)</u>	<u>9,061,402</u>	<u>1,393,570</u>
285,811	443,159	728,970	(360,293)
<u>22,934,178</u>	<u>22,202,635</u>	<u>45,136,813</u>	<u>5,019,849</u>
\$ <u>23,219,989</u>	<u>22,645,794</u>	<u>45,865,783</u>	<u>4,659,556</u>

City of Belton, Texas
Balance Sheet
Governmental Funds
September 30, 2012

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 4,774,672	269,913	3,567,787	8,612,372
Receivables (net of allowance for uncollectibles)	1,353,593	29,191	35,636	1,418,420
Due from other governments	196,672	-	338,443	535,115
Due from other funds	-	-	215,965	215,965
Prepaid items	6,102	-	-	6,102
Total assets	\$ 6,331,039	299,104	4,157,831	10,787,974
Liabilities and Fund Balances				
Liabilities:				
Accounts and retainages payable	\$ 441,432	-	124,712	566,144
Accrued liabilities	115,951	-	-	115,951
Customer deposits payable	13,025	-	-	13,025
Deferred revenue	320,827	29,191	-	350,018
Due to other funds	-	-	215,965	215,965
Total liabilities	891,235	29,191	340,677	1,261,103
Fund balances:				
Nonspendable	6,102	-	-	6,102
Restricted	171,003	269,913	1,712,242	2,153,158
Committed	-	-	460,465	460,465
Assigned	724,034	-	1,644,454	2,368,488
Unassigned	4,538,665	-	(7)	4,538,658
Total fund balances	5,439,804	269,913	3,817,154	9,526,871
Total liabilities and fund balances	\$ 6,331,039	299,104	4,157,831	
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.				23,022,827
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.				350,018
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 (\$9,278,055), compensated absences (\$434,315) and accrued interest payable (\$61,127), net of deferred charges (\$93,770).				(9,679,727)
Net assets of governmental activities				\$ 23,219,989

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, 2012

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes:				
Ad valorem	\$ 3,744,415	787,037	410,574	4,942,026
Sales	2,763,063	-	-	2,763,063
Franchise	1,062,958	-	-	1,062,958
Hotel/motel	-	-	151,802	151,802
Alcoholic beverage	28,868	-	-	28,868
Licenses and permits	163,410	-	-	163,410
Intergovernmental	349,553	-	998,223	1,347,776
Charges for services	2,363,864	-	-	2,363,864
Fines	343,086	-	19,564	362,650
Rental	9,300	-	-	9,300
Interest	7,232	806	4,394	12,432
Contributions and donations	20,991	-	76,665	97,656
Payments in lieu of taxes	5,220	-	-	5,220
Miscellaneous	70,824	-	2,682	73,506
Total revenues	<u>10,932,784</u>	<u>787,843</u>	<u>1,663,904</u>	<u>13,384,531</u>
Expenditures:				
Current:				
General government	1,210,289	-	10,564	1,220,853
Public safety	5,220,652	-	-	5,220,652
Highways and streets	943,953	-	-	943,953
Planning	330,726	-	-	330,726
Culture and recreation	1,071,969	-	-	1,071,969
Solid waste	978,348	-	-	978,348
Economic development	-	-	456,987	456,987
Maintenance services	339,382	-	-	339,382
Debt service:				
Principal	-	464,058	100,000	564,058
Interest and fiscal charges	-	335,629	55,996	391,625
Capital outlay	-	-	1,933,174	1,933,174
Total expenditures	<u>10,095,319</u>	<u>799,687</u>	<u>2,556,721</u>	<u>13,451,727</u>
Excess (deficiency) of revenues over (under) expenditures	<u>837,465</u>	<u>(11,844)</u>	<u>(892,817)</u>	<u>(67,196)</u>
Other financing sources (uses):				
Insurance proceeds	18,332	-	-	18,332
Sale of capital assets	38,006	-	14,750	52,756
Transfers in	328,844	-	566,785	895,629
Transfers out	<u>(566,785)</u>	<u>-</u>	<u>-</u>	<u>(566,785)</u>
Total other financing sources (uses)	<u>(181,603)</u>	<u>-</u>	<u>581,535</u>	<u>399,932</u>
Net change in fund balances	655,862	(11,844)	(311,282)	332,736
Fund balances, beginning of year	<u>4,783,942</u>	<u>281,757</u>	<u>4,128,436</u>	<u>9,194,135</u>
Fund balances, end of year	<u>\$ 5,439,804</u>	<u>269,913</u>	<u>3,817,154</u>	<u>9,526,871</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, 2012

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

Net change in fund balances - total governmental funds (Exhibit A-4)	\$ 332,736
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 depreciation expense (\$2,240,653) exceeded capital outlay (\$1,743,892) in the current period.	(496,761)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, donations, etc.) is to increase net assets. This is the amount of net book value of capital assets sold in the current period.	(73,571)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	36,895
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 of amortization of deferred charges (\$7,001) plus change in compensated absences (\$74,258) less the change in accrued interest payable (\$3,713).	(77,546)
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 is the amount of principal repayments.	<u>564,058</u>
Change in net assets of governmental activities (Exhibit A-2)	<u><u>\$ 285,811</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 – Budgetary Basis
For the Fiscal Year Ended
September 30, 2012

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes:				
Current ad valorem	\$ 3,536,262	3,602,424	3,639,980	37,556
Delinquent ad valorem	47,500	47,500	52,174	4,674
Penalty and interest	50,350	50,350	52,261	1,911
Total ad valorem	<u>3,634,112</u>	<u>3,700,274</u>	<u>3,744,415</u>	<u>44,141</u>
Sales	2,399,000	2,399,000	2,763,063	364,063
Franchise	1,055,500	1,055,500	1,062,958	7,458
Alcoholic beverage	29,000	29,000	28,868	(132)
Total taxes	<u>7,117,612</u>	<u>7,183,774</u>	<u>7,599,304</u>	<u>415,530</u>
Licenses and permits:				
Building	57,000	57,000	75,529	18,529
Electrical	20,000	20,000	25,462	5,462
Plumbing	28,000	28,000	26,468	(1,532)
Mechanical	20,000	20,000	10,790	(9,210)
Swimming pool	1,000	1,000	825	(175)
Rezoning fees	4,300	4,300	7,009	2,709
Subdivision fees	3,500	3,500	8,222	4,722
Miscellaneous	6,090	6,090	9,105	3,015
Total licenses and permits	<u>139,890</u>	<u>139,890</u>	<u>163,410</u>	<u>23,520</u>
Intergovernmental	<u>276,490</u>	<u>300,990</u>	<u>330,011</u>	<u>29,021</u>
Charges for services:				
Ambulance	1,025,000	1,025,000	1,160,511	135,511
Parks and recreation	38,500	38,500	37,077	(1,423)
Brush collection	160,800	160,800	161,147	347
Refuse collection	977,088	996,630	1,005,129	8,499
Total charges for services	<u>2,201,388</u>	<u>2,220,930</u>	<u>2,363,864</u>	<u>142,934</u>
Fines:				
Municipal court	182,750	200,750	230,549	29,799
Court fees	90,280	100,280	109,795	9,515
Total fines	<u>273,030</u>	<u>301,030</u>	<u>340,344</u>	<u>39,314</u>
Rental	<u>9,000</u>	<u>9,000</u>	<u>9,300</u>	<u>300</u>
Interest	<u>8,000</u>	<u>8,000</u>	<u>6,220</u>	<u>(1,780)</u>
Contributions and donations	<u>-</u>	<u>-</u>	<u>2,000</u>	<u>2,000</u>
Payments in lieu of taxes	<u>5,500</u>	<u>5,500</u>	<u>5,220</u>	<u>(280)</u>
Miscellaneous	<u>35,000</u>	<u>35,000</u>	<u>37,595</u>	<u>2,595</u>
Total revenues	<u>10,065,910</u>	<u>10,204,114</u>	<u>10,857,268</u>	<u>653,154</u>

(Continued)

City of Belton, Texas
General Fund
Statement of Revenues, Expenditures, and Changes in
Fund Balances – Budget and Actual – Budgetary Basis
For the Fiscal Year Ended
September 30, 2012

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
Expenditures:				
General government:				
City council	\$ 75,371	75,371	55,129	20,242
City administration	685,601	519,069	448,585	70,484
Finance	401,056	417,743	395,889	21,854
Legal	162,597	163,986	160,795	3,191
Information Technology	159,023	163,492	147,189	16,303
Total general government	<u>1,483,648</u>	<u>1,339,661</u>	<u>1,207,587</u>	<u>132,074</u>
Public safety:				
Police	2,851,692	2,939,215	2,923,519	15,696
Fire	2,330,573	2,350,375	2,255,675	94,700
Total public safety	<u>5,182,265</u>	<u>5,289,590</u>	<u>5,179,194</u>	<u>110,396</u>
Highways and streets	951,163	976,362	943,953	32,409
Planning	312,151	340,586	330,726	9,860
Culture and recreation:				
Parks	776,050	820,293	749,334	70,959
Library	242,954	247,311	236,557	10,754
Total culture and recreation	<u>1,019,004</u>	<u>1,067,604</u>	<u>985,891</u>	<u>81,713</u>
Solid waste	958,948	977,250	978,348	(1,098)
Maintenance services	333,929	342,851	339,382	3,469
Total expenditures	<u>10,241,108</u>	<u>10,333,904</u>	<u>9,965,081</u>	<u>368,823</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(175,198)</u>	<u>(129,790)</u>	<u>892,187</u>	<u>1,021,977</u>
Other financing sources (uses):				
Insurance proceeds	-	18,885	18,332	(553)
Proceeds from sale of capital assets	-	-	16,280	16,280
Transfers in	328,844	328,844	328,844	-
Transfers out	(277,785)	(703,022)	(703,022)	-
Total other financing sources (uses)	<u>51,059</u>	<u>(355,293)</u>	<u>(339,566)</u>	<u>15,727</u>
Net change in fund balances	(124,139)	(485,083)	552,621	1,037,704
Fund balances, beginning of year	<u>3,991,980</u>	<u>3,991,980</u>	<u>3,991,980</u>	<u>-</u>
Fund balances, end of year	<u>\$ 3,867,841</u>	<u>3,506,897</u>	<u>4,544,601</u>	<u>1,037,704</u>

See accompanying notes to financial statements.

City of Belton, Texas
Statement of Net Assets –
Proprietary Funds
September 30, 2012

	Business-type Activities - Enterprise Funds		
	Water and Sewer	Drainage	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 5,263,203	283,658	5,546,861
Receivables (net of allowance for uncollectibles)	904,973	47,695	952,668
Due from other governments	356,779	-	356,779
Prepaid items	2,900	-	2,900
Total current assets	<u>6,527,855</u>	<u>331,353</u>	<u>6,859,208</u>
Noncurrent assets:			
Restricted cash and cash equivalents	23,272	41,945	65,217
Deferred charges	49,610	-	49,610
Capital assets:			
Land	187,144	126	187,270
Buildings	87,935	-	87,935
Infrastructure	31,218,177	1,076,334	32,294,511
Machinery and equipment	960,967	175,541	1,136,508
Construction in progress	916,196	-	916,196
	<u>33,370,419</u>	<u>1,252,001</u>	<u>34,622,420</u>
Less accumulated depreciation	<u>(12,158,435)</u>	<u>(200,769)</u>	<u>(12,359,204)</u>
Total capital assets, net	<u>21,211,984</u>	<u>1,051,232</u>	<u>22,263,216</u>
Total noncurrent assets	<u>21,284,866</u>	<u>1,093,177</u>	<u>22,378,043</u>
Total assets	<u>27,812,721</u>	<u>1,424,530</u>	<u>29,237,251</u>
Liabilities			
Current liabilities:			
Accounts and retainages payable	226,552	8,156	234,708
Accrued interest payable	42,856	2,170	45,026
Other accrued liabilities	23,050	1,518	24,568
Customer deposits payable	142,155	-	142,155
Compensated absences - current	70,296	510	70,806
Revenue bonds payable - current	506,020	12,563	518,583
Total current liabilities	<u>1,010,929</u>	<u>24,917</u>	<u>1,035,846</u>
Noncurrent liabilities:			
Compensated absences	17,444	983	18,427
Revenue bonds payable (net of deferred amount on refunding)	<u>5,263,322</u>	<u>273,862</u>	<u>5,537,184</u>
Total noncurrent liabilities	<u>5,280,766</u>	<u>274,845</u>	<u>5,555,611</u>
Total liabilities	<u>6,291,695</u>	<u>299,762</u>	<u>6,591,457</u>
Net Assets			
Invested in capital assets, net of related debt	15,674,721	764,807	16,439,528
Restricted for capital projects	33,017	-	33,017
Unrestricted	<u>5,813,288</u>	<u>359,961</u>	<u>6,173,249</u>
Total net assets	<u>\$ 21,521,026</u>	<u>1,124,768</u>	<u>22,645,794</u>

See accompanying notes to financial statements.

City of Belton, Texas
Statement of Revenues, Expenses, and Changes in Fund Net Assets –
Proprietary Funds
For the Fiscal Year Ended
September 30, 2012

	Business-type Activities - Enterprise Funds		
	Water and Sewer	Drainage	Total
Operating revenues:			
Charges for sales and services:			
Water service	\$ 3,631,419	-	3,631,419
Sewer service	1,929,195	-	1,929,195
Storm drainage fees	-	349,273	349,273
Reconnect and late fees	113,215	-	113,215
Tap fees	122,020	-	122,020
Other operating revenue	37,159	-	37,159
Total operating revenues	<u>5,833,008</u>	<u>349,273</u>	<u>6,182,281</u>
Operating expenses:			
Salaries and wages	912,733	70,698	983,431
Employee benefits	272,654	28,439	301,093
Supplies	109,819	15,417	125,236
Repairs and maintenance	159,052	7,224	166,276
Water, sewage treatment, and other charges	2,167,024	4,728	2,171,752
Depreciation	1,699,526	67,561	1,767,087
Total operating expenses	<u>5,320,808</u>	<u>194,067</u>	<u>5,514,875</u>
Operating income	<u>512,200</u>	<u>155,206</u>	<u>667,406</u>
Nonoperating revenues (expenses):			
Loss on sale of capital assets	(7,751)	-	(7,751)
Interest earnings	5,995	367	6,362
Interest expense	(244,149)	(13,844)	(257,993)
Amortization expense	(13,916)	-	(13,916)
Total nonoperating revenues (expenses)	<u>(259,821)</u>	<u>(13,477)</u>	<u>(273,298)</u>
Income before contributions and transfers	252,379	141,729	394,108
Capital contributions from developers and others	377,895	-	377,895
Transfers out	(328,844)	-	(328,844)
Change in net assets	301,430	141,729	443,159
Total net assets, beginning of year	<u>21,219,596</u>	<u>983,039</u>	<u>22,202,635</u>
Total net assets, end of year	<u>\$ 21,521,026</u>	<u>1,124,768</u>	<u>22,645,794</u>

See accompanying notes to financial statements.

City of Belton, Texas
Statement of Cash Flows –
Proprietary Funds
For the Fiscal Year Ended
September 30, 2012

	Business-type Activities - Enterprise Funds		
	Water and Sewer	Drainage	Total
Cash flows from operating activities:			
Receipts from customers and users	\$ 5,778,775	348,100	6,126,875
Payments to suppliers	(2,500,035)	(21,073)	(2,521,108)
Payments to employees	(1,181,011)	(98,135)	(1,279,146)
Net cash provided by operating activities	<u>2,097,729</u>	<u>228,892</u>	<u>2,326,621</u>
Cash flows from noncapital financing activities:			
Transfer to other funds	(328,844)	-	(328,844)
Net cash used in noncapital financing activities	<u>(328,844)</u>	<u>-</u>	<u>(328,844)</u>
Cash flows from capital and related financing activities:			
Capital contributions	377,895	-	377,895
Insurance proceeds	1,781	-	1,781
Purchases and construction of capital assets	(933,425)	(86,042)	(1,019,467)
Proceeds from sales of capital assets	8,812	-	8,812
Principal paid on capital debt	(491,030)	(50,416)	(541,446)
Interest paid on capital debt	(244,149)	(13,844)	(257,993)
Net cash used in capital and related financing activities	<u>(1,280,116)</u>	<u>(150,302)</u>	<u>(1,430,418)</u>
Cash flows from investing activities:			
Interest received	5,995	367	6,362
Net cash provided by investing activities	<u>5,995</u>	<u>367</u>	<u>6,362</u>
Net increase in cash and cash equivalents	494,764	78,957	573,721
Cash and cash equivalents, beginning of year	4,791,711	246,646	5,038,357
Cash and cash equivalents, end of year	<u>\$ 5,286,475</u>	<u>325,603</u>	<u>5,612,078</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 512,200	155,206	667,406
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	1,699,526	67,561	1,767,087
Increase in receivables	(59,173)	(1,173)	(60,346)
Increase (decrease) in accounts and retainages payable	(64,140)	6,296	(57,844)
Increase in accrued liabilities	3,660	627	4,287
Increase in customer deposits payable	4,940	-	4,940
Increase in compensated absences	716	375	1,091
Total adjustments	<u>1,585,529</u>	<u>73,686</u>	<u>1,659,215</u>
Net cash provided by operating activities	<u>\$ 2,097,729</u>	<u>228,892</u>	<u>2,326,621</u>

See accompanying notes to financial statements.



City of Belton, Texas
Notes to Financial Statements

	<u>Page</u>
I Summary of Significant Accounting Policies	31
II Deposits and Investments	40
III Receivables	42
IV Property Taxes	43
V Capital Assets	44
VI Long-Term Debt	48
VII Interfund Transfers	51
VIII Employee Benefits	52
IX Risk Management	55
X Commitments and Contingencies	56
XI Related Organizations	57
XII Subsequent Event	57
XIII Authoritative Pronouncements Not Yet Effective	57



City of Belton, Texas
Notes to Financial Statements

I. Summary of Significant Accounting Policies

A. Reporting Entity

The City of Belton, Texas (the City) was founded in 1850 and chartered 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, general administrative services, and water, sewer, and drainage utilities.

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 Economic 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. 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.

City of Belton, Texas
Notes to Financial Statements
(Continued)

I. Summary of Significant Accounting Policies (continued)

B. Government-Wide and Fund Financial Statements (continued)

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.

C. 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
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

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 *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 funds:

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.

The *Drainage Fund* accounts for operations related to providing storm drainage service to the citizens of Belton. All activities necessary to provide such services are accounted for in this fund including, but not limited to, 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.

City of Belton, Texas
Notes to Financial Statements
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

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 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.

D. Budgets and Budgetary Accounting

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

1. 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.
2. Public hearings are held on the proposed budget and on the revised budget, if applicable.
3. 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.

City of Belton, Texas
Notes to Financial Statements
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Budgets and Budgetary Accounting (continued)

4. The City Manager is authorized to transfer budgeted amounts within 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.
5. 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.
6. Annual budgets are legally adopted for the General Fund, the Hotel/Motel Tax Special Revenue Fund, the Debt Service Fund, the TIRZ Special Revenue Fund, the Water and Sewer Fund, and the Drainage Fund. Certain differences exist between the basis of accounting used for budgetary purposes and that used for financial reporting in accordance with generally accepted accounting principles (GAAP). 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.
7. 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.
8. The level of control (level at which expenditures may not exceed budget) is the fund.

The City prepares its annual appropriated budgets on a budgetary basis which differs from the GAAP basis. The budget and all transactions of the General Fund are presented in accordance with the City's budgetary basis in the Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Budgetary Basis to provide a meaningful comparison of actual results with the budget. The major differences between the budgetary basis and the GAAP basis are revenues, expenditures and other financing sources (uses) of certain activities are not budgeted. Adjustments necessary to convert the net change in fund balance on the budgetary basis to a GAAP basis for the General Fund are provided below:

City of Belton, Texas
Notes to Financial Statements
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Budgets and Budgetary Accounting (continued)

Net change in fund balance - budgetary basis	\$ 552,621
Activities not included in the General Fund budget	<u>103,241</u>
Net change in fund balance - GAAP basis	<u>\$ 655,862</u>

E. Encumbrances

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 governmental funds. Encumbrances do not constitute expenditures or liabilities because the commitments lapse at year-end and must be budgeted in the following year.

F. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, external investment pools and deposits in the City's internal cash and investment pool.

State statutes and the City's investment policy authorize the City to invest in obligations of the United States and its agencies, certificates of deposit, and public funds 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. The City invests in public funds investment pools that were created to function as money market mutual funds within the meaning of Rule 2a-7 of the Investment Company Act of 1940. Each of these public funds investment pools seek to maintain a constant \$1.00 net asset value per share.

G. 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

City of Belton, Texas
Notes to Financial Statements
(Continued)

I. Summary of Significant Accounting Policies (continued)

G. Receivables and Payables (continued)

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 29.7 percent of outstanding property taxes at September 30, 2012.

H. Inventory

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

I. Restricted Assets

Certain proceeds of the City's enterprise funds revenue bonds 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.

J. 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, other than infrastructure 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. Infrastructure assets are defined by the City as assets with an initial, individual cost of more than \$10,000 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

City of Belton, Texas
Notes to Financial Statements
(Continued)

I. Summary of Significant Accounting Policies (continued)

J. Capital Assets (continued)

the investment of funds borrowed for construction in accordance with Financial Accounting Standards Board 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 – 25

K. 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.

L. 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

City of Belton, Texas
Notes to Financial Statements
(Continued)

I. Summary of Significant Accounting Policies (continued)

L. Long-Term Obligations (continued)

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.

M. Fund Equity

In the fund financial statements, governmental funds fund balances classified as restricted are balances with constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments. Fund balances classified as committed can only be used for specific purposes pursuant to constraints imposed by the City Council through an ordinance. Assigned fund balances are constrained by an intent to be used for specific purposes but are neither restricted nor committed. Assignments are made by City management.

For the classification of governmental fund balances, the City considers expenditures to be made from the most restrictive first when more than one classification is available.

The following detail of fund balances by classification is shown for governmental major and nonmajor funds:

	<u>General</u>	<u>Debt Service</u>	<u>Other Funds</u>
Nonspendable:			
Prepaid items	\$ 6,102	-	-
Restricted for:			
Court	-	-	23,280
Public safety	43,355	-	157,635
Public access facilities	124,571	-	-
Cemetery	3,077	-	-
Debt service	-	269,913	-
Capital projects and equipment	-	-	893,851
Economic development	-	-	637,476

City of Belton, Texas
Notes to Financial Statements
(Continued)

I. Summary of Significant Accounting Policies (continued)

M. Fund Equity (continued)

	General	Debt Service	Other Funds
Committed for:			
Capital projects and equipment	\$ -	-	435,769
Economic development	-	-	24,696
Assigned for:			
Civil service sick pay and appeals	711,366	-	-
Culture and recreation	12,668	-	-
Capital projects and equipment	-	-	1,644,454
Unassigned	4,538,665	-	(7)
	\$ 5,439,804	269,913	3,817,154

N. Net Assets

In the government-wide and proprietary fund financial statements, net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds.

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

II. Deposits and Investments

Investments of the City at September 30, 2012, consist of investments in Texas Local Government Investment Pool (TexPool) and in Texas Short-Term Asset Reserve Program (TexSTAR) of \$4,742,780 and \$11,853,580, respectively.

Credit Risk: For an investment, credit risk is the risk that an investment issuer or other counterparty to an investment will not fulfill obligations. The Public Funds Investment Act (Government Code Chapter 2256) restricts the types of investments in which the City may invest. The City's investment policy addresses credit quality by further restricting authorized investments to obligations of the United States and its agencies, and public funds investment pools rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service. The City's investments in TexPool and TexSTAR are rated AAAM by Standard & Poors.

City of Belton, Texas
Notes to Financial Statements
(Continued)

II. Deposits and Investments (continued)

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the City will not invest in securities maturing more than two years from the date of purchase, and the composite portfolio will have a weighted average maturity of 365 days or less. The weighted average maturities of TexPool and TexSTAR are 40 and 49 days, respectively, as of September 30, 2012.

Custodial Credit Risk: The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. City policy requires all deposits to be fully secured in accordance with state law, by either surety bonds, letters of credit of the United States or its agencies and instrumentalities, or by eligible securities held by an independent third-party custodian.

For an investment, custodial credit risk is the risk that in the event of the failure of the counter-party, the City will not be able to recover the value of its investment or collateralized securities that are in the possession of an outside third party. The City's investment policy requires that the purchase of investment securities be settled on a delivery basis and that ownership of all securities be perfected in the name of the City.

The City uses the following external public funds 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 Investment 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 Federated Investors, Inc., as administrator and investment manager for the TexPool Portfolios. TexPool invests in U.S. Treasury and government agency securities, repurchase agreements, and certain mutual funds.

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

City of Belton, Texas
Notes to Financial Statements
(Continued)

II. Deposits and Investments (continued)

and the investment expertise and regulatory oversight of the Comptroller and the Trust Company. TexPool uses amortized cost rather than the market value to report net assets to compute share prices.

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 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. TexSTAR uses amortized cost rather than the market value to report net assets to compute share prices.

A reconciliation of deposits and investments as shown on the statement of net assets:

Cash on hand	\$	7,824
Carrying amount of deposits		230,979
Carrying amount of investments		<u>16,596,360</u>
Total	\$	<u><u>16,835,163</u></u>
Per the statement of net assets for the City:		
Cash and cash equivalents	\$	14,159,233
Restricted cash and cash equivalents		<u>65,217</u>
		14,224,450
Per the statement of net assets for the Belton Economic Development Corporation, Inc.:		
Cash and cash equivalents		<u>2,610,713</u>
Total	\$	<u><u>16,835,163</u></u>

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:

City of Belton, Texas
Notes to Financial Statements
(Continued)

III. Receivables (continued)

	General	Debt Service	Enterprise Funds		Nonmajor Funds	Total
			Water and Sewer	Drainage		
Receivables:						
Taxes	\$ 935,680	41,428	-	-	35,636	1,012,744
Water/sewer	-	-	919,405	-	-	919,405
Storm drainage	-	-	-	57,286	-	57,286
Ambulance	565,459	-	-	-	-	565,459
Other	371,830	-	-	-	-	371,830
	<u>1,872,969</u>	<u>41,428</u>	<u>919,405</u>	<u>57,286</u>	<u>35,636</u>	<u>2,926,724</u>
Less:						
Allowance for uncollectibles	<u>519,376</u>	<u>12,237</u>	<u>14,432</u>	<u>9,591</u>	<u>-</u>	<u>555,636</u>
	<u>\$ 1,353,593</u>	<u>29,191</u>	<u>904,973</u>	<u>47,695</u>	<u>35,636</u>	<u>2,371,088</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 assessed value for the tax roll of January 1, 2011, upon which the 2012 fiscal year levy was based, was \$766,402,997.

The tax levy of October 2011 set a tax rate of \$0.654 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, 2012, at which time a lien attaches for unpaid taxes. Tax collections during the fiscal year ended September 30, 2012, for the fiscal year 2012 levy were 98.35 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

City of Belton, Texas
Notes to Financial Statements
(Continued)

IV. Property Taxes (continued)

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.

The appraisal of property within the City is 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 appeals and, if necessary, legal action. State law provides that the City Council 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 modified rate of the previous year by more than eight percent, qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than eight percent above the rate of the previous year.

V. Capital Assets

Capital asset activity for the year ended September 30, 2012, was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
<i>Governmental activities:</i>				
Capital assets, not being depreciated:				
Land	\$ 2,324,867	1,678	(73,571)	2,252,974
Construction in progress	1,846,204	1,580,244	(2,422,909)	1,003,539
Total capital assets not being depreciated	<u>4,171,071</u>	<u>1,581,922</u>	<u>(2,496,480)</u>	<u>3,256,513</u>
Capital assets, being depreciated:				
Buildings	5,178,466	1,002,345	(63,832)	6,116,979
Improvements other than buildings	2,653,822	84,541	(7,518)	2,730,845
Machinery and equipment	3,937,277	174,198	(46,537)	4,064,938
Infrastructure	20,332,999	1,323,795	(1,882,477)	19,774,317
Total capital assets, being depreciated	<u>32,102,564</u>	<u>2,584,879</u>	<u>(2,000,364)</u>	<u>32,687,079</u>

City of Belton, Texas
Notes to Financial Statements
(Continued)

V. Capital Assets (continued)

Primary Government (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Governmental activities: (continued)				
Less accumulated depreciation for:				
Buildings	\$ (2,036,993)	(523,846)	63,832	(2,497,007)
Improvements other than buildings	(1,139,770)	(129,483)	7,518	(1,261,735)
Machinery and equipment	(2,167,740)	(425,488)	46,537	(2,546,691)
Infrastructure	(7,335,973)	(1,161,836)	1,882,477	(6,615,332)
Total accumulated depreciation	<u>(12,680,476)</u>	<u>(2,240,653)</u>	<u>2,000,364</u>	<u>(12,920,765)</u>
Total capital assets, being depreciated, net	<u>19,422,088</u>	<u>344,226</u>	<u>-</u>	<u>19,766,314</u>
	<u>\$ 23,593,159</u>	<u>1,926,148</u>	<u>(2,496,480)</u>	<u>23,022,827</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 170,344	35,270	(18,344)	187,270
Construction in progress	1,054,463	845,643	(983,910)	916,196
Total capital assets not being depreciated	<u>1,224,807</u>	<u>880,913</u>	<u>(1,002,254)</u>	<u>1,103,466</u>
Capital assets, being depreciated:				
Buildings	87,935	-	-	87,935
Machinery and equipment	1,068,572	113,045	(45,109)	1,136,508
Infrastructure	31,971,234	1,009,420	(686,143)	32,294,511
Total capital assets being depreciated	<u>33,127,741</u>	<u>1,122,465</u>	<u>(731,252)</u>	<u>33,518,954</u>
Less accumulated depreciation for:				
Buildings	(75,503)	(702)	-	(76,205)
Machinery and equipment	(617,336)	(92,603)	45,109	(664,830)
Infrastructure	(10,630,529)	(1,673,783)	686,143	(11,618,169)
Total accumulated depreciation	<u>(11,323,368)</u>	<u>(1,767,088)</u>	<u>731,252</u>	<u>(12,359,204)</u>
Total capital assets, being depreciated, net	<u>21,804,373</u>	<u>(644,623)</u>	<u>-</u>	<u>21,159,750</u>
	<u>\$ 23,029,180</u>	<u>236,290</u>	<u>(1,002,254)</u>	<u>22,263,216</u>

City of Belton, Texas
Notes to Financial Statements
(Continued)

V. Capital Assets (continued)

Primary Government (continued)

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

Governmental activities:	
General government	\$ 63,115
Public safety	396,933
Highways and streets, including depreciation of general infrastructure assets	902,426
Planning	3,754
Maintenance	60,303
Solid waste	12,930
Culture and recreation	<u>801,192</u>
Total depreciation expense - governmental activities	<u>\$ 2,240,653</u>
Business-type activities:	
Water and sewer	\$ 1,699,526
Drainage	<u>67,561</u>
Total depreciation expense - business-type activities	<u>\$ 1,767,087</u>

The City has active construction projects as of September 30, 2012. At year-end, the City's construction commitments for governmental activities are as follows:

<u>Project Title</u>	<u>Expended to Date</u>	<u>Remaining Commitment</u>
Patriot Plaza	\$ 36,956	-
Hike & Bike Trail	104,650	124,705
9th Avenue Extension	508,813	105,445
Safe Routes to School	<u>353,120</u>	<u>366,270</u>
Total	<u>\$ 1,003,539</u>	<u>596,420</u>

The projects will be financed with available resources.

City of Belton, Texas
Notes to Financial Statements
(Continued)

V. Capital Assets (continued)

Primary Government (continued)

At September 30, 2012, the City's construction commitments for business-type activities are as follows:

<u>Project Title</u>	<u>Expended to Date</u>	<u>Remaining Commitment</u>
UMHB Wastewater	\$ 10,900	26,600
TBRSS Expansion	253,812	115,737
I-35 Utility Relocations	<u>651,484</u>	<u>42,778</u>
Total	<u>\$ 916,196</u>	<u>185,115</u>

The projects will be financed with available resources.

Discretely Presented Component Unit

Capital asset activity for the Development Corporation for the year ended September 30, 2012, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 533,073	-	(15,533)	517,540
Construction in progress	<u>36,723</u>	<u>91,509</u>	<u>-</u>	<u>128,232</u>
Total capital assets not being depreciated	<u>569,796</u>	<u>91,509</u>	<u>(15,533)</u>	<u>645,772</u>
Capital assets, being depreciated:				
Buildings	1,261,523	-	-	1,261,523
Machinery and equipment	3,666	-	(3,666)	-
Infrastructure	<u>2,683,809</u>	<u>-</u>	<u>-</u>	<u>2,683,809</u>
Total capital assets being depreciated	<u>3,948,998</u>	<u>-</u>	<u>(3,666)</u>	<u>3,945,332</u>
Less accumulated depreciation for:				
Buildings	(38,167)	(39,301)	-	(77,468)
Machinery and equipment	(3,055)	(611)	3,666	-
Infrastructure	<u>(867,745)</u>	<u>(134,716)</u>	<u>-</u>	<u>(1,002,461)</u>
Total accumulated depreciation	<u>(908,967)</u>	<u>(174,628)</u>	<u>3,666</u>	<u>(1,079,929)</u>
Total capital assets, being depreciated, net	<u>3,040,031</u>	<u>(174,628)</u>	<u>-</u>	<u>2,865,403</u>
	<u>\$ 3,609,827</u>	<u>(83,119)</u>	<u>(15,533)</u>	<u>3,511,175</u>

City of Belton, Texas
Notes to Financial Statements
(Continued)

VI. Long-Term Debt

The City issues general obligation bonds, and combination tax and revenue certificates of obligation to provide funds for the acquisition and construction of major capital facilities for both governmental and business-type activities. The amount of this debt that is reported in proprietary funds is that portion that directly relates to a given proprietary fund and that is expected to be repaid from the resources of a proprietary fund. Surplus water and sewer revenues are pledged for the combination tax and revenue certificates of obligation; however, the pledge is limited to only an amount not to exceed \$1,000.

The following is a summary of changes in long-term debt for the City for the year ended September 30, 2012:

	<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	\$ 9,842,113	-	(564,058)	9,278,055	584,067
Compensated absences	<u>360,057</u>	<u>352,059</u>	<u>(277,801)</u>	<u>434,315</u>	<u>312,764</u>
	<u>\$ 10,202,170</u>	<u>352,059</u>	<u>(841,859)</u>	<u>9,712,370</u>	<u>896,831</u>
Business-type activities:					
General obligation and revenue bonds	\$ 6,554,324	-	(498,557)	6,055,767	518,583
Capital lease	37,854	-	(37,854)	-	-
Compensated absences	<u>88,142</u>	<u>59,870</u>	<u>(58,779)</u>	<u>89,233</u>	<u>70,806</u>
	<u>\$ 6,680,320</u>	<u>59,870</u>	<u>(595,190)</u>	<u>6,145,000</u>	<u>589,389</u>

Compensated absences for governmental activities are generally liquidated by the General Fund.

Long-term debt of the City's governmental activities at September 30, 2012, is comprised of the following:

\$283,710 Series 2002 combination tax and revenue certificates of obligation due in annual installments of \$28,380 through 2013; interest at 4.4%	\$ 28,380
\$2,480,000 Series 2003 general obligation bonds due in annual installments of \$125,000 to \$200,000 through 2023; interest at 4.15%	1,750,000
\$4,500,000 Series 2005 general obligation bonds due in annual installments of \$140,000 to \$275,000 through 2025; interest at 3.54%	2,985,000

City of Belton, Texas
Notes to Financial Statements
(Continued)

VI. Long-Term Debt (continued)

\$3,945,000 Series 2007 combination tax and revenue certificates of obligation due in annual installments of \$180,000 to \$295,000 through 2027; interest at 4.13%	\$ 3,245,000
\$1,485,000 Series 2008 combination tax and revenue certificates of obligation due in annual installments of \$55,687 to \$107,663 through 2028; interest at 4.19%	<u>1,269,675</u>
	<u>\$ 9,278,055</u>

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

Year Ended September 30,	Principal	Interest
2013	\$ 584,067	366,761
2014	609,400	343,655
2015	633,112	319,752
2016	661,825	294,897
2017	681,825	268,851
2018 - 2022	3,891,101	916,286
2023 - 2027	2,109,062	238,095
2028	<u>107,663</u>	<u>4,511</u>
	<u>\$ 9,278,055</u>	<u>2,752,808</u>

Long-term debt of the City's business-type activities at September 30, 2012, is comprised of the following:

\$2,301,140 Series 2002 general obligation refunding bonds due in annual intallments of \$65,000 to \$70,000 through 2016; interest at 3.35%	\$ 275,000
\$4,360,449 Series 2002 combination tax and revenue certificates of obligation due in annual installments of \$226,620 to \$360,000 through 2022; interest at 4.4%	3,051,620
\$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%	1,370,000

City of Belton, Texas
Notes to Financial Statements
(Continued)

VI. Long-Term Debt (continued)

\$515,000 Series 2008 combination tax and revenue certificates of obligation due in annual installments of \$19,313 to \$37,338 through 2028; interest at 4.19%	\$ 440,325
\$1,367,872 Series 2009 general obligation refunding bonds due in annual installments of \$126,850 to \$209,450 through 2017; interest at 2% to 2.5%, net of the unamortized difference between the reacquisition price and the carrying value of the refunded debt of \$25,178	<u>918,822</u>
	<u>\$ 6,055,767</u>

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

<u>Year Ended</u> <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 518,583	237,979
2014	564,150	220,573
2015	583,388	201,440
2016	592,625	181,019
2017	520,025	161,429
2018 - 2022	2,533,899	491,631
2023 - 2027	730,938	100,866
2028	<u>37,337</u>	<u>1,565</u>
	<u>\$ 6,080,945</u>	<u>1,596,502</u>

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.

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, 2012:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
General obligation bonds	\$ 793,350	-	(137,350)	656,000	137,350
	<u>\$ 793,350</u>	<u>-</u>	<u>(137,350)</u>	<u>656,000</u>	<u>137,350</u>

City of Belton, Texas
Notes to Financial Statements
(Continued)

VI. Long-Term Debt (continued)

Long-term debt of the Development Corporation at September 30, 2012, is comprised of the following general obligation bonds issued by the City for which the Development Corporation is legally obligated to repay:

\$952,178 Series 2009 general obligation refunding bonds due in annual installments of \$88,150 to \$145,550 through 2017; interest at 2% to 2.5%	\$ <u>656,000</u>
	\$ <u><u>656,000</u></u>

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

Year Ended September 30,	Principal	Interest
2013	\$ 137,350	14,283
2014	141,450	11,536
2015	143,500	8,707
2016	145,550	5,479
2017	88,150	2,204
	\$ 656,000	42,209

VII. Interfund Transfers

Interfund transfers for 2012 are as follow:

	Transfer in		
	General	Other NonMajor Governmental	Total
Transfer out:			
General	\$ -	566,785	566,785
Water and sewer	328,844	-	328,844
	\$ 328,844	566,785	895,629

City of Belton, Texas
Notes to Financial Statements
(Continued)

VII. Interfund Transfers (continued)

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 collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

VIII. Employee Benefits

Pension Plan

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. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for TMRS; the report also provides detailed explanations of the contributions, benefits, and actuarial methods and assumptions used by the System. This report may be obtained from the TMRS website at www.TMRS.com.

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

	<u>Plan Year 2011</u>	<u>Plan Year 2012</u>
Employee deposit rate	5%	5%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20	60/5, 0/20
Updated service credits	100% Repeating, Transfers	100% Repeating, Transfers
Annuity increase (to retirees)	30% of CPI Repeating	30% of CPI Repeating

Benefits – Benefits depend upon the sum of the employee’s contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount at least 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

City of Belton, Texas
Notes to Financial Statements
(Continued)

VIII. Employee Benefits (continued)

Pension Plan (continued)

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.

Contributions – Under the state law governing TMRS, the contribution rate is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year.

The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for the City. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

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

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Actual</u> <u>Contribution</u> <u>Made</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
2012	\$ 468,034	468,034	100%	\$ -
2011	555,778	555,778	100%	-
2010	505,964	505,964	100%	-

The required contribution rates for fiscal year 2012 were determined as part of the December 31, 2009 and 2010 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2011, also follows:

City of Belton, Texas
Notes to Financial Statements
(Continued)

VIII. Employee Benefits (continued)

Pension Plan (continued)

Valuation Date	12/31/2009	12/31/2010	12/31/2011
Actuarial cost method	Projected unit credit	Projected unit credit	Projected unit credit
Amortization method	Level percent of payroll	Level percent of payroll	Level percent of payroll
GASB 25 equivalent single amortization period	28 years; closed period	27.4 years; closed period	26 years; closed period
Amortization period for new gains/losses	30 years	30 years	30 years
Asset valuation method	10-year smoothed market	10-year smoothed market	10-year smoothed market
Actuarial assumptions:			
Investment rate of return*	7.5%	7.0%	7.0%
Projected salary increases*	Varies by age and service	Varies by age and service	Varies by age and service
*Includes inflation at	3.0%	3.0%	3.0%
Cost-of-living adjustments	0.9%	0.9%	0.9%

Funded Status and Funding Progress –The following schedule presents the funded status (as of December 31, 2011, the most recent actuarial valuation date) and multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2009	\$ 6,983,507	9,187,335	76.0%	2,203,828	5,648,043	39.0%
12/31/2010	12,408,906	13,731,013	90.4%	1,322,107	6,098,176	21.7%
12/31/2011	13,558,389	14,652,428	92.5%	1,094,039	6,284,109	17.4%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

City of Belton, Texas
Notes to Financial Statements
(Continued)

VIII. Employee Benefits (continued)

Pension Plan (continued)

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Supplemental Death Benefits Plan

Plan Description – The City also participates in the cost-sharing multiple-employer defined benefit group-term life insurance plan operated by TMRS known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

Benefits – The death benefit for active employees provides a lump-sum payment approximately equal to the employee’s annual salary (calculated based on the employee’s actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage for retired employees is considered an “other postemployment benefit”, or OPEB.

Contributions – The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees’ entire careers. The City’s contributions to the SDBF for the years ended September 30, 2012, 2011 and 2010, were \$13,820, \$16,945, and \$14,229, respectively, which equaled the required annual contributions each year.

IX. Risk Management

The City is a member of the Texas Municipal League's Intergovernmental Risk Pool (the 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

City of Belton, Texas
Notes to Financial Statements
(Continued)

IX. Risk Management (continued)

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.

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 three 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.

The City has 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, 2012, was \$33,000.

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, 2012, were \$1,357,175.

Finally, the City entered into an agreement with the Brazos River Authority, 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, 2012, was \$457,004.

City of Belton, Texas
Notes to Financial Statements
(Continued)

X. Commitments and Contingencies (continued)

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.

XII. Subsequent Event

Under the City's agreement with Brazos River Authority (the Authority) to receive, treat and dispose of the City's sewage, the ownership of the related wastewater treatment plant is to be transferred to the two cities served by the plant, the City of Belton and the City of Temple, Texas (collectively, the Cities), upon repayment of the underlying wastewater treatment plant debt. The underlying plant debt was repaid by the Authority in 2012, and plans are being formulated to: (a) transfer ownership of the wastewater treatment plant to the Cities; (b) establish a wastewater services agreement between the Cities and the Authority who will continue to operate the wastewater treatment plant; and (c) establish an ownership agreement between the Cities. The operation and administration of the wastewater treatment plant will be subject to joint control by the Cities but a separate legal entity was not created. Consequently, the Cities will separately report their proportionate share of assets, liabilities, revenues and expenses of the plant. It is anticipated that the ownership transfer will be completed in 2014.

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.

GASB Statement No. 61, The Financial Reporting Entity: Omnibus – An amendment to GASB 14 and 34 (Statement 61) – The objective of Statement 61 is to improve financial reporting by improving guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity. The statement allows users of the financial statements to better assess the accountability of elected officials by ensuring that the financial reporting entity includes only organizations for

City of Belton, Texas
Notes to Financial Statements
(Continued)

XIII. Authoritative Pronouncements Not Yet Effective (continued)

which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2012.

GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements (Statement 62) – The objective of Statement 62 is to incorporate into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in FASB Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the American Institute of Certified Public Accountants’ Committee on Accounting Procedures issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. The provisions of this statement are effective for financial statements for periods beginning after December 15, 2011.

GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position (Statement 63) – The objective of Statement 63 is to standardize the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government’s net position by providing guidance where none previously existed. Previous financial reporting standards do not include guidance for reporting these financial statement elements, which are distinct from assets and liabilities. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011.

GASB Statement No. 65, Items Previously Reported as Assets and Liabilities (Statement 65) – The objective of Statement 65 is to establish accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The provisions of Statement 65 are effective for financial statements for periods beginning after December 15, 2012.

GASB Statement No. 68, Accounting and Financial Reporting for Pensions (Statement 68) – The objective of Statement 68 is to improve accounting and financial reporting by state and local governments for pensions and to improve information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The provisions of Statement 65 are effective for financial statements for periods beginning after June 15, 2014.

**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.

TIRZ Fund: This fund accounts for economic development projects in the City's tax increment and reinvestment zone. Financing is provided by certain tax revenues collected within the City's tax increment and reinvestment zone pursuant to state tax code statutes and county contributions.

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.

Court Security Fund: This fund is used to account for court security fees collected in connection with citations issued by the City. State law requires that revenue from these fees be used for security enhancements of the municipal court and/or the building that houses the court.

TDHCA Home Fund: This fund is used to account for the City's Texas Department of Housing and Community Affairs HOME Program which provides payment assistance to qualified first-time home buyers within the City of Belton and 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 accounts for construction of various 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 accounts for acquisition of various major capital equipment. Financing is provided primarily by the transfer of funds from the General Fund.

Park Donation Fund: This fund accounts for construction, improvement, and equipping of the City's parks. Financing is provided by funds donated to the City for use in the Parks system.

Hike & Bike Trail Grant Fund: This fund accounts for the extension of the Nolan Creek pedestrian and bike trail from the current termination near the Harris Community Center to the UMHB Campus near 10th Avenue and University Drive.

2007 Certificates of Obligation Fund: This fund accounts for 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.

2008 Certificates of Obligation Fund: This fund accounts for acquisition, construction, and improvement of streets.

Commerce Drive Extension Fund: This fund accounts for the extension of Commerce Drive from Sparta Road to Lake Road.

9th Avenue Extension Fund: This fund accounts for the West 9th Avenue extension and overpass.

First Responder Grant Fund: This fund accounts for acquisition and improvements for the Police Department for communication, emergency, and technology equipment.

Safe Routes to School Grant Fund: This fund accounts for acquisition, construction and improvements to enable and encourage children to walk and bicycle to/from school by improving safety of streets and sidewalks and reducing traffic, fuel consumption, and air pollution in the vicinity of Miller Heights Elementary School.

State Energy Conservation Office Grant Fund: This fund accounts for the improvement of energy efficiency related to City buildings and equipment.

TIRZ Capital Projects Fund: This fund accounts for capital projects in the City's tax increment and reinvestment zone. Financing is provided by the transfer of funds from the TIRZ special revenue fund.

Nolan Creek Fund: This fund accounts for recreational and safety improvements to Nolan Creek in the downtown area.

City of Belton, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2012

	Special Revenue										
	Greathouse Public Trust	Revolving Loan	Hotel/ Motel Tax	TIRZ	Court Technology	Court Security	TDHCA Home Grants	Total	General Capital Projects	General Capital Equipment	Park Donation
Assets											
Cash and cash equivalents	\$ 157,635	56,204	19,253	151,387	5,388	18,974	24,696	433,537	200,087	387,720	27,141
Receivables	-	-	35,632	-	-	-	-	35,632	-	4	-
Due from other governments	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	215,965	-	-
Total assets	\$ 157,635	56,204	54,885	151,387	5,388	18,974	24,696	469,169	416,052	387,724	27,141
Liabilities and Fund Balances											
Liabilities:											
Accounts and retainages payable	\$ -	-	-	10,000	1,082	-	-	11,082	8,213	1,122	2,090
Due to other funds	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	10,000	1,082	-	-	11,082	8,213	1,122	2,090
Fund balances:											
Restricted	157,635	56,204	54,885	141,387	4,306	18,974	-	433,391	-	-	25,051
Committed	-	-	-	-	-	-	24,696	24,696	-	-	-
Assigned	-	-	-	-	-	-	-	-	407,839	386,602	-
Unassigned	-	-	-	-	-	-	-	-	-	-	-
Total fund balances	157,635	56,204	54,885	141,387	4,306	18,974	24,696	458,087	407,839	386,602	25,051
Total liabilities and fund balances	\$ 157,635	56,204	54,885	151,387	5,388	18,974	24,696	469,169	416,052	387,724	27,141

See accompanying independent auditors' report.

Capital Projects											Total
Hike & Bike Trail	2007 Certificates of Obligation	2008 Certificates of Obligation	Commerce Drive Extension	9th Avenue Extension	First Responder Grant	Safe Routes to School Grant	State Energy Conservation Office Grant	TIRZ Capital Projects	Nolan Creek	Total	Nonmajor Governmental Funds
420,279	265,961	520,411	608,659	268,604	338	-	-	385,000	50,050	3,134,250	3,567,787
-	-	-	-	-	-	-	-	-	-	4	35,636
15,490	-	-	-	53,359	2,900	265,194	-	-	1,500	338,443	338,443
-	-	-	-	-	-	-	-	-	-	215,965	215,965
<u>435,769</u>	<u>265,961</u>	<u>520,411</u>	<u>608,659</u>	<u>321,963</u>	<u>3,238</u>	<u>265,194</u>	<u>-</u>	<u>385,000</u>	<u>51,550</u>	<u>3,688,662</u>	<u>4,157,831</u>
-	24,607	-	-	23,524	-	52,474	-	-	1,600	113,630	124,712
-	-	-	-	-	3,238	212,727	-	-	-	215,965	215,965
-	24,607	-	-	23,524	3,238	265,201	-	-	1,600	329,595	340,677
-	-	520,411	-	298,439	-	-	-	385,000	49,950	1,278,851	1,712,242
435,769	-	-	-	-	-	-	-	-	-	435,769	460,465
-	241,354	-	608,659	-	-	-	-	-	-	1,644,454	1,644,454
-	-	-	-	-	-	(7)	-	-	-	(7)	(7)
<u>435,769</u>	<u>241,354</u>	<u>520,411</u>	<u>608,659</u>	<u>298,439</u>	<u>-</u>	<u>(7)</u>	<u>-</u>	<u>385,000</u>	<u>49,950</u>	<u>3,359,067</u>	<u>3,817,154</u>
<u>435,769</u>	<u>265,961</u>	<u>520,411</u>	<u>608,659</u>	<u>321,963</u>	<u>3,238</u>	<u>265,194</u>	<u>-</u>	<u>385,000</u>	<u>51,550</u>	<u>3,688,662</u>	<u>4,157,831</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, 2012

	Special Revenue										
	Greathouse Public Trust	Revolving Loan	Hotel/ Motel Tax	TIRZ	Court Technology	Court Security	TDHCA Home Grants	Total	General Capital Projects	General Capital Equipment	Park Donation
Revenues:											
Ad valorem taxes	\$ -	-	-	410,574	-	-	-	410,574	-	-	-
Hotel/motel taxes	-	-	151,802	-	-	-	-	151,802	-	-	-
Intergovernmental	-	-	-	256,186	-	-	94,345	350,531	-	-	-
Fines	-	-	-	-	11,432	8,132	-	19,564	-	-	-
Interest	119	66	96	385	2	19	7	694	583	367	76
Contributions and donations	-	-	-	-	-	-	-	-	3,000	-	57,005
Miscellaneous revenue	-	-	-	-	-	-	2,000	2,000	-	682	-
Total revenues	119	66	151,898	667,145	11,434	8,151	96,352	935,165	3,583	1,049	57,081
Expenditures:											
Current:											
General government	-	-	-	-	9,288	1,276	-	10,564	-	-	-
Economic development	-	-	344,759	20,000	-	-	92,228	456,987	-	-	-
Debt service:											
Principal	-	-	-	100,000	-	-	-	100,000	-	-	-
Interest and fiscal charges	-	-	-	55,996	-	-	-	55,996	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	261,590	131,005	39,816
Total expenditures	-	-	344,759	175,996	9,288	1,276	92,228	623,547	261,590	131,005	39,816
Excess (deficiency) of revenues over (under) expenditures	119	66	(192,861)	491,149	2,146	6,875	4,124	311,618	(258,007)	(129,956)	17,265
Other financing sources (uses):											
Sale of capital assets	-	-	-	-	-	-	14,750	14,750	-	-	-
Transfers in	57,629	-	-	-	-	-	-	57,629	5,000	129,156	50,000
Transfers out	-	-	-	(435,000)	-	-	-	(435,000)	-	-	(50,000)
Total other financing sources (uses)	57,629	-	-	(435,000)	-	-	14,750	(362,621)	5,000	129,156	-
Net change in fund balances	57,748	66	(192,861)	56,149	2,146	6,875	18,874	(51,003)	(253,007)	(800)	17,265
Fund balances, October 1	99,887	56,138	247,746	85,238	2,160	12,099	5,822	509,090	660,846	387,402	7,786
Fund balances, September 30	\$ 157,635	56,204	54,885	141,387	4,306	18,974	24,696	458,087	407,839	386,602	25,051

See accompanying independent auditors' report.

Capital Projects											Total Nonmajor Governmental Funds
Hike & Bike Trail	2007 Certificates of Obligation	2008 Certificates of Obligation	Commerce Drive Extension	9th Avenue Extension	First Responder Grant	Safe Routes To School Grant	State Energy Conservation Office Grant	TIRZ Capital Projects	Nolan Creek	Total	
-	-	-	-	-	-	-	-	-	-	-	410,574
-	-	-	-	-	-	-	-	-	-	-	151,802
66,921	-	-	-	227,340	30,170	294,761	27,000	-	1,500	647,692	998,223
-	-	-	-	-	-	-	-	-	-	-	19,564
504	482	614	753	321	-	-	-	-	-	3,700	4,394
-	16,610	-	-	-	-	-	-	-	50	76,665	76,665
-	-	-	-	-	-	-	-	-	-	682	2,682
<u>67,425</u>	<u>17,092</u>	<u>614</u>	<u>753</u>	<u>227,661</u>	<u>30,170</u>	<u>294,761</u>	<u>27,000</u>	<u>-</u>	<u>1,550</u>	<u>728,739</u>	<u>1,663,904</u>
-	-	-	-	-	-	-	-	-	-	-	10,564
-	-	-	-	-	-	-	-	-	-	-	456,987
-	-	-	-	-	-	-	-	-	-	-	100,000
-	-	-	-	-	-	-	-	-	-	-	55,996
<u>83,651</u>	<u>627,899</u>	<u>-</u>	<u>151,509</u>	<u>284,173</u>	<u>30,170</u>	<u>294,761</u>	<u>27,000</u>	<u>-</u>	<u>1,600</u>	<u>1,933,174</u>	<u>1,933,174</u>
<u>83,651</u>	<u>627,899</u>	<u>-</u>	<u>151,509</u>	<u>284,173</u>	<u>30,170</u>	<u>294,761</u>	<u>27,000</u>	<u>-</u>	<u>1,600</u>	<u>1,933,174</u>	<u>2,556,721</u>
<u>(16,226)</u>	<u>(610,807)</u>	<u>614</u>	<u>(150,756)</u>	<u>(56,512)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(50)</u>	<u>(1,204,435)</u>	<u>(892,817)</u>
-	-	-	-	-	-	-	-	-	-	-	14,750
-	375,000	-	-	-	-	-	-	385,000	50,000	994,156	1,051,785
-	-	-	-	-	-	-	-	-	-	(50,000)	(485,000)
-	375,000	-	-	-	-	-	-	385,000	50,000	944,156	581,535
<u>(16,226)</u>	<u>(235,807)</u>	<u>614</u>	<u>(150,756)</u>	<u>(56,512)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>385,000</u>	<u>49,950</u>	<u>(260,279)</u>	<u>(311,282)</u>
<u>451,995</u>	<u>477,161</u>	<u>519,797</u>	<u>759,415</u>	<u>354,951</u>	<u>-</u>	<u>(7)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,619,346</u>	<u>4,128,436</u>
<u>435,769</u>	<u>241,354</u>	<u>520,411</u>	<u>608,659</u>	<u>298,439</u>	<u>-</u>	<u>(7)</u>	<u>-</u>	<u>385,000</u>	<u>49,950</u>	<u>3,359,067</u>	<u>3,817,154</u>

City of Belton, Texas
Hotel/Motel Tax Fund
Schedule of Revenues, Expenditures, and Changes in
Fund Balance – Budget and Actual – Budgetary Basis
For the Fiscal Year Ended
September 30, 2012

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget
	Original	Final		
Revenues:				
Hotel/motel taxes	\$ 151,000	151,000	151,802	802
Interest	250	250	96	(154)
Total revenues	<u>151,250</u>	<u>151,250</u>	<u>151,898</u>	<u>648</u>
Expenditures:				
Economic development	<u>151,250</u>	<u>344,750</u>	<u>344,759</u>	<u>(9)</u>
Total expenditures	<u>151,250</u>	<u>344,750</u>	<u>344,759</u>	<u>(9)</u>
Net change in fund balance	-	(193,500)	(192,861)	639
Fund balance, October 1	<u>247,746</u>	<u>247,746</u>	<u>247,746</u>	-
Fund balance, September 30	<u>\$ 247,746</u>	<u>54,246</u>	<u>54,885</u>	<u>639</u>

See accompanying independent auditors' report.

City of Belton, Texas
Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in
Fund Balance – Budget and Actual – Budgetary Basis
For the Fiscal Year Ended
September 30, 2012

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 863,996	792,742	787,037	(5,705)
Interest	750	750	806	56
Total revenues	<u>864,746</u>	<u>793,492</u>	<u>787,843</u>	<u>(5,649)</u>
Expenditures:				
Principal	464,058	464,058	464,058	-
Interest and fiscal charges	335,292	335,292	335,629	(337)
Total expenditures	<u>799,350</u>	<u>799,350</u>	<u>799,687</u>	<u>(337)</u>
Net change in fund balance	65,396	(5,858)	(11,844)	(5,986)
Fund balance, October 1	<u>281,757</u>	<u>281,757</u>	<u>281,757</u>	-
Fund balance, September 30	<u>\$ 347,153</u>	<u>275,899</u>	<u>269,913</u>	<u>(5,986)</u>

See accompanying independent auditors' report.

City of Belton, Texas
TIRZ Fund
Schedule of Revenues, Expenditures, and Changes in
Fund Balance – Budget and Actual – Budgetary Basis
For the Fiscal Year Ended
September 30, 2012

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 405,482	405,482	410,574	5,092
Intergovernmental	253,383	253,383	256,186	2,803
Interest	200	200	385	185
Total revenues	659,065	659,065	667,145	8,080
Expenditures:				
Current:				
Economic development	50,000	50,000	20,000	30,000
Debt service:				
Principal	100,000	100,000	100,000	-
Interest and fiscal charges	56,048	56,048	55,996	52
Total expenditures	206,048	206,048	175,996	30,052
Excess of revenues over expenditures	453,017	453,017	491,149	38,132
Other financing sources (uses):				
Transfers out	(435,000)	(435,000)	(435,000)	-
Net change in fund balance	18,017	18,017	56,149	38,132
Fund balance, October 1	85,238	85,238	85,238	-
Fund balance, September 30	\$ 103,255	103,255	141,387	38,132

See accompanying independent auditors' report.

Enterprise Funds

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.

Drainage Fund: This fund is used to account for operations related to providing storm drainage service to the citizens of Belton. All activities necessary to provide such services are accounted for in this fund, including but not limited to operations, maintenance, financing and related debt service, billing, and collection.

City of Belton, Texas
Water and Sewer Fund
Schedule of Revenues and Expenses –
Budget and Actual – Budgetary Basis
For the Fiscal Year Ended
September 30, 2012

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget
Operating revenue:				
Water service	\$ 2,987,000	3,190,000	3,631,419	441,419
Sewer service	1,830,000	1,830,000	1,929,195	99,195
Reconnect and late fees	109,000	109,000	113,215	4,215
Tap fees	50,000	80,000	122,020	42,020
Other	25,500	25,500	33,349	7,849
Total operating revenue	<u>5,001,500</u>	<u>5,234,500</u>	<u>5,829,198</u>	<u>594,698</u>
Operating expenses:				
Salaries and wages	943,716	918,672	912,733	5,939
Employee benefits	291,795	289,339	272,654	16,685
Supplies	130,004	130,292	106,059	24,233
Repairs and maintenance	144,593	160,519	138,368	22,151
Water, sewage treatment, and other charges	2,410,864	2,281,564	2,140,624	140,940
Capital outlay	145,000	170,367	162,053	8,314
Total operating expenses	<u>4,065,972</u>	<u>3,950,753</u>	<u>3,732,491</u>	<u>218,262</u>
Operating income	935,528	1,283,747	2,096,707	812,960
Nonoperating revenue (expenses):				
Interest revenue	5,000	5,000	5,251	251
Insurance proceeds	-	1,781	1,781	-
Sale of city property	-	-	8,812	8,812
Payments to fiduciary for debt service	(736,782)	(736,782)	(735,180)	1,602
Transfers out	(478,844)	(1,014,844)	(1,014,844)	-
Total nonoperating revenue (expenses)	<u>(1,210,626)</u>	<u>(1,744,845)</u>	<u>(1,734,180)</u>	<u>10,665</u>
Net income (loss)	<u>\$ (275,098)</u>	<u>(461,098)</u>	<u>362,527</u>	<u>823,625</u>

See accompanying independent auditors' report.

City of Belton, Texas
Water and Sewer Fund
Schedule of Expenses by Department –
Budget and Actual – Budgetary Basis
For the Fiscal Year Ended
September 30, 2012

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget
Administration:				
Salaries and wages	\$ 586,965	558,143	549,229	8,914
Employee benefits	159,256	156,120	145,107	11,013
Supplies	33,963	34,438	28,504	5,934
Repairs and maintenance	30,426	30,879	29,170	1,709
Other charges	181,584	194,109	170,380	23,729
Capital outlay	16,000	16,000	15,921	79
Debt service	736,782	736,782	735,180	1,602
Transfers	-	41,000	41,000	-
Total administration	<u>1,744,976</u>	<u>1,767,471</u>	<u>1,714,491</u>	<u>52,980</u>
Water:				
Salaries and wages	228,237	231,231	252,485	(21,254)
Employee benefits	81,699	82,242	82,693	(451)
Supplies	38,391	39,131	34,033	5,098
Repairs and maintenance	78,037	91,132	78,101	13,031
Other charges	76,212	82,212	77,294	4,918
Cost of water	1,225,037	1,428,037	1,407,627	20,410
Capital outlay	110,000	134,665	129,380	5,285
Transfers	279,896	279,896	279,896	-
Total water	<u>2,117,509</u>	<u>2,368,546</u>	<u>2,341,509</u>	<u>27,037</u>
Sanitary sewage gathering system:				
Salaries and wages	96,708	97,120	79,050	18,070
Employee benefits	39,589	39,660	33,784	5,876
Supplies	42,909	46,109	34,037	12,072
Repairs and maintenance	22,300	23,128	16,903	6,225
Other charges	3,972	3,147	3,427	(280)
Capital outlay	6,000	-	-	-
Transfers	198,948	253,948	253,948	-
Total sanitary sewage gathering system	<u>410,426</u>	<u>463,112</u>	<u>421,149</u>	<u>41,963</u>
Sewage treatment and disposal:				
Salaries and wages	31,806	32,178	31,969	209
Employee benefits	11,251	11,317	11,070	247
Supplies	14,741	10,614	9,485	1,129
Repairs and maintenance	13,830	15,380	14,194	1,186
Other charges	376,595	26,595	24,892	1,703
Charges for sewage treatment	547,464	547,464	457,004	90,460
Capital outlay	13,000	19,702	16,752	2,950
Transfers	-	440,000	440,000	-
Total sewage treatment and disposal	<u>1,008,687</u>	<u>1,103,250</u>	<u>1,005,366</u>	<u>97,884</u>
	<u>\$ 5,281,598</u>	<u>5,702,379</u>	<u>5,482,515</u>	<u>219,864</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, 2012

	<u>Bond</u> <u>Proceeds</u>	<u>Grant</u> <u>Proceeds</u>	<u>Total</u>
Balance, October 1	\$ <u>555,877</u>	<u>(74,618)</u>	<u>481,259</u>
Receipts:			
Transfer from other funds	-	55,000	55,000
Grant receipts	-	46,245	46,245
Intrest income	429	(179)	250
Other income	<u>3,810</u>	<u>-</u>	<u>3,810</u>
Total receipts	<u>4,239</u>	<u>101,066</u>	<u>105,305</u>
Disbursements:			
Construction progress payments	288,859	260,190	549,049
Other charges	<u>14,000</u>	<u>243</u>	<u>14,243</u>
Total disbursements	<u>302,859</u>	<u>260,433</u>	<u>563,292</u>
Balance, September 30	\$ <u><u>257,257</u></u>	<u><u>(233,985)</u></u>	<u><u>23,272</u></u>

See accompanying independent auditors' report.

City of Belton, Texas
Drainage Fund
Schedule of Revenue and Expenses –
Budget and Actual – Budgetary Basis
For the Fiscal Year Ended
September 30, 2012

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget
Operating revenue:				
Storm drainage fee	\$ 351,600	351,600	349,273	(2,327)
Total operating revenue	<u>351,600</u>	<u>351,600</u>	<u>349,273</u>	<u>(2,327)</u>
Operating expenses:				
Salaries and wages	69,818	71,621	70,698	923
Employee benefits	31,214	29,411	28,439	972
Supplies	11,682	15,170	15,417	(247)
Repairs and maintenance	16,100	10,550	7,224	3,326
Other charges	17,995	7,538	4,728	2,810
Capital outlay	50,000	27,719	11,771	15,948
Total operating expenses	<u>196,809</u>	<u>162,009</u>	<u>138,277</u>	<u>23,732</u>
Operating income	<u>154,791</u>	<u>189,591</u>	<u>210,996</u>	<u>21,405</u>
Nonoperating revenue (expenses):				
Interest revenue	500	500	292	(208)
Payment for capital lease	(39,104)	(39,104)	(39,104)	-
Payments to fiduciary for debt service	(25,190)	(25,190)	(25,157)	33
Transfers out	-	(81,800)	(81,800)	-
Total nonoperating revenue (expenses)	<u>(63,794)</u>	<u>(145,594)</u>	<u>(145,769)</u>	<u>(175)</u>
Net income	<u>\$ 90,997</u>	<u>43,997</u>	<u>65,227</u>	<u>21,230</u>

See accompanying independent auditors' report.

City of Belton, Texas
Drainage Fund
Schedule of Cash Receipts and Disbursements of Restricted
Cash and Cash Equivalents for Project Construction
For the Fiscal Year Ended
September 30, 2012

	<u>Bond Proceeds</u>
Balance, October 1	\$ <u>29,080</u>
Receipts:	
Transfers from operating cash	81,800
Interest income	<u>76</u>
Total receipts	<u>81,876</u>
Disbursements:	
Construction progress payments	<u>69,011</u>
Total disbursements	<u>69,011</u>
Balance, September 30	\$ <u><u>41,945</u></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>	78
Revenue Capacity <i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	90
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>	94
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>	104
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>	107

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 Nine Fiscal Years
 (Accrual Basis of Accounting)

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

Table I

Fiscal Year					
2007	2008	2009	2010	2011	2012
11,074,215	10,933,815	12,587,025	12,714,726	14,748,004	14,506,537
742,489	1,345,488	2,163,662	1,885,924	1,627,859	1,661,938
<u>9,773,013</u>	<u>9,085,035</u>	<u>5,878,901</u>	<u>6,552,962</u>	<u>6,558,315</u>	<u>7,051,514</u>
<u>21,589,717</u>	<u>21,364,338</u>	<u>20,629,588</u>	<u>21,153,612</u>	<u>22,934,178</u>	<u>23,219,989</u>
14,637,860	14,406,422	17,596,575	16,942,659	16,962,666	16,439,528
-	-	909,824	438,059	231,106	33,017
<u>3,530,011</u>	<u>4,708,259</u>	<u>3,165,834</u>	<u>4,343,054</u>	<u>5,008,863</u>	<u>6,173,249</u>
<u>18,167,871</u>	<u>19,114,681</u>	<u>21,672,233</u>	<u>21,723,772</u>	<u>22,202,635</u>	<u>22,645,794</u>
25,712,075	25,340,237	30,183,600	29,657,385	31,710,670	30,946,065
742,489	1,345,488	3,073,486	2,323,983	1,858,965	1,694,955
<u>13,303,024</u>	<u>13,793,294</u>	<u>9,044,735</u>	<u>10,896,016</u>	<u>11,567,178</u>	<u>13,224,763</u>
<u>39,757,588</u>	<u>40,479,019</u>	<u>42,301,821</u>	<u>42,877,384</u>	<u>45,136,813</u>	<u>45,865,783</u>

City of Belton, Texas
Changes in Net Assets
Last Nine Fiscal Years
(Accrual Basis of Accounting)

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Expenses			
Governmental activities:			
General government	\$ 752,377	729,634	754,745
Public safety	3,228,500	3,750,732	4,158,479
Highways and streets	1,048,679	1,127,558	1,430,432
Development services	216,454	245,482	310,782
Culture and recreation	652,828	715,176	847,167
Solid waste	593,704	607,668	646,508
Economic development	95,759	630,911	217,824
Maintenance	248,752	247,712	245,430
Interest on long-term debt	251,490	112,486	280,277
Total governmental activities expenses	<u>7,088,543</u>	<u>8,167,359</u>	<u>8,891,644</u>
Business-type activities:			
Water and sewer	3,331,276	3,186,511	3,737,110
Drainage	-	-	-
Total business-type activities expenses	<u>3,331,276</u>	<u>3,186,511</u>	<u>3,737,110</u>
Total primary government expenses	<u>\$ 10,419,819</u>	<u>11,353,870</u>	<u>12,628,754</u>
Program Revenues			
Governmental activities:			
Charges for services:			
Public safety	\$ 1,026,338	989,758	1,131,522
Development services	124,731	190,462	145,097
Culture and recreation	-	-	-
Solid waste	645,905	664,842	714,942
Operating grants and contributions	41,196	136,560	227,310
Capital grants and contributions	337,676	1,858,959	2,269,098
Total governmental activities program revenues	<u>2,175,846</u>	<u>3,840,581</u>	<u>4,487,969</u>
Business-type activities:			
Charges for services:			
Water and sewer	3,387,512	3,733,067	4,190,262
Drainage	-	-	-
Capital grants and contributions	69,484	932,057	968,544
Total business-type activities program revenues	<u>3,456,996</u>	<u>4,665,124</u>	<u>5,158,806</u>
Total primary government program revenues	<u>\$ 5,632,842</u>	<u>8,505,705</u>	<u>9,646,775</u>
Net (expense)/revenue			
Governmental activities	\$ (4,912,697)	(4,326,778)	(4,403,675)
Business-type activities	<u>125,720</u>	<u>1,478,613</u>	<u>1,421,696</u>
Total primary government net expense	<u>\$ (4,786,977)</u>	<u>(2,848,165)</u>	<u>(2,981,979)</u>

Table II

Fiscal Year					
2007	2008	2009	2010	2011	2012
796,507	898,581	1,083,294	1,155,582	1,312,897	1,384,187
4,365,643	4,707,210	4,767,516	5,174,535	5,513,342	5,625,533
1,419,572	1,713,940	2,044,341	1,709,400	1,786,877	1,878,313
346,087	450,248	416,116	426,329	416,266	340,545
1,299,129	1,457,177	1,566,358	1,610,093	1,779,825	1,940,672
717,398	734,724	767,769	872,479	1,024,826	992,345
117,828	187,144	521,490	218,463	609,974	456,987
265,857	295,254	322,557	314,162	343,480	448,480
285,339	399,128	446,281	458,092	415,624	394,913
<u>9,613,360</u>	<u>10,843,406</u>	<u>11,935,722</u>	<u>11,939,135</u>	<u>13,203,111</u>	<u>13,461,975</u>
4,072,535	4,508,443	4,753,013	5,253,218	5,405,274	5,586,624
-	36,456	72,372	152,197	167,411	207,911
<u>4,072,535</u>	<u>4,544,899</u>	<u>4,825,385</u>	<u>5,405,415</u>	<u>5,572,685</u>	<u>5,794,535</u>
<u>13,685,895</u>	<u>15,388,305</u>	<u>16,761,107</u>	<u>17,344,550</u>	<u>18,775,796</u>	<u>19,256,510</u>
1,126,432	1,273,551	1,297,267	1,307,580	1,252,269	1,544,949
162,914	129,943	132,353	150,787	122,596	163,410
-	-	-	26,823	40,416	43,835
757,531	806,446	839,311	1,013,460	1,137,155	1,166,276
274,889	275,047	294,691	631,493	829,734	640,097
<u>2,041,342</u>	<u>180,517</u>	<u>957,519</u>	<u>643,356</u>	<u>1,864,243</u>	<u>805,335</u>
<u>4,363,108</u>	<u>2,665,504</u>	<u>3,521,141</u>	<u>3,773,499</u>	<u>5,246,413</u>	<u>4,363,902</u>
3,985,697	4,657,551	5,304,072	4,960,198	6,033,244	5,833,008
-	222,107	333,178	342,930	350,856	349,273
<u>1,038,513</u>	<u>104,623</u>	<u>1,290,398</u>	<u>687,091</u>	<u>730,798</u>	<u>377,895</u>
<u>5,024,210</u>	<u>4,984,281</u>	<u>6,927,648</u>	<u>5,990,219</u>	<u>7,114,898</u>	<u>6,560,176</u>
<u>9,387,318</u>	<u>7,649,785</u>	<u>10,448,789</u>	<u>9,763,718</u>	<u>12,361,311</u>	<u>10,924,078</u>
(5,250,252)	(8,177,902)	(8,414,581)	(8,165,636)	(7,956,698)	(9,098,073)
<u>951,675</u>	<u>439,382</u>	<u>2,102,263</u>	<u>584,804</u>	<u>1,542,213</u>	<u>765,641</u>
<u>(4,298,577)</u>	<u>(7,738,520)</u>	<u>(6,312,318)</u>	<u>(7,580,832)</u>	<u>(6,414,485)</u>	<u>(8,332,432)</u>

(Continued)

City of Belton, Texas
Changes in Net Assets
Last Nine Fiscal Years
(Accrual Basis of Accounting)
(Continued)

	2004	2005	2006
General Revenues and Other Changes in Net Assets			
Governmental activities:			
Taxes			
Property taxes	\$ 3,075,583	3,075,583	3,403,788
Sales taxes	1,537,164	1,537,164	1,830,944
Franchise taxes	833,188	833,188	1,053,573
Hotel/motel taxes	91,638	91,638	119,568
Alcoholic beverage taxes	9,059	9,059	12,324
Unrestricted investment earnings	208,202	208,202	386,911
Miscellaneous	135,668	135,668	277,764
Gain (loss) on sale of capital assets	-	-	36,490
Transfers	282,000	282,000	296,000
	6,172,502	6,172,502	7,417,362
Total governmental activities			
Business-type activities:			
Unrestricted investment earnings	123,648	123,648	144,074
Miscellaneous	-	-	-
Gain on sale of capital assets	4,458	4,458	4,962
Transfers	(282,000)	(282,000)	(296,000)
	(153,894)	(153,894)	(146,964)
Total business-type activities			
	\$ 6,018,608	6,018,608	7,270,398
Total primary government			
Change in Net Assets			
Governmental activities	\$ 1,259,805	1,845,724	3,013,687
Business-type activities	(28,174)	1,324,719	1,274,732
Total primary government	\$ 1,231,631	3,170,443	4,288,419

Table II
(Continued)

Fiscal Year					
2007	2008	2009	2010	2011	2012
3,810,255	4,080,884	4,494,474	4,655,052	4,791,388	4,954,391
1,987,095	2,170,770	2,178,236	2,223,209	2,323,032	2,763,063
928,508	1,008,428	1,028,577	1,038,259	1,110,063	1,062,958
163,749	177,646	151,765	151,197	154,071	151,802
9,859	12,633	23,529	28,620	29,065	28,868
407,083	364,677	98,506	22,117	14,386	12,431
119,256	278,504	122,250	91,609	229,790	102,342
21,132	-	4,326	(66,303)	3,833	(20,815)
246,000	(141,019)	(421,832)	545,900	1,081,636	328,844
<u>7,692,937</u>	<u>7,952,523</u>	<u>7,679,831</u>	<u>8,689,660</u>	<u>9,737,264</u>	<u>9,383,884</u>
119,046	111,409	33,457	12,635	6,684	6,362
-	-	-	-	1,316	-
-	-	-	-	10,286	-
(246,000)	396,019	421,832	(545,900)	(1,081,636)	(328,844)
<u>(126,954)</u>	<u>507,428</u>	<u>455,289</u>	<u>(533,265)</u>	<u>(1,063,350)</u>	<u>(322,482)</u>
<u>7,565,983</u>	<u>8,459,951</u>	<u>8,135,120</u>	<u>8,156,395</u>	<u>8,673,914</u>	<u>9,061,402</u>
2,442,685	(225,379)	(734,750)	524,024	1,780,566	285,811
824,721	946,810	2,557,552	51,539	478,863	443,159
<u>3,267,406</u>	<u>721,431</u>	<u>1,822,802</u>	<u>575,563</u>	<u>2,259,429</u>	<u>728,970</u>

City of Belton, Texas
Fund Balances of Governmental Funds
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General fund				
Reserved	\$ -	-	-	-
Unreserved, designated	293,934	326,635	388,136	407,058
Nonspendable prepaid expenses	-	-	-	-
Restricted for:				
Public access facilities	-	-	-	-
Public safety	-	-	-	-
Cemetery	-	-	-	-
Committed to:				
Civil service sick pay and appeals	-	-	-	-
Other purposes	-	-	-	-
Unreserved/Unassigned	<u>2,492,906</u>	<u>2,999,535</u>	<u>3,000,253</u>	<u>3,311,499</u>
Total general fund	<u>\$ 2,786,840</u>	<u>3,326,170</u>	<u>3,388,389</u>	<u>3,718,557</u>
All other governmental funds				
Reserved	\$ 172,472	45,184	48,606	57,334
Unreserved, reported in:				
Special revenue funds	397,376	318,393	442,297	544,650
Capital projects funds	3,111,964	940,580	4,745,998	2,330,205
Restricted for:				
Debt service	-	-	-	-
Capital projects	-	-	-	-
Economic development	-	-	-	-
Public safety	-	-	-	-
Other purposes	-	-	-	-
Committed to:				
Capital projects	-	-	-	-
Economic development	-	-	-	-
Assigned to capital projects	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 3,681,812</u>	<u>1,304,157</u>	<u>5,236,901</u>	<u>2,932,189</u>

Note: The City implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" in fiscal year 2011.

Table III

Fiscal Year					
<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
-	14,783	40,857	95,659	-	-
463,626	504,405	558,885	591,114	-	-
-	-	-	-	4,925	6,102
-	-	-	-	96,665	124,571
-	-	-	-	25,636	43,355
-	-	-	-	-	3,077
-	-	-	-	632,220	711,366
-	-	-	-	35,466	12,668
<u>3,536,554</u>	<u>3,722,852</u>	<u>4,007,365</u>	<u>4,475,221</u>	<u>3,989,030</u>	<u>4,538,665</u>
<u>4,000,180</u>	<u>4,242,040</u>	<u>4,607,107</u>	<u>5,161,994</u>	<u>4,783,942</u>	<u>5,439,804</u>
117,140	168,444	206,456	233,286	-	-
625,813	532,616	534,159	483,090	-	-
5,526,120	6,299,642	5,086,074	4,186,898	-	-
-	-	-	-	281,757	269,913
-	-	-	-	524,116	893,851
-	-	-	-	396,908	637,476
-	-	-	-	99,887	157,635
-	-	-	-	14,259	23,280
-	-	-	-	1,426,410	435,769
-	-	-	-	5,822	24,696
-	-	-	-	1,661,041	1,644,454
-	-	-	-	(7)	(7)
<u>6,269,073</u>	<u>7,000,702</u>	<u>5,826,689</u>	<u>4,903,274</u>	<u>4,410,193</u>	<u>4,087,067</u>

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

	2003	2004	2005	2006
Revenues				
Taxes	\$ 4,520,933	5,049,654	5,533,566	6,378,070
Licenses and permits	97,191	124,731	190,462	145,097
Intergovernmental	719,146	374,328	800,929	1,879,511
Charges for services	1,044,037	1,186,509	1,254,321	1,474,050
Fines	427,546	388,831	400,278	339,026
Rental	15,000	15,600	16,800	18,000
Interest	82,977	71,641	208,202	386,911
Contributions and donations	50,556	11,690	219,988	206,147
Payments in lieu of taxes	-	15,564	4,108	-
Miscellaneous	58,789	110,638	44,967	114,426
Total revenues	<u>7,016,175</u>	<u>7,349,186</u>	<u>8,673,621</u>	<u>10,941,238</u>
Expenditures				
General government	521,860	600,650	684,170	730,039
Public safety	2,877,405	3,255,153	3,630,982	4,013,361
Highways and streets	742,422	527,707	620,867	827,482
Development services	-	227,286	253,577	310,022
Culture and recreation	479,072	437,582	498,003	603,387
Solid waste	581,560	593,704	607,668	646,508
Economic development	616,366	95,759	630,911	217,824
Maintenance	220,047	235,121	222,244	241,290
Debt service				
Principal	631,517	638,939	907,129	343,370
Interest and fiscal charges	204,334	203,090	195,797	282,435
Capital outlay	549,568	2,595,465	1,165,578	5,068,664
Total expenditures	<u>7,424,151</u>	<u>9,410,456</u>	<u>9,416,926</u>	<u>13,284,382</u>
Excess of revenues over (under) expenditures	<u>(407,976)</u>	<u>(2,061,270)</u>	<u>(743,305)</u>	<u>(2,343,144)</u>
Other financing sources (uses)				
Insurance proceeds	5,606	25,891	7,645	30,735
Sale of capital assets	-	103,349	8,623	41,865
Transfers in	713,674	463,737	581,514	1,306,753
Transfers out	(384,568)	(237,842)	(299,514)	(1,010,753)
Issuance of debt	4,452,910	-	4,500,000	-
Payments to escrow agents	(621,757)	-	(60,000)	-
Other uses	-	(132,190)	-	-
Total other financing sources (uses)	<u>4,165,865</u>	<u>222,945</u>	<u>4,738,268</u>	<u>368,600</u>
Net change in fund balances	<u>\$ 3,757,889</u>	<u>(1,838,325)</u>	<u>3,994,963</u>	<u>(1,974,544)</u>
Debt service as a percentage of noncapital expenditures	12.16%	12.89%	13.94%	7.86%

Table IV

Fiscal Year					
2007	2008	2009	2010	2011	2012
6,820,214	7,424,082	7,874,666	8,097,197	8,415,055	8,948,717
162,914	129,943	132,353	150,787	122,596	163,410
500,057	342,302	591,139	615,690	1,841,492	1,347,776
1,559,209	1,712,363	1,789,522	2,039,346	2,222,768	2,363,864
287,180	363,060	384,936	265,143	314,336	362,650
3,000	9,000	11,400	9,000	9,000	9,300
407,083	364,677	98,506	22,117	14,386	12,432
208,558	113,262	499,822	571,403	544,849	97,656
3,276	4,201	4,855	5,540	4,646	5,220
95,874	221,558	105,313	94,339	176,129	73,506
<u>10,047,365</u>	<u>10,684,448</u>	<u>11,492,512</u>	<u>11,870,562</u>	<u>13,665,257</u>	<u>13,384,531</u>
797,183	877,023	1,051,967	1,070,111	1,172,554	1,220,853
4,232,039	4,553,429	4,575,968	4,949,082	4,934,983	5,220,652
687,365	861,999	1,151,697	874,660	896,935	943,953
337,046	435,020	403,582	390,325	409,378	330,726
809,258	897,662	991,191	989,906	1,072,806	1,071,969
717,398	734,724	767,769	861,083	1,013,119	978,348
117,828	187,144	521,490	187,725	609,915	456,987
250,138	284,312	305,203	301,741	343,456	339,382
353,370	458,370	509,057	520,345	540,345	564,058
263,575	389,682	448,477	454,508	412,176	391,625
2,050,969	2,125,018	1,885,289	2,208,593	4,271,626	1,933,174
<u>10,616,169</u>	<u>11,804,383</u>	<u>12,611,690</u>	<u>12,808,079</u>	<u>15,677,293</u>	<u>13,451,727</u>
<u>(568,804)</u>	<u>(1,119,935)</u>	<u>(1,119,178)</u>	<u>(937,517)</u>	<u>(2,012,036)</u>	<u>(67,196)</u>
17,106	43,745	682	9,553	42,821	18,332
24,205	12,145	25,550	13,536	16,446	52,756
1,081,464	1,056,406	2,265,486	1,506,035	2,196,218	895,629
(835,464)	(555,406)	(1,981,486)	(960,135)	(1,114,582)	(566,785)
3,945,000	1,485,000	-	-	-	-
(45,000)	(28,359)	-	-	-	-
-	-	-	-	-	-
<u>4,187,311</u>	<u>2,013,531</u>	<u>310,232</u>	<u>568,989</u>	<u>1,140,903</u>	<u>399,932</u>
<u>3,618,507</u>	<u>893,596</u>	<u>(808,946)</u>	<u>(368,528)</u>	<u>(871,133)</u>	<u>332,736</u>
7.36%	8.98%	9.11%	9.20%	8.04%	8.16%



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
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
2008	4,054,605	2,170,770	1,008,428	177,646	12,633	7,424,082
2009	4,492,559	2,178,236	1,028,577	151,765	23,529	7,874,666
2010	4,655,912	2,223,209	1,038,259	151,197	28,620	8,097,197
2011	4,798,824	2,323,032	1,110,063	154,071	29,065	8,415,055
2012	4,942,026	2,763,063	1,062,958	151,802	28,868	8,948,717

(1) Includes penalty and interest on delinquent taxes

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

Fiscal Year	Real Property	Personal Property	Less: Tax Exempt Real Property	Total Taxable Assessed Value (1)	Total Direct Tax Rate	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
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
2008	720,502,875	102,090,376	195,028,176	627,565,075	0.6550	822,593,251	76.29
2009	776,426,292	109,116,917	190,958,759	694,584,450	0.6550	885,543,209	78.44
2010	856,135,785	113,872,404	247,294,087	722,714,102	0.6550	970,008,189	74.51
2011	889,165,112	111,080,240	256,163,778	744,081,574	0.6550	1,000,245,352	74.39
2012	939,902,073	116,782,078	290,281,154	766,402,997	0.6540	1,056,684,151	72.53

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			Overlapping Rates			Total Direct and Overlapping Rates
	Operating Rate	Debt Service Rate	Total Rate	Bell County	Belton I.S.D.	Clear Water Underground Water Cons. District	
TAX RATES (Per \$100 assessed value)							
2003	0.5158	0.1592	0.6750	0.3651	1.6810	0.0052	2.7263
2004	0.5810	0.1540	0.7350	0.3650	1.6640	0.0049	2.7689
2005	0.5653	0.1397	0.7050	0.3610	1.7400	0.0048	2.8108
2006	0.5517	0.1233	0.6750	0.3760	1.6685	0.0044	2.7239
2007	0.5456	0.1094	0.6550	0.4110	1.6685	0.0040	2.7385
2008	0.5377	0.1173	0.6550	0.4090	1.2870	0.0040	2.3550
2009	0.5394	0.1156	0.6550	0.4074	1.4110	0.0040	2.4774
2010	0.5360	0.1190	0.6550	0.4054	1.4110	0.0040	2.4754
2011	0.5397	0.1153	0.6550	0.4119	1.4210	0.0040	2.4919
2012	0.5405	0.1135	0.6540	0.4395	1.4060	0.0040	2.5035

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).

Table VIII

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

Taxpayer	2012			2003		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Wal-Mart	\$ 14,005,457	1	1.83 %	\$ -		- %
Turtle Creek Investments	12,974,927	2	1.69	4,338,252	5	1.19
Oncor Electric Delivery Co., LLC	10,148,761	3	1.32	5,977,456	3	1.63
Legacy Landing Group, Ltd.	8,236,131	4	1.07	-		-
CMH Manufacturing	7,392,823	5	0.96	-		-
Chappell Hill Equity III Ltd.	5,906,133	6	0.77	3,608,051	7	0.99
Tarco of Texas, Inc.	5,386,746	7	0.70	2,633,810	10	0.72
E.M. Cable International	5,124,701	8	0.67	-		-
Airgas Southwest, Inc.	5,000,330	9	0.65	-		-
James Construction	4,711,803	10	0.61	-		-
H.E.B. Grocery Co.	-		-	3,010,373	9	0.82
Southwestern Bell Telephone Co.	-		-	5,524,541	4	1.51
Fleetwood Homes of Texas	-		-	9,196,978	1	2.51
Superior Chaircraft Corp.	-		-	6,725,272	2	1.84
Custom Printing II Ltd.	-		-	3,948,190	6	1.08
Digby Auto Sales	-		-	3,090,004	8	0.84
Totals	\$ <u>78,887,812</u>		<u>10.29 %</u>	\$ <u>48,052,927</u>		<u>13.13 %</u>

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
2003	\$ 2,470,471	2,397,861	97.06	46,452	2,444,313	98.94 %
2004	2,939,169	2,879,699	97.98	60,181	2,939,880	100.02
2005	3,099,088	3,015,229	97.29	73,933	3,089,162	99.68
2006	3,388,414	3,300,813	97.41	66,740	3,367,553	99.38
2007	3,730,314	3,647,857	97.79	63,596	3,711,453	99.49
2008	4,110,551	4,023,508	97.88	66,426	4,089,934	99.50
2009	4,549,528	4,455,311	97.93	61,773	4,517,084	99.29
2010	4,733,777	4,629,436	97.80	57,284	4,686,720	99.01
2011	4,873,734	4,755,548	97.58	40,698	4,796,246	98.41
2012	5,012,276	4,915,146	98.06	-	4,915,146	98.06

Source: Finance Department, City of Belton, Texas

Table X

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

Fiscal Year	Governmental Activities	Business-Type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	General Obligation Bonds with Revenue Pledge	Capital Leases			
2003	\$ 1,395,285	\$ 9,126,610	\$ -	\$ 10,521,895	4.37 %	\$ 713
2004	3,086,300	8,389,775	-	11,476,075	4.47	757
2005	7,136,970	7,691,322	-	14,828,292	5.30	932
2006	6,793,600	6,941,827	-	13,735,427	4.63	845
2007	10,385,230	7,803,505	-	18,188,735	5.74	1,085
2008	11,411,860	7,926,204	-	19,338,064	5.74	1,123
2009	10,902,803	7,489,597	109,974	18,502,374	5.21	1,053
2010	10,382,458	7,067,992	74,499	17,524,949	4.61	962
2011	9,842,113	6,584,537	37,854	16,464,504	4.25	885
2012	9,278,055	6,080,945	-	15,359,000	3.88	809

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 Taxable Value (1) of Property	Per Capita (2)
2003	\$ 1,395,285	\$ 172,472	\$ 1,222,813	0.33 %	83
2004	3,086,300	45,184	3,041,116	0.83	201
2005	7,136,970	48,606	7,088,364	1.77	445
2006	6,793,600	57,334	6,736,266	1.53	415
2007	10,385,230	117,140	10,268,090	2.05	613
2008	11,411,860	168,444	11,243,416	1.97	653
2009	10,902,803	206,456	10,696,347	1.70	609
2010	10,382,458	233,286	10,149,172	1.46	557
2011	9,842,113	281,757	9,560,356	1.32	514
2012	9,278,055	269,913	9,008,142	1.21	475

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, 2012

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (2)</u>	<u>Estimated Share of Overlapping Debt</u>
Direct:			
City of Belton	\$ <u>9,278,055</u> (1)	100.00 %	\$ <u>9,278,055</u>
Total direct	<u>9,278,055</u>		<u>9,278,055</u>
Overlapping:			
Belton Economic Development Corp.	656,000	100.00	656,000
Belton Independent School District	137,889,996	37.17	51,253,712
Bell County	<u>118,200,000</u>	5.72	<u>6,761,040</u>
Total overlapping	<u>256,745,996</u>		<u>58,670,752</u>
Total direct and overlapping debt	<u>\$ 266,024,051</u>		<u>\$ 67,948,807</u>

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Belton. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

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

(2) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of each government's taxable assessed value that is within the city's boundaries and dividing it by that government's total taxable assessed value.

City of Belton, Texas
Computation of Maximum Debt Margin
September 30, 2012

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, fiscal year 2012 tax roll	\$ 766,402,997
Limit on amount designated for debt service	<u>1.25%</u>
Legal debt limit	<u>\$ 9,580,037</u>
Actual amount expended for general obligation debt service during the year ended September 30, 2012	<u>\$ 955,683</u>



City of Belton, Texas
Pledged Revenue Coverage
Water and Sewer, and Drainage Bonds
 Last Ten Fiscal Years

Fiscal Year	Gross Operating Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
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
2008	4,991,067	3,240,356	1,750,711	392,301	329,112	721,413	2.43
2009	5,670,707	3,429,668	2,241,039	436,607	333,210	769,817	2.91
2010	5,315,763	3,411,263	1,904,500	507,203	288,286	795,489	2.39
2011	6,390,784	3,557,957	2,832,827	520,100	275,263	795,363	3.56
2012	6,188,643	3,747,788	2,440,855	503,592	254,718	758,310	3.22

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
Water and Sewer System Condensed Statement of Operations
 Last Ten Fiscal Years

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Operating and Nonoperating Revenue:				
Water and Sewer System	\$ 3,598,358	3,363,939	3,714,215	4,166,704
Miscellaneous	17,340	23,573	18,852	23,558
Interest	<u>87,597</u>	<u>71,424</u>	<u>123,648</u>	<u>144,074</u>
Total	<u>\$ 3,703,295</u>	<u>3,458,936</u>	<u>3,856,715</u>	<u>4,334,336</u>
Operating Expense:				
Water and Sewer System (1)	<u>\$ 2,267,085</u>	<u>2,379,094</u>	<u>2,242,446</u>	<u>2,645,121</u>

(1) Excludes depreciation expense

Table XV

Fiscal Year					
<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
3,962,341	4,635,948	5,275,863	4,928,573	6,000,318	5,795,849
23,356	21,603	28,209	31,625	32,926	37,159
<u>119,046</u>	<u>109,993</u>	<u>30,220</u>	<u>11,452</u>	<u>6,212</u>	<u>5,995</u>
<u>4,104,743</u>	<u>4,767,544</u>	<u>5,334,292</u>	<u>4,971,650</u>	<u>6,039,456</u>	<u>5,839,003</u>
<u>2,874,206</u>	<u>3,224,696</u>	<u>3,399,581</u>	<u>3,326,903</u>	<u>3,460,787</u>	<u>3,621,282</u>

City of Belton, Texas
Top Ten Water Customers
 Current Year and Nine Years Ago

Customer	Customer Type
University of Mary Hardin Baylor	Higher Education
Belton ISD	Public Education
Bell County	County Government
Turtle Creek Village	Multi-Family Housing
Belle Oaks Apartments	Multi-Family Housing
Legacy Landing	Multi-Family Housing
Belton Housing Authority	Government Housing
College View Apartments	Multi-Family Housing
Montrose II Apartments	Multi-Family Housing
Ratliff Ready Mix	Construction Contractor
Bell County Expo Center	Exposition Center
Chappel Oaks	Multi-Family Housing
Totals	

Source: Finance Department, City of Belton, Texas

Table XVI

2012			2003		
Annual Sales	Rank	Percentage of Total Sales	Annual Sales	Rank	Percentage of Total Sales
\$ 316,064	1	8.7 %	\$ 173,769	1	8.08 %
121,842	2	3.36	66,029	2	3.07
121,815	3	3.35	49,049	3	2.28
90,340	4	2.49	21,668	8	1.01
58,454	5	1.61	28,997	6	1.35
52,104	6	1.43	-		-
50,833	7	1.4	33,127	5	1.54
35,804	8	0.99	34,229	4	1.59
32,315	9	0.89	23,467	7	1.09
25,431	10	0.7	-		-
-		-	13,854	9	0.64
-		-	13,639	10	0.63
<u>\$ 905,002</u>		<u>24.92 %</u>	<u>\$ 457,828</u>		<u>21.28 %</u>

Table XVII

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>
2003	14,764 @	240,579,380	16,295 @	28	6,950	5.4 %
2004	15,159 !	256,869,255	16,945 @	28	7,171	4.4
2005	15,912 !	279,971,640	17,595 @	28	7,149	5.3
2006	16,249 @	296,463,005	18,245 @	28	7,994	5.3
2007	16,761 @	316,699,095	18,895 @	28	7,995	4.6
2008	17,227 @	336,701,715	19,545 @	28	8,314	4.6
2009	17,578 @	354,987,710	20,195 @	28	8,476	6.1
2010	18,216 #	379,748,952	20,847 #	29	9,278	7.3
2011	18,600 @	387,754,200	20,847 #	29	9,500	8.0
2012	18,981 @	395,696,907	20,847 #	29	9,560	6.8

Data Sources:

* Belton Independent School District

** Texas Workforce Commission

@ City of Belton

U.S. Census Bureau

! Texas State Data Center

Table XVIII

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

Employer	2012			2003		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Belton Independent School District	1,400	1	20.09 %	1,500	1	26.47 %
Bell County	1,072	2	15.38	958	2	16.91
Super Wal-Mart	450	3	6.46	-		-
University of Mary Hardin Baylor	406	4	5.83	316	3	5.58
James Construction Group	350	5	5.02	-		-
HEB Grocery	285	6	3.98	154	6	2.72
Belco Manufacturing	175	7	2.51	-	10	-
Cedar Crest Hospital & Clinic	160	8	2.30	145		2.56
City of Belton	152	9	2.18	-		-
Custom Printing	151	10	2.17	300	4	5.29
United Parcel Service	-		-	127	9	2.24
Fleetwood Homes of Texas	-		-	145	7	2.56
Superior Chaircraft	-		-	140	8	2.47
Odell Geer Construction	-		-	200	5	3.53
Total	4,601		65.92 %	3,985		70.33 %

Source: Belton Economic Development Corporation.



Table XIX

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

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General government	12	12	12	13	13	13	14	14	15	16
Public safety:										
Police:										
Officers	24	24	27	27	28	28	28	29	29	30
Civilians	9	9	9	9	9	9	9	9	9	10
Fire:										
Firefighters and officers	20	26	26	26	26	26	26	32	32	32
Civilians	1	1	1	1	1	1	1	1	1	1
Highways and streets	8	8	10	10	11	11	11	10	9	9
Planning	4	4	5	5	5	6	6	6	6	4
Culture and recreation	12	12	12	13	16	16	16	16	17	17
Solid waste	-	-	-	-	-	-	-	1	1	1
Maintenance	6	6	6	6	6	6	7	7	7	7
Water and sewer	19	20	20	20	20	20	19	20	21	21
Economic development	2	2	2	2	2	2	3	3	3	2
Drainage	-	-	-	-	-	-	1	2	2	2
Total	117	124	130	132	137	138	141	150	152	152

Source: Finance Department, City of Belton, Texas

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

Function	2003	2004	2005	2006
Police:				
Citations issued	9,800	6,766	5,288	3,412
Alarms responded to	765	600	695	651
Disturbance calls	1,100	488	429	575
Animal control citations issued	7	10	-	-
Abatement of junk vehicle	-	-	-	-
Abatement of weedy lots	-	-	-	-
Dilapidated structures	-	-	-	-
Fire:				
Fires	150	114	182	200
Inspections	169	268	420	329
Investigations	8	5	12	17
Highways and streets:				
Signs erected	187	100	149	65
Planning:				
Permits issued	1,157	1,070	1,515	1,585
Inspections	2,074	1,561	1,735	1,905
Abatement of junk vehicle	164	200	300	300
Abatement of weedy lots	234	325	500	500
Dilapidated structures	25	40	25	25
Culture and recreation:				
Library circulation	31,931	52,423	43,306	43,132
Maintenance:				
Work orders completed	1,654	1,495	1,025	980
Water:				
New connections	109	69	133	214
Water main breaks	20	12	12	15
Average daily water consumption (millions of gallons)	2.01	2.01	1.66	1.31
Sewer:				
Average daily sewage treatment (millions of gallons)	1.65	1.62	1.64	1.04

Sources: Various city departments.

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

Table XX

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
4,307	3,954	4,085	4,050	3,019	3,248
898	924	1,029	1,100	1,222	1,202
640	1,187	1,359	1,150	692	692
-	-	37	24	15	19
-	-	-	-	-	367
-	-	-	-	-	940
-	-	-	-	-	7
123	105	147	101	162	66
460	480	499	505	271	355
28	22	16	20	31	53
90	121	925	900	910	304
1,413	1,462	1,414	1,438	1,532	1,297
2,848	2,549	2,436	1,668	2,205	2,200
384	328	302	356	211	-
1,651	1,527	1,339	2,129	1,164	-
30	20	15	16	4	-
38,878	37,194	46,631	49,242	58,415	61,670
1,390	1,370	1,640	1,150	1,854	1,367
159	145	109	106	93	166
6	4	16	26	22	31
1.61	2.45	2.51	2.00	2.66	3.06
1.56	1.13	1.12	1.46	1.18	1.31

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

Function	2003	2004	2005	2006
Public safety:				
Police:				
Stations	1	1	1	1
Patrol units	12	12	12	12
Fire stations	1	2	2	2
Highways and streets:				
Streets (miles)	96	96	101	103
Culture and recreation:				
Parks acreage	156.9	168.7	168.7	175.2
Playgrounds	8	13	13	13
Ball fields	13	13	13	13
Sports courts	8	8	8	8
Pavilions	5	5	5	5
Amphitheaters	1	1	1	1
Trails (miles)	1.95	2.2	2.2	2.2
Water:				
Service connections	4,635	4,704	4,837	5,051
Water mains (miles)	102	104	106	108.5
Water pump stations	2	2	2	2
Fire hydrants	614	617	656	684
Plant capacity (millions of gallons)	6.57	6.57	6.57	6.57
Sewer:				
Service connections	3,634	3,689	3,797	3,895
Sanitary sewers (miles)	91	92	102	103
Number of lift stations	18	18	18	18
Treatment plant capacity (millions of gallons)	2.5	2.5	2.5	2.5

Sources: Various city departments.

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

Table XXI

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
1	1	1	1	1	1
12	12	12	12	14	14
2	2	2	2	2	2
115	116	118	119	119	121
177	184	184	189	188.7	188.7
14	16	16	16	16	16
14	14	14	14	14	14
8	11	11	11	11	11
6	6	6	7	7	7
1	1	1	1	1	1
3.5	4.25	4.25	4.25	4.25	4.25
5,210	5,355	5,464	5,663	5,785	5,902
112	114	115	116	116	117
2	2	2	2	2	2
702	742	752	840	840	843
6.57	6.57	6.57	6.57	6.57	6.57
4,016	4,115	4,192	4,245	4,245	4,351
103	104	106	107	108	130
17	17	17	16	15	16
2.5	2.5	2.5	2.5	2.5	2.5

