

# City of Belton, Texas

Main Street, looking North, Belton, Texas.



*Comprehensive Annual Financial Report  
for the Fiscal Year Ended  
September 30, 2015*



# City of Belton Texas

Year Ended September 30, 2015

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# City of Belton

~ *Founded 1850* ~

March 11, 2016

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, 2015.

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, has issued an unmodified (“clean”) opinion on the City of Belton’s financial statements for the year ended September 30, 2015. 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 complements 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 20,517. Belton is the county seat of Bell County and is a governmental, agricultural, and commercial center in the area. Two large lakes, Belton Lake and Stillhouse Hollow Lake, 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 programming, 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 within 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 June 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. The budget shall be finally adopted by ordinance not later than the twenty-seventh day of September, provided that if the Council takes no final action on or prior to such day, the budget as submitted by the City Manager shall be deemed to have been finally adopted by the Council until such time as the City Council adopts a budget pursuant to the provisions of this Charter.

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.** Belton is a proactive, business-friendly community, located deep in the heart of Central Texas and in the core of the Temple-Killeen-Ft Hood MSA. This location provides easy access to the estimated 450,000 people in the region. The military, government, medical/healthcare services, agricultural/agribusiness, and retail trade are different thriving industry sectors in the MSA that continue to be a major economic influence contributing to the growth and prosperity of Belton. Belton is also home to manufacturing, distribution, and business IT consulting companies such as Belco Manufacturing, American Spin Cast, Belltec, UPS, Frito Lay, Stratyasys, TruMH, and CGI to name a few. Overall, Belton's economic vitality, proximity to major markets and business-friendly atmosphere serve as a conduit for our local businesses to continue to invest and grow in our community.

The Temple-Killeen-Ft Hood MSA is in the center of the rapidly growing high-tech corridor between Austin and the Dallas/Fort Worth area. Belton is located at the crossroads of Interstate Highway 35 ("IH-35") and the newly designated Interstate Highway 14 (U.S. Highway 190), within 180 miles of every major market in Texas. The Texas Department of Transportation ("TxDOT") continues to expand IH-35 through Central Texas. In this particular MSA, there is a commitment of \$2.6 billion dollars in construction projects anticipated to be completed by 2017. The intersection of U.S. Highway 190 and IH-35, located within Belton city limits, is one of the projects being renovated with the insertion of a flyover to provide a seamless connection to the Killeen-Ft Hood area via U.S. Highway 190.

In 2015, Area Development published Leading Locations for 2015, and the MSA placed 47<sup>th</sup> in the Prime Workforce category and 6<sup>th</sup> in the Three-Year Wage and Salary Growth: Average Hourly Earnings category out of 373 MSAs. Factors that determine Prime Workforce status include education level and employees in the early stages of their careers. The Perryman Report estimates that between 2012 and 2017, the Killeen/Temple/Fort Hood MSA will experience an 11.54% increase in job growth, which translates into just over 26,000 new jobs.

In fiscal year-end 2011, the Belton Economic Development Corporation expanded Arbor Drive through the Belton Business Park, opening up additional areas for development and job opportunity. In 2013, several new businesses were completed in the Park, and others began construction. Scott & White Healthcare opened its new 7,644 square foot Pediatric Clinic and a 14,406 square foot Family Practice Clinic, valued at \$1.5 million and \$2.7 million respectively. Nearby, Creekside Terrace Nursing and Rehabilitation Center, a 53,000 square foot facility, opened in 2014 and is an estimated \$4 million investment. This expansion will maintain 65 jobs and create an additional 30 jobs in Belton. In 2016, the Belton Economic Development Corporation will continue preparing the former Rockwool property located along 6<sup>th</sup> Street/Taylor's Valley Road in Belton for future industrial development.

CGI, Inc., an international information technology management and business process services company with over 125 offices worldwide, constructed a \$5 million facility and created 208 jobs to date, with another anticipated 192 jobs still to be created.

The City is proud to be the home of the University of Mary Hardin-Baylor (“UMHB”), a private four-year college with an enrollment of over 3,800 students representing 30 foreign countries. UMHB was chartered by the Republic of Texas in 1845, making it the oldest continuously operating college in the state. Since 2011, UMHB has been in the process of implementing an ambitious campus master plan which has already seen the completion of the Bawcom Student Union, Crusader Stadium, Cummins Field House, Isabelle Rutherford Meyer Nursing Education Center and the Baugh Center for the Visual Arts. The final facility to be built as part of the 2011 master plan is the Performing Arts Center, and ground has already been broken on the project.

Belton Independent School District (“BISD”) is the largest employer in the City, with 1,700 employees. BISD serves over 10,500 students on 15 campuses, 9 of which are in the city limits of Belton. The newest Belton campus, Chisholm Trail Elementary School, opened its doors in the Fall of 2014 and was a \$13 million project.

New development in Belton during 2015 includes Planet Fitness, Ace Hardware, Valero expansion, Jersey Mike’s, Taco Bell, Cefco, Colonial Crossing Apartments, BISD agricultural barn, KADI office warehouse, TruMH expansion, Scores Pizza, Lonestar Pediatric Dental, Patriot Coney, That Art Place, and Wingstop. New construction starts for 2015 consist primarily of residential subdivisions, including Bella Rose, Southwood Hills Phase I, River Place Estates Phase IX, Creekside Estates, and Liberty Valley Phase III. In the extraterritorial jurisdiction (“ETJ”), Three Creeks, a 1,500 lot residential development, served by Belton water and sewer, and Chick Addition Phase VII began construction in 2015.

**Long-term financial planning.** In 2013 and 2015, the City took the opportunity to issue additional bonds without an ad valorem tax rate increase. This was made possible by growth in the tax base and adjustments in water and sewer utility rates.

A Capital Improvement Plan (“CIP”) Committee was formed in 2013, to evaluate the capital needs of the City for a potential bond issue. The CIP committee was generally tasked with reviewing infrastructure or large equipment needs to enhance services for all citizens within the City. Their final recommendation was approved in June 2013, with the Council adding an additional \$1 million in street funding:

Public safety	\$ 2,900,000
Streets and sidewalks	3,615,000
Parks and recreation	<u>310,000</u>
Total	\$ <u>6,825,000</u>

The City issued \$6.825 million in certificates of obligation in September 2013. CIP-identified priorities that have been completed with the bond funds include the purchase of a new fire engine pumper, widening of Wheat Road, addition of sidewalks along Wheat Road and Avenue D, construction of a fifth baseball field and special needs playground at Heritage Park and enhancements to Yettie Polk Park. Remaining projects to be completed in fiscal year 2016 are the police department expansion and remodel, sidewalks on South Wall Street, enhancements to Beall Park and the construction of a new park near South Belton Middle School.

In April 2015, the City issued \$9.665 million in certificates of obligation. \$1.070 million is tax-supported debt with the intended use of replenishing 2013 certificates of obligation streets and

sidewalks funding that was reallocated to fund the additional costs of the police department expansion and remodel. The remaining \$8.595 million is backed by the full faith and credit of the City, but serviced by water and sewer utility revenues. The following water and sewer projects are scheduled to be funded by the 2015 certificates of obligation issued:

Automated Metering Infrastructure	\$ 4,292,000
Nolan Creek Trunk Sewer Line Replacement	1,200,000
Temple-Belton Wastewater Treatment Plant Redevelopment, Phase I	2,603,000
South Belton Sewer Service Design	<u>500,000</u>
Total	\$ <u>8,595,000</u>

### **Major Initiatives**

The City budgets based on the goals and objectives set forth by the City’s Strategic Plan with a mission to enhance Belton’s quality of life through visionary leadership that preserves its character while planning for its future. Contained within the plan are six goal categories that shape the specific short and long-term goals for the City: governance, public safety, quality of life, economic development, connectivity, and parks and natural beauty. The City aims to achieve these goals and objectives while maintaining a balanced budget, and financially prudent operations.

Sustainability became a key theme for the City during 2015 with a focus on street maintenance and the City’s capital equipment needs. The City Council voted to implement years one and two of the five-year street maintenance plan developed by Lee Engineering, utilizing bond funds originally included in the 2013 certificates of obligation that were reallocated to the police station expansion project, and then replenished by the 2015 certificates of obligation. The five-year plan is designed to systematically maintain or improve the roadway conditions throughout Belton in a manner that is cost effective and geographically neutral. The City Council also authorized the creation of capital equipment replacement funds with a long-term plan to replace and grow the City’s police fleet as well as its public works vehicle and equipment fleets in a manner that addresses the operational needs of these departments and is financially sustainable.

### **Relevant Financial Policies**

The City’s adopted fund balance policy requires the maintenance of reserves equal to three months of operating expenditures plus any fund-supported debt service. Balances in excess of this reserve requirement can be directed by City Council towards capital improvements. Significant uses of the fund balance of the General Fund during the fiscal year ended September 30, 2015 included the establishment of capital equipment replacement funds for the police and public works departments at a cost of \$250,000. Uses of the fund balance of the Water and Sewer Fund in excess of reserves included \$254,945 to fund the CDBG grant match for the Miller Height sewer project, \$117,762 to fund the relocation of water and sewer lines in conjunction with the 9<sup>th</sup> Avenue/MLK Jr. Bridge project, \$126,451 for the purchase of land for a future water tower site, and \$51,357 to fund the required debt service on the 2015 certificates of obligation.

## Impact of New Accounting Standards

As detailed in note IX of the notes to the financial statements, the City adopted the provisions of *Governmental Accounting Standards Board (“GASB”) Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB No. 27 and GASB No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB No. 68*, effective October 1, 2014. Per GASB, the primary objective of the Statements is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The adoption of these two statements substantially changed the way in which the City accounts for its defined benefit plan through the Texas Municipal Retirement System and led to a decrease in the unrestricted net position for governmental activities, business-type activities, and Belton Economic Development Corporation by \$606,894, \$116,359 and \$12,963, respectively, at October 1, 2014.

## Awards and Acknowledgements

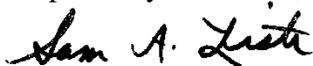
The Government Finance Officers Association of the United States and Canada (“GFOA”) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Belton, Texas, for its comprehensive annual financial report (“CAFR”) for the fiscal year ended September 30, 2014. This was the twenty-ninth 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, 2014. In order to receive this award, a governmental unit must publish a budget 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 twenty-third consecutive year that the City has received the budget award.

The preparation of this report was made possible with 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,



Sam A. Listi  
City Manager



Brandon Bozon, CPA  
Director of Finance

Citizens of Belton

Mayor and City Council

City Clerk

City Manager

City Attorney

Municipal Court Judge

Council Support

Municipal Elections

Records Management

Ordinance Management

Strategic Plan

Policy Implementation

Grants

Retail Development

Public Information

Assistant City Manager

Human Resources

Recruitment & Hiring

Employee Development

Payroll & Benefits

Civil Service

Finance

Accounting

Budget

Purchasing

Municipal Court

Utility Billing

Risk Management

Planning

Planning & Development

Inspections & Permitting

Historic Preservation

GIS

Public Works

Infrastructure Planning

Water & Wastewater

Street Maintenance

Drainage Facilities

Brush Services

Internal Services

Engineering

Regulatory Compliance

Contract Administration

Capital Planning

Building Maintenance

Fleet Maintenance

Fire & EMS

Fire Suppression

Fire Prevention & Education

Emergency Medical Services

EMS Billing

Emergency Management

Parks & Recreation

Park Maintenance

Right-of-Way Maintenance

Harris Community Center

Recreation Programs

Library

Main Collection

Children's Programs

Genealogy

Public Internet Access

Information Technology

Network Administration

Communication Systems

Computer Systems

Police

Administration

Patrol Operations

Criminal Investigations

Public Service Operators

Animal Control

Code Enforcement

# CITY OF BELTON

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## ELECTED OFFICIALS

### CITY COUNCIL

Two-Year Terms

<u>NAME</u>	<u>TERM EXPIRES</u>
Marion Grayson, Mayor	May 2016
David K. Leigh, Mayor Pro Tem	May 2017
Guy O'Banion	May 2016
Paul Sanderford	May 2016
Jerri Guantt	May 2017
Dan Kirkley	May 2017
Craig Pearson	May 2017

## APPOINTED OFFICIALS

### CITY ADMINISTRATION

<u>POSITION</u>	<u>NAME</u>	<u>DATE APPOINTED</u>
City Manager	Sam Listi	March 12, 2001
City Attorney	John Messer	September 1, 1978
City Clerk	Amy Casey	June 29, 2015
Assistant City Manager/Police Chief	Gene Ellis	April 20, 2009
Fire Chief	Bruce Pritchard	July 28, 2015
Director of Finance	Brandon Bozon	March 31, 2014
Director of Human Resources	Charlotte Walker	October 1, 2010
Director of Internal Services & City Engineer	Angellia Points	February 1, 2016
Director of IT	Denny Lassetter	November 15, 2010
Director of Library Services	Kim Kroll	October 2, 2000
Director of Parks and Recreation	Matt Bates	October 1, 2014
Director of Planning	Erin Smith	March 26, 2012
Director of Public Works	Byron Sinclair	February 1, 2016
Grants & Special Projects Coordinator	Aaron Harris	January 2, 2013
Public Information Officer	Paul Romer	November 1, 2012
Executive Director, Belton Economic Development Corporation	Cynthia Hernandez	September 27, 2011



Government Finance Officers Association

**Certificate of  
Achievement  
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in Financial  
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Presented to

**City of Belton  
Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2014**

Executive Director/CEO





JAYNES REITMEIER BOYD & THERRELL, P.C.  
Certified Public Accountants  
5400 Bosque Blvd., Ste. 500 | Waco, TX 76710  
P.O. Box 7616 | Waco, TX 76714  
Main 254.776.4190 | Fax 254.776.8489 | jrbt.com

## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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 involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such

***Auditor's Responsibility*** (continued)

opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***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, 2015, 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 accordance with accounting principles generally accepted in the United States of America.

***Changes in Accounting Principles***

As discussed in Note IX to the financial statements, effective October 1, 2014, the City adopted new accounting guidance, Governmental Accounting Standards Board (“GASB”) No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB No. 27* and GASB No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB No. 68*. Our opinion is not modified with respect to these matters.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis on pages 5 through 17, and the schedules of changes in the City’s net pension liability and related ratios, and contributions on pages 69 and 70 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.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The 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. Such 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 do not express an opinion or provide any assurance on them.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2016 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* in considering the City's internal control over financial reporting and compliance.

March 11, 2016



## 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 of the financial activities of the City of Belton for the fiscal year ended September 30, 2015. 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 vi of this report.

### Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$55,829,613 (*net position*). Of this amount, \$11,404,202 represents unrestricted net position, which may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$5,969,446 (exclusive of changes in accounting principles), primarily due to grants and contributions from third parties.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$14,809,937, a decrease of \$836,945 in comparison with the prior year. Of this total amount, \$4,767,757 (32.2 percent) is available for spending at the City's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unrestricted fund balance (total of the *committed, assigned, and unassigned* components of *fund balance*) for the General Fund was \$5,517,877, or 47.4 percent of total general fund expenditures.
- The City's total outstanding long-term debt increased by \$8,348,497 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 includes other supplementary information intended to furnish additional detail to support 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 position* presents information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows 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 21 - 23 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 assessing 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 fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Debt Service Fund, and the 9<sup>th</sup> Avenue Fund, 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 combining and individual fund statements and schedules section 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.

The basic governmental fund financial statements can be found on pages 24 - 28 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 fund financial statements 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 29 - 31 of this report.

**Notes to the financial statements.** The notes provide additional information that is necessary to acquire 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 33 – 66 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 69 and 70 of this report. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 73 through 88 of this report.

### Government-Wide Overall Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$55,829,613 at the close of the most recent fiscal year.

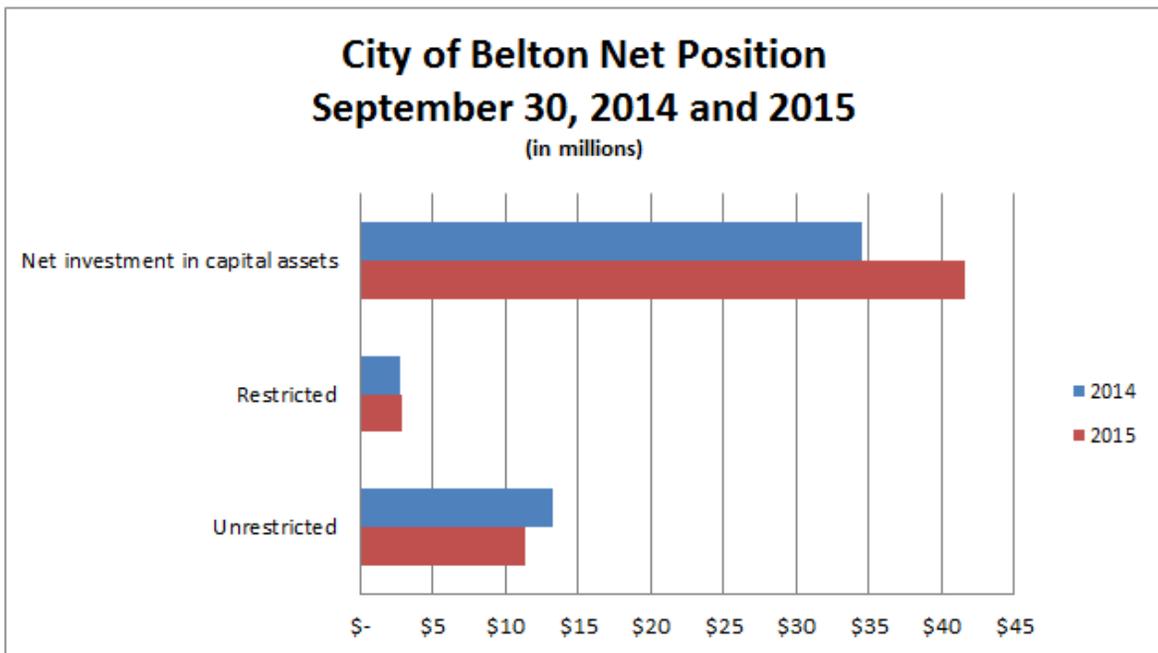
### City of Belton Statement of Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 16,802,389	\$ 16,968,947	\$ 16,622,082	\$ 7,018,345	\$ 33,424,471	\$ 23,987,292
Capital assets	30,691,370	25,576,237	26,180,007	22,994,698	56,871,377	48,570,935
Total assets	47,493,759	42,545,184	42,802,089	30,013,043	90,295,848	72,558,227
Total deferred outflows of resources	497,904	-	105,535	15,108	603,439	15,108
Long-term liabilities outstanding	16,639,010	15,299,624	13,546,062	5,062,314	30,185,072	20,361,938
Other liabilities	1,679,721	1,119,124	3,073,412	505,853	4,753,133	1,624,977
Total liabilities	18,318,731	16,418,748	16,619,474	5,568,167	34,938,205	21,986,915
Total deferred inflows of resources	10,318	-	21,151	-	131,469	-
Net position:						
Invested in capital assets, net of related debt	20,253,143	16,461,658	21,325,320	18,121,998	41,578,463	34,583,656
Restricted	2,846,948	2,701,028	-	-	2,846,948	2,701,028
Unrestricted	6,462,523	6,963,750	4,941,679	6,334,986	11,404,202	13,298,736
Total net position	\$ 29,562,614	\$ 26,126,436	\$ 26,266,999	\$ 24,456,984	\$ 55,829,613	\$ 50,583,420

By far the largest portion of the City’s net position (\$41,578,463 or 74.5 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, 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 used 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 position (\$2,846,948 or 5.1 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance (\$11,404,202 or 20.4 percent) is unrestricted and 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 position, 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.



The City's total net position increased \$5,969,446 (exclusive of changes in accounting principles) from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental and business-type activities.

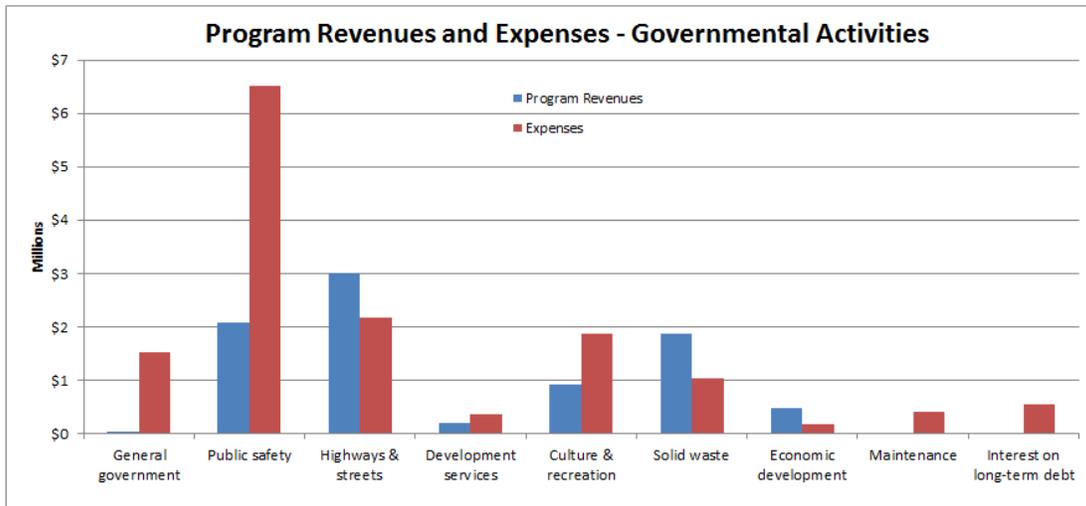
As described in Note IX of the notes to the financial statements, the City adopted the provisions of Governmental Accounting Standards Board (“GASB”) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB No. 27 and GASB No. 73, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB No. 68, effective October 1, 2014*. The adoption of these two statements substantially

changed the way in which the City accounts for its defined benefit plan through the Texas Municipal Retirement System and led to a decrease in the net position for governmental activities and business-type activities by \$606,894 and \$116,359, respectively, at October 1, 2014 for the changes in accounting principles.

### City of Belton's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 3,217,643	\$ 3,046,416	\$ 6,524,300	\$ 5,918,781	\$ 9,741,943	\$ 8,965,197
Operating grants and contributions	747,749	646,637	-	-	747,749	646,637
Capital grants and contributions	3,758,025	2,283,115	1,764,757	348,298	5,522,782	2,631,413
General revenues:						
Property taxes	5,916,916	5,581,133	-	-	5,916,916	5,581,133
Sales taxes	3,205,411	3,069,314	-	-	3,205,411	3,069,314
Franchise taxes	1,148,273	1,183,602	-	-	1,148,273	1,183,602
Other taxes	196,658	218,511	-	-	196,658	218,511
Investment earnings	28,003	13,715	16,624	5,118	44,627	18,833
Gain (loss) on sale of assets	36,937	191,869	108,079	24,668	145,016	216,537
Other income	102,773	88,762	-	-	102,773	88,762
Total revenues	<u>18,358,388</u>	<u>16,323,074</u>	<u>8,413,760</u>	<u>6,296,865</u>	<u>26,772,148</u>	<u>22,619,939</u>
<b>Expenses:</b>						
General government	1,534,183	1,542,268	-	-	1,534,183	1,542,268
Public safety	6,513,269	6,274,184	-	-	6,513,269	6,274,184
Highways and streets	2,176,849	1,979,832	-	-	2,176,849	1,979,832
Development services	352,821	349,526	-	-	352,821	349,526
Culture and recreation	1,873,363	1,700,193	-	-	1,873,363	1,700,193
Solid waste	1,039,691	996,945	-	-	1,039,691	996,945
Economic development	180,440	461,622	-	-	180,440	461,622
Maintenance	398,974	400,394	-	-	398,974	400,394
Interest on long-term debt	540,242	552,290	-	-	540,242	552,290
Water and sewer	-	-	5,912,553	5,577,444	5,912,553	5,577,444
Drainage	-	-	280,317	312,075	280,317	312,075
Total expenses	<u>14,609,832</u>	<u>14,257,254</u>	<u>6,192,870</u>	<u>5,889,519</u>	<u>20,802,702</u>	<u>20,146,773</u>
Changes in net assets before transfers	3,748,556	2,065,820	2,220,890	407,346	5,969,446	2,473,166
Transfers	294,516	367,659	(294,516)	(367,659)	-	-
Changes in net position	<u>4,043,072</u>	<u>2,433,479</u>	<u>1,926,374</u>	<u>39,687</u>	<u>5,969,446</u>	<u>2,473,166</u>
Net position - October 1, previously reported	26,126,436	23,692,957	24,456,984	24,417,297	50,583,420	48,110,254
Change in accounting principle	(606,894)	-	(116,359)	-	(723,253)	-
Net position - October 1, restated	<u>25,519,542</u>	<u>23,692,957</u>	<u>24,340,625</u>	<u>24,417,297</u>	<u>49,860,167</u>	<u>48,110,254</u>
Net position - September 30	<u>\$ 29,562,614</u>	<u>\$ 26,126,436</u>	<u>\$ 26,266,999</u>	<u>\$ 24,456,984</u>	<u>\$ 55,829,613</u>	<u>\$ 50,583,420</u>

**Governmental activities.** During the current fiscal year, net position for governmental activities increased \$4,043,072 (exclusive of changes in accounting principles) from the prior fiscal year for an ending balance of \$29,562,614. This increase was primarily the result of capital grants and contributions received during the year.



**Business-type activities.** For the City’s business-type activities, the results for the current fiscal year were positive in that overall net position increased to an ending balance of \$26,266,999. The total increase in net position for business-type activities (Water and Sewer Fund, and Drainage Fund) was \$1,926,374 (exclusive of changes in accounting principles). Key changes year over year included:

- Charges for business-type activities totaled \$6,524,300, an increase of \$605,519 or 10.2 percent from the prior year. This increase is primarily a reflection of increased water consumption compared to the previous year, as well as an increase in the water and sewer rates;
- Expenses for business-type activities totaled \$6,192,870, an increase of \$303,351 or 5.2 percent compared to the previous year due to increased water and treatment costs as well as an increase in depreciation expense; and
- Capital grants and contributions from grant agencies and developers amounted to \$1,764,757.

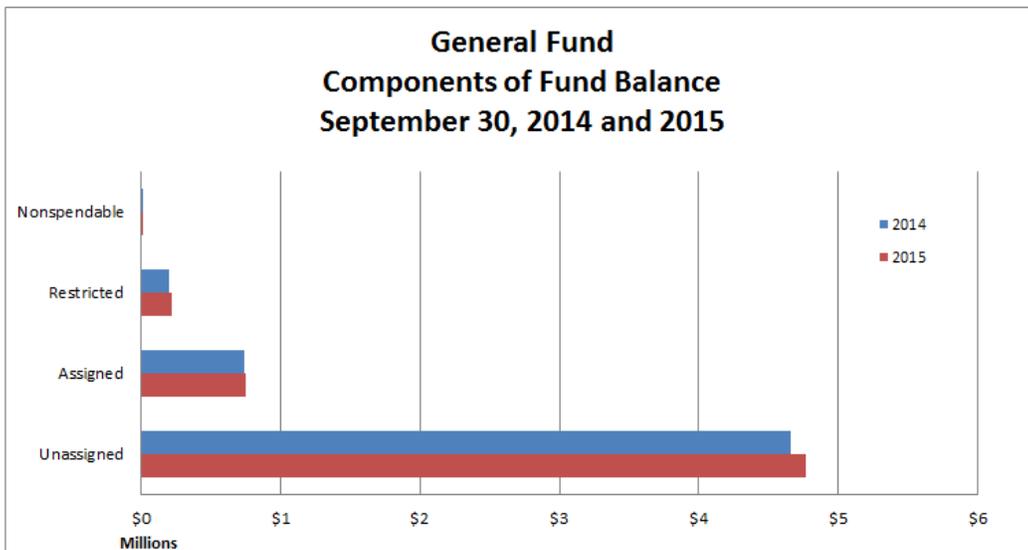
### Financial Analysis of the City’s Funds

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 discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for particular purposes by the City Council.

At September 30, 2015, the City’s governmental funds reported combined ending fund balances of \$14,809,937, a decrease of \$836,945 in comparison with the prior year. Approximately 32.2 percent (\$4,767,757) of this 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:

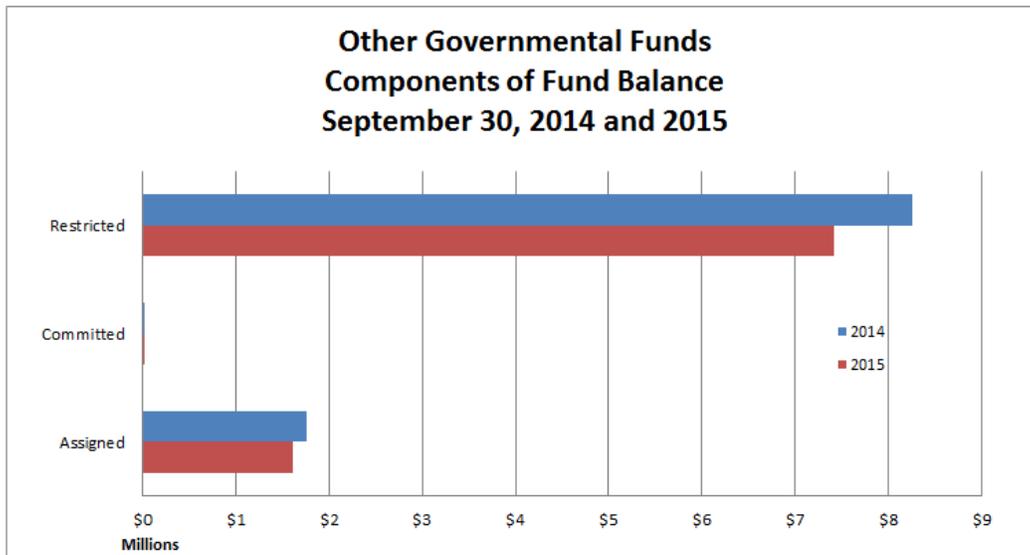
- 1) Not in spendable form (\$8,169);
- 2) Restricted for particular purposes:
  - a. Debt service (\$132,462);
  - b. Public, educational, or governmental access facilities (\$204,307);
  - c. Public safety training, equipment, and security facilities (\$168,274);
  - d. Cemetery maintenance and improvements (\$3,106); and
  - e. Capital projects and economic development (\$7,136,098).
- 3) Committed for particular purposes:
  - a. Economic development (\$23,859).
- 4) Assigned for particular purposes:
  - a. Future civil service costs (\$719,391);
  - b. Library books and services(\$27,408);
  - c. Youth Advisory Commission (\$2,103); and
  - d. Capital projects and equipment (\$1,617,003).



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 \$4,768,975, while total fund balance increased to \$5,744,353. 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 general fund expenditures. Unassigned fund balance represents 41.0 percent of total General Fund expenditures, while total fund balance represents 49.4 percent of that same amount.

The fund balance of the City’s General Fund increased by \$139,773 during the current fiscal year. The net increase was due to:

- Stronger than budgeted ad valorem, sales, franchise, and alcoholic beverage tax revenues;
- Operational savings driven by less than budgeted expenditures on personnel due to vacancies, employee insurance due to favorable rate negotiations, fuel due to declining oil prices, and professional service costs; offset by
- Increased transfers out to establish police department and public works capital equipment replacement plans, along with other capital project funding.



The Debt Service Fund, a major fund, had a decrease in fund balance during the current year of \$40,461, to bring the year-end fund balance to \$132,462. This decrease resulted from the use of fund balance to phase in the impact of the 2013 and 2015 certificates of obligation issued.

The 9<sup>th</sup> Avenue Fund is used to account for a major portion of the cost to extend the 9<sup>th</sup> Avenue, renamed Martin Luther King Jr. Avenue, bridge across Nolan Creek to connect Main Street and Loop 121.

**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.

Net position of the Water and Sewer Fund at the end of the year was \$23,920,202, and the net position of the Drainage Fund amounted to \$2,346,797. The total change in net position was \$1,357,959 and \$568,415 respectively. Notable changes in the Water and Sewer Fund activity include:

- Operating revenues totaled \$6,164,279, an increase of \$613,454 or 11.1 percent from the prior year. This increase is a reflection of increased water consumption compared to the previous year as well as an increase in the water and sewer rates;
- Operating expenses totaled \$5,663,700, an increase of \$302,225 or 5.6 percent from the prior year. The increase was primarily driven by increased water costs, personnel costs, and depreciation;
- Capital contributions were \$1,377,212. The contributions related to the dedication of water and sewer lines in the Tuscan River Phase I, Bluffs at Dunn’s Hollow, and Dawson Ranch Phase V subdivisions.

Notable changes in the Drainage Fund activity include:

- A decrease in operating revenue of \$7,935 or 2.2 percent due to write-offs of several significant uncollectable accounts during the year;

- A decrease in operating expenses of \$31,129 or 10.4. The decreases were primarily driven by salaries and wages, repairs and maintenance, and other charges, which were down compared to the prior year by \$30,128, \$4,701 and \$18,697, respectively; offset by depreciation which was up \$29,991 compared to the prior year;
- There was \$387,545 in capital contributions during the current year, related to the dedication of drainage facilities in the Tuscan River Phase I and the Bluffs at Dunn's Hollow subdivisions.
- There was a transfer of \$100,000 from the TIRZ to assist in funding the Connell Street Drainage improvements.

### General Fund Budgetary Highlights

**Original Budget Compared to Final Budget.** Budgeted uses of funds, inclusive of expenditures and transfers out, increased by \$265,481 between the original budget and final budget. The increase in uses was primarily attributable to transfers out to fund the Police Department and Public Works capital equipment replacement funds, as well as \$15,481 in additional maintenance and training funds as a result of insurance proceeds, asset sales and training grants.

Budgeted sources of funds, inclusive of revenues and other financing sources increased by \$15,481 between the original budget and final budget. The increase in sources was primarily attributable to:

- \$1,300 for the sale of decommissioned vehicles
- \$11,565 in insurance proceeds
- \$2,616 in contributions from the state to help fund the LEOSE training

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

<u>Revenue Source</u>	<u>Budgeted Revenues</u>	<u>Actual Revenues</u>	<u>Difference</u>
Taxes	\$ 8,553,703	\$ 8,780,218	\$ 226,515
Licenses and permits	217,280	188,172	(29,108)
Charges for services	2,471,100	2,526,593	55,493

The overage in tax revenues was caused by strong sales tax collections that surpassed budget expectations in the current economic climate, and higher than expected ad valorem and franchise tax collections. License and permit revenue is influenced by the building and construction activity within the community, and was down relative to the prior year. However, the decrease in revenues was not wholly indicative of a slowdown in activity, as last year saw a spike in roofing permits due to spring hailstorms. EMS calls for service increased, thereby increasing revenue despite no change in the City's EMS rate structure. Parks and recreation saw an increase in revenues over budget and prior year figures due to an increase in the rental activity at the Harris Community Center. Refuse collection was up over the prior year, but did not reach the budgeted amount.

A review of actual expenditures compared to appropriations in the final budget shows no significant variances, with all budget divisions performing within budgeted parameters. The largest budget variances occurred in:

- City Administration: This budget includes funding for the pay plan and a contingency line item, some of which was not used during the year.
- Public Safety: Several position vacancies occurred during the year, resulting in salary savings and favorable health insurance negotiations reduced the City’s benefits cost; and
- Highways and Streets and Planning: Savings in engineering and professional services combined with the personnel savings discussed above led to savings in these departments.

### 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, 2015, amounts to \$56,871,377 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, streets, bridges, drainage structures, and water and sewer system infrastructure to include pumps, pipes, storage tanks, and associated fittings and fixtures. The total increase in the City’s investment in capital assets for the current fiscal year was 17.1 percent (a 20 percent increase for governmental activities and a 13.9 percent increase for business-type activities).

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

	Governmental Activities		Business-Type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Land	\$ 2,342,251	\$ 2,325,901	\$ 412,742	\$ 299,987	\$ 2,754,993	\$ 2,625,888
Buildings	2,960,177	3,210,779	52,871	29,374	3,013,048	3,240,153
Improvements other than buildings	1,857,711	1,329,597	-	-	1,857,711	1,329,597
Machinery and equipment	1,566,424	1,595,387	847,390	805,542	2,413,814	2,400,929
Infrastructure	15,552,992	13,397,701	20,960,488	20,811,262	36,513,480	34,208,963
Construction in progress	6,411,815	3,716,872	3,906,516	1,048,533	10,318,331	4,765,405
<b>Total</b>	<b>\$ 30,691,370</b>	<b>\$ 25,576,237</b>	<b>\$ 26,180,007</b>	<b>\$ 22,994,698</b>	<b>\$ 56,871,377</b>	<b>\$ 48,570,935</b>

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

- Work was completed on:
  - Dawson Ranch Trail;
  - Hike & Bike Trail extension, phase II;
  - Toll Bridge Road bridge replacement;
  - Spring Street reconstruction;
  - Nolan Creek recreation and flood mitigation project; and
  - Heritage Park baseball field and special needs playground

- Work began/continued on:
  - Regional Law Enforcement training facility;
  - MLK/9<sup>th</sup> Avenue extension;
  - Sparta Road expansion and reconstruction;
  - South Main sidewalk extension and water line relocation;
  - North Main & River Fair intersection improvements;
  - Police department expansion;
  - North Main sidewalk extensions;
  - Temple-Belton Wastewater Treatment Plant redevelopment;
  - Automated metering infrastructure project;
  - Nolan Creek trunk sewer line replacement; and
  - Miller Heights sewer line replacements

Additional information on the City’s capital assets can be found in Note V on pages 49 - 52 of this report.

**Long-term debt.** At the end of the current fiscal year, the City had total bonded debt outstanding of \$28,236,295, all of which is backed by the full faith and credit of the City. In addition, \$13,009,818 of this amount is also backed with a pledge of water and sewer revenue and storm water drainage revenue.

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

	Governmental Activities		Business-Type Activities		Totals	
	2015	2014	2015	2014	2015	2014
General obligation bonds	\$ 15,226,477	\$ 14,889,589	-	-	\$ 15,226,477	\$ 14,889,589
Revenue bonds with tax cross-pledge	-	-	13,009,818	4,998,209	13,009,818	4,998,209
<b>Total</b>	<b>\$ 15,226,477</b>	<b>\$ 14,889,589</b>	<b>\$ 13,009,818</b>	<b>\$ 4,998,209</b>	<b>\$ 28,236,295</b>	<b>\$ 19,887,798</b>

The City’s total bonded debt increased by \$8,348,497 (42 percent) during the current fiscal year. The increase was due to the issuance of \$9,665,000 in certificates of obligation, offset by regularly scheduled principal payments on existing debt. The City’s AA- rating from Standard & Poor’s for general obligation debt was affirmed during the 2015 certificates of obligation debt issue process.

The 2015 issuance of combination tax and limited revenue certificates of obligation had a par value of \$9,665,000. That par value was divided \$1,070,000 for general government and \$8,595,000 for the water and sewer utility. The following projects are scheduled to be funded using the bond proceeds:

- General government
  - Completion of the police station expansion and remodel which was partially funded with 2013 issued certificates of obligation
- Water and sewer
  - Automated metering infrastructure
  - Nolan Creek trunk sewer line replacement
  - Phase I of the Temple-Belton Wastewater Treatment Plant redevelopment
  - Design of South Belton sewer service

The certificates of obligation sold at a premium, bringing an issue price of \$9,998,808. The net proceeds after issue costs (\$9,861,202) were divided between general government and the water and sewer utility.

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 \$1.50 of the maximum tax rate for general obligation debt service. The City's fiscal year 2015 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 53 - 56 of this report.

### **Economic Factors and Next Year's Budget and Rates**

The following economic factors currently affect the City of Belton and were considered in developing the 2016 fiscal year budget.

- The local economy has remained stable and is experiencing growth as evidenced by construction activity. Several large projects are underway, and 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 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 2016 budget was based on sustaining operating levels, while meeting the demands of a growing community. The ad valorem tax rate was maintained at the current rate of \$0.6598 per \$100 of assessed valuation to fund increases in recurring expenditure obligations. A water and sewer rate study was completed and adopted by Council during fiscal year 2015, and will include future rate increases to fund planned projects, including most notably the expansion of the wastewater treatment plant, the transition to automated water metering, the Nolan Creek trunk sewer line replacement, and the expansion of sewer services to the south, down the IH-35 corridor.

At the end of fiscal year 2015, fund balance (budgetary basis) in the General Fund is \$4,774,575. The City Council has stipulated that the General Fund maintain three months operating expenditures as a minimum of undesignated reserves, which currently equates to \$3.1 million. 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 2016, 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 those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

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



## **Basic Financial Statements**



**City of Belton, Texas**  
**Statement of Net Position**  
September 30, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Belton Economic Development Corporation, Inc.
<b>Assets</b>				
Cash and cash equivalents	\$ 13,537,679	6,745,392	20,283,071	5,674,354
Receivables (net of allowance for uncollectibles)	1,546,685	816,879	2,363,564	274,521
Due from other governments	1,709,856	203,081	1,912,937	-
Prepaid items	8,169	169,610	177,779	-
Restricted cash and cash equivalents	-	8,687,120	8,687,120	-
Capital assets not being depreciated:				
Land	2,342,251	412,742	2,754,993	485,325
Construction in progress	6,411,815	3,906,516	10,318,331	-
Capital assets, net of accumulated depreciation:				
Buildings	2,960,177	52,871	3,013,048	1,065,821
Improvements other than buildings	1,857,711	-	1,857,711	-
Machinery and equipment	1,566,424	847,390	2,413,814	-
Infrastructure	15,552,992	20,960,488	36,513,480	1,503,280
Total assets	47,493,759	42,802,089	90,295,848	9,003,301
<b>Deferred Outflows of Resources</b>				
Deferred outflows of resources	497,904	105,535	603,439	10,635
Total deferred outflows of resources	497,904	105,535	603,439	10,635
<b>Liabilities</b>				
Accounts and retainages payable	1,384,728	2,795,367	4,180,095	601,669
Accrued interest payable	87,113	45,026	132,139	3,082
Other accrued liabilities	187,080	34,634	221,714	3,768
Customer deposits payable	20,800	198,385	219,185	2,200
Noncurrent liabilities:				
Due within one year	1,151,723	983,829	2,135,552	145,550
Due in more than one year	15,487,287	12,562,233	28,049,520	107,549
Total liabilities	18,318,731	16,619,474	34,938,205	863,818
<b>Deferred Inflows of Resources</b>				
Deferred inflows of resources	110,318	21,151	131,469	2,356
Total deferred inflows of resources	110,318	21,151	131,469	2,356
<b>Net Position</b>				
Net investment in capital assets	20,253,143	21,325,320	41,578,463	2,820,722
Restricted for:				
Debt service	160,368	-	160,368	-
Economic development	1,807,516	-	1,807,516	-
Court	42,959	-	42,959	-
Public safety	125,315	-	125,315	-
Public access facilities	204,307	-	204,307	-
Cemetery	3,106	-	3,106	-
Capital projects and equipment	503,377	-	503,377	-
Unrestricted	6,462,523	4,941,679	11,404,202	5,327,040
Total net position	\$ 29,562,614	26,266,999	55,829,613	8,147,762

See accompanying notes to financial statements.

**City of Belton, Texas**  
**Statement of Activities**  
For the Fiscal Year Ended  
September 30, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 1,534,183	-	32,000	-
Public safety	6,513,269	1,744,958	328,656	-
Highways and streets	2,176,849	-	-	3,000,683
Planning	352,821	188,172	-	-
Culture and recreation	1,873,363	76,672	15,959	-
Solid waste	1,039,691	1,207,841	-	657,342
Economic development	180,440	-	371,134	100,000
Maintenance	398,974	-	-	-
Interest	540,242	-	-	-
Total governmental activities	<u>14,609,832</u>	<u>3,217,643</u>	<u>747,749</u>	<u>3,758,025</u>
Business-type activities:				
Water and sewer	5,912,553	6,164,279	-	1,377,212
Drainage	280,317	360,021	-	387,545
Total business-type activities	<u>6,192,870</u>	<u>6,524,300</u>	<u>-</u>	<u>1,764,757</u>
Total primary government	<u>\$ 20,802,702</u>	<u>9,741,943</u>	<u>747,749</u>	<u>5,522,782</u>
<b>Component unit:</b>				
Belton Economic				
Development Corporation, Inc.	\$ 896,179	31,811	-	-
Total component unit	<u>\$ 896,179</u>	<u>31,811</u>	<u>-</u>	<u>-</u>
General revenues:				
Property taxes				
Sales taxes				
Franchise taxes				
Hotel/motel taxes				
Alcoholic beverage taxes				
Unrestricted investment earnings				
Miscellaneous				
Gain on sale of assets				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position, beginning of year, as restated				
Net position, end of year				

See accompanying notes to financial statements.

Net Revenues (Expenses) and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Belton Economic Development Corporation, Inc.
(1,502,183)		(1,502,183)	
(4,439,655)		(4,439,655)	
823,834		823,834	
(164,649)		(164,649)	
(1,780,732)		(1,780,732)	
825,492		825,492	
290,694		290,694	
(398,974)		(398,974)	
(540,242)		(540,242)	
<u>(6,886,415)</u>		<u>(6,886,415)</u>	
-	1,628,938	1,628,938	
-	467,249	467,249	
-	<u>2,096,187</u>	<u>2,096,187</u>	
<u>(6,886,415)</u>	<u>2,096,187</u>	<u>(4,790,228)</u>	
			<u>(864,368)</u>
			<u>(864,368)</u>
\$ 5,916,916	-	5,916,916	-
3,205,411	-	3,205,411	1,602,705
1,148,273	-	1,148,273	-
157,454	-	157,454	-
39,204	-	39,204	-
28,003	16,624	44,627	8,446
102,773	-	102,773	-
36,937	108,079	145,016	-
294,516	(294,516)	-	-
<u>10,929,487</u>	<u>(169,813)</u>	<u>10,759,674</u>	<u>1,611,151</u>
4,043,072	1,926,374	5,969,446	746,783
<u>25,519,542</u>	<u>24,340,625</u>	<u>49,860,167</u>	<u>7,400,979</u>
<u>\$ 29,562,614</u>	<u>26,266,999</u>	<u>55,829,613</u>	<u>8,147,762</u>

**City of Belton, Texas**  
**Balance Sheet**  
**Governmental Funds**  
September 30, 2015

	<u>General</u>	<u>Debt Service</u>	<u>9th Avenue</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>					
Cash and cash equivalents	\$ 4,463,443	132,462	-	8,941,774	13,537,679
Receivables (net of allowance for uncollectibles)	1,480,916	27,906	-	37,863	1,546,685
Due from other governments	199,362	-	984,488	526,006	1,709,856
Due from other funds	772,058	-	-	-	772,058
Prepaid items	8,169	-	-	-	8,169
	<u>6,923,948</u>	<u>160,368</u>	<u>984,488</u>	<u>9,505,643</u>	<u>17,574,447</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>					
Liabilities:					
Accounts and retainages payable	\$ 599,777	-	122,881	662,070	1,384,728
Accrued liabilities	187,080	-	-	-	187,080
Customer deposits payable	20,800	-	-	-	20,800
Due to other funds	-	-	758,069	13,989	772,058
Total liabilities	<u>807,657</u>	<u>-</u>	<u>880,950</u>	<u>676,059</u>	<u>2,364,666</u>
Deferred inflows of resources:					
Unavailable revenue	<u>371,938</u>	<u>27,906</u>	<u>-</u>	<u>-</u>	<u>399,844</u>
Total deferred inflows of resources	<u>371,938</u>	<u>27,906</u>	<u>-</u>	<u>-</u>	<u>399,844</u>
Fund balances:					
Nonspendable	8,169	-	-	-	8,169
Restricted	218,307	132,462	103,538	7,189,940	7,644,247
Committed	-	-	-	23,859	23,859
Assigned	748,902	-	-	1,617,003	2,365,905
Unassigned	4,768,975	-	-	(1,218)	4,767,757
Total fund balances	<u>5,744,353</u>	<u>132,462</u>	<u>103,538</u>	<u>8,829,584</u>	<u>14,809,937</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 6,923,948</u>	<u>160,368</u>	<u>984,488</u>	<u>9,505,643</u>	
Amounts reported for governmental activities in the statement of net position are different because:					
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.					30,691,370
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.					399,844
Long-term liabilities, including bonds payable and the net pension liability, are not due and payable in the current period and, therefore, are not reported in the funds.					<u>(16,338,537)</u>
Net position of governmental activities					<u>\$ 29,562,614</u>

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, 2015

	<u>General</u>	<u>Debt Service</u>	<u>9th Avenue</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>					
<b>Taxes:</b>					
Ad valorem	\$ 4,387,330	947,536	-	582,394	5,917,260
Sales	3,205,411	-	-	-	3,205,411
Franchise	1,148,273	-	-	-	1,148,273
Hotel/motel	-	-	-	157,454	157,454
Alcoholic beverage	39,204	-	-	-	39,204
Licenses and permits	188,172	-	-	-	188,172
Intergovernmental	329,264	-	1,734,280	1,245,268	3,308,812
Charges for services	2,526,593	-	-	-	2,526,593
Fines	358,012	-	-	19,863	377,875
Rental	15,600	-	-	-	15,600
Interest	11,910	1,076	237	14,780	28,003
Contributions and donations	17,410	-	100,000	162,516	279,926
Payments in lieu of taxes	9,164	-	-	-	9,164
Miscellaneous	92,717	-	-	1,250	93,967
Total revenues	<u>12,329,060</u>	<u>948,612</u>	<u>1,834,517</u>	<u>2,183,525</u>	<u>17,295,714</u>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	1,460,659	-	-	14,604	1,475,263
Public safety	6,189,168	-	-	89,100	6,278,268
Highways and streets	1,061,613	-	-	-	1,061,613
Planning	337,730	-	-	-	337,730
Culture and recreation	1,196,792	-	-	-	1,196,792
Solid waste	1,027,958	-	-	-	1,027,958
Economic development	-	-	-	186,379	186,379
Maintenance services	363,981	-	-	-	363,981
<b>Debt service:</b>					
Principal	-	543,112	-	190,000	733,112
Interest and fiscal charges	-	445,961	-	95,370	541,331
Bond issuance costs	-	-	-	15,234	15,234
Capital outlay	-	-	2,177,394	4,189,451	6,366,845
Total expenditures	<u>11,637,901</u>	<u>989,073</u>	<u>2,177,394</u>	<u>4,780,138</u>	<u>19,584,506</u>
Excess (deficiency) of revenues over (under) expenditures	<u>691,159</u>	<u>(40,461)</u>	<u>(342,877)</u>	<u>(2,596,613)</u>	<u>(2,288,792)</u>
<b>Other financing sources (uses):</b>					
Insurance proceeds	18,601	-	-	-	18,601
Sale of capital assets	23,975	-	-	7,800	31,775
Certificates of obligation issued	-	-	-	1,070,000	1,070,000
Premium on certificates of obligation issued	-	-	-	36,955	36,955
Transfers in	416,271	-	-	1,299,410	1,715,681
Transfers out	(1,010,233)	-	(273,747)	(137,185)	(1,421,165)
Total other financing sources (uses)	<u>(551,386)</u>	<u>-</u>	<u>(273,747)</u>	<u>2,276,980</u>	<u>1,451,847</u>
Net change in fund balances	139,773	(40,461)	(616,624)	(319,633)	(836,945)
Fund balances, beginning of year	<u>5,604,580</u>	<u>172,923</u>	<u>720,162</u>	<u>9,149,217</u>	<u>15,646,882</u>
Fund balances, end of year	<u>\$ 5,744,353</u>	<u>132,462</u>	<u>103,538</u>	<u>8,829,584</u>	<u>14,809,937</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, 2015

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)	\$ (836,945)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$6,373,733) exceed depreciation expense (\$2,162,197) in the current period.	4,211,536
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, donations, etc.) is to increase net position. This is capital assets contributed (\$917,036) less the net book value of capital assets sold (\$13,439) in the current period.	903,597
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	108,701
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 change in the net pension liability and the related deferred outflows and inflows of resources (\$86,448) plus the change in accrued interest payable (\$1,089) less the change in compensated absences (\$57,511).	30,026
The issuance of long-term debt (e.g., bonds and leases) 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 position. Also, governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This is the amount of new debt issued (\$1,070,000) plus the premium on the new debt issued (\$36,955) less principal repayments (\$733,112) in the current year.	<u>(373,843)</u>
Change in net position of governmental activities (Exhibit A-2)	<u>\$ 4,043,072</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, 2015

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes:				
Current ad valorem	\$ 4,237,138	4,237,138	4,274,628	37,490
Delinquent ad valorem	69,000	69,000	60,178	(8,822)
Penalty and interest	57,500	57,500	52,524	(4,976)
Total ad valorem	4,363,638	4,363,638	4,387,330	23,692
Sales	3,092,065	3,092,065	3,205,411	113,346
Franchise	1,069,000	1,069,000	1,148,273	79,273
Alcoholic beverage	29,000	29,000	39,204	10,204
Total taxes	8,553,703	8,553,703	8,780,218	226,515
Licenses and permits:				
Building	93,000	93,000	99,749	6,749
Electrical	36,000	36,000	23,430	(12,570)
Plumbing	30,000	30,000	24,398	(5,602)
Mechanical	20,000	20,000	12,117	(7,883)
Swimming pool	1,000	1,000	750	(250)
Rezoning fees	6,000	6,000	8,100	2,100
Subdivision fees	8,000	8,000	8,328	328
Miscellaneous	23,280	23,280	11,300	(11,980)
Total licenses and permits	217,280	217,280	188,172	(29,108)
Intergovernmental	257,146	259,762	298,411	38,649
Charges for services:				
Ambulance	1,200,000	1,200,000	1,258,038	58,038
Parks and recreation	51,500	51,500	60,714	9,214
Brush collection	168,000	168,000	169,367	1,367
Refuse collection	1,051,600	1,051,600	1,038,474	(13,126)
Total charges for services	2,471,100	2,471,100	2,526,593	55,493
Fines:				
Municipal court	230,000	230,000	243,484	13,484
Court fees	116,350	116,350	110,589	(5,761)
Total fines	346,350	346,350	354,073	7,723
Rental	-	-	15,600	15,600
Interest	7,500	7,500	10,354	2,854
Contributions and donations	-	-	1,800	1,800
Payments in lieu of taxes	7,650	7,650	9,164	1,514
Miscellaneous	46,000	46,000	53,063	7,063
Total revenues	11,906,729	11,909,345	12,237,448	328,103

(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, 2015

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
Expenditures:				
General government:				
City council	\$ 80,119	80,119	58,348	21,771
City administration	920,097	756,748	572,604	184,144
Finance	459,815	472,411	450,380	22,031
Legal	201,908	201,908	180,393	21,515
Information Technology	204,376	210,630	195,462	15,168
Total general government	<u>1,866,315</u>	<u>1,721,816</u>	<u>1,457,187</u>	<u>264,629</u>
Public safety:				
Police	3,355,326	3,414,582	3,387,112	27,470
Fire	2,608,863	2,667,446	2,662,697	4,749
Total public safety	<u>5,964,189</u>	<u>6,082,028</u>	<u>6,049,809</u>	<u>32,219</u>
Highways and streets	<u>1,199,203</u>	<u>1,146,215</u>	<u>1,061,613</u>	<u>84,602</u>
Planning	<u>477,174</u>	<u>386,001</u>	<u>337,730</u>	<u>48,271</u>
Culture and recreation:				
Parks	873,967	910,079	871,229	38,850
Library	273,610	278,109	275,984	2,125
Total culture and recreation	<u>1,147,577</u>	<u>1,188,188</u>	<u>1,147,213</u>	<u>40,975</u>
Solid waste	<u>1,007,767</u>	<u>1,027,333</u>	<u>1,027,958</u>	<u>(625)</u>
Maintenance services	<u>416,763</u>	<u>383,404</u>	<u>363,981</u>	<u>19,423</u>
Total expenditures	<u>12,078,988</u>	<u>11,934,985</u>	<u>11,445,491</u>	<u>489,494</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(172,259)</u>	<u>(25,640)</u>	<u>791,957</u>	<u>817,597</u>
Other financing sources (uses):				
Insurance proceeds	-	11,565	18,601	7,036
Sale of capital assets	-	1,300	20,910	19,610
Transfers in	445,259	445,259	416,271	(28,988)
Transfers out	(273,000)	(682,484)	(1,137,733)	(455,249)
Total other financing sources (uses)	<u>172,259</u>	<u>(224,360)</u>	<u>(681,951)</u>	<u>(457,591)</u>
Net change in fund balances	-	(250,000)	110,006	360,006
Fund balances, beginning of year	<u>4,664,569</u>	<u>4,664,569</u>	<u>4,664,569</u>	<u>-</u>
Fund balances, end of year	<u>\$ 4,664,569</u>	<u>4,414,569</u>	<u>4,774,575</u>	<u>360,006</u>

See accompanying notes to financial statements.

**City of Belton, Texas**  
**Statement of Net Position –**  
**Proprietary Funds**  
September 30, 2015

Assets	Business-type Activities - Enterprise Funds		
	Water and Sewer	Drainage	Total
Current assets:			
Cash and cash equivalents	\$ 5,859,742	885,650	6,745,392
Receivables (net of allowance for uncollectibles)	777,249	39,630	816,879
Due from other governments	203,081	-	203,081
Prepaid items	169,610	-	169,610
Total current assets	<u>7,009,682</u>	<u>925,280</u>	<u>7,934,962</u>
Noncurrent assets:			
Restricted cash and cash equivalents	8,687,120	-	8,687,120
Capital assets:			
Land	412,614	128	412,742
Buildings	60,272	-	60,272
Infrastructure	34,897,454	1,885,484	36,782,938
Machinery and equipment	1,531,937	254,009	1,785,946
Construction in progress	3,854,683	51,833	3,906,516
	<u>40,756,960</u>	<u>2,191,454</u>	<u>42,948,414</u>
Less accumulated depreciation	<u>(16,269,814)</u>	<u>(498,593)</u>	<u>(16,768,407)</u>
Total capital assets, net	<u>24,487,146</u>	<u>1,692,861</u>	<u>26,180,007</u>
Total noncurrent assets	<u>33,174,266</u>	<u>1,692,861</u>	<u>34,867,127</u>
Total assets	<u>40,183,948</u>	<u>2,618,141</u>	<u>42,802,089</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources	<u>99,690</u>	<u>5,845</u>	<u>105,535</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts and retainages payable	2,779,974	15,393	2,795,367
Accrued interest payable	42,856	2,170	45,026
Other accrued liabilities	33,186	1,448	34,634
Customer deposits payable	198,385	-	198,385
Compensated absences - current	46,204	-	46,204
Revenue bonds payable - current	922,550	15,075	937,625
Total current liabilities	<u>4,023,155</u>	<u>34,086</u>	<u>4,057,241</u>
Noncurrent liabilities:			
Compensated absences	19,091	-	19,091
Net pension liability	163,437	10,659	174,096
Revenue bonds payable	12,137,897	231,149	12,369,046
Total noncurrent liabilities	<u>12,320,425</u>	<u>241,808</u>	<u>12,562,233</u>
Total liabilities	<u>16,343,580</u>	<u>275,894</u>	<u>16,619,474</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources	<u>19,856</u>	<u>1,295</u>	<u>21,151</u>
<b>Net Position</b>			
Net investment in capital assets	19,878,683	1,446,637	21,325,320
Unrestricted	<u>4,041,519</u>	<u>900,160</u>	<u>4,941,679</u>
Total net position	<u>\$ 23,920,202</u>	<u>2,346,797</u>	<u>26,266,999</u>

See accompanying notes to financial statements.

**City of Belton, Texas**  
**Statement of Revenues, Expenses, and Changes in Net Position –**  
**Proprietary Funds**  
For the Fiscal Year Ended  
September 30, 2015

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water and Sewer</u>	<u>Drainage</u>	<u>Total</u>
Operating revenues:			
Charges for sales and services:			
Water service	\$ 3,780,854	-	3,780,854
Sewer service	2,100,850	-	2,100,850
Storm drainage fees	-	360,021	360,021
Reconnect and late fees	111,364	-	111,364
Tap fees	98,634	-	98,634
Other operating revenue	72,577	-	72,577
Total operating revenues	<u>6,164,279</u>	<u>360,021</u>	<u>6,524,300</u>
Operating expenses:			
Salaries and wages	1,115,077	70,816	1,185,893
Employee benefits	278,431	25,430	303,861
Supplies	105,412	12,289	117,701
Repairs and maintenance	194,480	19,598	214,078
Water, sewage treatment, and other charges	2,289,415	18,235	2,307,650
Depreciation	1,680,885	123,036	1,803,921
Total operating expenses	<u>5,663,700</u>	<u>269,404</u>	<u>5,933,104</u>
Operating income	<u>500,579</u>	<u>90,617</u>	<u>591,196</u>
Nonoperating revenues (expenses):			
Gain on sale of capital assets	108,079	-	108,079
Interest earnings	15,458	1,166	16,624
Interest expense	(243,818)	(10,913)	(254,731)
Amortization expense	(5,035)	-	(5,035)
Total nonoperating revenues (expenses)	<u>(125,316)</u>	<u>(9,747)</u>	<u>(135,063)</u>
Income before contributions and transfers	375,263	80,870	456,133
Capital contributions	1,377,212	387,545	1,764,757
Transfer in	-	100,000	100,000
Transfers out	(394,516)	-	(394,516)
Change in net position	1,357,959	568,415	1,926,374
Total net position, beginning of year, as restated	<u>22,562,243</u>	<u>1,778,382</u>	<u>24,340,625</u>
Total net position, end of year	<u>\$ 23,920,202</u>	<u>2,346,797</u>	<u>26,266,999</u>

See accompanying notes to financial statements.

**City of Belton, Texas**  
**Statement of Cash Flows –**  
**Proprietary Funds**  
For the Fiscal Year Ended  
September 30, 2015

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water and Sewer</u>	<u>Drainage</u>	<u>Total</u>
Cash flows from operating activities:			
Receipts from customers and users	\$ 6,073,142	367,958	6,441,100
Payments to suppliers	(419,078)	(85,118)	(504,196)
Payments to employees	(1,111,280)	(73,423)	(1,184,703)
Net cash provided by operating activities	<u>4,542,784</u>	<u>209,417</u>	<u>4,752,201</u>
Cash flows from noncapital financing activities:			
Transfer from other funds	-	100,000	100,000
Transfer to other funds	(394,516)	-	(394,516)
Net cash provided by (used in) noncapital financing activities	<u>(394,516)</u>	<u>100,000</u>	<u>(294,516)</u>
Cash flows from capital and related financing activities:			
Purchases and construction of capital assets	(3,278,567)	(30,333)	(3,308,900)
Proceeds from the sale of assets	122,520	-	122,520
Capital grants and contributions	21,838	-	21,838
Proceeds from revenue bonds payable	8,891,853	-	8,891,853
Principal paid on capital debt	(569,153)	(14,238)	(583,391)
Interest paid on capital debt	(243,818)	(10,913)	(254,731)
Net cash provided by (used in) capital and related financing activities	<u>4,944,673</u>	<u>(55,484)</u>	<u>4,889,189</u>
Cash flows from investing activities:			
Interest received	15,458	1,166	16,624
Net cash provided by investing activities	<u>15,458</u>	<u>1,166</u>	<u>16,624</u>
Net increase in cash and cash equivalents	9,108,399	255,099	9,363,498
Cash and cash equivalents, beginning of year	<u>5,438,463</u>	<u>630,551</u>	<u>6,069,014</u>
Cash and cash equivalents, end of year	<u>\$ 14,546,862</u>	<u>885,650</u>	<u>15,432,512</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 500,579	90,617	591,196
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	1,680,885	123,036	1,803,921
Decrease (increase) in receivables	(91,137)	7,937	(83,200)
Increase in prepaid items	(111,891)	-	(111,891)
Increase (decrease) in accounts and retainages payable	2,514,823	(8,059)	2,506,764
Increase (decrease) in accrued liabilities	9,612	(492)	9,120
Increase in customer deposits payable	51,675	-	51,675
Increase (decrease) in compensated absences	3,797	(2,607)	1,190
Decrease in net pension liability and pension-related deferred outflows and inflows of resources	(15,559)	(1,015)	(16,574)
Total adjustments	<u>4,042,205</u>	<u>118,800</u>	<u>4,161,005</u>
Net cash provided by operating activities	<u>\$ 4,542,784</u>	<u>209,417</u>	<u>4,752,201</u>
<b>Noncash capital and related financing activities:</b>			
Contributions of capital assets	<u>\$ 1,307,226</u>	<u>387,545</u>	<u>1,694,771</u>

See accompanying notes to financial statements.



**City of Belton, Texas**  
**Notes to Financial Statements**

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**City of Belton, Texas**  
**Notes to Financial Statements**

September 30, 2015

**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. The Council is the legislative and governing body of the City and has control of all the City finances, property, functions, services, affairs and programs, subject to the terms and provisions of the City Charter. The City Manager is the chief executive and administrative officer of the City and is responsible to the Council for the proper administration of all the affairs and business of the City. 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 position 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

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

**I. Summary of Significant Accounting Policies** (continued)

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

supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

**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 compensated absences, and claims

**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)

and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt is reported as another financing source.

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.

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 *9<sup>th</sup> Avenue Fund* accounts for the grant resources received from the Texas Department of Transportation and associated City match for the construction of West 9<sup>th</sup> Avenue / MLK extension and overpass.

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.

**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)

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

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

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

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 difference between the budgetary basis and the GAAP basis is that 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:

Net change in fund balance - budgetary basis	\$ 110,006
Activities not included in the General Fund budget	<u>29,767</u>
Net change in fund balance - GAAP basis	<u>\$ 139,773</u>

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

**I. Summary of Significant Accounting Policies** (continued)

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. At year-end, the amounts of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

General fund	\$ 202,445
Nonmajor governmental funds	658,990
Water and sewer fund	367,705
Drainage fund	<u>11,887</u>
Total primary government	<u>\$ 1,241,027</u>
Discretely present component unit	<u>\$ 25,781</u>

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.

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

**I. Summary of Significant Accounting Policies** (continued)

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 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 30 percent of outstanding property taxes at September 30, 2015.

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.

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

**I. Summary of Significant Accounting Policies** (continued)

J. Capital Assets (continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest expense that relates to the cost of acquiring or constructing fixed assets in the enterprise fund is capitalized. Interest expense incurred in connection with construction of capital assets has been reduced by interest earned on the investment of funds borrowed for construction.

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. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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

L. Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

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

**I. Summary of Significant Accounting Policies** (continued)

M. Fund Balance Flow Assumptions

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

N. Pensions

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

O. 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 position. No expenditure is

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

**I. Summary of Significant Accounting Policies** (continued)

O. Compensated Absences (continued)

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.

P. 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 position. Bond premiums and discounts 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.

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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.

Q. Fund Balance

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 (the City's highest level of decision-making authority) by adoption of an ordinance prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken to remove or revise the limitation. Assigned fund balances are constrained by intent to be used for specific purposes but are neither restricted nor committed. Through a provision in the City's charter, the City Manager may assign fund balance. The City Council may also assign fund balance by ordinance. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment.

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.

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

**I. Summary of Significant Accounting Policies** (continued)

**Q. Fund Balance** (continued)

	<u>General</u>	<u>Debt Service</u>	<u>9th Avenue</u>	<u>Other Funds</u>
Nonspendable:				
Prepaid items	\$ 8,169	-	-	-
Restricted for:				
Court technology and security	-	-	-	42,959
Public safety	10,894	-	-	114,421
Public access facilities	204,307	-	-	-
Cemetery	3,106	-	-	-
Debt service	-	132,462	-	-
Capital projects and equipment	-	-	103,538	5,206,542
Economic development	-	-	-	1,826,018
Committed for:				
Economic development	-	-	-	23,859
Assigned for:				
Civil service sick pay and appeals	719,391	-	-	-
Culture and recreation	29,511	-	-	-
Capital projects and equipment	-	-	-	1,617,003
Unassigned	<u>4,768,975</u>	<u>-</u>	<u>-</u>	<u>(1,218)</u>
	<u>\$ 5,744,353</u>	<u>132,462</u>	<u>103,538</u>	<u>8,829,584</u>

**R. Net Position**

In the government-wide and proprietary fund financial statements, net position represents the difference between assets, deferred outflows of resources, and liabilities. Net investment in capital assets consists 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 position is reported as restricted when there are limitations imposed on its use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

**S. Reconciliation of Government-wide and Fund Financial Statements**

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation

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

**I. Summary of Significant Accounting Policies** (continued)

S. Reconciliation of Government-wide and Fund Financial Statements (continued)

explains, “long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.” The details of this \$16,338,537 difference are as follows:

General obligation bonds	\$ 15,226,477
Premium on general obligation bonds	36,955
Compensated absences	467,546
Accrued interest payable	87,113
Net pension liability	908,032
Pension-related deferred outflows of resources	(497,904)
Pension-related deferred inflows of resources	<u>110,318</u>
	<u>\$ 16,338,537</u>

**II. Deposits and Investments**

Investments of the City at September 30, 2015, consist of investments in Texas Local Government Investment Pool (“TexPool”), in Texas Short-Term Asset Reserve Program (“TexSTAR”), and in TexSTAR Local Government Investment Cooperative (“LOGIC”) of \$4,863,849, \$370,120, and \$2,000,112, 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, TexSTAR, and LOGIC are rated AAAM by Standard & Poors.

*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, TexSTAR, and LOGIC are 40, 56 and 56 days, respectively, as of September 30, 2015.

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

**II. Deposits and Investments** (continued)

*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. The Comptroller is the sole officer, director, and shareholder of the Trust Company.

The Comptroller and the Texas Treasury Safekeeping Trust Company have contracted with Federated Investors, Inc., as administrator and investment manager for the TexPool Portfolios. TexPool uses amortized cost rather than the market value to report net position 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. TexStar's governing body is a five-member Board of Directors consisting of representatives of three participants and one member designated by each of the co-administrators. JPMorgan Investment Management, Inc. (the investment manager) and First Southwest Company, LLC serve as co-administrators for TexSTAR. TexSTAR uses amortized cost rather than the market value to report net position to compute share prices.

*LOGIC:* The Local Government Investment Cooperative ("LOGIC") was organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and operates under the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. LOGIC's governing body is a five-member Board of Directors comprised of employees, officers or elected officials of participant

**City of Belton, Texas**

**Notes to Financial Statements**

(Continued)

**II. Deposits and Investments** (continued)

government entities or individuals who do not have a business relationship with LOGIC and are qualified to advise it. A maximum of two advisory board members represent the co-administrators for LOGIC. JPMorgan Investment Management, Inc. (the investment manager) and First Southwest Company, LLC serve as co-administrators. LOGIC uses amortized cost rather than the market value to report net position to compute share prices.

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

Cash on hand	\$	14,495
Carrying amount of deposits		27,395,969
Carrying amount of investments		<u>7,234,081</u>
Total	\$	<u><u>34,644,545</u></u>
Per the statement of net position for the City:		
Cash and cash equivalents	\$	20,283,071
Restricted cash and cash equivalents		<u>8,687,120</u>
		28,970,191
Per the statement of net position for the Belton Economic Development Corporation, Inc.:		
Cash and cash equivalents		<u>5,674,354</u>
Total	\$	<u><u>34,644,545</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:

	General	Debt Service	<u>Enterprise Funds</u>		Nonmajor Funds	Total
			Water and Sewer	Drainage		
Receivables:						
Taxes	\$ 1,044,753	42,573	-	-	37,863	1,125,189
Water/sewer	-	-	793,440	-	-	793,440
Storm drainage	-	-	-	50,518	-	50,518
Ambulance	4,703,443	-	-	-	-	4,703,443
Other	349,141	-	-	-	-	349,141
	<u>6,097,337</u>	<u>42,573</u>	<u>793,440</u>	<u>50,518</u>	<u>37,863</u>	<u>7,021,731</u>
Less:						
Allowance for uncollectibles	<u>4,616,421</u>	<u>14,667</u>	<u>16,191</u>	<u>10,888</u>	<u>-</u>	<u>4,658,167</u>
	<u>\$ 1,480,916</u>	<u>27,906</u>	<u>777,249</u>	<u>39,630</u>	<u>37,863</u>	<u>2,363,564</u>

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

**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, 2014, upon which the 2015 fiscal year levy was based, was \$891,348,568.

The tax levy of October 2014 set a tax rate of \$0.6598 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, 2015, at which time a lien attaches for unpaid taxes. Tax collections during the fiscal year ended September 30, 2015, for the fiscal year 2015 levy were 98.62 percent of the total tax levy for that year.

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

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, 2015, was as follows:

**Primary Government**

	Beginning Balance	Increases	Decreases	Ending Balance
<i>Governmental activities:</i>				
Capital assets, not being depreciated:				
Land	\$ 2,325,901	29,789	(13,439)	2,342,251
Construction in progress	3,716,872	5,888,070	(3,193,127)	6,411,815
Total capital assets not being depreciated	<u>6,042,773</u>	<u>5,917,859</u>	<u>(3,206,566)</u>	<u>8,754,066</u>

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

**V. Capital Assets** (continued)

**Primary Government** (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
<i><b>Governmental activities:</b></i> (continued)				
Capital assets, being depreciated:				
Buildings	\$ 6,114,219	-	-	6,114,219
Improvements other than buildings	2,839,512	670,056	-	3,509,568
Machinery and equipment	4,772,819	395,734	(208,142)	4,960,411
Infrastructure	22,283,287	3,500,247	-	25,783,534
Total capital assets, being depreciated	<u>36,009,837</u>	<u>4,566,037</u>	<u>(208,142)</u>	<u>40,367,732</u>
Less accumulated depreciation for:				
Buildings	(2,903,440)	(250,602)	-	(3,154,042)
Improvements other than buildings	(1,509,915)	(141,942)	-	(1,651,857)
Machinery and equipment	(3,177,432)	(424,697)	208,142	(3,393,987)
Infrastructure	(8,885,586)	(1,344,956)	-	(10,230,542)
Total accumulated depreciation	<u>(16,476,373)</u>	<u>(2,162,197)</u>	<u>208,142</u>	<u>(18,430,428)</u>
Total capital assets, being depreciated, net	<u>19,533,464</u>	<u>2,403,840</u>	<u>-</u>	<u>21,937,304</u>
	<u>\$ 25,576,237</u>	<u>8,321,699</u>	<u>(3,206,566)</u>	<u>30,691,370</u>
<i><b>Business-type activities:</b></i>				
Capital assets, not being depreciated:				
Land	\$ 299,987	127,196	(14,441)	412,742
Construction in progress	1,048,533	2,857,983	-	3,906,516
Total capital assets not being depreciated	<u>1,348,520</u>	<u>2,985,179</u>	<u>(14,441)</u>	<u>4,319,258</u>
Capital assets, being depreciated:				
Buildings	34,272	26,000	-	60,272
Machinery and equipment	1,607,140	194,493	(15,687)	1,785,946
Infrastructure	34,984,939	1,797,999	-	36,782,938
Total capital assets being depreciated	<u>36,626,351</u>	<u>2,018,492</u>	<u>(15,687)</u>	<u>38,629,156</u>
Less accumulated depreciation for:				
Buildings	(4,898)	(2,503)	-	(7,401)
Machinery and equipment	(801,598)	(152,645)	15,687	(938,556)
Infrastructure	(14,173,677)	(1,648,773)	-	(15,822,450)
Total accumulated depreciation	<u>(14,980,173)</u>	<u>(1,803,921)</u>	<u>15,687</u>	<u>(16,768,407)</u>
Total capital assets, being depreciated, net	<u>21,646,178</u>	<u>214,571</u>	<u>-</u>	<u>21,860,749</u>
	<u>\$ 22,994,698</u>	<u>3,199,750</u>	<u>(14,441)</u>	<u>26,180,007</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	\$ 69,350
Public safety	394,200
Highways and streets, including depreciation of general infrastructure assets	1,019,981
Planning	674
Culture and recreation	634,915
Solid waste	12,930
Maintenance	<u>30,147</u>
Total depreciation expense - governmental activities	<u>\$ 2,162,197</u>
Business-type activities:	
Water and sewer	\$ 1,680,885
Drainage	<u>123,036</u>
Total depreciation expense - business-type activities	<u>\$ 1,803,921</u>

The City has active construction projects as of September 30, 2015. 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>
9th Avenue	\$ 3,950,428	2,513,797
VoIP Phone System	37,669	38,614
Law Enforcement Training Center and Firing Range	26,040	43,458
Sidewalks - North and South Main Street	84,508	32,945
Sparta/Commerce Intersection	110,306	2,614,408
State Highway 317 - River Fair Widening	12,170	3,795
State Highway 317 - 24th Street Design	42,688	17,312
South Main Water Line	36,237	313,763
Police Department Expansion	<u>2,111,769</u>	<u>1,499,953</u>
Total	<u>\$ 6,411,815</u>	<u>7,078,045</u>

The projects will be financed with available resources.

At September 30, 2015, the City's construction commitments for business-type activities are as follows:

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

**V. Capital Assets** (continued)

**Primary Government** (continued)

<u>Project Title</u>	<u>Expended to Date</u>	<u>Remaining Commitment</u>
9th Avenue Utilities	\$ 77,464	40,298
AMI Water Meter Project	2,573,314	1,718,382
Nolan Creek Trunk Sewer Line	62,230	1,137,770
South Belton Sewer	77	499,923
I-35 Utility Relocation	722,548	263
Miller Heights Sewer	42,918	486,648
TBRSS Expansion	372,088	2,779,458
Connell Street Drainage	51,833	463,044
Other	<u>4,044</u>	<u>8,957</u>
Total	<u>\$ 3,906,516</u>	<u>7,134,743</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, 2015, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 485,325	-	-	485,325
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets not being depreciated	<u>485,325</u>	<u>-</u>	<u>-</u>	<u>485,325</u>
Capital assets, being depreciated:				
Buildings	1,261,523	-	-	1,261,523
Infrastructure	<u>2,937,556</u>	<u>-</u>	<u>-</u>	<u>2,937,556</u>
Total capital assets being depreciated	<u>4,199,079</u>	<u>-</u>	<u>-</u>	<u>4,199,079</u>
Less accumulated depreciation for:				
Buildings	(156,291)	(39,411)	-	(195,702)
Infrastructure	<u>(1,286,059)</u>	<u>(148,217)</u>	<u>-</u>	<u>(1,434,276)</u>
Total accumulated depreciation	<u>(1,442,350)</u>	<u>(187,628)</u>	<u>-</u>	<u>(1,629,978)</u>
Total capital assets, being depreciated, net	<u>2,756,729</u>	<u>(187,628)</u>	<u>-</u>	<u>2,569,101</u>
	<u>\$ 3,242,054</u>	<u>(187,628)</u>	<u>-</u>	<u>3,054,426</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, 2015:

	<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	\$ 14,889,589	1,070,000	(733,112)	15,226,477	841,825
Premium	-	36,955	-	36,955	-
Net pension liability	920,963	521,904	(534,835)	908,032	-
Compensated absences	410,035	417,555	(360,044)	467,546	309,898
	<u>\$ 16,220,587</u>	<u>2,046,414</u>	<u>(1,627,991)</u>	<u>16,639,010</u>	<u>1,151,723</u>
Business-type activities:					
General obligation and revenue bonds	\$ 4,998,209	8,595,000	(583,391)	13,009,818	937,625
Premium	-	296,853	-	296,853	-
Net pension liability	176,575	100,064	(102,543)	174,096	-
Compensated absences	64,105	51,030	(49,840)	65,295	46,204
	<u>\$ 5,238,889</u>	<u>9,042,947</u>	<u>(735,774)</u>	<u>13,546,062</u>	<u>983,829</u>

Pension liabilities and compensated absences for governmental activities are generally liquidated by the General Fund.

Long-term debt of the City's governmental activities at September 30, 2015, is comprised of the following:

\$2,480,000 Series 2003 general obligation bonds due in annual installments of \$130,000 to \$200,000 through 2023; interest at 4.15%	\$ 1,360,000
\$4,500,000 Series 2005 general obligation bonds due in annual installments of \$140,000 to \$275,000 through 2025; interest at 3.54%	2,335,000

**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 \$195,000 to \$295,000 through 2027; interest at 4.13%	\$ 2,665,000
\$1,485,000 Series 2008 combination tax and revenue certificates of obligation due in annual installments of \$59,400 to \$107,663 through 2028; interest at 4.19%	1,091,477
\$6,825,000 Series 2013 combination tax and revenue certificates of obligation due in annual installments of \$20,000 to \$520,000 through 2033; interest at 3.08%	6,705,000
\$1,070,000 Series 2015 combination tax and revenue certificates of obligation due in annual installments of \$45,000 to \$65,000 through 2035; interest at 2.77%	<u>1,070,000</u>
	<u>\$ 15,226,477</u>

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

Year Ended September 30, 2015	Principal	Interest
2016	\$ 841,825	528,627
2017	906,825	497,526
2018	980,538	464,273
2019	1,054,250	428,450
2020	1,127,963	390,083
2021-2025	5,280,650	1,329,791
2026-2030	3,194,426	567,230
2031-2035	<u>1,840,000</u>	<u>123,436</u>
	<u>\$ 15,226,477</u>	<u>4,329,416</u>

Long-term debt of the City's business-type activities at September 30, 2015, is comprised of the following:

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

**VI. Long-Term Debt** (continued)

\$2,301,140 Series 2002 general obligation refunding bonds due in annual intallments of \$70,000 through 2016; interest at 3.35%	\$ 70,000
\$4,360,449 Series 2002 combination tax and revenue certificates of obligation due in annual installments of \$260,000 to \$360,000 through 2022; interest at 4.4%	2,290,000
\$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%	1,340,000
\$515,000 Series 2008 combination tax and revenue certificates of obligation due in annual intallments of \$20,600 to \$37,337 through 2028; interest at 4.19%	378,518
\$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%	336,300
\$8,595,000 Series 2015 combination tax and revenue certificates of obligation due in annual intallments of \$345,000 to \$550,000 through 2035; interest at 2.77%	<u>8,595,000</u>
	<u>\$ 13,009,818</u>

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

Year Ended September 30,	Principal	Interest
2016	\$ 937,625	401,119
2017	870,025	374,629
2018	854,462	347,235
2019	850,750	318,734
2020	877,037	290,520
2021-2025	3,454,351	1,053,897
2026-2030	2,580,568	616,826
2031-2035	<u>2,585,000</u>	<u>237,600</u>
	<u>\$ 13,009,818</u>	<u>3,640,560</u>

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

**VI. Long-Term Debt** (continued)

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, 2015:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
General obligation					
bonds	\$ 377,202	-	(143,498)	233,704	145,550
Net pension liability	<u>19,671</u>	<u>11,148</u>	<u>(11,424)</u>	<u>19,395</u>	<u>-</u>
	<u>\$ 396,873</u>	<u>11,148</u>	<u>(154,922)</u>	<u>253,099</u>	<u>145,550</u>

Long-term debt of the Development Corporation at September 30, 2015, is comprised of the following general obligation bonds issued by the City for which the Development Corporation is legally obligated to repay:

\$952,172 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>233,704</u>
	\$ <u><u>233,704</u></u>

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

<u>Year Ended September 30,</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 145,550	5,479
2017	<u>88,154</u>	<u>2,204</u>
	<u>\$ 233,704</u>	<u>7,683</u>

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

**VII. Interfund Transfers**

Interfund transfers for 2015 are as follow:

	Transfer in			
	General	Drainage	Other Nonmajor Governmental	Total
Transfer out:				
General	\$ -	-	1,010,233	1,010,233
9th Avenue	-	-	273,747	273,747
Other nonmajor				
governmental	37,185	100,000	-	137,185
Water and sewer	379,086	-	15,430	394,516
	\$ 416,271	100,000	1,299,410	1,815,681

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 participates as one of 860 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal retirement System (“TMRS”). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the “TMRS Act”) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS’s defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (“CAFR”) that can be obtained at [www.tmrs.com](http://www.tmrs.com).

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

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

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

**VIII. Employee Benefits** (continued)

**Pension Plan** (continued)

At retirement, the benefit is calculated as if the sum of the employee’s contributions, with interest, and the City-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a partial lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member’s deposits and interest.

*Employees Covered by Benefit Terms* – At the December 31, 2014 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	74
Inactive employees entitled to but not yet receiving benefits	99
Active employees	162

*Contributions* – The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 5.00% of their annual gross earnings during the fiscal year. The contribution rates for the City were 7.07% and 6.62% in calendar years 2015 and 2014, respectively. The City’s contributions to TMRS for the year ended September 30, 2015 were \$527,669 and were equal to the required contributions.

*Net Pension Liability* – The City’s net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

*Actuarial assumptions* – The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% per year
Overall payroll growth	3.0% per year
Investment rate of return	7.0%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%.

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

**VIII. Employee Benefits** (continued)

**Pension Plan** (continued)

The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2014 valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2006 through December 31, 2009, first used in the December 31, 2010 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the entry age normal actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation.

The long-term expected rate of return on pension plan investments is 7.0%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Domestic Equity	17.5%	4.8%
International Equity	17.5%	6.1%
Core Fixed Income	30.0%	1.5%
Non-Core Fixed Income	10.0%	3.5%
Real Return	5.0%	1.8%
Real Estate	10.0%	5.3%
Absolute Return	5.0%	4.3%
Private Equity	<u>5.0%</u>	8.5%
Total	<u>100.0%</u>	

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

**VIII. Employee Benefits** (continued)

**Pension Plan** (continued)

*Discount Rate* – The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that the employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at December 31, 2013	\$ 17,917,838	16,800,629	1,117,209
Changes for the year:			
Service cost	697,959	-	697,959
Interest	1,245,375	-	1,245,375
Difference between expected and actual experience	(172,175)	-	(172,175)
Contributions - employer	-	476,627	(476,627)
Contributions - employee	-	359,990	(359,990)
Net investment income	-	961,087	(961,087)
Benefit payments, including refunds of employee contributions	(951,498)	(951,498)	-
Administrative expense	-	(10,034)	10,034
Other changes	-	(825)	825
Net changes	819,661	835,347	(15,686)
Balance at December 31, 2014	\$ 18,737,499	17,635,976	1,101,523

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate* – The following presents the net pension liability of the City, calculated using the discount rate of 7.0%, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.0%) or one percentage point (8.0%) higher than the current rate.

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

**VIII. Employee Benefits** (continued)

**Pension Plan** (continued)

	1% Decrease (6.0%)	Current Rate Assumption (7.0%)	1% Increase (8.0%)
City's net pension liability	\$ <u>3,896,198</u>	<u>1,101,523</u>	<u>(1,166,188)</u>

*Pension Plan Fiduciary Net Position* – Detailed information about the pension plan's fiduciary net position is available in a separately-issued TMRS financial report. That report may be obtained on the internet at [www.tmr.com](http://www.tmr.com).

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended September 30, 2015, the City recognized pension expense of \$422,800.

At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	133,825
Difference between projected and actual investment earnings	171,966	-
Contributions subsequent to the measurement date	432,035	-
Total	\$ 604,001	133,825

The \$432,035 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2015. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

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

**VIII. Employee Benefits** (continued)

**Pension Expense and Deferred Outflows of Resources  
and Deferred Inflows of Resources Related to Pensions** (continued)

<u>Year Ended December 31,</u>		
2016	\$	4,641
2017		4,641
2018		4,641
2019		<u>24,218</u>
Total	\$	<u>38,141</u>

**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, 2015, 2014 and 2013, were \$13,578, \$13,788, and \$13,822, respectively, which equaled the required annual contributions each year.

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

**IX. Changes in Accounting Principles**

The City adopted the provisions of Governmental Accounting Standards Board (“GASB”) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB No. 27 and GASB No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB No. 68*, effective October 1, 2014. GASB No. 68 provides new requirements for accounting for defined benefit pension plans, primarily focusing on the recognition of a net pension asset or liability in the statement of net position. GASB No. 71 provides requirements on accounting and reporting for contributions made to defined benefit pension plans after the measurement date, primarily focusing on the recognition of a deferred outflow of resources in the statement of net position. It was not practical for the City to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions at October 1, 2014; consequently, the effects of adopting the statements excluded deferred outflows of resources and deferred outflows of resources (except deferred outflows of resources related to contributions made to the plan after the measurement date). The cumulative effect of these changes in accounting principles in the government-wide financial statements decreased unrestricted net position for governmental activities, business-type activities and the Belton Economic Development Corporation, Inc. by \$606,894, \$116,359 and \$12,963, respectively, at October 1, 2014. In the fund financial statements, the cumulative effect of these changes in accounting principles decreased unrestricted net position for the Water and Sewer Fund and the Drainage Fund by \$109,235 and \$7,124, respectively, at October 1, 2014.

**X. Deferred Outflows and Inflows of Resources**

The statements of financial position, and the balance sheet includes the following deferred outflows/inflows of resources at September 30, 2015:

	Statements of Net Position			Balance Sheet - Governmental Funds	
	Governmental Activities	Business-Type Activities	Belton Economic Development Corporation, Inc.	General Fund	Debt Service Fund
Deferred outflows of resources:					
Deferred charge on refunding Pension - post measurement date contributions	\$ -	10,073	-	-	-
Pension - net differences between projected and actual earnings	356,145	68,283	7,607	-	-
	<u>141,759</u>	<u>27,179</u>	<u>3,028</u>	<u>-</u>	<u>-</u>
	<u>\$ 497,904</u>	<u>105,535</u>	<u>10,635</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:					
Unavailable revenue - property taxes	\$ -	-	-	371,938	27,906
Pension - net differences between expected and actual experience	110,318	21,151	2,356	-	-
	<u>\$ 110,318</u>	<u>21,151</u>	<u>2,356</u>	<u>371,938</u>	<u>27,906</u>

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

**X. Deferred Outflows and Inflows of Resources** (continued)

*Deferred Outflows of Resources.* The deferred charge on refunding, resulting from the difference in the carrying value of refunded debt and its reacquisition price, is amortized over the shorter of the life of the refunded or refunding debt. Post-measurement date contributions will be recognized as a reduction of the net pension liability in the following fiscal year. The pension-related net differences between projected and actual earnings will be recognized in pension expense over five years.

*Deferred Inflows of Resources.* The governmental funds, under the modified accrual basis of accounting, report unavailable revenues from property taxes, which is deferred and recognized as an inflow of resources in the period that the amounts become available. The pension-related difference between expected and actual experience will be recognized in pension expense over the average of the expected remaining service lives of all active employees.

**XI. 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 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.

**XII. 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.

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

**XII. Commitments and Contingencies** (continued)

The Development Corporation has entered into several economic development agreements with business that will provide financial incentives to the businesses based on specific capital investment, employment or other economic development measures. Commitments made under the agreements total \$2,665,750.

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, 2015, was \$33,550.

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. In addition to capital and operating costs, the contract with the District requires the City to pay for water rights, both for water currently being used (election use water) and for rights to future water (option water). The cost of option water is paid whether or not the City actually withdraws the full amount of water to which it is entitled. The cost of both election use and option water may be adjusted annually each year based on changes in the consumer price index. 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, 2015, were \$1,358,224.

Finally, the City entered into a tri-party agreement with the City of Temple, Texas (Temple) and the Brazos River Authority, whereby the Brazos River Authority operates and maintains a wastewater treatment plant for Temple and the City (currently known as the Temple Belton Regional Sewerage System). The City is charged an amount equal to a pro-rata portion of actual expenditures based on its percentage of flow through the plant. The plant is jointly owned by Temple and the City but a separate legal entity was not created. Consequently, Temple and the City each report their proportionate share of capital assets of the plant. The City's expense under the tri-party agreement for the year ended September 30, 2015, was \$440,300.

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.

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

**XIII. 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.

**XIV. 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. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (issued June 2015)* – The objective of this statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2017.

*GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments (issued June 2015)* – The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (“GAAP”). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2015.

*GASB Statement No. 77, Tax Abatement Disclosures (issued August 2015)* – The objective of this Statement is to provide financial statement users with essential information about the nature and magnitude of the reduction in tax revenues through tax abatement programs in order to better assess (a) whether current-year revenues were sufficient to pay for current-year services, (b) compliance with finance-related legal or contractual requirements, (c) where a government's financial resources come from and how it uses them, and (d) financial position and economic condition and how they have changed over time. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2015.

## **Required Supplementary Information**



**City of Belton, Texas**  
**Schedule of Changes in Net Pension Liability and Related Ratios –**  
**Employees' Pension Plan**  
December 31, 2014

<b>Total Pension Liability</b>	
Service cost	\$ 697,959
Interest (on the Total Pension Liability)	1,245,375
Difference between expected and actual experience	(172,175)
Benefit payments, including refunds of employee contributions	<u>(951,498)</u>
<b>Net change in Total Pension Liability</b>	819,661
<b>Total Pension Liability - beginning</b>	<u>17,917,838</u>
<b>Total Pension Liability - ending (a)</b>	<u><u>\$ 18,737,499</u></u>
<b>Plan Fiduciary Net Position</b>	
Contributions - employer	\$ 476,627
Contributions - employee	359,990
Net investment income	961,087
Benefit payments, including refunds of employee contributions	(951,498)
Administrative expense	(10,034)
Other	<u>(825)</u>
<b>Net change in Plan Fiduciary Net Position</b>	835,347
<b>Plan Fiduciary Net Position - beginning</b>	<u>16,800,629</u>
<b>Plan Fiduciary Net Position - ending (b)</b>	<u><u>\$ 17,635,976</u></u>
<b>Net Pension Liability - ending (a) - (b)</b>	\$ 1,101,523
<b>Plan Fiduciary Net Position as a percentage of Total Pension Liability</b>	94.12%
<b>Covered employee payroll</b>	\$ 7,199,806
<b>Net Pension Liability as a percentage of covered employee payroll</b>	15.30%

Note: The City of Belton adopted GASB Statement No. 68, *Accounting and Financial Reporting Reporting for Pensions*, effective October 1, 2014. Information for years prior to 2014 is not available.

See accompanying independent auditor's report.

**City of Belton, Texas**  
**Schedule of Contributions –**  
**Employees’ Pension Plan**  
Year Ended September 30, 2015

Actuarially Determined Contributions	\$ 527,669
Contributions in relation to the actuarially determined contributions	<u>527,669</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>
Covered employee payroll	\$ 7,199,806
Contributions as a percentage of covered employee payroll	7.3%

**Notes to Schedule of Contributions**

**Valuation Date:**

Notes Actuarially determined contribution rates are calculated as of December 31 and become effective in January, 13 months later

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of payroll, Closed
Remaining Amortization Period	29 years
Asset Valuation Method	10 year smoothed market, 15% soft corridor
Inflation	3%
Salary Increases	3.50% to 12.00%, including inflation
Investment Rate of Return	7.00%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2010 valuation pursuant to an experience study of the period 2005 - 2009 RP2000 Combined Mortality Table with the Blue Collar Adjustment with males rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB

Other information There were no benefit changes during the year.

Note: The City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, effective October 1, 2014. Information for years prior to 2015 is not available.

See accompanying independent auditor’s report.

**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.

***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 Grants 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 facility and 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 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 and by transfers from other City funds.

***2013 Certificates of Obligation - TIRZ Fund:*** This fund accounts for acquisition, construction, and improvement of streets, sidewalks, and related facilities within the City's tax increment and reinvestment zone.

***9th Avenue Extension Fund:*** This fund accounts for the federal earmark from TXDOT and associated City match for the construction of West 9th Avenue/MLK extension and overpass.

***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.

***2013 Certificates of Obligation Fund:*** This fund accounts for the purchase of a fire truck, the expansion and renovation of the police station, road and sidewalk improvements, and park improvements.

***Chisholm Trail Fund:*** This fund accounts for the TE grant from TXDOT and associated City match for the extension of the Chisholm Trail Hike and Bike Trail in conjunction with the West 9th Avenue/MLK extension and overpass.

***2015 Certificates of Obligation Fund:*** This fund accounts for the construction and improvement of streets. Originally, major street maintenance was funded by the issuance of the 2013 certificates of obligation. However, concurrent with the issuance of the 2015 certificates of obligation, those original street maintenance funds were reallocated to the police station expansion and renovation and replaced by the proceeds of the 2015 debt issuance.

***Police Department Capital Equipment Replacement Fund:*** This fund accounts for the systematic replacement of police department fleet vehicles based on vehicle age, condition and usable life. Financing is provided by the transfer of funds from the General Fund.

***Public Works Capital Equipment Fund:*** This fund accounts for the systematic replacement of streets, parks, shop, building maintenance and brush fleet vehicles and equipment based on vehicle or equipment age, condition and usable life. Financing is provided by the transfer of funds from the General Fund.

**City of Belton, Texas**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
September 30, 2015

	Special Revenue										
	Greathouse Public Trust	Hotel/ Motel Tax	TIRZ	Court Technology	Court Security	TDHCA Home Grants	Total	General Capital Projects	General Capital Equipment	Park Donation	Hike & Bike Trail
<b>Assets</b>											
Cash and cash equivalents	\$ 114,421	46,912	279,314	-	42,959	23,859	507,465	425,079	542,696	18,502	-
Receivables	-	37,863	-	-	-	-	37,863	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 114,421</u>	<u>84,775</u>	<u>279,314</u>	<u>-</u>	<u>42,959</u>	<u>23,859</u>	<u>545,328</u>	<u>425,079</u>	<u>542,696</u>	<u>18,502</u>	<u>-</u>
<b>Liabilities and Fund Balances</b>											
Liabilities:											
Accounts and retainages payable	\$ -	-	-	63	-	-	63	2,526	3,544	-	-
Due to other funds	-	-	-	1,155	-	-	1,155	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,218</u>	<u>-</u>	<u>-</u>	<u>1,218</u>	<u>2,526</u>	<u>3,544</u>	<u>-</u>	<u>-</u>
Fund balances:											
Restricted	114,421	84,775	279,314	-	42,959	-	521,469	-	-	18,502	-
Committed	-	-	-	-	-	23,859	23,859	-	-	-	-
Assigned	-	-	-	-	-	-	-	422,553	539,152	-	-
Unassigned	-	-	-	(1,218)	-	-	(1,218)	-	-	-	-
Total fund balances	<u>114,421</u>	<u>84,775</u>	<u>279,314</u>	<u>(1,218)</u>	<u>42,959</u>	<u>23,859</u>	<u>544,110</u>	<u>422,553</u>	<u>539,152</u>	<u>18,502</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 114,421</u>	<u>84,775</u>	<u>279,314</u>	<u>-</u>	<u>42,959</u>	<u>23,859</u>	<u>545,328</u>	<u>425,079</u>	<u>542,696</u>	<u>18,502</u>	<u>-</u>

See accompanying independent auditor's report.

Capital Projects										
2013 Certificates of Obligation- TIRZ	9th Avenue Extension	TIRZ Capital Projects	Nolan Creek	2013 Certificates of Obligation	Chisholm Trail	2015 Certificates of Obligation	Police Department Capital Equipment Replacement	Public Works Capital Equipment	Total	Total Nonmajor Governmental Funds
1,686,819	160,480	1,516,310	15,771	2,154,188	-	1,428,971	177,882	307,611	8,434,309	8,941,774
-	-	-	-	-	-	-	-	-	-	37,863
-	225,046	-	-	-	300,960	-	-	-	526,006	526,006
<u>1,686,819</u>	<u>385,526</u>	<u>1,516,310</u>	<u>15,771</u>	<u>2,154,188</u>	<u>300,960</u>	<u>1,428,971</u>	<u>177,882</u>	<u>307,611</u>	<u>8,960,315</u>	<u>9,505,643</u>
2,900	19,960	72,883	-	441,873	118,321	-	-	-	662,007	662,070
-	-	-	-	-	12,834	-	-	-	12,834	13,989
<u>2,900</u>	<u>19,960</u>	<u>72,883</u>	<u>-</u>	<u>441,873</u>	<u>131,155</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>674,841</u>	<u>676,059</u>
1,683,919	365,566	1,443,427	15,771	1,712,315	-	1,428,971	-	-	6,668,471	7,189,940
-	-	-	-	-	-	-	-	-	-	23,859
-	-	-	-	-	169,805	-	177,882	307,611	1,617,003	1,617,003
-	-	-	-	-	-	-	-	-	-	(1,218)
<u>1,683,919</u>	<u>365,566</u>	<u>1,443,427</u>	<u>15,771</u>	<u>1,712,315</u>	<u>169,805</u>	<u>1,428,971</u>	<u>177,882</u>	<u>307,611</u>	<u>8,285,474</u>	<u>8,829,584</u>
<u>1,686,819</u>	<u>385,526</u>	<u>1,516,310</u>	<u>15,771</u>	<u>2,154,188</u>	<u>300,960</u>	<u>1,428,971</u>	<u>177,882</u>	<u>307,611</u>	<u>8,960,315</u>	<u>9,505,643</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, 2015

	Special Revenue										
	Greathouse Public Trust	Hotel/ Motel Tax	TIRZ	Court Technology	Court Security	TDHCA Home Grants	Total	General Capital Projects	General Capital Equipment	Park Donation	Hike & Bike Trail
<b>Revenues:</b>											
Ad valorem taxes	\$ -	-	582,394	-	-	-	582,394	-	-	-	-
Hotel/motel taxes	-	157,454	-	-	-	-	157,454	-	-	-	-
Intergovernmental	-	-	371,134	-	-	-	371,134	-	-	-	25,100
Fines	-	-	-	11,463	8,400	-	19,863	-	-	-	-
Interest	217	86	1,029	(1)	67	33	1,431	425	636	26	(158)
Contributions and donations	-	-	-	-	-	-	-	60,775	-	1,741	-
Miscellaneous revenue	-	-	-	-	-	1,250	1,250	-	-	-	-
<b>Total revenues</b>	<b>217</b>	<b>157,540</b>	<b>954,557</b>	<b>11,462</b>	<b>8,467</b>	<b>1,283</b>	<b>1,133,526</b>	<b>61,200</b>	<b>636</b>	<b>1,767</b>	<b>24,942</b>
<b>Expenditures:</b>											
<b>Current:</b>											
General government	-	-	-	14,604	-	-	14,604	-	-	-	-
Public Safety	89,100	-	-	-	-	-	89,100	-	-	-	-
Economic development	-	165,544	14,881	-	-	5,954	186,379	-	-	-	-
<b>Debt service:</b>											
Principal	-	-	190,000	-	-	-	190,000	-	-	-	-
Interest and fiscal charges	-	-	95,370	-	-	-	95,370	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	91,317	259,226	10,942	33,104
<b>Total expenditures</b>	<b>89,100</b>	<b>165,544</b>	<b>300,251</b>	<b>14,604</b>	<b>-</b>	<b>5,954</b>	<b>575,453</b>	<b>91,317</b>	<b>259,226</b>	<b>10,942</b>	<b>33,104</b>
Excess (deficiency) of revenues over (under) expenditures	(88,883)	(8,004)	654,306	(3,142)	8,467	(4,671)	558,073	(30,117)	(258,590)	(9,175)	(8,162)
<b>Other financing sources (uses):</b>											
Sale of capital assets	-	-	-	-	-	7,800	7,800	-	-	-	-
Certificates of obligation issued	-	-	-	-	-	-	-	-	-	-	-
Premium on certificates of obligation issued	-	-	-	-	-	-	-	-	-	-	-
Transfers in	65,500	-	-	-	-	-	65,500	214,200	307,560	10,000	-
Transfers out	-	-	(626,046)	-	-	-	(626,046)	(10,000)	(50)	-	(2,090)
<b>Total other financing sources (uses)</b>	<b>65,500</b>	<b>-</b>	<b>(626,046)</b>	<b>-</b>	<b>-</b>	<b>7,800</b>	<b>(552,746)</b>	<b>204,200</b>	<b>307,510</b>	<b>10,000</b>	<b>(2,090)</b>
<b>Net change in fund balances</b>	<b>(23,383)</b>	<b>(8,004)</b>	<b>28,260</b>	<b>(3,142)</b>	<b>8,467</b>	<b>3,129</b>	<b>5,327</b>	<b>174,083</b>	<b>48,920</b>	<b>825</b>	<b>(10,252)</b>
Fund balances, October 1	137,804	92,779	251,054	1,924	34,492	20,730	538,783	248,470	490,232	17,677	10,252
Fund balances, September 30	\$ 114,421	84,775	279,314	(1,218)	42,959	23,859	544,110	422,553	539,152	18,502	-

See accompanying independent auditor's report.

Capital Projects											
2007	2013										
Certificates of Obligation	Certificates of Obligation - TIRZ	9th Avenue Extension	TIRZ Capital Projects	Nolan Creek	2013 Certificates of Obligation	Chisholm Trail	2015 Certificates of Obligation	Police Department Capital Equipment Replacement	Public Works Capital Equipment	Total	Total Nonmajor Governmental Funds
-	-	-	-	-	-	-	-	-	-	-	582,394
-	-	-	-	-	-	-	-	-	-	-	157,454
-	-	216,792	-	95,000	-	537,242	-	-	-	874,134	1,245,268
-	-	-	-	-	-	-	-	-	-	-	19,863
-	2,798	443	1,912	164	5,827	305	971	-	-	13,349	14,780
-	90,000	-	10,000	-	-	-	-	-	-	162,516	162,516
-	-	-	-	-	-	-	-	-	-	-	1,250
-	92,798	217,235	11,912	95,164	5,827	537,547	971	-	-	1,049,999	2,183,525
-	-	-	-	-	-	-	-	-	-	-	14,604
-	-	-	-	-	-	-	-	-	-	-	89,100
-	-	-	-	-	-	-	-	-	-	-	186,379
-	-	-	-	-	-	-	-	-	-	-	190,000
-	-	-	-	-	-	-	-	-	-	-	95,370
-	-	-	-	-	-	-	15,234	-	-	15,234	15,234
-	110,306	273,579	256,715	476,173	1,976,316	672,273	29,500	-	-	4,189,451	4,189,451
-	110,306	273,579	256,715	476,173	1,976,316	672,273	44,734	-	-	4,204,685	4,780,138
-	(17,508)	(56,344)	(244,803)	(381,009)	(1,970,489)	(134,726)	(43,763)	-	-	(3,154,686)	(2,596,613)
-	-	-	-	-	-	-	-	-	-	-	7,800
-	-	-	-	-	-	-	1,070,000	-	-	1,070,000	1,070,000
-	-	-	-	-	-	-	36,955	-	-	36,955	36,955
50	-	273,747	488,861	16,000	20,000	-	365,779	177,882	307,611	2,181,690	2,247,190
-	-	-	(36,000)	-	(410,779)	-	-	-	-	(458,919)	(1,084,965)
50	-	273,747	452,861	16,000	(390,779)	-	1,472,734	177,882	307,611	2,829,726	2,276,980
50	(17,508)	217,403	208,058	(365,009)	(2,361,268)	(134,726)	1,428,971	177,882	307,611	(324,960)	(319,633)
(50)	1,701,427	148,163	1,235,369	380,780	4,073,583	304,531	-	-	-	8,610,434	9,149,217
-	1,683,919	365,566	1,443,427	15,771	1,712,315	169,805	1,428,971	177,882	307,611	8,285,474	8,829,584

**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, 2015

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance With Final Budget
	<u>Original</u>	<u>Final</u>		
Revenues:				
Hotel/motel taxes	\$ 167,175	167,175	157,454	(9,721)
Interest	25	25	86	61
Total revenues	<u>167,200</u>	<u>167,200</u>	<u>157,540</u>	<u>(9,660)</u>
Expenditures:				
Economic development	167,200	167,200	165,544	1,656
Total expenditures	<u>167,200</u>	<u>167,200</u>	<u>165,544</u>	<u>1,656</u>
Net change in fund balance	-	-	(8,004)	(8,004)
Fund balance, October 1	<u>92,779</u>	<u>92,779</u>	<u>92,779</u>	-
Fund balance, September 30	<u><u>\$ 92,779</u></u>	<u><u>92,779</u></u>	<u><u>84,775</u></u>	<u><u>(8,004)</u></u>

See accompanying independent auditor's 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, 2015

	<u>Budgeted Amounts</u>		Actual	Variance
	<u>Original</u>	<u>Final</u>	Amounts (Budgetary Basis)	With Final Budget
Revenues:				
Taxes	\$ 944,058	944,058	947,536	3,478
Interest	<u>1,000</u>	<u>1,000</u>	<u>1,076</u>	<u>76</u>
Total revenues	<u>945,058</u>	<u>945,058</u>	<u>948,612</u>	<u>3,554</u>
Expenditures:				
Principal	543,112	543,112	543,112	-
Interest and fiscal charges	<u>439,196</u>	<u>439,196</u>	<u>445,961</u>	<u>(6,765)</u>
Total expenditures	<u>982,308</u>	<u>982,308</u>	<u>989,073</u>	<u>(6,765)</u>
Net change in fund balance	(37,250)	(37,250)	(40,461)	(3,211)
Fund balance, October 1	<u>172,923</u>	<u>172,923</u>	<u>172,923</u>	<u>-</u>
Fund balance, September 30	<u>\$ 135,673</u>	<u>135,673</u>	<u>132,462</u>	<u>(3,211)</u>

See accompanying independent auditor's 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, 2015

	<u>Budgeted Amounts</u>		Actual	Variance
	<u>Original</u>	<u>Final</u>	(Budgetary Basis)	With Final Budget
<b>Revenues:</b>				
Taxes	\$ 573,871	573,871	582,394	8,523
Intergovernmental	366,345	366,345	371,134	4,789
Interest	300	300	1,029	729
Total revenues	<u>940,516</u>	<u>940,516</u>	<u>954,557</u>	<u>14,041</u>
<b>Expenditures:</b>				
Current:				
Economic development	50,000	50,000	14,881	35,119
Debt service:				
Principal	190,000	190,000	190,000	-
Interest and fiscal charges	95,482	95,482	95,370	112
Total expenditures	<u>335,482</u>	<u>335,482</u>	<u>300,251</u>	<u>35,231</u>
Excess of revenues over expenditures	<u>605,034</u>	<u>605,034</u>	<u>654,306</u>	<u>49,272</u>
<b>Other financing sources (uses):</b>				
Transfers out	<u>(605,034)</u>	<u>(605,034)</u>	<u>(626,046)</u>	<u>21,012</u>
Net change in fund balance	-	-	28,260	28,260
Fund balance, October 1	<u>251,054</u>	<u>251,054</u>	<u>251,054</u>	<u>-</u>
Fund balance, September 30	<u>\$ 251,054</u>	<u>251,054</u>	<u>279,314</u>	<u>28,260</u>

See accompanying independent auditor's 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, 2015

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget
Operating revenue:				
Water service	\$ 3,510,000	3,510,000	3,780,854	270,854
Sewer service	1,900,000	1,900,000	2,100,850	200,850
Reconnect and late fees	111,000	111,000	111,364	364
Tap fees	120,000	120,000	98,634	(21,366)
Other	23,500	23,500	72,577	49,077
Total operating revenue	<u>5,664,500</u>	<u>5,664,500</u>	<u>6,164,279</u>	<u>499,779</u>
Operating expenses:				
Salaries and wages	1,098,036	1,098,036	1,111,279	(13,243)
Employee benefits	324,441	324,441	293,991	30,450
Supplies	140,825	122,325	105,415	16,910
Repairs and maintenance	215,267	233,767	182,479	51,288
Water, sewage treatment, and other charges	2,236,424	2,318,730	2,129,928	188,802
Capital outlay	311,700	425,151	426,153	(1,002)
Total operating expenses	<u>4,326,693</u>	<u>4,522,450</u>	<u>4,249,245</u>	<u>273,205</u>
Operating income	<u>1,337,807</u>	<u>1,142,050</u>	<u>1,915,034</u>	<u>772,984</u>
Nonoperating revenue (expenses):				
Interest revenue	5,500	5,500	8,459	2,959
Insurance proceeds	-	-	7,395	7,395
Sale of city property	-	115,125	115,125	-
Payments to fiduciary for debt service	(762,030)	(813,387)	(812,971)	416
Transfers out	(579,086)	(997,612)	(1,035,112)	(37,500)
Total nonoperating revenue (expenses)	<u>(1,335,616)</u>	<u>(1,690,374)</u>	<u>(1,717,104)</u>	<u>(26,730)</u>
Net income (loss)	<u>\$ 2,191</u>	<u>(548,324)</u>	<u>197,930</u>	<u>746,254</u>

See accompanying independent auditor's 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, 2015

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget
<b>Administration:</b>				
Salaries and wages	\$ 649,565	636,572	644,953	(8,381)
Employee benefits	172,274	172,274	159,331	12,943
Supplies	37,342	34,842	31,519	3,323
Repairs and maintenance	38,386	40,886	41,229	(343)
Other charges	226,237	193,418	158,601	34,817
Capital outlay	11,300	11,300	12,691	(1,391)
Debt service	762,030	813,387	812,971	416
Transfers	-	150,581	188,080	(37,499)
Total administration	<u>1,897,134</u>	<u>2,053,260</u>	<u>2,049,375</u>	<u>3,885</u>
<b>Water:</b>				
Salaries and wages	280,910	289,937	290,751	(814)
Employee benefits	92,235	92,235	84,559	7,676
Supplies	39,711	31,711	28,359	3,352
Repairs and maintenance	99,150	115,150	97,983	17,167
Other charges	77,571	77,571	79,319	(1,748)
Cost of water	1,421,057	1,421,057	1,414,249	6,808
Capital outlay	155,400	281,851	291,651	(9,800)
Transfers	347,446	347,446	347,446	-
Total water	<u>2,513,480</u>	<u>2,656,958</u>	<u>2,634,316</u>	<u>22,642</u>
<b>Sanitary sewage gathering system:</b>				
Salaries and wages	133,546	137,512	139,501	(1,989)
Employee benefits	48,467	48,467	39,422	9,045
Supplies	52,325	44,325	40,350	3,975
Repairs and maintenance	46,320	46,320	24,890	21,430
Other charges	9,196	9,196	3,468	5,728
Capital outlay	145,000	132,000	121,811	10,189
Transfers	231,640	499,585	499,585	-
Total sanitary sewage gathering system	<u>666,494</u>	<u>917,405</u>	<u>869,027</u>	<u>48,378</u>
<b>Sewage treatment and disposal:</b>				
Salaries and wages	34,015	34,015	36,074	(2,059)
Employee benefits	11,465	11,465	10,680	785
Supplies	11,447	11,447	5,187	6,260
Repairs and maintenance	31,411	31,411	18,376	13,035
Other charges	31,863	31,863	33,991	(2,128)
Charges for sewage treatment	470,500	585,625	440,300	145,325
Total sewage treatment and disposal	<u>590,701</u>	<u>705,826</u>	<u>544,608</u>	<u>161,218</u>
	<u>\$ 5,667,809</u>	<u>6,333,449</u>	<u>6,097,326</u>	<u>236,123</u>

See accompanying independent auditor's 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, 2015

	<u>Bond Proceeds</u>	<u>Capital Projects</u>	<u>Grant Proceeds</u>	<u>Total</u>
Balance, October 1	\$ 110,401	603,655	38,328	752,384
Receipts:				
Proceeds from issuance of debt	8,780,025	-	-	8,780,025
Transfers from other funds	-	385,650	254,945	640,595
Grant receipts	-	-	21,840	21,840
Interest income	5,927	986	85	6,998
Total receipts	<u>8,785,952</u>	<u>386,636</u>	<u>276,870</u>	<u>9,449,458</u>
Disbursements:				
Special projects	-	50,335	450	50,785
Bond issuance costs	8,872	-	-	8,872
Capital outlay	<u>2,635,621</u>	<u>145,594</u>	<u>71,198</u>	<u>2,852,413</u>
Total disbursements	<u>2,644,493</u>	<u>195,929</u>	<u>71,648</u>	<u>2,912,070</u>
Balance, September 30	\$ <u><u>6,251,860</u></u>	<u><u>794,362</u></u>	<u><u>243,550</u></u>	<u><u>7,289,772</u></u>

See accompanying independent auditor's report.

**City of Belton, Texas**  
**Drainage Fund**  
**Schedule of Revenue and Expenses –**  
**Budget and Actual – Budgetary Basis**  
For the Fiscal Year Ended  
September 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget</u>
Operating revenue:				
Storm drainage fee	\$ 375,000	375,000	360,021	(14,979)
Total operating revenue	<u>375,000</u>	<u>375,000</u>	<u>360,021</u>	<u>(14,979)</u>
Operating expenses:				
Salaries and wages	103,096	77,146	73,423	3,723
Employee benefits	36,100	31,550	26,446	5,104
Supplies	18,529	18,529	12,290	6,239
Repairs and maintenance	22,422	22,422	20,461	1,961
Other charges	49,286	8,786	5,119	3,667
Total operating expenses	<u>229,433</u>	<u>158,433</u>	<u>137,739</u>	<u>20,694</u>
Operating income	<u>145,567</u>	<u>216,567</u>	<u>222,282</u>	<u>5,715</u>
Nonoperating revenue (expenses):				
Interest revenue	100	100	588	488
Payments to fiduciary for debt service	(25,453)	(25,453)	(25,464)	(11)
Transfers out	(155,000)	(226,000)	(226,000)	-
Total nonoperating revenue (expenses)	<u>(180,353)</u>	<u>(251,353)</u>	<u>(250,876)</u>	<u>477</u>
Net income (loss)	<u>\$ (34,786)</u>	<u>(34,786)</u>	<u>(28,594)</u>	<u>6,192</u>

See accompanying independent auditor's 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, 2015

	<u>Capital Projects</u>	<u>Total</u>
Balance, October 1	\$ <u>363,172</u>	<u>363,172</u>
Receipts:		
Transactions from operating cash	326,000	326,000
Interest income	<u>580</u>	<u>580</u>
Total receipts	<u>326,580</u>	<u>326,580</u>
Disbursements:		
Special projects	11,938	11,938
Capital outlay	<u>30,333</u>	<u>30,333</u>
Total disbursements	<u>42,271</u>	<u>42,271</u>
Balance, September 30	\$ <u><u>647,481</u></u>	<u><u>647,481</u></u>

See accompanying independent auditor's 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.

<b>Contents</b>	<b>Page</b>
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>	90
Revenue Capacity <i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	101
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>	105
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>	114
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>	117

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

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental activities				
Invested in capital assets, net of related debt	\$ 12,380,934	11,074,215	10,933,815	12,587,025
Restricted	573,420	742,489	1,345,488	2,163,662
Unrestricted	<u>6,055,785</u>	<u>9,674,013</u>	<u>8,963,260</u>	<u>5,764,127</u>
Total governmental activities net position	<u>\$ 19,010,139</u>	<u>21,490,717</u>	<u>21,242,563</u>	<u>20,514,814</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 14,564,542	14,637,860	14,406,422	17,596,575
Restricted	-	-	-	909,824
Unrestricted	<u>2,777,421</u>	<u>3,452,403</u>	<u>4,636,575</u>	<u>3,111,969</u>
Total business-type activities net position	<u>\$ 17,341,963</u>	<u>18,090,263</u>	<u>19,042,997</u>	<u>21,618,368</u>
Primary government				
Invested in capital assets, net of related debt	\$ 26,945,476	25,712,075	25,340,237	30,183,600
Restricted	573,420	742,489	1,345,488	3,073,486
Unrestricted	<u>8,833,206</u>	<u>13,126,416</u>	<u>13,599,835</u>	<u>8,876,096</u>
Total primary government net position	<u>\$ 36,352,102</u>	<u>39,580,980</u>	<u>40,285,560</u>	<u>42,133,182</u>

Table I

Fiscal Year					
<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
12,714,726	14,748,004	14,506,537	14,681,745	16,461,658	20,253,143
1,885,924	1,627,859	1,661,938	2,263,468	2,701,028	2,846,948
<u>6,445,189</u>	<u>6,457,544</u>	<u>6,957,744</u>	<u>6,747,744</u>	<u>6,963,750</u>	<u>6,462,523</u>
<u>21,045,839</u>	<u>22,833,407</u>	<u>23,126,219</u>	<u>23,692,957</u>	<u>26,126,436</u>	<u>29,562,614</u>
16,942,659	16,962,666	16,439,528	17,681,536	18,121,998	21,325,320
438,059	231,106	33,017	193,212	-	-
<u>4,276,077</u>	<u>4,950,372</u>	<u>6,123,639</u>	<u>6,542,549</u>	<u>6,334,986</u>	<u>4,941,679</u>
<u>21,656,795</u>	<u>22,144,144</u>	<u>22,596,184</u>	<u>24,417,297</u>	<u>24,456,984</u>	<u>26,266,999</u>
29,657,385	31,710,670	30,946,065	32,363,281	34,583,656	41,578,463
2,323,983	1,858,965	1,694,955	2,456,680	2,701,028	2,846,948
<u>10,721,266</u>	<u>11,407,916</u>	<u>13,081,383</u>	<u>13,290,293</u>	<u>13,298,736</u>	<u>11,404,202</u>
<u>42,702,634</u>	<u>44,977,551</u>	<u>45,722,403</u>	<u>48,110,254</u>	<u>50,583,420</u>	<u>55,829,613</u>

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>Expenses</b>				
Governmental activities:				
General government	\$ 754,745	796,507	898,581	1,083,294
Public safety	4,158,479	4,365,643	4,707,210	4,767,516
Highways and streets	1,430,432	1,419,572	1,713,940	2,044,341
Planning	310,782	346,087	450,248	416,116
Culture and recreation	847,167	1,299,129	1,457,177	1,566,358
Solid waste	646,508	717,398	734,724	767,769
Economic development	217,824	117,828	187,144	521,490
Maintenance	245,430	265,857	295,254	322,557
Interest	277,277	327,339	421,903	439,280
Total governmental activities expenses	<u>8,888,644</u>	<u>9,655,360</u>	<u>10,866,181</u>	<u>11,928,721</u>
Business-type activities:				
Water and sewer	3,737,110	4,072,535	4,508,443	4,735,194
Drainage	-	-	36,456	72,372
Total business-type activities expenses	<u>3,737,110</u>	<u>4,072,535</u>	<u>4,544,899</u>	<u>4,807,566</u>
Total primary government expenses	<u>\$ 12,625,754</u>	<u>13,727,895</u>	<u>15,411,080</u>	<u>16,736,287</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
Public safety	\$ 1,131,522	1,126,432	1,273,551	1,297,267
Planning	145,097	162,914	129,943	132,353
Culture and recreation	-	-	-	-
Solid waste	714,942	757,531	806,446	839,311
Operating grants and contributions	227,310	274,889	275,047	294,691
Capital grants and contributions	2,269,098	2,041,342	180,517	957,519
Total governmental activities program revenues	<u>4,487,969</u>	<u>4,363,108</u>	<u>2,665,504</u>	<u>3,521,141</u>
Business-type activities:				
Charges for services:				
Water and sewer	4,190,262	3,985,697	4,657,551	5,304,072
Drainage	-	-	222,107	333,178
Capital grants and contributions	968,544	1,038,513	104,623	1,290,398
Total business-type activities program revenues	<u>5,158,806</u>	<u>5,024,210</u>	<u>4,984,281</u>	<u>6,927,648</u>
Total primary government program revenues	<u>\$ 9,646,775</u>	<u>9,387,318</u>	<u>7,649,785</u>	<u>10,448,789</u>
Net (expense)/revenue				
Governmental activities	\$ (4,400,675)	(5,292,252)	(8,200,677)	(8,407,580)
Business-type activities	<u>1,445,169</u>	<u>955,147</u>	<u>445,306</u>	<u>2,120,082</u>
Total primary government net expense	<u>\$ (2,955,506)</u>	<u>(4,337,105)</u>	<u>(7,755,371)</u>	<u>(6,287,498)</u>

Table II

Fiscal Year					
2010	2011	2012	2013	2014	2015
1,155,582	1,312,897	1,384,187	1,379,902	1,542,268	1,534,183
5,240,838	5,513,342	5,646,348	6,081,978	6,274,184	6,513,269
1,709,400	1,786,877	1,878,313	1,918,580	1,979,832	2,176,849
426,329	416,266	340,545	389,280	349,526	352,821
1,610,093	1,779,825	1,940,672	1,562,517	1,700,193	1,873,363
872,479	1,024,826	992,345	1,023,909	996,945	1,039,691
218,463	609,974	456,987	231,829	461,622	180,440
314,162	343,480	448,480	444,230	400,394	398,974
451,091	408,622	387,912	466,056	552,290	540,242
<u>11,998,437</u>	<u>13,196,109</u>	<u>13,475,789</u>	<u>13,498,281</u>	<u>14,257,254</u>	<u>14,609,832</u>
5,266,330	5,405,274	5,586,624	5,689,098	5,577,444	5,912,553
152,197	167,411	207,911	253,212	312,075	280,317
<u>5,418,527</u>	<u>5,572,685</u>	<u>5,794,535</u>	<u>5,942,310</u>	<u>5,889,519</u>	<u>6,192,870</u>
<u>17,416,964</u>	<u>18,768,794</u>	<u>19,270,324</u>	<u>19,440,591</u>	<u>20,146,773</u>	<u>20,802,702</u>
1,307,580	1,252,269	1,544,949	1,503,586	1,577,432	1,744,958
150,787	122,596	163,410	223,636	205,792	188,172
26,823	40,416	43,835	57,923	71,857	76,672
1,013,460	1,137,155	1,166,276	1,198,447	1,191,335	1,207,841
631,493	829,734	640,097	645,933	646,637	747,749
643,356	1,864,243	805,335	1,113,389	2,283,115	3,758,025
<u>3,773,499</u>	<u>5,246,413</u>	<u>4,363,902</u>	<u>4,742,914</u>	<u>5,976,168</u>	<u>7,723,417</u>
4,960,198	6,033,244	5,833,008	5,914,912	5,550,825	6,164,279
342,930	350,856	349,273	360,008	367,956	360,021
687,091	730,798	377,895	1,242,591	348,298	1,764,757
<u>5,990,219</u>	<u>7,114,898</u>	<u>6,560,176</u>	<u>7,517,511</u>	<u>6,267,079</u>	<u>8,289,057</u>
<u>9,763,718</u>	<u>12,361,311</u>	<u>10,924,078</u>	<u>12,260,425</u>	<u>12,243,247</u>	<u>16,012,474</u>
(8,224,938)	(7,949,696)	(9,111,887)	(8,755,367)	(8,281,086)	(6,886,415)
571,692	1,550,699	774,522	1,575,201	377,560	2,096,187
<u>(7,653,246)</u>	<u>(6,398,997)</u>	<u>(8,337,365)</u>	<u>(7,180,166)</u>	<u>(7,903,526)</u>	<u>(4,790,228)</u>

(Continued)

**City of Belton, Texas**  
**Changes in Net Position**  
Last Ten Fiscal Years  
(Accrual Basis of Accounting)  
(Continued)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities:				
Taxes				
Property taxes	\$ 3,403,788	3,810,255	4,080,884	4,494,474
Sales taxes	1,830,944	1,987,095	2,170,770	2,178,236
Franchise taxes	1,053,573	928,508	1,008,428	1,028,577
Hotel/motel taxes	119,568	163,749	177,646	151,765
Alcoholic beverage taxes	12,324	9,859	12,633	23,529
Unrestricted investment earnings	386,911	407,083	364,677	98,506
Miscellaneous	277,764	119,256	278,504	122,250
Gain (loss) on sale of capital assets	36,490	21,132	-	4,326
Transfers	296,000	246,000	(141,019)	(421,832)
Total governmental activities	<u>7,417,362</u>	<u>7,692,937</u>	<u>7,952,523</u>	<u>7,679,831</u>
Business-type activities:				
Unrestricted investment earnings	144,074	119,046	111,409	33,457
Miscellaneous	-	-	-	-
Gain on sale of capital assets	4,962	-	-	-
Transfers	(296,000)	(246,000)	396,019	421,832
Total business-type activities	<u>(146,964)</u>	<u>(126,954)</u>	<u>507,428</u>	<u>455,289</u>
Total primary government	<u>\$ 7,270,398</u>	<u>7,565,983</u>	<u>8,459,951</u>	<u>8,135,120</u>
<b>Change in Net Position</b>				
Governmental activities	\$ 3,016,687	2,400,685	(248,154)	(727,749)
Business-type activities	<u>1,298,205</u>	<u>828,193</u>	<u>952,734</u>	<u>2,575,371</u>
Total primary government	<u>\$ 4,314,892</u>	<u>3,228,878</u>	<u>704,580</u>	<u>1,847,622</u>

Table II  
(Continued)

Fiscal Year					
<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
4,655,052	4,791,388	4,954,391	5,257,077	5,581,133	5,916,916
2,223,209	2,323,032	2,763,063	2,874,792	3,069,314	3,205,411
1,038,259	1,110,063	1,062,958	1,075,453	1,183,602	1,148,273
151,197	154,071	151,802	162,989	177,932	157,454
28,620	29,065	28,868	31,378	40,579	39,204
22,117	14,386	12,431	11,439	13,715	28,003
91,609	229,790	102,342	130,986	88,762	102,773
-	3,833	-	6,351	191,869	36,937
<u>545,900</u>	<u>1,081,636</u>	<u>328,844</u>	<u>(228,360)</u>	<u>367,659</u>	<u>294,516</u>
<u>8,755,963</u>	<u>9,737,264</u>	<u>9,404,699</u>	<u>9,322,105</u>	<u>10,714,565</u>	<u>10,929,487</u>
12,635	6,684	6,362	6,189	5,118	16,624
-	1,316	-	-	-	-
-	10,286	-	11,363	24,668	108,079
<u>(545,900)</u>	<u>(1,081,636)</u>	<u>(328,844)</u>	<u>228,360</u>	<u>(367,659)</u>	<u>(294,516)</u>
<u>(533,265)</u>	<u>(1,063,350)</u>	<u>(322,482)</u>	<u>245,912</u>	<u>(337,873)</u>	<u>(169,813)</u>
<u>8,222,698</u>	<u>8,673,914</u>	<u>9,082,217</u>	<u>9,568,017</u>	<u>10,376,692</u>	<u>10,759,674</u>
531,025	1,787,568	292,812	566,738	2,433,479	4,043,072
<u>38,427</u>	<u>487,349</u>	<u>452,040</u>	<u>1,821,113</u>	<u>39,687</u>	<u>1,926,374</u>
<u>569,452</u>	<u>2,274,917</u>	<u>744,852</u>	<u>2,387,851</u>	<u>2,473,166</u>	<u>5,969,446</u>

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General fund				
Reserved	\$ -	-	14,783	40,857
Unreserved, designated	407,058	463,626	504,405	558,885
Nonspendable prepaid expenses	-	-	-	-
Restricted for:				
Public access facilities	-	-	-	-
Public safety	-	-	-	-
Cemetery	-	-	-	-
Committed to:				
Civil service sick pay and appeals	-	-	-	-
Other purposes	-	-	-	-
Unreserved/Unassigned	<u>3,311,499</u>	<u>3,536,554</u>	<u>3,722,852</u>	<u>4,007,365</u>
Total general fund	<u>\$ 3,718,557</u>	<u>4,000,180</u>	<u>4,242,040</u>	<u>4,607,107</u>
All other governmental funds				
Reserved	\$ 57,334	117,140	168,444	206,456
Unreserved, reported in:				
Special revenue funds	544,650	625,813	532,616	534,159
Capital projects funds	2,330,205	5,526,120	6,299,642	5,086,074
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>\$ 2,932,189</u>	<u>6,269,073</u>	<u>7,000,702</u>	<u>5,826,689</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					
2010	2011	2012	2013	2014	2015
95,659	-	-	-	-	-
591,114	-	-	-	-	-
-	4,925	6,102	6,112	7,519	8,169
-	96,665	124,571	151,474	177,076	204,307
-	25,636	43,355	23,560	20,370	10,894
-	-	3,077	3,080	3,082	3,106
-	632,220	711,366	705,931	722,099	719,391
-	35,466	12,668	10,141	17,163	29,511
<u>4,475,221</u>	<u>3,989,030</u>	<u>4,538,665</u>	<u>5,127,544</u>	<u>4,657,271</u>	<u>4,768,975</u>
<u>5,161,994</u>	<u>4,783,942</u>	<u>5,439,804</u>	<u>6,027,842</u>	<u>5,604,580</u>	<u>5,744,353</u>
233,286	-	-	-	-	-
483,090	-	-	-	-	-
4,186,898	-	-	-	-	-
-	281,757	269,913	274,764	172,923	132,462
-	524,116	893,851	7,830,392	6,314,205	5,310,080
-	396,908	637,476	1,094,866	1,596,879	1,826,018
-	99,887	157,635	75,232	137,804	114,421
-	14,259	23,280	31,355	36,416	42,959
-	1,426,410	435,769	415,864	-	-
-	5,822	24,696	24,750	20,730	23,859
-	1,661,041	1,644,454	784,081	1,763,345	1,617,003
-	(7)	(7)	-	-	(1,218)
<u>4,903,274</u>	<u>4,410,193</u>	<u>4,087,067</u>	<u>10,531,304</u>	<u>10,042,302</u>	<u>9,065,584</u>

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>Revenues</b>				
Taxes	\$ 6,378,070	6,820,214	7,424,082	7,874,666
Licenses and permits	145,097	162,914	129,943	132,353
Intergovernmental	1,879,511	500,057	342,302	591,139
Charges for services	1,474,050	1,559,209	1,712,363	1,789,522
Fines	339,026	287,180	363,060	384,936
Rental	18,000	3,000	9,000	11,400
Interest	386,911	407,083	364,677	98,506
Contributions and donations	206,147	208,558	113,262	499,822
Payments in lieu of taxes	-	3,276	4,201	4,855
Miscellaneous	114,426	95,874	221,558	105,313
Total revenues	<u>10,941,238</u>	<u>10,047,365</u>	<u>10,684,448</u>	<u>11,492,512</u>
<b>Expenditures</b>				
General government	730,039	797,183	877,023	1,051,967
Public safety	4,013,361	4,232,039	4,553,429	4,575,968
Highways and streets	827,482	687,365	861,999	1,151,697
Planning	310,022	337,046	435,020	403,582
Culture and recreation	603,387	809,258	897,662	991,191
Solid waste	646,508	717,398	734,724	767,769
Economic development	217,824	117,828	187,144	521,490
Maintenance	241,290	250,138	284,312	305,203
Debt service				
Principal	343,370	353,370	458,370	509,057
Interest and fiscal charges	282,435	263,575	389,682	448,477
Bond issuance cost				
Capital outlay	5,068,664	2,050,969	2,125,018	1,885,289
Total expenditures	<u>13,284,382</u>	<u>10,616,169</u>	<u>11,804,383</u>	<u>12,611,690</u>
Excess of revenues over (under) expenditures	<u>(2,343,144)</u>	<u>(568,804)</u>	<u>(1,119,935)</u>	<u>(1,119,178)</u>
<b>Other financing sources (uses)</b>				
Insurance proceeds	30,735	17,106	43,745	682
Sale of capital assets	41,865	24,205	12,145	25,550
Transfers in	1,306,753	1,081,464	1,056,406	2,265,486
Transfers out	(1,010,753)	(835,464)	(555,406)	(1,981,486)
Issuance of debt	-	3,945,000	1,485,000	-
Payments to escrow agents	-	(45,000)	(28,359)	-
Other uses	-	-	-	-
Total other financing sources (uses)	<u>368,600</u>	<u>4,187,311</u>	<u>2,013,531</u>	<u>310,232</u>
Net change in fund balances	<u>\$ (1,974,544)</u>	<u>3,618,507</u>	<u>893,596</u>	<u>(808,946)</u>
Debt service as a percentage of noncapital expenditures	7.86%	7.36%	8.98%	9.11%

Table IV

Fiscal Year					
2010	2011	2012	2013	2014	2015
8,097,197	8,415,055	8,948,717	9,406,650	10,051,287	10,467,602
150,787	122,596	163,410	223,636	205,792	188,172
615,690	1,841,492	1,347,776	1,125,196	2,630,028	3,308,812
2,039,346	2,222,768	2,363,864	2,409,771	2,434,770	2,526,593
265,143	314,336	362,650	369,793	419,299	377,875
9,000	9,000	9,300	9,900	11,800	15,600
22,117	14,386	12,432	11,439	13,715	28,003
571,403	544,849	97,656	122,197	194,298	279,926
5,540	4,646	5,220	6,349	7,515	9,164
94,339	176,129	73,506	107,984	86,003	93,967
<u>11,870,562</u>	<u>13,665,257</u>	<u>13,384,531</u>	<u>13,792,915</u>	<u>16,054,507</u>	<u>17,295,714</u>
1,070,111	1,172,554	1,220,853	1,286,946	1,460,528	1,475,263
4,949,082	4,934,983	5,220,652	5,848,468	5,963,512	6,278,268
874,660	896,935	943,953	986,341	1,029,737	1,061,613
390,325	409,378	330,726	355,265	327,937	337,730
989,906	1,072,806	1,071,969	1,083,562	1,155,054	1,196,792
861,083	1,013,119	978,348	1,009,519	986,098	1,027,958
187,725	609,915	456,987	231,829	461,622	186,379
301,741	343,456	339,382	396,470	391,983	363,981
520,345	540,345	564,058	584,067	629,399	733,112
454,508	412,176	391,625	378,236	533,035	541,331
			80,000		15,234
<u>2,208,593</u>	<u>4,271,626</u>	<u>1,933,174</u>	<u>1,135,259</u>	<u>4,672,441</u>	<u>6,366,845</u>
<u>12,808,079</u>	<u>15,677,293</u>	<u>13,451,727</u>	<u>13,375,962</u>	<u>17,611,346</u>	<u>19,584,506</u>
<u>(937,517)</u>	<u>(2,012,036)</u>	<u>(67,196)</u>	<u>416,953</u>	<u>(1,556,839)</u>	<u>(2,288,792)</u>
9,553	42,821	18,332	12,331	99,777	18,601
13,536	16,446	52,756	6,351	177,139	31,775
1,506,035	2,196,218	895,629	765,463	2,616,554	1,715,681
(960,135)	(1,114,582)	(566,785)	(993,823)	(2,248,895)	(1,421,165)
-	-	-	6,825,000	-	1,070,000
-	-	-	-	-	36,955
<u>568,989</u>	<u>1,140,903</u>	<u>399,932</u>	<u>6,615,322</u>	<u>644,575</u>	<u>1,451,847</u>
<u>(368,528)</u>	<u>(871,133)</u>	<u>332,736</u>	<u>7,032,275</u>	<u>(912,264)</u>	<u>(836,945)</u>
9.20%	8.04%	8.16%	8.62%	8.99%	9.76%

**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
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
2013	5,262,038	2,874,792	1,075,453	162,989	31,378	9,406,650
2014	5,579,766	3,069,314	1,183,601	177,932	40,579	10,051,193
2015	5,917,260	3,205,411	1,148,273	157,454	39,204	10,467,602

(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

<u>Fiscal Year</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Less: Tax Exempt Real Property</u>	<u>Total Taxable Assessed Value (1)</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Value</u>	<u>Assessed Value as a Percentage of Actual Value</u>
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
2013	994,174,474	118,978,673	319,861,069	793,292,078	0.6598	1,113,153,147	71.27
2014	1,049,244,023	126,395,393	339,741,389	835,898,027	0.6598	1,175,639,416	71.10
2015	1,121,372,112	135,697,284	365,720,828	891,348,568	0.6598	1,266,774,275	70.36

Source: Bell County Appraisal District

(1) To derive taxable value, deductions from estimated actual value are made for caps on homestead increases, abatements, total exempt property, exemptions for agricultural 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)							
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
2013	0.5488	0.1110	0.6598	0.4511	1.5210	0.0040	2.6359
2014	0.5488	0.1110	0.6598	0.4511	1.4500	0.0040	2.5649
2015	0.5425	0.1173	0.6598	0.4511	1.4400	0.0040	2.5549

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	2015			2006		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Turtle Creek Investments	\$ 14,607,408	1	1.54 %	\$ 4,375,491	7	0.87 %
HEB Grocery Company	14,275,402	2	1.51	-		
Wal-Mart	14,057,569	3	1.49	9,323,784	3	1.86
Oncor Electric Delivery	12,977,722	4	1.37	7,081,879	4	1.41
Legacy Landing Group	11,789,562	5	1.25	-		
Harvest Technologies	7,902,578	6	0.84	-		
Chappell Hill Equity III	7,390,400	7	0.78	4,242,753	8	0.85
CMH Manufacturing	7,133,687	8	0.75	-		
Bekaert Corporation / Wire Rope Ind.	6,597,786	9	0.70	-		
Tarco of Texas	6,544,530	10	0.69	3,661,064	9	0.73
Southwestern Bell Telephone Co.	-		-	13,521,908	1	2.69
Fleetwood Homes of Texas	-		-	9,640,714	2	1.92
JSJ Seating Corporation	-		-	6,228,382	5	1.24
Custom Printing II Ltd.	-		-	5,115,831	6	1.02
Oceanview Mobile Estate	-		-	3,619,665	10	0.72
Totals	\$ <u>103,276,644</u>		<u>10.92 %</u>	\$ <u>66,811,471</u>		<u>13.31 %</u>

Source: Bell County Appraisal District

Table IX

**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
2006	3,388,414	3,300,813	97.41	68,209	3,369,022	99.43 %
2007	3,730,314	3,647,857	97.79	65,832	3,713,689	99.55
2008	4,110,551	4,023,508	97.88	69,392	4,092,900	99.57
2009	4,549,528	4,455,311	97.93	68,053	4,523,364	99.42
2010	4,733,777	4,629,436	97.80	72,040	4,701,476	99.32
2011	4,873,734	4,755,548	97.58	67,036	4,822,584	98.95
2012	5,012,276	4,915,146	98.06	63,194	4,978,340	99.32
2013	5,234,142	5,124,859	97.91	73,035	5,197,894	99.31
2014	5,508,036	5,426,284	98.52	40,912	5,467,196	99.26
2015	5,904,297	5,780,783	97.91	-	5,780,783	97.91

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			
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
2013	15,518,988	5,562,362	-	21,081,350	4.84	1,092
2014	14,889,589	4,998,209	-	19,887,798	4.88	1,004
2015	15,226,477	13,009,818	-	28,236,295	6.60	1,354

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)
2006	13,735,427	57,334	13,678,093	2.72	842
2007	18,188,735	117,140	18,071,595	3.17	1,078
2008	19,338,064	168,444	19,169,620	3.05	1,113
2009	18,392,400	206,456	18,185,944	2.62	1,035
2010	17,450,450	233,286	17,217,164	2.38	945
2011	16,426,650	281,757	16,144,893	2.17	868
2012	15,359,000	269,913	15,089,087	1.97	795
2013	21,081,350	274,764	20,806,586	2.62	1,077
2014	19,887,798	172,667	19,715,131	2.36	995
2015	28,236,295	132,462	28,103,833	3.15	1,370

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, 2015

<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>28,236,295</u> (1)	100.00 %	\$ <u>28,236,295</u>
Total direct	<u>28,236,295</u>		<u>28,236,295</u>
Overlapping:			
Belton Economic Development Corp.	233,700	100.00	233,700
Belton Independent School District	126,434,996	38.69	48,917,700
Bell County	<u>136,375,000</u>	6.94	<u>9,464,425</u>
Total overlapping	<u>263,043,696</u>		<u>58,615,825</u>
Total direct and overlapping debt	<u>\$ 291,279,991</u>		<u>\$ 86,852,120</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) Of this amount, \$13,009,818 consists of enterprise fund bonds, which are paid from enterprise revenues and backed by the full faith and credit of the City

(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, 2015

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 \$1.50 of the maximum tax rate for general obligation debt service.

Assessed value, fiscal year 2015 tax roll	\$ 891,348,568
Limit on amount designated for debt service	<u>1.50%</u>
Legal debt limit	<u>\$ 13,370,229</u>
Actual amount expended for general obligation debt service during the year ended September 30, 2015	<u>\$ 1,289,677</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	
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
2013	6,281,109	3,868,827	2,412,282	518,583	237,980	756,563	3.19
2014	5,923,899	3,960,108	1,963,791	564,150	220,573	784,723	2.50
2015	6,540,924	4,129,183	2,411,741	583,388	254,731	838,119	2.88

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

	2006	2007	2008	2009
Operating and Nonoperating Revenue:				
Water and Sewer System	\$ 4,166,704	3,962,341	4,635,948	5,275,863
Miscellaneous	23,558	23,356	21,603	28,209
Interest	144,074	119,046	109,993	30,220
Total	\$ 4,334,336	4,104,743	4,767,544	5,334,292
Operating Expense:				
Water and Sewer System (1)	\$ 2,645,121	2,874,206	3,224,696	3,399,581

(1) Excludes depreciation expense

Table XV

Fiscal Year					
<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
4,928,573	6,000,318	5,795,849	5,877,848	5,509,407	6,091,702
31,625	32,926	37,159	37,064	41,418	72,577
<u>11,452</u>	<u>6,212</u>	<u>5,995</u>	<u>5,747</u>	<u>4,522</u>	<u>15,458</u>
<u>4,971,650</u>	<u>6,039,456</u>	<u>5,839,003</u>	<u>5,920,659</u>	<u>5,555,347</u>	<u>6,179,737</u>
<u>3,326,903</u>	<u>3,460,787</u>	<u>3,621,282</u>	<u>3,709,426</u>	<u>3,752,620</u>	<u>3,982,815</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
Bell County	County Government
Belton ISD	Public Education
Turtle Creek Village	Multi-Family Housing
Belton Housing Authority	Multi-Family Housing
Legacy Landing	Multi-Family Housing
Belle Oaks Apartments	Multi-Family Housing
Riversprings at Barge Ranch	Multi-Family Housing
Ratliff Ready Mix	Commercial
Montrose II Apartments	Multi-Family Housing
College View Apartments	Multi-Family Housing
Bell County Expo Center	Exposition Center
Bell Village Apartments	Multi-Family Housing
Totals	

Source: Finance Department, City of Belton, Texas

Table XVI

2015			2006		
Annual Sales	Rank	Percentage of Total Sales	Annual Sales	Rank	Percentage of Total Sales
\$ 455,447	1	12.05 %	\$ 251,745	1	10.16 %
128,212	2	3.39	141,211	2	5.70
112,054	3	2.96	135,989	3	5.49
86,770	4	2.29	45,785	7	1.85
48,708	5	1.29	89,213	4	3.60
46,403	6	1.23	-		-
43,035	7	1.14	67,393	6	2.72
35,550	8	0.94			
34,659	9	0.92	-		
29,826	10	0.79	39,189	8	1.58
-		-	71,331	5	2.88
-		-	30,940	9	1.25
-		-	30,377	10	1.23
<u>\$ 1,020,663</u>		<u>27.00 %</u>	<u>\$ 903,173</u>		<u>36.46 %</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>
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
2013	19,314 @	402,638,958	20,847 #	29	9,932	7.0
2014	19,809 @	412,958,223	20,847 #	29	10,343	6.0
2015	20,517 @	427,717,899	20,847 #	29	10,845	4.8

## Data Sources:

\* Belton Independent School District

\*\* Texas Workforce Commission

@ City of Belton

# U.S. Census Bureau

Table XVIII

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

<u>Employer</u>	<u>2015</u>		<u>2006</u>	
	<u>Employees</u>	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>
Belton Independent School District	1,690	1	1,200	1
Bell County	1,110	2	1,021	2
University of Mary Hardin Baylor	468	3	615	3
James Construction Group	450	4	-	
Wal-Mart	323	5	373	4
HEB Grocery	296	6	-	
CGI	200	7	-	
TruMH (a Clayton Homes Co)	210	8	-	
Cedar Crest Hospital & Clinic	175	9	145	7
Custom Printing	170	10	225	5
Fleetwood Homes of Texas	-		145	6
Superior Chaircraft	-		140	8
City of Belton	-		132	9
Central Texas Council of Governments	-		132	10
Total	<u>5,092</u>		<u>4,128</u>	

Source: Belton Economic Development Corporation.



Table XIX

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

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government	13	13	13	14	14	15	16	18	18	19
Public safety:										
Police:										
Officers	27	28	28	28	29	29	30	32	32	35
Civilians	9	9	9	9	9	9	10	10	10	11
Fire:										
Firefighters and officers	26	26	26	26	32	32	32	32	32	33
Civilians	1	1	1	1	1	1	1	1	1	1
Highways and streets	10	11	11	11	10	9	9	9	9	9
Planning	5	5	6	6	6	6	4	4.5	4.5	4.5
Culture and recreation	13	16	16	16	16	17	17	17	17	17
Solid waste	-	-	-	-	1	1	1	1	1	1
Maintenance	6	6	6	7	7	7	7	8	8	8
Water and sewer	20	20	20	19	20	21	21	21	22	22
Economic development	2	2	2	3	3	3	2	2	2	2
Drainage	-	-	-	1	2	2	2	2	2	2
 Total	 <u>132</u>	 <u>137</u>	 <u>138</u>	 <u>141</u>	 <u>150</u>	 <u>152</u>	 <u>152</u>	 <u>157.5</u>	 <u>158.5</u>	 <u>164.5</u>

Source: Finance Department, City of Belton, Texas

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

Function	2006	2007	2008	2009
<b>Police:</b>				
Citations issued	3,412	4,307	3,954	4,085
Alarms responded to	651	898	924	1,029
Disturbance calls	575	640	1,187	1,359
Animal control citations issued	-	-	-	37
Abatement of junk vehicle	-	-	-	-
Abatement of weedy lots	-	-	-	-
Dilapidated structures	-	-	-	-
<b>Fire:</b>				
Fires	200	123	105	147
Inspections	329	460	480	499
Investigations	17	28	22	16
<b>Highways and streets:</b>				
Signs erected	65	90	121	925
<b>Planning:</b>				
Permits issued	1,585	1,413	1,462	1,414
Inspections	1,905	2,848	2,549	2,436
Abatement of junk vehicle	300	384	328	302
Abatement of weedy lots	500	1,651	1,527	1,339
Dilapidated structures	25	30	20	15
<b>Culture and recreation:</b>				
Library circulation	43,132	38,878	37,194	46,631
<b>Maintenance:</b>				
Work orders completed	980	1,390	1,370	1,640
<b>Water:</b>				
New connections	214	159	145	109
Water main breaks	15	6	4	16
Average daily water consumption (millions of gallons)	1.31	1.61	2.45	2.51
<b>Sewer:</b>				
Average daily sewage treatment (millions of gallons)	1.04	1.56	1.13	1.12

Sources: Various city departments.

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

Table XX

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
4,050	3,019	3,248	2,930	3,400	3,500
1,100	1,222	1,202	1,100	1,350	1,050
1,150	692	692	720	800	825
24	15	19	33	1	10
-	-	367	225	284	325
-	-	940	890	1,055	1,210
-	-	7	4	7	11
101	162	66	113	123	130
505	271	355	143	165	175
20	31	53	27	43	50
900	910	304	492	460	496
1,438	1,532	1,297	806	1,725	1,210
1,668	2,205	2,200	2,372	3,760	2,290
356	211	-	-	-	-
2,129	1,164	-	-	-	-
16	4	-	-	-	-
49,242	58,415	61,670	65,072	86,624	88,694
1,150	1,854	1,367	1,398	2,758	1,476
106	93	166	94	175	150
26	22	31	27	35	15
2.00	2.66	3.06	2.93	3.09	2.78
1.46	1.18	1.31	1.32	1.53	1.77

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

Function	2006	2007	2008	2009
Public safety:				
Police:				
Stations	1	1	1	1
Patrol units	12	12	12	12
Fire stations	2	2	2	2
Highways and streets:				
Streets (miles)	103	115	116	118
Culture and recreation:				
Parks acreage	175.2	177	184	184
Playgrounds	13	14	16	16
Ball fields	13	14	14	14
Sports courts	8	8	11	11
Pavilions	5	6	6	6
Amphitheaters	1	1	1	1
Trails (miles)	2.2	3.5	4.25	4.25
Water:				
Service connections	5,051	5,210	5,355	5,464
Water mains (miles)	108.5	112	114	115
Water pump stations	2	2	2	2
Fire hydrants	684	702	742	752
Plant capacity	6.57	6.57	6.57	6.57
(millions of gallons)				
Sewer:				
Service connections	3,895	4,016	4,115	4,192
Sanitary sewers (miles)	103	103	104	106
Number of lift stations	18	17	17	17
Treatment plant capacity	2.5	2.5	2.5	2.5
(millions of gallons)				

Sources: Various city departments.

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

Table XXI

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
1	1	1	1	1	1
12	14	14	14	15	15
2	2	2	2	2	2
119	119	121	122	106	107
189	188.7	188.7	194	194	174
16	16	16	17	15	18
14	14	14	14	15	15
11	11	11	11	15	18
7	7	7	7	7	7
1	1	1	1	1	1
4.25	4.25	4.25	5	7	7
5,663	5,785	5,902	6,065	6,105	6,387
116	116	117	119	121	144
2	2	2	2	2	2
840	840	843	870	890	1016
6.57	6.57	6.57	6.57	8.3	8.3
4,245	4,245	4,351	4,358	4,782	4,750
107	108	130	133	134	135
16	15	16	15	17	18
2.5	2.5	2.5	2.5	2.5	2.5

