

# City of Belton, Texas



## Comprehensive Annual Financial Report

For Fiscal Year Ended  
September 30, 2008

Cover:  
Nolan Creek Hike & Bike Trail  
Photo by Sandy Slade

# **City of Belton, Texas**

Comprehensive Annual Financial Report

For the Fiscal Year Ended September 30, 2008

Prepared by:

Finance Department

Cristy Daniell, CPA  
Assistant City Manager

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Assistant Finance Director



# City of Belton, Texas

For the Fiscal Year Ended  
September 30, 2008

## Table of Contents

	<u>Exhibit/Table</u>	<u>Page</u> <u>Number</u>
<b>Introductory Section</b>		
Letter of Transmittal		i - v
Organization Chart		vi
Principal Officials		vii
GFOA Certificate of Achievement for Excellence in Financial Reporting		viii
<b>Financial Section</b>		
Independent Auditors' Report		1
Management's Discussion and Analysis		3
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Assets	A - 1	15
Statement of Activities	A - 2	16
Fund Financial Statements:		
Balance Sheet - Governmental Funds	A - 3	18
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	A - 4	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	A - 5	20
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	A - 6	21

(Continued)

	<u>Exhibit/Table</u>	<u>Page Number</u>
Statement of Net Assets - Proprietary Funds	A - 7	23
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds	A - 8	24
Statement of Cash Flows - Proprietary Funds	A - 9	25
Notes to Financial Statements		27
<b>Combining and Individual Fund Statements and Schedules:</b>		
<b>Nonmajor Governmental Funds:</b>		
Combining Balance Sheet - Nonmajor Governmental Funds	B - 1	56
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds	B - 2	58
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Hotel/Motel Tax Fund	B - 3	60
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Debt Service Fund	B - 4	61
<b>Enterprise Funds:</b>		
Schedule of Revenue and Expenses - Budget and Actual (Budget Basis) - Water and Sewer Fund	C - 1	64
Schedule of Operating Expenses by Department - Budget and Actual (Budget Basis) - Water and Sewer Fund	C - 2	65
Schedule of Cash Receipts and Disbursements of Restricted Cash and Cash Equivalents for Project Construction - Water and Sewer Fund	C - 3	66
<b>Capital Assets Used in the Operation of Governmental Funds:</b>		
Capital Assets Used in the Operation of Governmental Funds - Comparative Schedules by Source	D - 1	69

(Continued)

	<u>Exhibit/Table</u>	<u>Page Number</u>
Capital Assets Used in the Operation of Governmental Funds - Schedule by Function and Activity	D – 2	70
Capital Assets Used in the Operation of Governmental Funds - Schedule of Changes by Function and Activity	D - 3	72
Supplementary Data:		
Schedule of Total Debt Service Requirements to Maturity	E - 1	75
<b>Statistical Section</b>		
Net Assets by Component	I	78
Changes in Net Assets	II	79
Governmental Activities Tax Revenues by Source	III	81
Fund Balances of Governmental Funds	IV	82
Changes in Fund Balances of Governmental Funds	V	84
General Governmental Tax Revenues By Source	VI	86
Assessed Value and Estimated Actual Value of Taxable Property	VII	87
Property Tax Rates and Tax Levies - Direct and Overlapping Governments	VIII	88
Principal Property Taxpayers	IX	89
Property Tax Levies and Collections	X	90
Ratios of Outstanding Debt by Type	XI	91
Ratios of General Bonded Debt Outstanding	XII	92
Direct and Overlapping Governmental Activities Debt – General Obligation Bonds	XIII	93

(Continued)

	<u>Exhibit/Table</u>	<u>Page Number</u>
Computation of Maximum Debt Margin	XIV	94
Pledged-Revenue Coverage	XV	95
Waterworks and Sewer System Condensed Statement of Operations	XVI	96
Top Ten Water Customers	XVII	98
Demographic and Economic Statistics	XVIII	99
Principal Employers	XIX	100
Full-Time Equivalent City Government Employees by Function	XX	101
Operating Indicators by Function	XXI	102
Capital Asset Statistics by Function	XXII	104



# City of Belton

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~ *Founded 1850* ~

March 10, 2009

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

The City Charter and state statutes require that the City publish at the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Belton, Texas, for the fiscal year ended September 30, 2008.

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

The City of Belton's financial statements have been audited by Lott, Vernon & Company, P.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Belton for the fiscal year ended September 30, 2008, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Belton's financial statements for the fiscal year ended September 30, 2008, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

## **Profile of the City**

The City of Belton was founded in 1850 and chartered in 1852. On July 13, 1877, Belton was incorporated by the Texas Legislature. Located in Central Texas on Interstate Highway 35, Belton is approximately 65 miles north of Austin and 40 miles south of Waco. The City currently occupies a land area of 17.24 square miles and serves a population 18,589. Belton is the county seat of Bell County and is a governmental, agricultural, and commercial center in the area. Two large lakes, Lake Belton and Lake Stillhouse Hollow, are located adjacent to Belton within five minutes driving time from downtown. With 168 miles of shoreline, these lakes offer excellent fishing, camping and water sports.

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

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

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

The City Charter establishes the fiscal year as the twelve-month period beginning October 1 and ending September 30. Department Heads submit to the City Manager a budget of estimated expenditures for the ensuing fiscal year by July 1. The City Manager then submits a budget of estimated expenditures and revenues to the City Council not later than August 31. At this meeting, the City Council sets the time and place of a public hearing on the budget. A notice of the hearing is published at least five days before the day of the hearing. Prior to September 28, the budget is

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

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

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented on pages 21-22 as part of the basic financial statement for the governmental funds. For governmental funds, other than the General fund, with appropriated annual budgets, this comparison is presented in the governmental funds subsection of this report, which starts on page 53.

### **Factors Affecting Financial Condition**

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

**Local economy.** Belton’s economy continues to enjoy moderate, sustained growth as evidenced by local economic indicators such as increased tax appraisal values and sales tax receipts. Major industries with headquarters or divisions located within the City include manufacturers of office furniture, mobile homes, advertising novelties, and exercise equipment. Belton Independent School District (BISD) is the largest employer in the City, with 1,300 employees. Bell County is also a major economic presence in the City, providing over 1,100 jobs in the local job market. Additionally, Belton is proud to be the home of the University of Mary Hardin-Baylor (UMHB), a private four-year college with an enrollment of over 2,700 students. The regional economy is bolstered by the large medical and manufacturing industry in nearby Temple and the presence of the Fort Hood Army Base in western Bell County.

**Long-term financial planning.** In 2005, voters approved a bond package which included \$3.3 million in funding for street construction and reconstruction. Major street improvements around the UMHB campus were completed in FY 2007. Improvements in the downtown area, reconstruction of 14 residential streets, and funding for drainage projects were also included in the bond program. All projects are completed, or under construction and expected to be completed in FY 2009.

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

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

The Park project was completed in FY 2008. All other projects were begun in FY 2008 and are anticipated to take at least two years to complete.

In late FY 2008, the City issued \$2 million in combination tax and revenue CO's, to fund infrastructure to facilitate the location of a proposed middle school in the Avenue D area. Components of that CO issue are:

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

Construction on these projects is slated to begin in FY 2009, and are anticipated to take at least three years to complete.

**Cash management policies and practices.** Cash temporarily idle during the year was invested in demand deposits and in TexPool and TexSTAR, local government investment pools. The City earned interest revenue of \$476,086 on all investments for FY 2008.

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

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

All of the deposits and investments held by the City during the year end at September 30, 2008, are secured by either FDIC insurance, pledged securities, or by TexPool and TexSTAR. Note II of the financial statements provides more detail concerning deposits and investments.

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

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

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

## **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Belton, Texas, for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2007. This was the twenty-second consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government published an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

In addition, the GFOA presented a Distinguished Budget Presentation Award to the City of Belton, Texas, for its annual budget document for fiscal year beginning October 1, 2007. In order to receive this award, a governmental unit must publish a document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device. This award is valid for a period of one year only. This was the sixteenth consecutive year that the City has received the budget award.

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

Respectfully submitted,

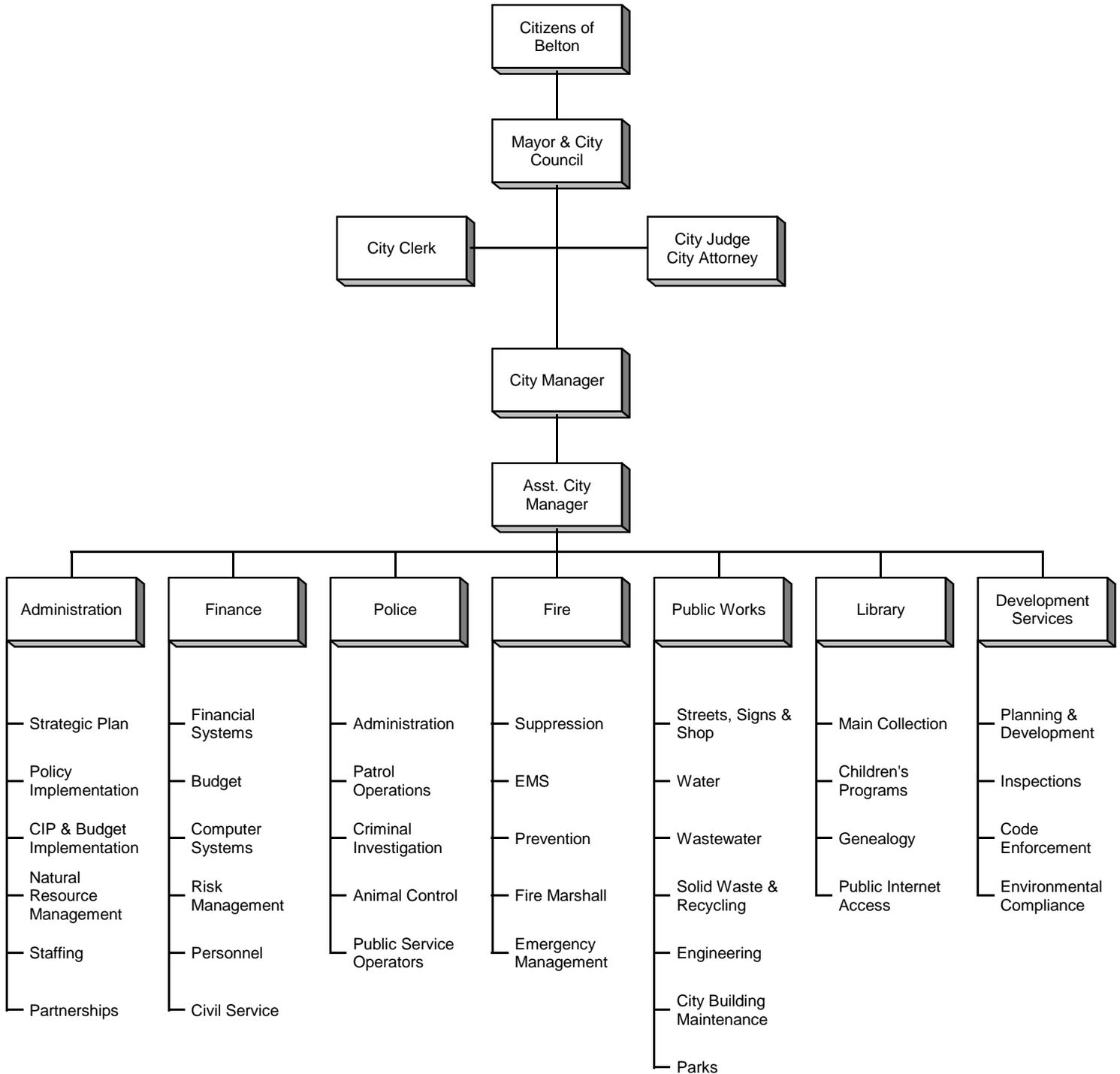


Cristy Daniell, CPA  
Assistant City Manager  
Finance Director



Karen Evans, CPA  
Assistant Finance Director

# CITY OF BELTON Functional Structure



# CITY OF BELTON

## ELECTED OFFICIALS

### CITY COUNCIL

Two-Year Terms

<u>NAME</u>	<u>TERM EXPIRES</u>
Jim Covington, Mayor	May 8, 2010
Marion Grayson, Mayor Pro Tem	May 8, 2010
Clifton Peters	May 9, 2009
David K. Leigh	May 9, 2009
Joe B. Baisden	May 9, 2009
Craig Pearson	May 9, 2009
John Agan	May 8, 2010

## APPOINTED OFFICIALS

### CITY STAFF

<u>POSITION</u>	<u>NAME</u>	<u>DATE APPOINTED</u>
City Manager	Sam Listi	March 19, 2001
City Attorney	John Messer	September 1, 1978
City Clerk	Connie Torres	September 9, 1991
City Judge	Steve Lee	October 9, 2007
Asst. City Manager/Finance Director	Cristy Daniell	February 17, 1992
Support Services Coordinator	Jerri Gauntt	September 4, 2007
Economic Development Corp. Director	Cynthia Hernandez, Interim	March 1, 2008
Fire Chief	Roy Harmon	April 12, 1994
Police Chief	Mike Sleeth	January 24, 1995
Director of Public Works	Les Hallbauer	May 1, 2002
Deputy Director of Public Works	Byron Sinclair	January 7, 2008
Parks Superintendent	Dennis Browning	January 8, 2003
Building Superintendent	Wayne Guthrie	September 17, 2001
Library Director	Kim Kroll	October 2, 2000
Development Services Director	Fred Morris	October 7, 2002
Building Official	Rex Robertson	April 6, 1998
Asst. Building Official	Tom Doehre	March 1, 2004
Code Enforcement Officer	Kim Ross	May 16, 2005

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Belton  
Texas

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

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



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

President

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

Executive Director



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

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POST OFFICE BOX 160 800/460/4783  
TEMPLE, TEXAS 76503 FAX 254/778/4792

KILLEEN • COPPERAS COVE • TEMPLE

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

## **INDEPENDENT AUDITORS' REPORT**

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

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

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

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

The management's discussion and analysis information on pages 3 through 12 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Belton's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, capital assets used in the operation of governmental funds, supplementary data, and statistical section are presented for

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules, capital assets used in the operation of governmental funds, and supplementary data have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Lott, Vernon & Co., P.C.*

Temple, Texas  
January 28, 2009

## Management's Discussion and Analysis

As management of the City of Belton, Texas, we offer readers of the financial statements this narrative discussion and analysis (MD&A) of the financial activities of the City of Belton for the fiscal year ended September 30, 2008. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i through v of this report.

### Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$40,479,019 (*net assets*). Of this amount, \$13,793,294 (*unrestricted net assets*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's net assets increased by \$721,431. Of this increase, \$285,140 (39.52 percent) is attributable to capital grants and contributions from third parties, including developers, grant agencies, and the local school district. Another contributor to the increase is funding for capital project programs which will be spent on capital projects in the next three fiscal years. Also, the degree to which increases in ongoing revenues were larger than similar increases in ongoing expenses contributed to the increase in net assets.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$11,242,742. Of this total amount, \$10,555,110 (93.88 percent) is *available for spending* at the City's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$3,722,852, or 43.87 percent of total general fund expenditures.
- The City's total debt increased by \$1,152,964 (6.25 percent) during the current fiscal year.

### Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, highways and streets, development services, culture and recreation, refuse 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 15-17 of this report.

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

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

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

The City maintains sixteen individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, the 2007 Consolidated CO's Fund, the 2008 Street CO's Fund, and the Debt Service Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

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

**Proprietary funds.** The City maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial

statements. The City uses enterprise funds to account for its water and sewer utility and for its drainage utility.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Fund and for the Drainage Fund, both of which are considered to be major funds of the City.

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

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27-52 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *optional supplementary information* concerning the City's long term debt, including debt service requirements to maturity. Optional supplementary information can be found on page 75 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds is presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 53-61 of this report.

### Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$40,479,019 at the close of the most recent fiscal year.

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 12,755,853	\$ 11,401,847	\$ 5,208,278	\$ 4,018,816	\$ 17,964,131	\$ 15,420,663
Capital assets	21,319,045	21,459,445	22,278,483	22,373,362	43,597,528	43,832,807
Total assets	34,074,898	32,861,292	27,486,761	26,392,178	61,561,659	59,253,470
Long-term liabilities outstanding	11,696,121	10,673,363	7,914,136	7,783,930	19,610,257	18,457,293
Other liabilities	1,014,439	678,105	457,944	360,484	1,472,383	1,038,589
Total liabilities	12,710,560	11,351,468	8,372,080	8,144,414	21,082,640	19,495,882
Net assets:						
Invested in capital assets, net of related debt	10,933,815	11,074,215	14,406,422	14,637,860	25,340,237	25,712,075
Restricted	1,345,488	742,489	-	-	1,345,488	742,489
Unrestricted	9,085,035	9,773,013	4,708,259	3,530,011	13,793,294	13,303,024
Total net assets	\$ 21,364,338	\$ 21,589,717	\$ 19,114,681	\$ 18,167,871	\$ 40,479,019	\$ 39,757,588

By far the largest portion of the City's net assets (\$25,340,237 or 62.6 percent) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the

resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets (\$1,345,488 or 3.32 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$13,793,294 or 34.08 percent) may be used to meet the City's ongoing obligations to citizens and creditors.

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

<b>City of Belton's Changes in Net Assets</b>						
	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services	\$ 2,209,940	\$ 2,046,877	\$ 4,879,658	\$ 3,985,697	\$ 7,089,598	\$ 6,032,574
Operating grants and contributions	275,047	274,889	-	-	275,047	274,889
Capital grants and contributions	180,517	2,041,342	104,623	1,038,513	285,140	3,079,855
General revenues:						
Property taxes	4,080,884	3,810,255	-	-	4,080,884	3,810,255
Sales taxes	2,170,770	1,987,095	-	-	2,170,770	1,987,095
Franchise taxes	1,008,428	928,508	-	-	1,008,428	928,508
Other taxes	190,279	173,608	-	-	190,279	173,608
Investment earnings	364,677	407,083	111,409	119,046	476,086	526,129
Gain (loss) on sale of assets	(34,013)	21,132	(1,745)	(43,635)	(35,758)	(22,503)
Other income	278,504	119,256	-	-	278,504	119,256
Total revenues	<u>10,725,033</u>	<u>11,810,045</u>	<u>5,093,945</u>	<u>5,099,621</u>	<u>15,818,978</u>	<u>16,909,666</u>
Expenses:						
General government	898,581	796,507	-	-	898,581	796,507
Public safety	4,673,197	4,365,643	-	-	4,673,197	4,365,643
Highways and streets	1,713,940	1,419,572	-	-	1,713,940	1,419,572
Development services	450,248	346,087	-	-	450,248	346,087
Culture and recreation	1,457,177	1,299,129	-	-	1,457,177	1,299,129
Refuse collection	734,724	717,398	-	-	734,724	717,398
Economic development	187,144	117,828	-	-	187,144	117,828
Maintenance	295,254	265,857	-	-	295,254	265,857
Interest on long-term debt	399,128	285,339	-	-	399,128	285,339
Water and sewer	-	-	4,506,698	4,028,900	4,506,698	4,028,900
Drainage	-	-	36,456	-	36,456	-
Total expenses	<u>10,809,393</u>	<u>9,613,360</u>	<u>4,543,154</u>	<u>4,028,900</u>	<u>15,352,547</u>	<u>13,642,260</u>
Changes in net assets before transfers	<u>(84,360)</u>	<u>2,196,685</u>	<u>550,791</u>	<u>1,070,721</u>	<u>466,431</u>	<u>3,267,406</u>
Transfers	<u>(141,019)</u>	<u>246,000</u>	<u>396,019</u>	<u>(246,000)</u>	<u>255,000</u>	<u>-</u>
Changes in net assets	<u>(225,379)</u>	<u>2,442,685</u>	<u>946,810</u>	<u>824,721</u>	<u>721,431</u>	<u>3,267,406</u>
Net assets - October 1	<u>21,589,717</u>	<u>19,147,032</u>	<u>18,167,871</u>	<u>17,343,150</u>	<u>39,757,588</u>	<u>36,490,182</u>
Net assets - September 30	<u>\$ 21,364,338</u>	<u>\$ 21,589,717</u>	<u>\$ 19,114,681</u>	<u>\$ 18,167,871</u>	<u>\$ 40,479,019</u>	<u>\$ 39,757,588</u>

The City's net assets increased by \$721,431 during the current fiscal year. Most of this increase represents contributions from third parties, as well as funding for capital project programs, which will be spent on capital projects in the next three fiscal years. Also, the degree to which increases in ongoing revenues were larger than similar increases in ongoing expenses, as well as increases in grants and investment earnings contributed to the increase in net assets.

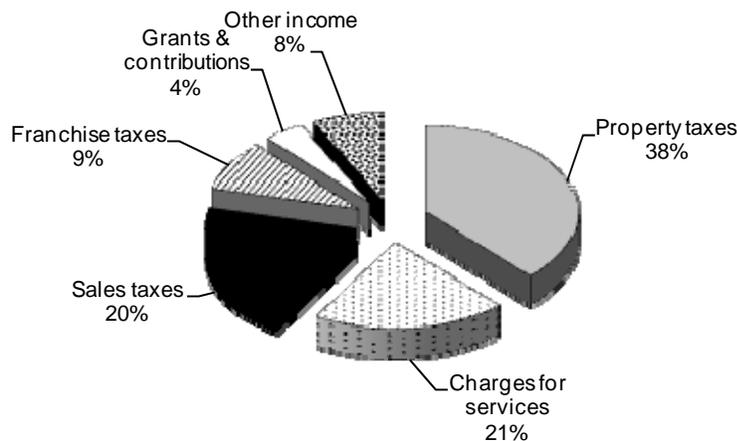
**Governmental activities.** Governmental activities decreased the City's net assets by \$225,379. This decrease was the result of the transfer of \$642,019 of capital assets to both the water and sewer utility and the newly created drainage utility.

**Revenues for governmental activities:**

- For the fiscal year ended September 30, 2008, program revenues from governmental activities totaled \$2,665,504. These revenues consist primarily of ambulance fees, municipal court fines and fees, refuse collection fees, building permits, and grant receipts.
- Property taxes totaled \$4,080,884, an increase of 7.1 percent from the prior year.
  - Assessed values rose \$58.05 million or 10.19 percent from the prior year. New property and improvements added \$33.1 million to the tax rolls, with the remainder of the increase due to changes in the values of existing properties.
  - The ad valorem tax rate for fiscal year 2008 was \$0.6550 per \$100 of assessed valuation. The tax rate remained the same as the prior year rate.
- Sales taxes totaled \$2,170,770 for fiscal year 2008, which was an increase of 9.24 percent over the prior year. This was the nineteenth consecutive year of increases in sales tax revenues.
- Franchise taxes totaled \$1,008,428 for fiscal year 2008, an increase of 8.61 percent from 2007. Franchise taxes are paid by utility companies as a percentage of their gross receipts collected from customers within the City. The increased revenue was primarily due to an increase in some franchise rates.
- Operating grants and contributions totaled \$275,047, while capital grants and contributions totaled \$180,517. These amounts included funding for the building of park facilities, training and equipment for the fire department, and manpower costs and equipment for the police department.

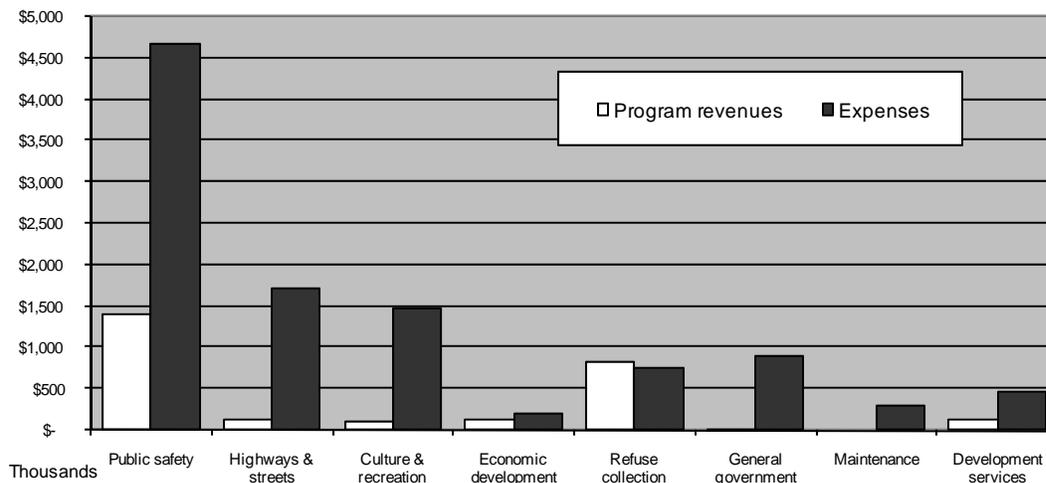
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**Revenues by Source – Governmental Activities**



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## Expenses and Program Revenues – Governmental Activities



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### Expenses for governmental activities:

Expenses for governmental activities totaled \$10,809,393 in fiscal year 2008.

- The major expenditure for governmental activities is for salaries and benefits, which totaled \$5,672,168 in 2008.
- The next largest category was services, which totaled \$947,306, and included the City's share of 911 services, tax appraisal and collection, street lighting, utilities, insurance, and funding for the Strategic Plan.
- Depreciation on capital assets for the year was \$1,812,281.
- The City spent \$716,158 for refuse collection contracted services.

**Business-type activities.** Business-type activities increased the City's net assets by \$946,810. Key elements of this increase are as follows:

- Charges for business-type activities totaled \$4,879,658, an increase of \$893,961 or 22.43 percent from the prior year. The charges are generated from water and sewer utility fees and storm water drainage fees, and the increase is a result of the new storm water drainage fee which was implemented by Council in March 2008.
- The water and sewer utility received capital contributions of \$104,623 from developers and from Bell County for a sewer grinder pump station at the Bell County jail.
- Investment earnings amounted to \$111,409.

### Financial Analysis of the City's Funds

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

**Governmental funds.** The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing

the City's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$11,242,742. Approximately 93.88 percent (\$10,555,110) of this total amount constitutes *unreserved fund balance*, which is available for spending at the City's discretion. Of this unreserved fund balance, 56.03 percent (\$6,299,642) comes from capital project funding sources, and will be spent on major capital projects during the next three years.

The remainder of fund balance is *reserved* to indicate that it is not available for discretionary spending because it has already been committed: 1) to pay debt service (\$168,444); 2) to pay for future civil service costs (\$504,405); and 3) to pay for public, educational, or governmental access facilities (\$14,783).

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$3,722,852, while total fund balance amounted to \$4,242,040. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 43.87 percent of total General Fund expenditures, while total fund balance represents 49.99 percent of that same amount.

The fund balance of the City's General Fund increased by \$241,860 during the current fiscal year. Key factors in this growth are:

- Ad valorem property tax revenues increased by \$186,978.
- Sales tax receipts rose by \$183,675 due to an expansion in the local retail sector.
- Charges for services increased by \$153,154 primarily due to increased ambulance runs and revenues, and increased refuse rates and billings.
- Franchise revenues increased \$79,920 primarily due to an increase in some franchise rates.
- Interest earnings decreased \$80,207 due to declining interest rates.
- The expiration of public safety grants caused intergovernmental receipts to decline by \$33,226.
- Construction related licenses and permits decreased \$32,971 as building activity and permits decreased from the prior year's pace as the housing market slowed.
- Court fines and fees increased \$73,578 from the prior year as a result of collection efforts.
- Increases in revenues were partially offset by increased expenditures, most notably in personnel costs.

The 2007 Consolidated CO's Fund is used to account for the proceeds of a debt issue which took place in late FY 2007. These proceeds will be used to fund a variety of projects, including streets, drainage, water and sewer infrastructure, parks, and buildings. These projects were started in FY 2008, and are expected to take at least three years to complete. Fund balance decreased by \$2,450,792 as funds were expended for scheduled projects.

The 2008 Street CO's Fund is used to account for the proceeds of a debt issue which took place in late FY 2008. These proceeds will be used to fund a variety of street projects. These projects will be started in FY 2009, and are expected to take at least three years to complete. This is the first year of operations for this fund; therefore, there was no fund balance in the prior year.

The Debt Service Fund has a total fund balance of \$168,444, all of which is reserved for the payment of debt service. Fund balance did not change significantly from the prior year.

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

Unrestricted net assets of the Water and Sewer Fund at the end of the year amounted to \$4,252,669, and those for the drainage fund amounted to \$455,590. The total growth for both funds was \$1,178,248. Other factors concerning the finances of this fund have already been addressed in the discussion of the City’s business-type activities.

**General Fund Budgetary Highlights**

Differences between the original budget and the final amended budget amounted to a \$409,804 increase in appropriations, and can be briefly summarized as follows:

- \$135,000 for Central Fire Station remediation and repairs related to moisture issues;
- \$66,000 for Sparta Fire Station HVAC to avoid potential moisture issues;
- \$58,500 for fuel costs in all departments and overtime overages in the fire department;
- \$32,716 for vehicle repairs related to traffic accidents, funded with insurance proceeds;
- \$28,800 in employee health insurance costs which increased 24% effective January 1, 2008;
- \$27,000 for design and development standards project;
- \$23,237 for vapor barrier at Harris Center as recommended by moisture assessment study;
- \$19,976 for Liberty Valley Phase I street oversizing project;
- \$16,916 for public safety manpower and equipment, funded through federal and state grants.
- \$1,659 in refuse collection costs, funded through increased refuse rates; and

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

**Capital Asset and Debt Administration**

**Capital assets.** The City’s investment in capital assets for its governmental and business type activities as of September 30, 2008, amounts to \$43,597,528 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, park facilities, streets and roads, bridges, drainage structures, and water and sewer system infrastructure, to include pumps, pipes, storage tanks, and associated fittings and fixtures. The total decrease in the City’s investment in capital assets for the current fiscal year was 0.54 percent (a 0.65 percent decrease for governmental activities and a 0.42 percent decrease for business-type activities).

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

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$ 1,590,731	\$ 1,593,231	\$ 144,393	\$ 144,393	\$ 1,735,124	\$ 1,737,624
Buildings	3,195,445	3,044,155	18,014	22,141	3,213,459	3,066,296
Improvements other than buildings	1,765,677	1,613,675	-	-	1,765,677	1,613,675
Machinery and equipment	1,776,838	1,628,217	235,441	194,780	2,012,279	1,822,997
Infrastructure	12,092,670	12,162,515	21,730,640	21,955,724	33,823,310	34,118,239
Construction in progress	897,684	1,417,652	149,995	56,324	1,047,679	1,473,976
Total	<u>\$ 21,319,045</u>	<u>\$ 21,459,445</u>	<u>\$ 22,278,483</u>	<u>\$ 22,373,362</u>	<u>\$ 43,597,528</u>	<u>\$ 43,832,807</u>

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

- Work was completed on:
  - Finance building remodel
  - Central Fire Station remediation
  - Huey Road
  - Yettie Polk Park restrooms
  - Tiger Park
  - East FM 93 water line
  - Water and sewer mapping projects
  - Water and wastewater master plans
  - Huey Road water line
  
- Work began/continued on:
  - Sparta Station remediation
  - Commerce Drive extension
  - Harris Center repairs
  - Miller Heights infrastructure
  - Lions Field renovation
  - In-house street re-construction projects
  - Harris Park
  - South Belton Park
  - City Hall remodel
  - Connell Street infrastructure
  - Downtown grinder pump

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

**Long-term debt.** At the end of the current fiscal year, the City had total bonded debt outstanding of \$19,283,921, all of which is backed by the full faith and credit of the City. In addition, \$7,872,061 of this amount is also backed with a water and sewer revenue pledge and a storm water drainage revenue pledge.

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

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
General obligation bonds	\$ 11,411,860	\$ 10,385,230	\$ -	\$ -	\$ 11,411,860	\$ 10,385,230
Revenue bonds with tax cross-pledge	-	-	7,872,061	7,735,502	7,872,061	7,735,502
Total	\$ 11,411,860	\$ 10,385,230	\$ 7,872,061	\$ 7,735,502	\$ 19,283,921	\$ 18,120,732

The City’s total bonded debt increased by \$1,163,189 (6.42 percent) during the current fiscal year, due to the 2008 CO issue in late FY 2008.

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

No direct funded debt limitation is imposed on the City under current State law or the City Charter. Article XI, Section 5, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem rate to \$2.50 per \$100 of assessed valuation for all City purposes. The City Charter limits the tax rate to \$1.90 per \$100 of assessed valuation for all City purposes. Administratively, the Attorney General of the State of Texas will permit allocation of \$1.25 of the maximum tax rate for general obligation debt service. The City's FY 2008 tax rate is well below all of the aforementioned limits.

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

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

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

During fiscal year 2008, unreserved fund balance in the General Fund increased to \$3,722,852. Of that amount, City Council has stipulated three months operating expenditures be maintained as a minimum of undesignated reserves, which currently equates to \$2,214,135. It is intended that the available fund balance beyond this minimum will be used for non-recurring capital outlay, and not for financing of on-going operational costs.

The ad valorem tax rate for FY 2009 remains at a combined rate of \$0.6550 per \$100 of assessed valuation, despite the issuance of \$1.485 million in new debt to be paid from ad valorem taxes. This was made possible by the retirement of existing debt, combined with increased taxable values in both existing property valuations and new construction values appearing on the tax rolls for the first time.

### **Requests for Information**

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

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

## **Basic Financial Statements**



**City of Belton, Texas**  
**Statement of Net Assets**  
September 30, 2008

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Belton Development Corporation
<b>Assets</b>				
Cash and cash equivalents	\$ 11,120,021	\$ 2,544,010	\$ 13,664,031	\$ 5,062,680
Receivables (net of allowance for uncollectibles)	1,171,974	668,425	1,840,399	92,187
Due from other governments	340,536	-	340,536	-
Prepaid items	1,546	4,000	5,546	-
Restricted cash and cash equivalents	-	1,920,159	1,920,159	-
Deferred charges	121,776	71,684	193,460	-
Capital assets (net of accumulated depreciation):				
Land	1,590,731	144,393	1,735,124	468,151
Buildings	3,195,445	18,014	3,213,459	-
Improvements other than buildings	1,765,677	-	1,765,677	-
Machinery and equipment	1,776,838	235,441	2,012,279	21,659
Infrastructure	12,092,670	21,730,640	33,823,310	672,336
Construction in progress	897,684	149,995	1,047,679	851,693
Total assets	<u>34,074,898</u>	<u>27,486,761</u>	<u>61,561,659</u>	<u>7,168,706</u>
<b>Liabilities</b>				
Accounts and retainages payable	691,888	238,444	930,332	10,359
Accrued interest payable	74,007	55,543	129,550	8,009
Other accrued liabilities	248,544	30,642	279,186	2,926
Customer deposits payable	-	119,515	119,515	-
Unearned revenue	-	13,800	13,800	-
Noncurrent liabilities:				
Due within one year	771,051	476,775	1,247,826	101,336
Due in more than one year	10,925,070	7,437,361	18,362,431	1,017,600
Total liabilities	<u>12,710,560</u>	<u>8,372,080</u>	<u>21,082,640</u>	<u>1,140,230</u>
<b>Net assets</b>				
Invested in capital assets, net of related debt	10,933,815	14,406,422	25,340,237	894,903
Restricted for:				
Debt service	168,444	-	168,444	-
Economic development	414,196	-	414,196	-
Grant requirements	647,168	-	647,168	-
Life saving equipment and training	98,826	-	98,826	-
Court technology	2,071	-	2,071	-
Public access facilities	14,783	-	14,783	-
Unrestricted	9,085,035	4,708,259	13,793,294	5,133,573
Total net assets	<u>\$ 21,364,338</u>	<u>\$ 19,114,681</u>	<u>\$ 40,479,019</u>	<u>\$ 6,028,476</u>

See accompanying notes to financial statements.

**City of Belton, Texas**  
**Statement of Activities**  
For the Fiscal Year Ended  
September 30, 2008

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 898,581	\$ -	\$ 1,112	\$ -
Public safety	4,673,197	1,273,551	117,531	-
Highways and streets	1,713,940	-	10,000	100,000
Development services	450,248	129,943	-	-
Culture and recreation	1,457,177	-	16,383	80,517
Refuse collection	734,724	806,446	-	-
Economic development	187,144	-	130,021	-
Maintenance	295,254	-	-	-
Interest on long-term debt	399,128	-	-	-
Total governmental activities	<u>10,809,393</u>	<u>2,209,940</u>	<u>275,047</u>	<u>180,517</u>
Business-type activities:				
Water and sewer	4,506,698	4,657,551	-	104,623
Drainage	36,456	222,107	-	-
Total business-type activities	<u>4,543,154</u>	<u>4,879,658</u>	<u>-</u>	<u>104,623</u>
Total primary government	<u>\$ 15,352,547</u>	<u>\$ 7,089,598</u>	<u>\$ 275,047</u>	<u>\$ 285,140</u>
<b>Component unit:</b>				
Belton Development Corporation	\$ 430,517	\$ -	\$ -	\$ -
Total component unit	<u>\$ 430,517</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General revenues:				
Property taxes				
Sales taxes				
Franchise taxes				
Hotel/motel taxes				
Alcoholic beverage taxes				
Unrestricted investment earnings				
Miscellaneous				
Gain(Loss) on sale of capital assets				
Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets, beginning of year				
Net assets, end of year				

See accompanying notes to financial statements.

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit Belton Development Corporation
Governmental Activities	Business-type Activities	Total	
\$ (897,469)	\$ -	\$ (897,469)	\$ -
(3,282,115)	-	(3,282,115)	-
(1,603,940)	-	(1,603,940)	-
(320,305)	-	(320,305)	-
(1,360,277)	-	(1,360,277)	-
71,722	-	71,722	-
(57,123)	-	(57,123)	-
(295,254)	-	(295,254)	-
(399,128)	-	(399,128)	-
<u>(8,143,889)</u>	<u>-</u>	<u>(8,143,889)</u>	<u>-</u>
-	255,476	255,476	-
-	185,651	185,651	-
-	441,127	441,127	-
<u>(8,143,889)</u>	<u>441,127</u>	<u>(7,702,762)</u>	<u>-</u>
-	-	-	(430,517)
-	-	-	(430,517)
4,080,884	-	4,080,884	-
2,170,770	-	2,170,770	1,085,385
1,008,428	-	1,008,428	-
177,646	-	177,646	-
12,633	-	12,633	-
364,677	111,409	476,086	133,068
278,504	-	278,504	-
(34,013)	(1,745)	(35,758)	67,232
(141,019)	396,019	255,000	(255,000)
7,918,510	505,683	8,424,193	1,030,685
(225,379)	946,810	721,431	600,168
<u>21,589,717</u>	<u>18,167,871</u>	<u>39,757,588</u>	<u>5,428,308</u>
<u>\$ 21,364,338</u>	<u>\$ 19,114,681</u>	<u>\$ 40,479,019</u>	<u>\$ 6,028,476</u>

**City of Belton, Texas**  
**Balance Sheet**  
**Governmental Funds**  
September 30, 2008

	General	2007 Consolidated CO's	2008 Streets CO's	Debt Service	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Cash and cash equivalents	\$ 3,948,071	\$ 3,531,564	\$ 1,458,914	\$ 168,444	\$ 2,013,028	\$ 11,120,021
Receivables (net of allowance for uncollectibles)	1,099,566	-	-	29,701	42,707	1,171,974
Due from other governments	121,976	-	-	-	218,560	340,536
Due from other funds	6,324	-	-	-	-	6,324
Prepaid items	1,546	-	-	-	-	1,546
<b>Total assets</b>	<b>\$ 5,177,483</b>	<b>\$ 3,531,564</b>	<b>\$ 1,458,914</b>	<b>\$ 198,145</b>	<b>\$ 2,274,295</b>	<b>\$ 12,640,401</b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities:</b>						
Accounts and retainages payable	\$ 267,220	\$ 111,824	\$ -	\$ -	\$ 312,844	\$ 691,888
Accrued liabilities	247,021	-	-	-	1,523	248,544
Deferred revenue	421,202	-	-	29,701	-	450,903
Due to other funds	-	-	-	-	6,324	6,324
<b>Total liabilities</b>	<b>935,443</b>	<b>111,824</b>	<b>-</b>	<b>29,701</b>	<b>320,691</b>	<b>1,397,659</b>
<b>Fund balances:</b>						
<b>Reserved for:</b>						
Debt service	-	-	-	168,444	-	168,444
Civil service sick pay	457,951	-	-	-	-	457,951
Civil service appeals	46,454	-	-	-	-	46,454
Public access facilities	14,783	-	-	-	-	14,783
<b>Unreserved, reported in:</b>						
General fund	3,722,852	-	-	-	-	3,722,852
Special revenue funds	-	-	-	-	532,616	532,616
Capital projects funds	-	3,419,740	1,458,914	-	1,420,988	6,299,642
<b>Total fund balances</b>	<b>4,242,040</b>	<b>3,419,740</b>	<b>1,458,914</b>	<b>168,444</b>	<b>1,953,604</b>	<b>11,242,742</b>
<b>Total liabilities and fund balances</b>	<b>\$ 5,177,483</b>	<b>\$ 3,531,564</b>	<b>\$ 1,458,914</b>	<b>\$ 198,145</b>	<b>\$ 2,274,295</b>	
Amounts reported for governmental activities in the statement of net assets are different because:						
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.						21,319,045
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.						572,679
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. This amount includes bonds payable (\$11,411,860), compensated absences (\$284,261), and accrued interest payable (\$74,007).						(11,770,128)
<b>Net assets of governmental activities</b>						<b>\$ 21,364,338</b>

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, 2008

	2007 Consolidated General	2008 Streets CO's	Debt Service	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
<b>Taxes:</b>					
Ad valorem	\$ 3,103,325	\$ -	\$ -	\$ 224,795	\$ 4,054,605
Sales	2,170,770	-	-	-	2,170,770
Franchise	1,008,428	-	-	-	1,008,428
Hotel/motel	-	-	-	177,646	177,646
Alcoholic beverage	12,633	-	-	-	12,633
Licenses and permits	129,943	-	-	-	129,943
Intergovernmental	131,763	-	-	210,539	342,302
Charges for services	1,712,363	-	-	-	1,712,363
Fines	356,430	-	-	6,630	363,060
Interest	138,546	123,011	15,305	85,542	364,677
Contributions and donations	6,083	-	-	107,179	113,262
Payments in lieu of taxes	4,201	-	-	-	4,201
Miscellaneous	95,440	11,844	-	123,274	230,558
<b>Total revenues</b>	<b>8,869,925</b>	<b>134,855</b>	<b>2,273</b>	<b>741,790</b>	<b>10,684,448</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	848,513	-	-	28,510	877,023
Public safety	4,553,429	-	-	-	4,553,429
Highways and streets	858,849	-	-	3,150	861,999
Development services	327,895	-	-	107,125	435,020
Culture and recreation	879,987	-	-	17,675	897,662
Refuse collection	734,724	-	-	-	734,724
Economic development	-	-	-	187,144	187,144
Maintenance	282,317	-	-	1,995	284,312
<b>Debt service:</b>					
Principal	-	-	363,370	95,000	458,370
Interest and fiscal charges	-	-	327,116	62,566	389,682
Capital Outlay	-	814,821	-	1,310,197	2,125,018
<b>Total expenditures</b>	<b>8,485,714</b>	<b>814,821</b>	<b>-</b>	<b>1,813,362</b>	<b>11,804,383</b>
Excess (deficiency) of revenues over (under) expenditures	384,211	(679,966)	2,273	51,304	(1,119,935)
<b>Other financing sources (uses):</b>					
Insurance proceeds	43,745	-	-	-	43,745
Sale of capital assets	9,310	-	-	2,835	12,145
Transfers in	246,000	190,000	-	620,406	1,056,406
Transfers out	(441,406)	-	-	(114,000)	(555,406)
Issuance of debt	-	-	1,485,000	-	1,485,000
Payments to escrow agents	-	-	(28,359)	-	(28,359)
<b>Total other financing sources (uses)</b>	<b>(142,351)</b>	<b>190,000</b>	<b>1,456,641</b>	<b>-</b>	<b>2,013,531</b>
Net change in fund balances	241,860	(489,966)	1,458,914	51,304	893,596
Fund balances, October 1	4,000,180	3,909,706	-	117,140	10,349,146
Fund balances, September 30	\$ 4,242,040	\$ 3,419,740	\$ 1,458,914	\$ 168,444	\$ 11,242,742

**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, 2008

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

Net change in fund balances - total governmental funds (A-4)	\$ 893,596
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay (\$2,360,057) exceeded depreciation expense (\$1,812,281) in the current period.	547,776
In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold.	(46,158)
Assets transferred to a proprietary fund have no effect on the governmental funds. However, the transfer lowers net assets in the statement of activities.	(642,019)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	30,853
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in governmental funds. This amount is the net effect related to an increase in accrued interest payable (\$9,446) and a decrease in other accrued liabilities (\$3,873).	(5,573)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	<u>(1,003,854)</u>
Change in net assets of governmental activities (A-2)	<u><u>\$ (225,379)</u></u>

See accompanying notes to financial statements.

**City of Belton, Texas**  
**General Fund**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
For the Fiscal Year Ended  
September 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes:				
Current ad valorem	\$ 2,971,531	\$ 2,971,531	\$ 3,011,459	\$ 39,928
Delinquent ad valorem	47,000	47,000	50,775	3,775
Penalty and interest	37,000	37,000	41,091	4,091
Total ad valorem	<u>3,055,531</u>	<u>3,055,531</u>	<u>3,103,325</u>	<u>47,794</u>
Sales	2,094,000	2,152,500	2,170,770	18,270
Franchise	909,000	909,000	1,008,428	99,428
Alcoholic beverage	10,000	10,000	12,633	2,633
Total taxes	<u>6,068,531</u>	<u>6,127,031</u>	<u>6,295,156</u>	<u>168,125</u>
Licenses and permits:				
Building	85,000	85,000	64,414	(20,586)
Electrical	29,000	29,000	22,551	(6,449)
Plumbing	26,000	26,000	16,367	(9,633)
Mechanical	15,000	15,000	11,310	(3,690)
Swimming pool	1,200	1,200	820	(380)
Rezoning fees	3,200	3,200	2,725	(475)
Subdivision fees	4,000	4,000	3,741	(259)
Miscellaneous	6,700	6,700	8,015	1,315
Total licenses and permits	<u>170,100</u>	<u>170,100</u>	<u>129,943</u>	<u>(40,157)</u>
Intergovernmental	<u>86,833</u>	<u>103,749</u>	<u>131,763</u>	<u>28,014</u>
Charges for services:				
Ambulance	800,000	800,000	905,917	105,917
Refuse collection	771,680	773,339	806,446	33,107
Total charges for services	<u>1,571,680</u>	<u>1,573,339</u>	<u>1,712,363</u>	<u>139,024</u>
Fines:				
Municipal court	277,000	277,000	315,259	38,259
Court fees	23,000	23,000	41,171	18,171
Total fines	<u>300,000</u>	<u>300,000</u>	<u>356,430</u>	<u>56,430</u>
Interest	<u>185,000</u>	<u>185,000</u>	<u>138,546</u>	<u>(46,454)</u>
Contributions and donations	<u>-</u>	<u>-</u>	<u>6,083</u>	<u>6,083</u>
Payments in lieu of taxes	<u>4,600</u>	<u>4,600</u>	<u>4,201</u>	<u>(399)</u>
Miscellaneous	<u>40,300</u>	<u>40,300</u>	<u>95,440</u>	<u>55,140</u>
Total revenues	<u>8,427,044</u>	<u>8,504,119</u>	<u>8,869,925</u>	<u>365,806</u>

(Continued)

**City of Belton, Texas**  
**General Fund**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
For the Fiscal Year Ended  
September 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Expenditures:				
General government:				
City council	\$ 83,957	\$ 83,957	\$ 59,206	\$ 24,751
City administration	531,194	373,292	329,662	43,630
Finance	315,879	324,361	320,919	3,442
Legal	143,242	147,734	138,726	9,008
Total general government	<u>1,074,272</u>	<u>929,344</u>	<u>848,513</u>	<u>80,831</u>
Public safety:				
Police	2,565,506	2,641,102	2,594,611	46,491
Fire	1,877,544	1,977,246	1,958,818	18,428
Total public safety	<u>4,443,050</u>	<u>4,618,348</u>	<u>4,553,429</u>	<u>64,919</u>
Highways and streets	<u>852,383</u>	<u>863,895</u>	<u>858,849</u>	<u>5,046</u>
Development services	<u>350,420</u>	<u>338,263</u>	<u>327,895</u>	<u>10,368</u>
Culture and recreation:				
Parks	623,080	632,122	639,428	(7,306)
Library	226,980	241,665	240,559	1,106
Total culture and recreation	<u>850,060</u>	<u>873,787</u>	<u>879,987</u>	<u>(6,200)</u>
Refuse collection	<u>706,433</u>	<u>709,055</u>	<u>734,724</u>	<u>(25,669)</u>
Maintenance	<u>274,946</u>	<u>286,970</u>	<u>282,317</u>	<u>4,653</u>
Total expenditures	<u>8,551,564</u>	<u>8,619,662</u>	<u>8,485,714</u>	<u>133,948</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(124,520)</u>	<u>(115,543)</u>	<u>384,211</u>	<u>499,754</u>
Other financing sources (uses):				
Insurance proceeds	-	32,716	43,745	11,029
Sale of capital assets	-	-	9,310	9,310
Transfers in	246,000	246,000	246,000	-
Transfers out	(100,000)	(441,406)	(441,406)	-
Total other financing sources (uses)	<u>146,000</u>	<u>(162,690)</u>	<u>(142,351)</u>	<u>20,339</u>
Net change in fund balances	21,480	(278,233)	241,860	520,093
Fund balances, October 1	<u>4,000,180</u>	<u>4,000,180</u>	<u>4,000,180</u>	<u>-</u>
Fund balances, September 30	<u>\$ 4,021,660</u>	<u>\$ 3,721,947</u>	<u>\$ 4,242,040</u>	<u>\$ 520,093</u>

**City of Belton, Texas**  
**Statement of Net Assets**  
**Proprietary Funds**  
September 30, 2008

<b>Assets</b>	Business-type activities - Enterprise Funds		
	Water and Sewer	Drainage	Total
Current assets:			
Cash and cash equivalents	\$ 2,037,845	\$ 506,165	\$ 2,544,010
Receivables (net of allowance for uncollectibles)	622,481	45,944	668,425
Prepaid items	4,000	-	4,000
Total current assets	2,664,326	552,109	3,216,435
Noncurrent assets:			
Restricted cash and cash equivalents	1,920,159	-	1,920,159
Debt issue costs	65,738	5,946	71,684
Capital assets:			
Land	144,393	-	144,393
Buildings	90,055	-	90,055
Infrastructure	30,091,490	335,364	30,426,854
Machinery and equipment	742,430	9,740	752,170
Construction in progress	144,695	5,300	149,995
	31,213,063	350,404	31,563,467
Less accumulated depreciation	(9,264,546)	(20,438)	(9,284,984)
Total capital assets, net	21,948,517	329,966	22,278,483
Total noncurrent assets	23,934,414	335,912	24,270,326
Total assets	26,598,740	888,021	27,486,761
<b>Liabilities</b>			
Current liabilities:			
Accounts and retainages payable	138,059	100,385	238,444
Accrued interest payable	53,463	2,080	55,543
Other accrued liabilities	30,642	-	30,642
Customer deposits payable	119,515	-	119,515
Deferred revenue	13,800	-	13,800
Compensated absences - current	40,168	-	40,168
Revenue bonds payable - current	424,044	12,563	436,607
Total current liabilities	819,691	115,028	934,719
Noncurrent liabilities:			
Compensated absences	1,907	-	1,907
Revenue bonds payable (net of deferred amount on refunding)	7,113,017	322,437	7,435,454
Total noncurrent liabilities	7,114,924	322,437	7,437,361
Total liabilities	7,934,615	437,465	8,372,080
<b>Net Assets</b>			
Invested in capital assets, net of related debt	14,411,456	(5,034)	14,406,422
Unrestricted	4,252,669	455,590	4,708,259
Total net assets	\$ 18,664,125	\$ 450,556	\$ 19,114,681

See accompanying notes to financial statements.

**City of Belton, Texas**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds**  
For the Fiscal Year Ended  
September 30, 2008

	<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	\$ 2,756,606	\$ -	\$ 2,756,606
Sewer service	1,737,354	-	1,737,354
Storm drainage fees	-	222,107	222,107
Reconnect and late fees	91,172	-	91,172
Tap fees	50,816	-	50,816
Other	21,603	-	21,603
Total operating revenues	<u>4,657,551</u>	<u>222,107</u>	<u>4,879,658</u>
Operating expenses:			
Salaries and wages	835,965	-	835,965
Employee benefits	229,538	-	229,538
Supplies	107,607	392	107,999
Repairs and maintenance	86,316	2,778	89,094
Water, sewage treatment, and other charges	1,965,270	12,490	1,977,760
Depreciation	930,308	18,716	949,024
Total operating expenses	<u>4,155,004</u>	<u>34,376</u>	<u>4,189,380</u>
Operating income	<u>502,547</u>	<u>187,731</u>	<u>690,278</u>
Nonoperating revenues (expenses):			
Interest revenue	109,993	1,416	111,409
Interest expense	(327,032)	(2,080)	(329,112)
Amortization expense	(24,662)	-	(24,662)
Loss on sale of capital asset	(1,745)	-	(1,745)
Total nonoperating revenues (expenses)	<u>(243,446)</u>	<u>(664)</u>	<u>(244,110)</u>
Income before contributions and transfers	259,101	187,067	446,168
Capital contributions from developers and others	403,260	343,382	746,642
Transfers out	<u>(246,000)</u>	<u>-</u>	<u>(246,000)</u>
Change in net assets	416,361	530,449	946,810
Total net assets, October 1	<u>18,247,764</u>	<u>(79,893)</u>	<u>18,167,871</u>
Total net assets, September 30	<u>\$ 18,664,125</u>	<u>\$ 450,556</u>	<u>\$ 19,114,681</u>

See accompanying notes to financial statements.

**City of Belton, Texas**  
**Statement of Cash Flows**  
**Proprietary Funds**  
For the Fiscal Year Ended  
September 30, 2008

	Business-type activities - Enterprise Funds		
	Water and Sewer	Drainage	Total
Cash flows from operating activities:			
Receipts from customers and users	\$ 4,640,851	\$ 176,163	\$ 4,817,014
Payments to suppliers	(2,139,146)	(16,633)	(2,155,779)
Payments to employees	(1,073,826)	-	(1,073,826)
Net cash provided by operating activities	<u>1,427,879</u>	<u>159,530</u>	<u>1,587,409</u>
Cash flows from noncapital financing activities:			
Transfer to other funds	(246,000)	-	(246,000)
Net cash used in noncapital financing activities	<u>(246,000)</u>	<u>-</u>	<u>(246,000)</u>
Cash flows from capital and related financing activities:			
Capital contributions	104,623	-	104,623
Purchases and construction of capital assets	(208,571)	(5,300)	(213,871)
Proceeds from issuance of debt	181,068	329,054	510,122
Principal paid on capital debt	(392,301)	-	(392,301)
Interest paid on capital debt	(327,350)	-	(327,350)
Net cash used in capital and related financing activities	<u>(642,531)</u>	<u>323,754</u>	<u>(318,777)</u>
Cash flows from investing activities:			
Interest received	109,993	1,416	111,409
Net cash provided by investing activities	<u>109,993</u>	<u>1,416</u>	<u>111,409</u>
Net decrease in cash and cash equivalents	649,341	484,700	1,134,041
Cash and cash equivalents, October 1	3,308,663	21,465	3,330,128
Cash and cash equivalents, September 30	<u>\$ 3,958,004</u>	<u>\$ 506,165</u>	<u>\$ 4,464,169</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 502,547	\$ 187,731	\$ 690,278
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	930,308	18,716	949,024
Increase (decrease) in accounts receivable	3,865	(45,944)	(42,079)
Increase in prepaid items	2,199	-	2,199
Increase (decrease) in accounts and retainages payable	17,848	(973)	16,875
Decrease in accrued liabilities	(1,970)	-	(1,970)
Increase in customer deposits payable	6,435	-	6,435
Decrease in deferred revenue	(27,000)	-	(27,000)
Decrease in compensated absences	(6,353)	-	(6,353)
Total adjustments	<u>925,332</u>	<u>(28,201)</u>	<u>897,131</u>
Net cash provided by operating activities	<u>\$ 1,427,879</u>	<u>\$ 159,530</u>	<u>\$ 1,587,409</u>
<b>Noncash investing, capital and financing activities:</b>			
Contributions of water and sewer assets from developers and others	298,637	343,382	642,019

See accompanying notes to financial statements.



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

<u>Note</u>		<u>Page</u>
I	Summary of Significant Accounting Policies	28
II	Deposits and Investments	34
III	Receivables	37
IV	Property Taxes	37
V	Capital Assets	38
VI	Long-Term Debt	42
VII	Interfund Receivables, Payables, and Transfers	46
VIII	Employee Benefits	47
IX	Risk Management	50
X	Commitments and Contingencies	51
XI	Related Organizations	51
XII	Subsequent Events	52
XIII	Authoritative Pronouncements Not Yet Effective	52

**City of Belton, Texas**  
**Notes to Financial Statements**  
September 30, 2008

**I. Summary of Significant Accounting Policies**

A. Reporting Entity

The City of Belton, Texas (the City) was founded in 1850 and incorporated in January of 1852 under provisions of the Constitution of the State of Texas. The City operates under a home rule charter which was approved by the electorate August 20, 1951, rewritten and approved May 5, 1990, and again rewritten and approved May 7, 2005. The charter provides for the Council-Manager form of government for the City. Policy-making and supervisory functions are the responsibility of and vested in the Mayor and City Council. As authorized by its charter, the City provides the following services: public safety (police and fire), highways and streets, sanitation and health, public improvements, planning and zoning, recreation, 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. Change in Financial Reporting

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

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

- A Management Discussion and Analysis section, providing an analysis of the City's overall financial position and results of operations;
- Financial statements prepared using full accrual accounting for all of the City's activities;

**City of Belton, Texas**  
**Notes to Financial Statements**  
September 30, 2008

- A change in the fund financial statements to focus on the major funds.

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

C. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the activities of the primary government and its component unit. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

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

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

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

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

**City of Belton, Texas**  
**Notes to Financial Statements**  
September 30, 2008

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

The *2008 Certificates of Obligation Fund* accounts for financing, acquisition, construction, and improvement of city streets.

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

The City reports the following major proprietary funds:

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

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

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

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

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.

**City of Belton, Texas**  
**Notes to Financial Statements**  
September 30, 2008

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer enterprise fund are charges to customers for sales and services. The water and sewer fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

E. Budgets and Budgetary Accounting

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

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

**City of Belton, Texas**  
**Notes to Financial Statements**  
September 30, 2008

F. Encumbrances

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

G. Deposits and Investments

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

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

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

H. Receivables and Payables

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The property tax receivable allowance is equal to 26.41 percent of outstanding property taxes at September 30, 2008.

I. Inventory

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

J. Restricted Assets

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

**City of Belton, Texas**  
**Notes to Financial Statements**  
September 30, 2008

K. Capital Assets

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

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Improvements other than buildings	4 - 50
Machinery and equipment	5 - 15
Infrastructure	10 - 25

L. Compensated Absences

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

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

**City of Belton, Texas**  
**Notes to Financial Statements**  
September 30, 2008

M. Long-Term Obligations

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

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

N. Fund Equity

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

**II. Deposits and Investments**

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

Deposits and Investments Risk

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

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

**City of Belton, Texas**  
**Notes to Financial Statements**  
September 30, 2008

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

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

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

External Investment Pool

The City uses the following external investment pools:

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

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

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

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

**City of Belton, Texas**  
**Notes to Financial Statements**  
September 30, 2008

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

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

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

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

Cash on hand	\$ 5,889
Carrying amount of deposits	336,918
Carrying amount of investments	<u>15,241,383</u>
	<u>\$ 15,584,190</u>
Cash and cash equivalents	\$ 13,664,031
Restricted cash and cash equivalents	<u>1,920,159</u>
	<u>\$ 15,584,190</u>

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

Carrying amounts of deposits	\$ 109,493
Carrying amount of investments	<u>4,953,187</u>
	<u>\$ 5,062,680</u>
Cash and cash equivalents	<u>\$ 5,062,680</u>
	<u>\$ 5,062,680</u>

**City of Belton, Texas**  
**Notes to Financial Statements**  
September 30, 2008

**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	Water & Sewer Enterprise	Drainage Enterprise Fund	Nonmajor Funds	Total
Receivables:						
Taxes	\$ 609,230	\$ 41,083	\$ -	\$ -	\$ 42,707	\$ 693,020
Water/sewer	-	-	639,123	-	-	639,123
Storm drainage	-	-	-	50,434	-	50,434
Ambulance	453,943	-	-	-	-	453,943
Other	283,692	-	-	-	-	283,692
	<u>1,346,865</u>	<u>41,083</u>	<u>639,123</u>	<u>50,434</u>	<u>42,707</u>	<u>2,120,212</u>
Less:						
Allowance for uncollectibles	<u>247,299</u>	<u>11,382</u>	<u>16,642</u>	<u>4,490</u>	<u>-</u>	<u>279,813</u>
	<u>\$ 1,099,566</u>	<u>\$ 29,701</u>	<u>\$ 622,481</u>	<u>\$ 45,944</u>	<u>\$ 42,707</u>	<u>\$1,840,399</u>

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

**IV. Property Taxes**

The City's property taxes are levied each October 1 on the assessed value listed as of the previous January 1 for all real and personal property located in the City. The assessment ratio of the City has historically been a percent of market value. Beginning with the tax levy of October 1, 1981, the assessment ratio has been 100 percent of market value. Over the past seven years, substantially all of the taxable property in the City has been revalued. The assessed value for the tax roll of January 1, 2007, upon which the 2008 fiscal year levy was based, was \$627,565,075.

The tax levy of October 2007 set a tax rate of \$.655 per \$100 of assessed valuation at 100 percent of assumed market value. The City may levy a tax of up to \$1.90 per \$100 of assessed valuation.

Taxes were due January 31, 2008, at which time a lien attaches for unpaid taxes. Tax collections during the fiscal year ended September 30, 2008, for the fiscal year 2008 levy were 97.88 percent of the total tax levy for that year.

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

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

**City of Belton, Texas**  
**Notes to Financial Statements**  
September 30, 2008

years. The City may challenge appraised values established by the appraisal district through various appeals and, if necessary, legal action. Under this legislation, the City continues to set tax rates on City property. However, if the effective tax rate, excluding tax rates for bonds and other contractual obligations and adjusted for new improvements, exceeds the rate of the previous year by more than 8 percent, qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than 8 percent above the rate of the previous year.

**V. Capital Assets**

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

**Primary Government**

	Beginning Balance	Increases	Decreases	Ending Balance
<b><i>Governmental activities:</i></b>				
Capital assets, not being depreciated:				
Land	\$ 1,593,231	\$ -	\$ (2,500)	\$ 1,590,731
Construction in progress	1,417,652	1,794,125	(2,314,093)	897,684
Total capital assets, not being depreciated	<u>3,010,883</u>	<u>1,794,125</u>	<u>(2,316,593)</u>	<u>2,488,415</u>
Capital assets, being depreciated:				
Buildings	4,304,698	337,012	(16,316)	4,625,394
Improvements other than buildings	2,425,446	268,988	(5,595)	2,688,839
Machinery and equipment	3,323,088	540,888	(232,403)	3,631,573
Infrastructure	20,501,569	1,434,499	(782,200)	21,153,868
Total capital assets, being depreciated	<u>30,554,801</u>	<u>2,581,387</u>	<u>(1,036,514)</u>	<u>32,099,674</u>
Less accumulated depreciation for:				
Buildings	(1,260,541)	(185,723)	16,316	(1,429,948)
Improvements other than buildings	(811,771)	(116,987)	5,595	(923,163)
Machinery and equipment	(1,694,873)	(339,193)	179,330	(1,854,736)
Infrastructure	(8,339,054)	(1,170,378)	448,235	(9,061,197)
Total accumulated depreciation	<u>(12,106,239)</u>	<u>(1,812,281)</u>	<u>649,476</u>	<u>(13,269,044)</u>
Total capital assets, being depreciated, net	<u>18,448,562</u>	<u>769,106</u>	<u>(387,038)</u>	<u>18,830,630</u>
Governmental activities capital assets, net	<u>\$ 21,459,445</u>	<u>\$ 2,563,231</u>	<u>\$ (2,703,631)</u>	<u>\$ 21,319,045</u>

**City of Belton, Texas**  
**Notes to Financial Statements**  
September 30, 2008

	Beginning Balance	Increases	Decreases	Ending Balance
<b><i>Business-type activities:</i></b>				
Capital assets, not being depreciated:				
Land	\$ 144,393	\$ -	\$ -	\$ 144,393
Construction in progress	56,324	167,673	(74,002)	149,995
Total capital assets, not being depreciated	200,717	167,673	(74,002)	294,388
Capital assets, being depreciated:				
Buildings	94,064	-	(4,009)	90,055
Infrastructure	29,826,429	663,323	(62,898)	30,426,854
Machinery and equipment	667,211	100,617	(15,658)	752,170
Total capital assets, being depreciated	30,587,704	763,940	(82,565)	31,269,079
Less accumulated depreciation for:				
Buildings	(71,923)	(2,382)	2,264	(72,041)
Infrastructure	(7,870,705)	(888,407)	62,898	(8,696,214)
Machinery and equipment	(472,431)	(59,956)	15,658	(516,729)
Total accumulated depreciation	(8,415,059)	(950,745)	80,820	(9,284,984)
Total capital assets, being depreciated, net	22,172,645	(186,805)	(1,745)	21,984,095
Business-type activities capital assets, net	\$ 22,373,362	\$ (19,132)	\$ (75,747)	\$ 22,278,483

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

Governmental activities:	
General government	\$ 10,813
Public safety	302,902
Highways and streets, including depreciation of general infrastructure assets	904,297
Development services	13,620
Maintenance	11,964
Culture and recreation	568,685
	\$ 1,812,281
Total depreciation expense – governmental activities	
Business-type activities:	
Water and Sewer	\$ 930,308
Drainage	18,716
	\$ 949,024
Total depreciation expense – business-type activities	

**City of Belton, Texas**  
**Notes to Financial Statements**  
September 30, 2008

Construction Commitments

At September 30, 2008, the following uncompleted contracts were in progress for governmental activities:

Project Title	Expended to Date	Remaining Commitment
Sparta Station Remediation	\$ 11,632	\$ 55,000
Commerce Drive Extension	91,467	20,000
Harris Center Repairs	29,796	10,000
Miller Heights Infrastructure	13,000	6,000
Lions Field Renovation	24,234	863
Harris Park	79,028	4,425
In-House Street Projects	303,835	197,888
2005 GO Parks Projects	44,003	21,703
City Hall Remodel	39,254	374,834
Connell Street Infrastructure	261,435	484,929
Total	<u>\$ 897,684</u>	<u>\$ 1,175,642</u>

The projects will be financed with available resources.

At September 30, 2008, the following uncompleted contracts were in progress for business-type activities:

Project Title	Expended to Date	Remaining Commitment
Downtown Grinder Pump	\$ 19,500	\$ 68,375
2007 Bond Water/Sewer Projects	125,195	1,326,971
Miller Heights Drainage Study	5,300	700
Total	<u>\$ 149,995</u>	<u>\$ 1,396,046</u>

The projects will be financed with available resources.

**City of Belton, Texas**  
**Notes to Financial Statements**  
September 30, 2008

**Discretely Presented Component Unit**

Capital asset activity for the discretely presented component unit for the year ended September 30, 2008, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 491,011	\$ -	\$ (22,860)	\$ 468,151
Construction in progress	300,203	551,490	-	851,693
Total capital assets, not being depreciated	<u>791,214</u>	<u>551,490</u>	<u>(22,860)</u>	<u>1,319,844</u>
Capital assets, being depreciated:				
Buildings	1,230,027	-	(1,230,027)	-
Machinery and equipment	46,527	-	(1,000)	45,527
Infrastructure	1,303,208	-	-	1,303,208
Total capital assets, being depreciated	<u>2,579,762</u>	<u>-</u>	<u>(1,231,027)</u>	<u>1,348,735</u>
Less accumulated depreciation for:				
Buildings	(12,812)	(28,188)	41,000	-
Machinery and equipment	(15,829)	(9,039)	1,000	(23,868)
Infrastructure	(560,086)	(70,786)	-	(630,872)
Total accumulated depreciation	<u>(588,727)</u>	<u>(108,013)</u>	<u>42,000</u>	<u>(654,740)</u>
Total capital assets, being depreciated, net	<u>1,991,035</u>	<u>(108,013)</u>	<u>(1,189,027)</u>	<u>693,995</u>
Component unit capital assets, net	<u>\$2,782,249</u>	<u>\$ 443,477</u>	<u>\$(1,211,887)</u>	<u>\$2,013,839</u>

At September 30, 2008, the following uncompleted contracts were in progress for the component unit:

<u>Project Title</u>	<u>Expended to Date</u>	<u>Remaining Commitment</u>
Digby Drive	<u>\$ 851,693</u>	<u>\$ 155,956</u>
Total	<u>\$ 851,693</u>	<u>\$ 155,956</u>

The projects will be financed with available resources.

**City of Belton, Texas**  
**Notes to Financial Statements**  
September 30, 2008

**VI. Long-Term Debt**

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

The following is a summary of changes in long-term debt for the City for the year ended September 30, 2008:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	\$10,385,230	\$1,485,000	\$ 458,370	\$11,411,860	\$ 509,057
Compensated absences	288,133	314,639	318,511	284,261	261,994
	<u>\$10,673,363</u>	<u>\$1,799,639</u>	<u>\$ 776,881</u>	<u>\$11,696,121</u>	<u>\$771,051</u>
Business-type activities					
Revenue bonds	\$7,735,502	\$ 515,000	\$ 378,441	\$ 7,872,061	\$ 436,607
Compensated absences	48,428	40,844	47,197	42,075	40,168
	<u>\$7,783,930</u>	<u>\$ 555,844</u>	<u>\$ 425,638</u>	<u>\$ 7,914,136</u>	<u>\$ 476,775</u>

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

**City of Belton, Texas**  
**Notes to Financial Statements**  
September 30, 2008

Long-term debt of the City at September 30, 2008, is comprised of the following:

***Governmental Activities:***

General obligation bonds:

\$283,710 Series 2002 combination tax and revenue certificates of obligation due in annual installments of \$28,370 to \$28,380 through 2013; interest at 4.4%	\$ 141,860
\$2,480,000 Series 2003 general obligation bonds due in annual installments of \$105,000 to \$200,000 through 2023; interest at 4.15%	2,195,000
\$4,500,000 Series 2005 general obligation bonds due in annual installments of \$140,000 to \$275,000 through 2025; interest at 3.54%	3,740,000
\$3,945,000 Series 2007 combination tax and revenue certificates of obligation due in annual installments of \$140,000 to \$295,000 through 2027; interest at 4.13%	3,850,000
\$1,485,000 Series 2008 combination tax and revenue certificates of obligation due in annual installments of \$51,975 to \$107,663 through 2028; interest at 4.19%	<u>1,485,000</u>
Total general obligation bonds	<u>11,411,860</u>
Compensated absences	<u>284,261</u>
Total	<u><u>\$11,696,121</u></u>

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

Year ended September 30,	Principal	Interest
2009	\$ 509,057	\$ 444,044
2010	520,345	430,865
2011	540,345	410,367
2012	564,058	389,040
2013	584,067	366,761
2014-2018	3,301,700	1,469,193
2019-2023	3,895,950	762,907
2024-2028	<u>1,496,338</u>	<u>153,947</u>
	<u>\$11,411,860</u>	<u>\$ 4,427,124</u>

**City of Belton, Texas**  
**Notes to Financial Statements**  
September 30, 2008

***Business-type Activities:***

Revenue bonds:

\$2,107,582 Series 1999 general obligation refunding bonds due in annual installments of \$5,000 through 2010, and annual installments of \$162,250 to \$212,400 from 2011 through 2017; interest at 3.10% to 4.65%; net of the unamortized difference between the reacquisition price and the carrying value of the refunded debt of \$54,143. \$1,268,607

\$2,301,140 Series 2002 general obligation refunding bonds due in annual installments of \$60,000 to \$70,000 through 2016; interest at 3.35% 515,000

\$4,360,449 Series 2002 combination tax and revenue certificates of obligation due in annual installments of \$198,630 to \$360,000 through 2022; interest at 4.4% 3,870,140

\$451,943 Series 2005 general obligation refunding bonds due in annual installments of \$143,664 to \$149,650 through 2010; interest at 3.54% 293,314

\$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% 1,410,000

\$515,000 Series 2008 combination tax and revenue certificates of obligation due in annual installments of \$18,025 to \$37,337 through 2028; interest at 4.19% 515,000

Total revenue bonds 7,872,061

Compensated absences 42,075

Total \$7,914,136

**City of Belton, Texas**  
**Notes to Financial Statements**  
September 30, 2008

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

Year ended September 30,	Principal	Interest
2009	\$ 436,607	\$ 333,181
2010	439,305	318,396
2011	456,905	301,055
2012	479,992	281,889
2013	497,933	261,469
2014-2018	2,807,750	958,526
2019-2023	2,174,050	382,445
2024-2028	633,662	70,582
	<u>\$7,926,204</u>	<u>\$2,907,543</u>
Unamortized difference between the reacquisition price and refunded debt	<u>( 54,143)</u>	<u>-</u>
Total debt service requirements	<u>\$7,872,061</u>	<u>\$2,907,543</u>

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

Discretely Presented Component Unit

The following is a summary of changes in long-term debt of the Development Corporation for the year ended September 30, 2008:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bond	\$ 385,000	\$ -	\$ 385,000	\$ -	\$ -
General obligation bonds	1,218,265	-	99,329	1,118,936	101,336
	<u>\$1,603,265</u>	<u>\$ -</u>	<u>\$ 484,329</u>	<u>\$1,118,936</u>	<u>\$101,336</u>

**City of Belton, Texas**  
**Notes to Financial Statements**  
September 30, 2008

Long-term debt of the Development Corporation at September 30, 2008, is comprised of the following general obligation bonds issued by the City for which the Development Corporation is legally obligated to repay:

General obligation bonds:

\$978,497 Series 1999 general obligation refunding bonds due in annual installments of \$96,336 to \$147,600 through 2017; interest at 3.10% to 4.65%	\$ 922,250
\$303,057 Series 2005 general obligation refunding bonds due in annual installments of \$4,014 to \$100,350 through 2010; interest at 3.54%	<u>196,686</u>
Total long-term debt	<u><u>\$1,118,936</u></u>

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

Year Ended September 30,	Principal	Interest
2009	\$ 101,336	\$ 48,052
2010	105,350	44,428
2011	112,750	40,661
2012	120,950	35,869
2013	123,000	30,608
2014-2017	<u>555,550</u>	<u>64,776</u>
	<u>\$ 1,118,936</u>	<u>\$ 264,394</u>

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

**VII. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of September 30, 2008, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General	Nonmajor governmental	<u>\$ 6,324</u>
Total		<u><u>\$ 6,324</u></u>

The outstanding balances between funds include the amount of working capital loans made to capital projects funds that the general fund expects to collect in the subsequent year.

**City of Belton, Texas**  
**Notes to Financial Statements**  
September 30, 2008

Interfund transfers:

	Transfer In					
General	2007 Consolidated CO's	Water and Sewer	Drainage	Nonmajor Governmental	Total	
Transfer out:						
General	\$ -	\$ -	\$298,637	\$343,382	\$ 441,406	\$1,083,425
Water and sewer	246,000	-	-	-	-	246,000
Nonmajor governmental	-	-	-	114,000	-	114,000
Development Corporation	-	190,000	-	-	65,000	255,000
Total transfers	<u>\$246,000</u>	<u>\$ 190,000</u>	<u>\$298,637</u>	<u>\$343,382</u>	<u>\$ 620,406</u>	<u>\$1,698,425</u>

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.

Governmental capital assets totaling \$642,019 were donated to the newly established drainage enterprise fund and the water and sewer fund. These donations were reported as capital contributions in the proprietary fund operating statement. This same event was reclassified as a transfer from governmental activities to business-type activities in the government-wide statement of activities.

**VIII. Employee Benefits**

**Pension Plan:**

*Plan Description*

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

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

**City of Belton, Texas**  
**Notes to Financial Statements**  
September 30, 2008

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

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

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

5 years/age 60  
20 years/any age

*Contributions*

Under the state law governing TMRS, the actuary annually determines the City contribution rate. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to the City matching percent, which are the obligation of the City as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the remainder of the plan's 25-year amortization period. The projected unit credit actuarial cost method is used for determining the City contribution rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect (i.e., December 31, 2007 valuation is effective for rates beginning January 2009).

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage of</u> <u>APC Contributed</u>			<u>Net Pension</u> <u>Obligation</u>	
2007	\$366,430	100%			-	
2006	\$340,213	100%			-	
2005	\$323,397	100%			-	
<u>Actuarial</u> <u>Valuation</u> <u>December</u> <u>31,</u>	<u>Actuarial</u> <u>Value of</u> <u>Assets</u>	<u>Actuarial</u> <u>Accrued</u> <u>Liability</u> <u>(AAL)</u>	<u>Unfunded</u> <u>(UAAL)</u>	<u>Funded</u> <u>Ratios</u>	<u>Covered</u> <u>Payroll</u>	<u>UAAL</u> <u>as a</u> <u>Percentage</u> <u>of</u> <u>Covered</u> <u>Payroll</u>
2007	\$5,899,718	\$8,024,566	\$2,124,848	73.5%	\$5,096,919	41.7%
2006	\$5,091,585	\$6,500,998	\$1,409,413	78.32%	\$4,416,931	31.91%
2005	\$5,707,823	\$6,979,368	\$1,271,545	81.8%	\$3,987,402	31.9%

**City of Belton, Texas**  
**Notes to Financial Statements**  
September 30, 2008

Actuarial cost method -	Projected unit credit
Amortization method -	Level percent of payroll
Amortization period -	30 years – closed period
Asset valuation method -	Amortized cost
Investment rate of return -	7%
Projected salary increases -	Varies by age and service
Includes inflation at -	3.0%
Cost-of-living adjustments -	0.9% (3.0% CPI)
Payroll growth -	3.0%
Withdrawal rates for male/female -	Mid-high/high
(low, mid/low, mid, mid/high, or high)	

The City of Belton is one of 827 municipalities having their benefit plan administered by TMRS. Each of the 827 municipalities has an annual, individual actuarial valuation performed.

*Actuarial Methods and Assumptions*

At its December 8, 2007 meeting, the TMRS Board of Trustees adopted actuarial assumptions to be used in the actuarial valuation for the year ended December 31, 2007. A summary of actuarial assumptions and definitions can be found in the December 31, 2007 TMRS Comprehensive Annual Financial Report (CAFR).

Since its inception, TMRS has used the Unit Credit actuarial funding method. This method accounts for liability accrued as of the valuation date, but does not project the potential future liability of provisions adopted by a city. Two-thirds of the cities participating in the TMRS have adopted the Updated Service Credit and Annuity Increases provisions on an annually repeating basis. For the December 31, 2007 valuation, the TMRS Board determined that the Projected Unit Credit (PUC) funding method should be used, which facilitates advance funding for future updated service credits and annuity increases that are adopted on an annually repeating basis. In addition, the Board also adopted a change in the amortization period from a 25-year “open” to a 25-year “closed” period. TMRS Board of Trustee rules provide that, whenever a change in actuarial assumptions or methods results in a contribution rate increase in an amount greater than 0.5%, the amortization period will be increased to 30 years, unless a city requests that the period remain at 25 years. For cities with repeating features, these changes would likely result initially in higher required contributions and lower funded ratios; however, the funded ratio should show steady improvement over time. To assist in this transition to higher rates, the Board also approved an eight-year phase-in period, which will allow cities the opportunity to increase their contributions gradually (approx. 12.5% each year) to their full rate (or their required contribution rate).

If the changes in actuarial funding method and assumptions had not been adopted for the 2007 valuation, the city’s unfunded actuarial accrued liability would have been \$1,646,811 and the funded ratio would have been 78.2%

In addition, TMRS is currently working on its legislative package for 2009. There is a possibility that the investment rate of return (IRR) assumption of 7% would need to be lowered if desired legislation for the 2009 session is unsuccessful. Maintaining a 7% IRR assumption is contingent in part on the continued diversification of the TMRS portfolio, from an almost exclusive bond portfolio to a portfolio that includes equities as well. If state legislation needed to facilitate the continued diversification is not enacted, TMRS may have to revisit the continued diversification of the portfolio and consider reducing the assumed IRR. A reduction in the IRR would result in increased actuarial accrued liabilities, thus

**City of Belton, Texas**  
**Notes to Financial Statements**  
September 30, 2008

causing further increases in city contribution rates, following the December 31, 2009 actuarial valuation.

**Supplemental Death Benefits Plan:**

The Supplemental Death Benefits Fund (SDBF) is a cost-sharing multiple-employer defined benefit group life insurance plan operated by the Texas Municipal Retirement System (TMRS); this is a separate trust administered by the TMRS Board of Trustees. TMRS issues a publicly available Comprehensive Annual Financial Report (CAFR) that includes financial and supplementary information for the SDBF. That report may be obtained from the TMRS website at [www.TMRS.com](http://www.TMRS.com).

*Plan Provisions*

The City of Belton is one of 714 participating entities offering supplemental death benefits to retirees. Active employees and retirees are offered supplemental death benefits under the City's plan.

*Annual SDBF Cost*

For 2007, the City's annual SDBF cost of \$14,366 was equal to the required contribution. The City's annual SDBP cost, the percentage of annual SDBF cost contributed to the plan, and the net SDBF obligation were as follows:

<u>Fiscal Year Ending</u>	<u>Annual SDBF Cost</u>	<u>Percentage of SDBF Contributed</u>	<u>NET SDBP Obligation</u>
2007	\$14,366	100%	-
2006	\$13,301	100%	-
2005	\$11,746	100%	-

*Actuarial Information*

Valuation Date-	12/31/2007
Actuarial cost method -	Projected unit credit
Amortization method -	Level percent of payroll
Amortization period -	25 years – open period
Asset valuation method -	Fund value
Investment rate of return -	4.25%
Projected salary increases -	None
Includes inflation at -	3.0%
Cost-of-living adjustments -	None

**IX. Risk Management**

The City is a member of the Texas Municipal League's Intergovernmental Risk Pool ("Pool"). The Pool was created for the purpose of providing coverage against risks, which are inherent in operating a political subdivision. The City pays annual premiums to the Pool for liability, property and workers' compensation coverage. The City's agreement with the Pool provides that the Pool will be self-

**City of Belton, Texas**  
**Notes to Financial Statements**  
September 30, 2008

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 four years.

**X. Commitments and Contingencies**

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

In 1992, the City entered into a long-term agreement to purchase water from the Brazos River Authority (the Authority). The agreement requires the City to pay for a certain portion of the water rights, whether or not it actually withdraws the full amount of water to which it is entitled. The cost of the water may be adjusted each year based on changes in the consumer price index. Further, additional costs imposed on the Authority (by taxation or as a result of new regulations) may be passed through to the City. The agreement expires in 2042. The City's cost under the agreement for the year ended September 30, 2008 was \$31,950.

Also, the City has entered into a long-term agreement to purchase water from Bell County Water Control and Improvement District No. 1 (the District). The District serves six civilian resale customers (cities and water districts) and the Fort Hood Military Reservation. Under the agreement, the City pays its proportionate share of fixed capital costs (debt service) and operating costs (purchasing, producing, treating and delivering water) of the District. Consequently, the price of the water will vary over the term of the agreement. The agreement remains in effect until all bonds of the District are repaid, currently 2018. Charges for water under the agreement for the year ended September 30, 2008 were \$1,150,721.

Finally, the City entered into an agreement with the Brazos River Authority in 1971, whereby the Authority receives, treats and disposes of the City's sewage. The City is charged a monthly amount for sewer services based on the amount of sewage treated. The City's net expense for the year ended September 30, 2008 was \$587,484.

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

**XI. Related Organizations**

The following entities are related organizations to which the City appoints board members but for which the City has no significant financial accountability: Housing Authority of the City of Belton, Texas; Public

**City of Belton, Texas**  
**Notes to Financial Statements**  
September 30, 2008

Property Finance Corporation of Texas; and Texas Dormitory Finance Authority. Financial information is available from the respective organizations.

**XII. Subsequent Events**

No subsequent events were noted that would have a material effect on the financial statements.

**XIII. Authoritative Pronouncements Not Yet Effective**

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

*Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions"* - This statement provides guidance on all aspects of OPEB reporting by employers. The requirements of this statement are effective for fiscal periods beginning after December 15, 2007, for governments that were phase 2 for the implementation of SGAS 34 and after December 15, 2008, for governments that were phase 3 for the implementation of SGAS 34.

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

*Statement No. 50, "Pension Disclosures"* – This statement more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits. The requirements of the new statement become effective for fiscal periods beginning after June 15, 2007 except for the requirement for plans that use the aggregate actuarial cost method to present a schedule of funding progress using the entry age actuarial cost method which is effective for the actuarial valuations as of June 15, 2007.

*Statement No. 51, "Accounting and Financial Reporting for Intangible Assets"* – This statement establishes accounting and financial reporting requirements for intangible assets including easements, water rights, timber rights, patents, trademarks, and computer software. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009.

**Combining and Individual Fund Statements  
and Schedules**

## Nonmajor Governmental Funds

### Special Revenue Funds

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

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

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

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

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

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

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

## Capital Projects Funds

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

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

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

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

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

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

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

**City of Belton, Texas**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
September 30, 2008

	Special Revenue						
	Greathouse Public Trust	Revolving Loan Fund	Hotel/Motel Tax	Court Technology	TDHCA Homebuyer Assistance	TDHCA Housing Rehab	Total
<b>Assets</b>							
Cash and cash equivalents	\$ 199,226	\$ 55,521	\$ 242,897	\$ 2,086	\$ 66,843	\$ 23,751	\$ 590,324
Receivables	-	-	42,707	-	-	-	42,707
Due from other governments	-	-	-	-	-	-	-
Total assets	\$ 199,226	\$ 55,521	\$ 285,604	\$ 2,086	\$ 66,843	\$ 23,751	\$ 633,031
<b>Liabilities and Fund Balances</b>							
Liabilities:							
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts and retainages payable	100,400	-	-	15	-	-	100,415
Accrued liabilities	-	-	-	-	-	-	-
Total liabilities	100,400	-	-	15	-	-	100,415
Fund balances:							
Unreserved, undesignated	98,826	55,521	285,604	2,071	66,843	23,751	532,616
Total fund balances	98,826	55,521	285,604	2,071	66,843	23,751	532,616
Total liabilities and fund balances	\$ 199,226	\$ 55,521	\$ 285,604	\$ 2,086	\$ 66,843	\$ 23,751	\$ 633,031

See accompanying independent auditors' report.

Capital Projects							Total Nonmajor Governmental Funds
General Capital Projects	General Capital Equipment	Park Donation	Park Grant	TIRZ Fund	2005 Consolidated GO's	Total	
\$ 485,375	\$ 247,366	\$ 7,709	\$ -	\$ 128,592	\$ 553,662	\$ 1,422,704	\$ 2,013,028
-	-	-	-	-	-	-	42,707
202,197	-	-	13,863	-	2,500	218,560	218,560
<u>\$ 687,572</u>	<u>\$ 247,366</u>	<u>\$ 7,709</u>	<u>\$ 13,863</u>	<u>\$ 128,592</u>	<u>\$ 556,162</u>	<u>\$ 1,641,264</u>	<u>\$ 2,274,295</u>
\$ -	\$ -	\$ -	\$ 6,324	\$ -	\$ -	\$ 6,324	\$ 6,324
201,758	5,018	49	-	-	5,604	212,429	312,844
-	-	-	-	-	1,523	1,523	1,523
<u>201,758</u>	<u>5,018</u>	<u>49</u>	<u>6,324</u>	<u>-</u>	<u>7,127</u>	<u>220,276</u>	<u>320,691</u>
485,814	242,348	7,660	7,539	128,592	549,035	1,420,988	1,953,604
<u>485,814</u>	<u>242,348</u>	<u>7,660</u>	<u>7,539</u>	<u>128,592</u>	<u>549,035</u>	<u>1,420,988</u>	<u>1,953,604</u>
<u>\$ 687,572</u>	<u>\$ 247,366</u>	<u>\$ 7,709</u>	<u>\$ 13,863</u>	<u>\$ 128,592</u>	<u>\$ 556,162</u>	<u>\$ 1,641,264</u>	<u>\$ 2,274,295</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, 2008

	Special Revenue						Total
	Greathouse Public Trust	Revolving Loan Fund	Hotel/Motel Tax	Court Technology	TDHCA Homebuyer Assistance	TDHCA Housing Rehab	
<b>Revenues:</b>							
Taxes	\$ -	\$ -	\$ 177,646	\$ -	\$ -	\$ -	\$ 177,646
Intergovernmental	-	-	-	-	-	-	-
Fines	-	-	-	6,630	-	-	6,630
Interest	6,366	1,750	7,238	-	2,183	1,178	18,715
Contributions and donations	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	1,898	-	1,898
<b>Total revenues</b>	<u>6,366</u>	<u>1,750</u>	<u>184,884</u>	<u>6,630</u>	<u>4,081</u>	<u>1,178</u>	<u>204,889</u>
<b>Expenditures:</b>							
<b>Current:</b>							
General Government	-	-	-	6,200	-	-	6,200
Highways and streets	-	-	-	-	-	-	-
Development services	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Economic development	-	-	158,807	-	12,800	15,537	187,144
Maintenance	-	-	-	-	-	-	-
<b>Debt service:</b>							
Principal	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
<b>Capital outlay</b>	<u>103,577</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>103,577</u>
<b>Total expenditures</b>	<u>103,577</u>	<u>-</u>	<u>158,807</u>	<u>6,200</u>	<u>12,800</u>	<u>15,537</u>	<u>296,921</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(97,211)</u>	<u>1,750</u>	<u>26,077</u>	<u>430</u>	<u>(8,719)</u>	<u>(14,359)</u>	<u>(92,032)</u>
<b>Other financing sources (uses):</b>							
Sale of capital assets	-	-	-	-	2,835	-	2,835
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	(4,000)	-	-	-	(4,000)
<b>Total other financing     sources (uses)</b>	<u>-</u>	<u>-</u>	<u>(4,000)</u>	<u>-</u>	<u>2,835</u>	<u>-</u>	<u>(1,165)</u>
Net change in fund balances	(97,211)	1,750	22,077	430	(5,884)	(14,359)	(93,197)
Fund balance, October 1	<u>196,037</u>	<u>53,771</u>	<u>263,527</u>	<u>1,641</u>	<u>72,727</u>	<u>38,110</u>	<u>625,813</u>
Fund balance, September 30	<u>\$ 98,826</u>	<u>\$ 55,521</u>	<u>\$ 285,604</u>	<u>\$ 2,071</u>	<u>\$ 66,843</u>	<u>\$ 23,751</u>	<u>\$ 532,616</u>

See accompanying independent auditors' report.

## Capital Projects

General Capital Projects	General Capital Equipment	Park Donation	Park Grant	TIRZ Fund	2005 Consolidated GO's	Total	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 224,795	\$ -	\$ 224,795	\$ 402,441
-	-	-	30,518	130,021	50,000	210,539	210,539
-	-	-	-	-	-	-	6,630
9,225	9,969	666	9,206	4,739	33,022	66,827	85,542
7,179	-	-	-	-	100,000	107,179	107,179
121,376	-	-	-	-	-	121,376	123,274
<u>137,780</u>	<u>9,969</u>	<u>666</u>	<u>39,724</u>	<u>359,555</u>	<u>183,022</u>	<u>730,716</u>	<u>935,605</u>
22,310	-	-	-	-	-	22,310	28,510
3,150	-	-	-	-	-	3,150	3,150
102,107	5,018	-	-	-	-	107,125	107,125
15,376	2,299	-	-	-	-	17,675	17,675
-	-	-	-	-	-	-	187,144
-	1,995	-	-	-	-	1,995	1,995
-	-	-	-	95,000	-	95,000	95,000
-	-	-	-	62,566	-	62,566	62,566
<u>352,055</u>	<u>227,314</u>	<u>24,234</u>	<u>48,889</u>	<u>-</u>	<u>554,128</u>	<u>1,206,620</u>	<u>1,310,197</u>
<u>494,998</u>	<u>236,626</u>	<u>24,234</u>	<u>48,889</u>	<u>157,566</u>	<u>554,128</u>	<u>1,516,441</u>	<u>1,813,362</u>
<u>(357,218)</u>	<u>(226,657)</u>	<u>(23,568)</u>	<u>(9,165)</u>	<u>201,989</u>	<u>(371,106)</u>	<u>(785,725)</u>	<u>(877,757)</u>
-	-	-	-	-	-	-	2,835
520,406	100,000	-	-	-	-	620,406	620,406
-	-	-	-	(110,000)	-	(110,000)	(114,000)
<u>520,406</u>	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>(110,000)</u>	<u>-</u>	<u>510,406</u>	<u>509,241</u>
163,188	(126,657)	(23,568)	(9,165)	91,989	(371,106)	(275,319)	(368,516)
<u>322,626</u>	<u>369,005</u>	<u>31,228</u>	<u>16,704</u>	<u>36,603</u>	<u>920,141</u>	<u>1,696,307</u>	<u>2,322,120</u>
<u>\$ 485,814</u>	<u>\$ 242,348</u>	<u>\$ 7,660</u>	<u>\$ 7,539</u>	<u>\$ 128,592</u>	<u>\$ 549,035</u>	<u>\$ 1,420,988</u>	<u>\$ 1,953,604</u>

**City of Belton, Texas**  
**Hotel/Motel Tax Fund**  
**Schedule of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual**  
For the Fiscal Year Ended  
September 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Hotel/motel taxes	\$ 155,000	\$ 155,000	\$ 177,646	\$ 22,646
Interest	6,200	6,200	7,238	1,038
Total revenues	<u>161,200</u>	<u>161,200</u>	<u>184,884</u>	<u>23,684</u>
Expenditures:				
Economic development	165,150	161,150	158,807	2,343
Total expenditures	<u>165,150</u>	<u>161,150</u>	<u>158,807</u>	<u>2,343</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,950)</u>	<u>50</u>	<u>26,077</u>	<u>26,027</u>
Other financing sources (uses):				
Transfers out	-	(4,000)	(4,000)	-
Total other financing sources (uses)	<u>-</u>	<u>(4,000)</u>	<u>(4,000)</u>	<u>-</u>
Net change in fund balance	(3,950)	(3,950)	22,077	26,027
Fund balance, October 1	<u>263,527</u>	<u>263,527</u>	<u>263,527</u>	<u>-</u>
Fund balance, September 30	<u>\$ 259,577</u>	<u>\$ 259,577</u>	<u>\$ 285,604</u>	<u>\$ 26,027</u>

See accompanying independent auditors' report.

**City of Belton, Texas**  
**Debt Service Fund**  
**Schedule of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual**  
For the Fiscal Year Ended  
September 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 719,660	\$ 719,660	\$ 726,485	\$ 6,825
Interest	25,000	25,000	15,305	(9,695)
Total revenues	<u>744,660</u>	<u>744,660</u>	<u>741,790</u>	<u>(2,870)</u>
Expenditures:				
Principal	363,370	363,370	363,370	-
Interest and fiscal charges	330,870	330,870	327,116	3,754
Total expenditures	<u>694,240</u>	<u>694,240</u>	<u>690,486</u>	<u>3,754</u>
Net change in fund balance	50,420	50,420	51,304	884
Fund balance, October 1	<u>117,140</u>	<u>117,140</u>	<u>117,140</u>	<u>-</u>
Fund balance, September 30	<u><u>\$ 167,560</u></u>	<u><u>\$ 167,560</u></u>	<u><u>\$ 168,444</u></u>	<u><u>\$ 884</u></u>

See accompanying independent auditors' report.



## **Enterprise Funds**

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

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

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

**City of Belton, Texas**  
**Water and Sewer Fund**  
**Schedule of Revenue and Expenses -**  
**Budget and Actual (Budget Basis)**  
For the Fiscal Year Ended  
September 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget
Operating revenue:				
Water service	\$ 2,343,650	\$ 2,433,650	\$ 2,756,606	\$ 322,956
Sewer service	1,553,750	1,553,750	1,737,354	183,604
Reconnect and late fees	85,000	85,000	91,172	6,172
Tap fees	55,000	55,000	50,816	(4,184)
Other	22,500	22,500	21,603	(897)
Total operating revenue	<u>4,059,900</u>	<u>4,149,900</u>	<u>4,657,551</u>	<u>507,651</u>
Operating expenses:				
Salaries and wages	843,002	844,555	842,318	2,237
Employee benefits	232,596	245,346	229,538	15,808
Supplies	105,197	105,197	107,607	(2,410)
Repairs and maintenance	109,704	111,204	86,316	24,888
Water, sewage treatment, and other charges	2,143,972	2,224,469	2,211,270	13,199
Capital outlay	45,250	45,250	46,198	(948)
Total operating expenses	<u>3,479,721</u>	<u>3,576,021</u>	<u>3,523,247</u>	<u>52,774</u>
Operating income	580,179	573,879	1,134,304	560,425
Nonoperating revenue (expenses):				
Interest revenue	80,000	80,000	109,993	29,993
Contributions from developers and others	-	-	403,260	403,260
Payments to fiduciary for debt service	(725,665)	(725,665)	(719,651)	6,014
Total nonoperating revenue (expenses)	<u>(645,665)</u>	<u>(645,665)</u>	<u>(206,398)</u>	<u>439,267</u>
Net income (loss)	<u>\$ (65,486)</u>	<u>\$ (71,786)</u>	<u>\$ 927,906</u>	<u>\$ 999,692</u>

See accompanying independent auditors' report.

**City of Belton, Texas**  
**Water and Sewer Fund**  
**Schedule of Operating Expenses by Department -**  
**Budget and Actual (Budget Basis)**  
For the Fiscal Year Ended  
September 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Administration:</b>				
Salaries and wages	\$ 512,735	\$ 506,599	\$ 509,228	\$ (2,629)
Employee benefits	122,944	131,811	121,527	10,284
Supplies	35,369	35,369	33,007	2,362
Repairs and maintenance	23,532	25,032	23,963	1,069
Other charges	102,835	93,332	86,938	6,394
Total administration	<u>797,415</u>	<u>792,143</u>	<u>774,663</u>	<u>17,480</u>
<b>Water:</b>				
Salaries and wages	201,949	205,843	197,790	8,053
Employee benefits	67,210	69,388	66,420	2,968
Supplies	37,883	37,883	34,042	3,841
Repairs and maintenance	63,856	63,856	40,534	23,322
Other charges	210,975	210,975	220,391	(9,416)
Cost of water	1,107,097	1,197,097	1,193,806	3,291
Capital outlay	45,250	45,250	46,198	(948)
Total water	<u>1,734,220</u>	<u>1,830,292</u>	<u>1,799,181</u>	<u>31,111</u>
<b>Sanitary sewer gathering system:</b>				
Salaries and wages	100,929	104,038	107,707	(3,669)
Employee benefits	33,599	34,976	31,791	3,185
Supplies	22,081	22,081	29,925	(7,844)
Repairs and maintenance	15,638	15,638	12,762	2,876
Other charges	97,715	97,715	97,608	107
Total sanitary sewer gathering system	<u>269,962</u>	<u>274,448</u>	<u>279,793</u>	<u>(5,345)</u>
<b>Sewage treatment and disposal:</b>				
Salaries and wages	27,389	28,075	27,593	482
Employee benefits	8,843	9,171	9,800	(629)
Supplies	9,864	9,864	10,633	(769)
Repairs and maintenance	6,678	6,678	9,057	(2,379)
Other charges	28,125	28,125	25,043	3,082
Charges for sewage treatment	597,225	597,225	587,484	9,741
Total sewage treatment and disposal	<u>678,124</u>	<u>679,138</u>	<u>669,610</u>	<u>9,528</u>
	<u>\$ 3,479,721</u>	<u>\$ 3,576,021</u>	<u>\$ 3,523,247</u>	<u>\$ 52,774</u>

See accompanying independent auditors' report.

**City of Belton, Texas**  
**Water and Sewer Fund**  
**Schedule of Cash Receipts and Disbursements of Restricted**  
**Cash and Cash Equivalents for Project Construction**  
For the Fiscal Year Ended  
September 30, 2008

	Bond Issue Proceeds	Capital Projects	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Balance, October 1	\$ 1,540,434	\$ 113,021	\$ 1,653,455
Receipts:			
Proceeds from issuance of debt	181,068	-	181,068
Transactions from operating cash	-	131,410	131,410
Developer/owner contributions	-	77,624	77,624
Interest income	49,088	2,796	51,884
	<u>230,156</u>	<u>211,830</u>	<u>441,986</u>
Total receipts			
Disbursements:			
Construction progress payments	111,695	63,587	175,282
	<u>111,695</u>	<u>63,587</u>	<u>175,282</u>
Total disbursements			
Balance, September 30	<u>\$ 1,658,895</u>	<u>\$ 261,264</u>	<u>\$ 1,920,159</u>

See accompanying independent auditors' report.

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



**City of Belton, Texas**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Comparative Schedules by Source**  
September 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<b>Governmental funds capital assets:</b>		
Land	\$ 1,590,731	\$ 1,593,231
Buildings	4,625,394	4,304,698
Improvements other than buildings	2,688,839	2,425,446
Machinery and equipment	3,631,573	3,323,088
Infrastructure	21,153,867	20,501,569
Construction in progress	<u>897,684</u>	<u>1,417,652</u>
Total governmental funds capital assets	<u><u>\$ 34,588,088</u></u>	<u><u>\$ 33,565,684</u></u>
 <b>Investments in governmental funds capital assets by source:</b>		
General fund	\$ 16,983,953	\$ 17,430,304
Special revenue funds	227,224	123,646
Capital projects funds	14,145,866	12,780,689
Donations	<u>3,231,045</u>	<u>3,231,045</u>
Total governmental funds capital assets	<u><u>\$ 34,588,088</u></u>	<u><u>\$ 33,565,684</u></u>

See accompanying independent auditors' report.

**City of Belton, Texas**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule By Function and Activity**  
September 30, 2008

Function and Activity	Land	Buildings
General government:		
Council	\$ 18,344	\$ -
Administration	7,180	-
Finance	-	160,047
Legal	-	11,820
Total general government	25,524	171,867
Public safety:		
Police	34,981	483,426
Fire	56,266	1,531,641
Total public safety	91,247	2,015,067
Public works:		
Street maintenance	841,922	20,877
Fleet maintenance	-	107,548
Buildings and grounds	-	400,741
Development services	18,122	-
Total public works	860,044	529,166
Culture and recreation:		
Parks	613,916	1,833,433
Library	-	75,861
Total culture and recreation	613,916	1,909,294
Total governmental funds capital assets	\$ 1,590,731	\$ 4,625,394

See accompanying independent auditors' report.

<u>Improvements Other Than Buildings</u>	<u>Machinery and Equipment</u>	<u>Infrastructure</u>	<u>Construction in Progress</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ 18,344
-	-	-	21,454	28,634
-	32,928	-	-	192,975
-	3,073	-	-	14,893
-	36,001	-	21,454	254,846
-	510,406	-	-	1,028,813
69,269	1,690,573	-	11,632	3,359,381
69,269	2,200,979	-	11,632	4,388,194
3,469	958,818	16,749,114	687,537	19,261,737
-	44,999	-	-	152,547
-	15,589	-	-	416,330
-	79,358	-	-	97,480
3,469	1,098,764	16,749,114	687,537	19,928,094
2,616,101	283,178	4,404,753	177,061	9,928,442
-	12,651	-	-	88,512
2,616,101	295,829	4,404,753	177,061	10,016,954
\$ 2,688,839	\$ 3,631,573	\$ 21,153,867	\$ 897,684	\$ 34,588,088

**City of Belton, Texas**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule of Changes By Function and Activity**  
For the Fiscal Year Ended  
September 30, 2008

Function and Activity	Governmental Funds Capital Assets October 1, 2007	Additions	Deletions	Governmental Funds Capital Assets September 30, 2008
General government:				
Council	\$ 18,344	\$ -	\$ -	\$ 18,344
Administration	98,863	21,454	91,683	28,634
Finance	96,864	106,670	10,559	192,975
Legal	8,276	6,617	-	14,893
Total general government	<u>222,347</u>	<u>134,741</u>	<u>102,242</u>	<u>254,846</u>
Public safety:				
Police	992,200	175,145	138,532	1,028,813
Fire	3,192,889	229,185	62,693	3,359,381
Total public safety	<u>4,185,089</u>	<u>404,330</u>	<u>201,225</u>	<u>4,388,194</u>
Public works:				
Street maintenance	18,930,890	1,108,981	778,134	19,261,737
Fleet maintenance	154,250	-	1,703	152,547
Buildings and grounds	416,330	-	-	416,330
Development services	102,267	-	4,787	97,480
Total public works	<u>19,603,737</u>	<u>1,108,981</u>	<u>784,624</u>	<u>19,928,094</u>
Culture and recreation:				
Parks	9,465,999	503,368	40,925	9,928,442
Library	88,512	-	-	88,512
Total culture and recreation	<u>9,554,511</u>	<u>503,368</u>	<u>40,925</u>	<u>10,016,954</u>
Total governmental funds capital assets	<u>\$ 33,565,684</u>	<u>\$ 2,151,420</u>	<u>\$ 1,129,016</u>	<u>\$ 34,588,088</u>

See accompanying independent auditors' report.

## **Supplementary Data**



**City of Belton, Texas**  
**Schedule of Total Debt Service Requirements to Maturity**  
September 30, 2008

Year Ended September 30,	General Long-Term Debt			Enterprise Funds Debt			Summary		
	Bonds			Bonds			Principal	Interest	Total
	Principal	Interest	Total	Principal	Interest	Total			
2009	\$ 509,057	\$ 444,044	\$ 953,101	\$ 436,607	\$ 333,181	\$ 769,788	\$ 945,664	\$ 777,225	\$ 1,722,889
2010	520,345	430,865	951,210	439,305	318,396	757,701	959,650	749,261	1,708,911
2011	540,345	410,367	950,712	456,905	301,055	757,960	997,250	711,422	1,708,672
2012	564,058	389,040	953,098	479,992	281,889	761,881	1,044,050	670,929	1,714,979
2013	584,067	366,761	950,828	497,933	261,469	759,402	1,082,000	628,230	1,710,230
2014	609,400	343,655	953,055	549,400	240,273	789,673	1,158,800	583,928	1,742,728
2015	633,112	319,752	952,864	571,588	216,809	788,397	1,204,700	536,561	1,741,261
2016	661,825	294,897	956,722	586,725	192,274	778,999	1,248,550	487,171	1,735,721
2017	681,825	268,851	950,676	605,575	168,135	773,710	1,287,400	436,986	1,724,386
2018	715,538	242,038	957,576	494,462	141,035	635,497	1,210,000	383,073	1,593,073
2019	744,250	213,887	958,137	485,750	119,734	605,484	1,230,000	333,621	1,563,621
2020	777,963	184,577	962,540	502,037	98,820	600,857	1,280,000	283,397	1,563,397
2021	811,675	153,899	965,574	518,325	77,192	595,517	1,330,000	231,091	1,561,091
2022	841,675	121,885	963,560	533,325	54,850	588,175	1,375,000	176,735	1,551,735
2023	720,387	88,659	809,046	134,613	31,849	166,462	855,000	120,508	975,508
2024	404,100	60,380	464,480	140,900	26,272	167,172	545,000	86,652	631,652
2025	417,812	44,462	462,274	147,188	20,434	167,622	565,000	64,896	629,896
2026	276,525	28,036	304,561	153,475	14,335	167,810	430,000	42,371	472,371
2027	290,238	16,558	306,796	154,762	7,976	162,738	445,000	24,534	469,534
2028	107,663	4,511	112,174	37,337	1,565	38,902	145,000	6,076	151,076
	<u>\$ 11,411,860</u>	<u>\$ 4,427,124</u>	<u>\$ 15,838,984</u>	<u>\$ 7,926,204</u>	<u>\$ 2,907,543</u>	<u>\$ 10,833,747</u>	<u>\$ 19,338,064</u>	<u>\$ 7,334,667</u>	<u>\$ 26,672,731</u>

See accompanying independent auditors' report.



## City of Belton, Texas Statistical Section

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

<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>	78
Revenue Capacity <i>These schedules contain information to help the reader assess the city's most significant local revenue source, the property tax.</i>	87
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>	91
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>	99
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>	101

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

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

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

	Fiscal Year				
	2004	2005	2006	2007	2008
Governmental activities					
Invested in capital assets, net of related debt	\$ 9,907,261	\$ 7,403,580	\$ 12,380,934	\$ 11,074,215	\$ 10,933,815
Restricted	393,201	905,502	573,420	742,489	1,345,488
Unrestricted	3,907,266	7,744,370	6,112,785	9,773,013	9,085,035
Total governmental activities net assets	<u>\$ 14,207,728</u>	<u>\$ 16,053,452</u>	<u>\$ 19,067,139</u>	<u>\$ 21,589,717</u>	<u>\$ 21,364,338</u>
Business-type activities					
Invested in capital assets, net of related debt	\$ 13,168,867	\$ 11,826,016	\$ 14,564,542	\$ 14,637,860	\$ 14,406,422
Unrestricted	1,654,725	4,322,295	2,858,501	3,530,011	4,708,259
Total business-type activities net assets	<u>\$ 14,823,592</u>	<u>\$ 16,148,311</u>	<u>\$ 17,423,043</u>	<u>\$ 18,167,871</u>	<u>\$ 19,114,681</u>
Primary government					
Invested in capital assets, net of related debt	\$ 23,076,128	\$ 19,229,596	\$ 26,945,476	\$ 25,712,075	\$ 25,340,237
Restricted	393,201	905,502	573,420	742,489	1,345,488
Unrestricted	5,561,991	12,066,665	8,971,286	13,303,024	13,793,294
Total primary government net assets	<u>\$ 29,031,320</u>	<u>\$ 32,201,763</u>	<u>\$ 36,490,182</u>	<u>\$ 39,757,588</u>	<u>\$ 40,479,019</u>

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

	Fiscal Year				
	2004	2005	2006	2007	2008
<b>Expenses</b>					
Governmental activities:					
General government	\$ 752,377	\$ 729,634	\$ 754,745	\$ 796,507	\$ 898,581
Public safety	3,228,500	3,750,732	4,158,479	4,365,643	4,673,197
Highways and streets	1,048,679	1,127,558	1,430,432	1,419,572	1,713,940
Development services	216,454	245,482	310,782	346,087	450,248
Culture and recreation	652,828	715,176	847,167	1,299,129	1,457,177
Refuse collection	593,704	607,668	646,508	717,398	734,724
Economic development	95,759	630,911	217,824	117,828	187,144
Maintenance	248,752	247,712	245,430	265,857	295,254
Interest on long-term debt	251,490	112,486	280,277	285,339	399,128
Total governmental activities expenses	<u>7,088,543</u>	<u>8,167,359</u>	<u>8,891,644</u>	<u>9,613,360</u>	<u>10,809,393</u>
Business-type activities:					
Water and sewer	3,330,285	3,186,511	3,737,110	4,028,900	4,506,698
Drainage	-	-	-	-	36,456
Total business-type activities expenses	<u>3,330,285</u>	<u>3,186,511</u>	<u>3,737,110</u>	<u>4,028,900</u>	<u>4,543,154</u>
Total primary government expenses	<u>\$ 10,418,828</u>	<u>\$ 11,353,870</u>	<u>\$ 12,628,754</u>	<u>\$ 13,642,260</u>	<u>\$ 15,352,547</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services:					
Public safety	\$ 1,026,338	\$ 989,758	\$ 1,131,522	\$ 1,126,432	\$ 1,273,551
Development services	124,731	190,462	145,097	162,914	129,943
Refuse collection	645,905	664,842	714,942	757,531	806,446
Operating grants and contributions	41,196	136,560	227,310	274,889	275,047
Capital grants and contributions	337,676	1,858,959	2,269,098	2,041,342	180,517
Total governmental activities program revenues	<u>2,175,846</u>	<u>3,840,581</u>	<u>4,487,969</u>	<u>4,363,108</u>	<u>2,665,504</u>
Business-type activities:					
Charges for services:					
Water and sewer	3,387,512	3,733,067	4,190,262	3,985,697	4,657,551
Drainage	-	-	-	-	222,107
Capital grants and contributions	69,484	932,057	968,544	1,038,513	104,623
Total business-type activities program revenues	<u>3,456,996</u>	<u>4,665,124</u>	<u>5,158,806</u>	<u>5,024,210</u>	<u>4,984,281</u>
Total primary government program revenues	<u>\$ 5,632,842</u>	<u>\$ 8,505,705</u>	<u>\$ 9,646,775</u>	<u>\$ 9,387,318</u>	<u>\$ 7,649,785</u>
Net (expense)/revenue					
Governmental activities	\$ (4,912,697)	\$ (4,326,778)	\$ (4,403,675)	\$ (5,250,252)	\$ (8,143,889)
Business-type activities	126,711	1,478,613	1,421,696	995,310	441,127
Total primary government net expense	<u>\$ (4,785,986)</u>	<u>\$ (2,848,165)</u>	<u>\$ (2,981,979)</u>	<u>\$ (4,254,942)</u>	<u>\$ (7,702,762)</u>
<b>General Revenues and Other Changes in Net Assets</b>					
Governmental activities:					
Taxes					
Property taxes	\$ 2,925,631	\$ 3,075,583	\$ 3,403,788	\$ 3,810,255	\$ 4,080,884
Sales taxes	1,298,594	1,537,164	1,830,944	1,987,095	2,170,770
Franchise taxes	757,657	833,188	1,053,573	928,508	1,008,428
Hotel/motel taxes	79,075	91,638	119,568	163,749	177,646
Alcoholic beverage taxes	7,734	9,059	12,324	9,859	12,633
Unrestricted investment earnings	71,641	208,202	386,911	407,083	364,677
Miscellaneous	225,438	135,668	277,764	119,256	278,504
Gain (loss) on sale of capital assets	78,908	-	36,490	21,132	(34,013)
Transfers	225,895	282,000	296,000	246,000	(141,019)
Total governmental activities	<u>5,670,573</u>	<u>6,172,502</u>	<u>7,417,362</u>	<u>7,692,937</u>	<u>7,918,510</u>
Business-type activities:					
Unrestricted investment earnings	71,424	123,648	144,074	119,046	111,409
Gain (loss) on sale of capital assets	(991)	4,458	4,962	(43,635)	(1,745)
Transfers	(225,895)	(282,000)	(296,000)	(246,000)	396,019
Total business-type activities	<u>(155,462)</u>	<u>(153,894)</u>	<u>(146,964)</u>	<u>(170,589)</u>	<u>505,683</u>
Total primary government	<u>\$ 5,515,111</u>	<u>\$ 6,018,608</u>	<u>\$ 7,270,398</u>	<u>\$ 7,522,348</u>	<u>\$ 8,424,193</u>
<b>Change in Net Assets</b>					
Governmental activities	\$ 757,876	\$ 1,845,724	\$ 3,013,687	\$ 2,442,685	\$ (225,379)
Business-type activities	(28,751)	1,324,719	1,274,732	824,721	946,810
Total primary government	<u>\$ 729,125</u>	<u>\$ 3,170,443</u>	<u>\$ 4,288,419</u>	<u>\$ 3,267,406</u>	<u>\$ 721,431</u>



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

Fiscal Year	Property Tax (1)	Sales Tax	Franchise Tax	Hotel/Motel Occupancy Tax	Alcoholic Beverage Tax	Total
2004	\$ 2,925,631	\$1,298,594	\$ 757,657	\$ 79,075	\$ 7,734	\$ 5,068,691
2005	3,075,583	1,537,164	833,188	91,638	9,059	5,546,632
2006	3,403,788	1,830,944	1,053,573	119,568	12,324	6,420,197
2007	3,810,255	1,987,095	928,508	163,749	9,859	6,899,466
2008	4,080,884	2,170,770	1,008,428	177,646	12,633	7,450,361

(1) Includes penalty and interest on delinquent taxes

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

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
General fund				
Reserved	\$ 119,526	\$ 177,444	\$ 220,326	\$ 252,809
Unreserved	<u>2,505,507</u>	<u>2,274,420</u>	<u>2,585,944</u>	<u>2,464,504</u>
Total general fund	<u><u>\$ 2,625,033</u></u>	<u><u>\$ 2,451,864</u></u>	<u><u>\$ 2,806,270</u></u>	<u><u>\$ 2,717,313</u></u>
All other governmental funds				
Reserved	\$ 307,993	\$ 136,906	\$ 157,891	\$ 164,641
Unreserved, reported in:				
Special revenue funds	273,413	313,370	352,374	442,086
Capital projects funds	<u>827,787</u>	<u>1,245,029</u>	<u>1,073,772</u>	<u>562,175</u>
Total all other governmental funds	<u><u>\$ 1,409,193</u></u>	<u><u>\$ 1,695,305</u></u>	<u><u>\$ 1,584,037</u></u>	<u><u>\$ 1,168,902</u></u>

Table IV

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$ 293,934	\$ 326,635	\$ 388,136	\$ 407,058	\$ 463,626	\$ 519,188
<u>2,492,906</u>	<u>2,999,535</u>	<u>3,000,253</u>	<u>3,311,499</u>	<u>3,536,554</u>	<u>3,722,852</u>
<u><u>\$ 2,786,840</u></u>	<u><u>\$ 3,326,170</u></u>	<u><u>\$ 3,388,389</u></u>	<u><u>\$ 3,718,557</u></u>	<u><u>\$ 4,000,180</u></u>	<u><u>\$ 4,242,040</u></u>
\$ 172,472	\$ 45,184	\$ 48,606	\$ 57,334	\$ 117,140	\$ 168,444
397,376	318,393	442,297	544,650	625,813	532,616
<u>3,111,964</u>	<u>940,580</u>	<u>4,745,998</u>	<u>2,330,205</u>	<u>5,526,120</u>	<u>6,299,642</u>
<u><u>\$ 3,681,812</u></u>	<u><u>\$ 1,304,157</u></u>	<u><u>\$ 5,236,901</u></u>	<u><u>\$ 2,932,189</u></u>	<u><u>\$ 6,269,073</u></u>	<u><u>\$ 7,000,702</u></u>

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

	1999	2000	2001	2002
<b>Revenues</b>				
Taxes	\$ 3,712,093	\$ 3,843,198	\$ 4,118,756	\$4,288,108
Licenses and permits	35,750	41,061	46,390	41,880
Intergovernmental	-	682,216	264,655	574,853
Charges for services	876,085	1,003,440	1,068,598	1,095,404
Fines	300,796	347,238	425,479	292,584
Interest	234,951	284,603	238,980	93,338
Contributions and donations	9,190	5,659	38,013	8,012
Payments in lieu of taxes	-	-	-	-
Miscellaneous	376,719	89,375	133,868	113,289
Total revenues	<u>5,545,584</u>	<u>6,296,790</u>	<u>6,334,739</u>	<u>6,507,468</u>
<b>Expenditures</b>				
General government	396,219	479,390	436,299	486,032
Public safety	2,106,477	2,340,801	2,744,189	2,798,983
Highways, streets, and development services	681,469	779,686	748,273	823,179
Culture and recreation	364,917	484,712	455,990	490,860
Refuse collection	442,811	500,591	541,054	563,877
Economic development	67,963	97,024	84,148	111,391
Maintenance	124,046	117,429	123,089	101,451
Debt service				
Principal	416,559	714,508	607,635	621,560
Interest and fiscal charges	206,593	245,154	214,747	180,731
Capital outlay	1,337,360	1,429,741	453,178	1,132,020
Total expenditures	<u>6,144,414</u>	<u>7,189,036</u>	<u>6,408,602</u>	<u>7,310,084</u>
Excess of revenues over(under) expenditures	(598,830)	(892,246)	(73,863)	(802,616)
<b>Other financing sources(uses)</b>				
Insurance proceeds	-	9,526	31,560	7,354
Sale of capital assets	-	-	-	-
Transfers in	583,241	906,213	631,178	682,469
Transfers out	(553,043)	(601,550)	(345,737)	(391,299)
Issuance of Debt	1,324,968	-	-	-
Note payable proceeds	-	691,000	-	-
Payments to escrow agents	(1,086,105)	-	-	-
Other uses	-	-	-	-
Total other financing sources(uses)	<u>269,061</u>	<u>1,005,189</u>	<u>317,001</u>	<u>298,524</u>
Net change in fund balances	<u>\$ (329,769)</u>	<u>\$ 112,943</u>	<u>\$ 243,138</u>	<u>\$ (504,092)</u>
Debt service as a percentage of noncapital expenditures	12.96%	16.66%	13.81%	12.99%

Table V

2003	2004	2005	2006	2007	2008
\$ 4,520,933	\$ 5,049,654	\$ 5,533,566	\$ 6,378,070	\$ 6,820,214	\$ 7,424,082
97,191	124,731	190,462	145,097	162,914	129,943
719,146	374,328	800,929	1,879,511	500,057	342,302
1,044,037	1,186,509	1,254,321	1,474,050	1,559,209	1,712,363
427,546	388,831	400,278	339,026	287,180	363,060
82,977	71,641	208,202	386,911	407,083	364,677
50,556	11,690	219,988	206,147	208,558	113,262
-	15,564	4,108	-	3,276	4,201
73,789	126,238	61,767	132,426	98,874	230,558
<u>7,016,175</u>	<u>7,349,186</u>	<u>8,673,621</u>	<u>10,941,238</u>	<u>10,047,365</u>	<u>10,684,448</u>
521,860	600,650	684,170	730,039	797,183	877,023
2,877,405	3,255,153	3,630,982	4,013,361	4,232,039	4,553,429
742,422	754,993	874,444	1,137,504	1,024,411	1,297,019
479,072	437,582	498,003	603,387	809,258	897,662
581,560	593,704	607,668	646,508	717,398	734,724
616,366	95,759	630,911	217,824	117,828	187,144
220,047	235,121	222,244	241,290	250,138	284,312
631,517	638,939	907,129	343,370	353,370	458,370
204,334	203,090	195,797	282,435	263,575	389,682
549,568	2,595,465	1,165,578	5,068,664	2,050,969	2,125,018
<u>7,424,151</u>	<u>9,410,456</u>	<u>9,416,926</u>	<u>13,284,382</u>	<u>10,616,169</u>	<u>11,804,383</u>
(407,976)	(2,061,270)	(743,305)	(2,343,144)	(568,804)	(1,119,935)
5,606	25,891	7,645	30,735	17,106	43,745
-	103,349	8,623	41,865	24,205	12,145
713,674	463,737	581,514	1,306,753	1,081,464	1,056,406
(384,568)	(237,842)	(299,514)	(1,010,753)	(835,464)	(555,406)
4,452,910	-	4,500,000	-	3,945,000	1,485,000
-	-	-	-	-	-
(621,757)	-	(60,000)	-	(45,000)	(28,359)
-	(132,190)	-	-	-	-
<u>4,165,865</u>	<u>222,945</u>	<u>4,738,268</u>	<u>368,600</u>	<u>4,187,311</u>	<u>2,013,531</u>
<u>\$ 3,757,889</u>	<u>\$(1,838,325)</u>	<u>\$ 3,994,963</u>	<u>\$(1,974,544)</u>	<u>\$ 3,618,507</u>	<u>\$ 893,596</u>
12.16%	12.89%	13.94%	7.86%	7.36%	8.98%

**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
1999	\$1,896,886	\$1,103,447	\$ 623,123	\$ 74,893	\$ 13,744	\$ 3,712,093
2000	2,008,767	1,111,026	635,353	79,308	8,744	3,843,198
2001	2,187,414	1,129,271	714,837	79,992	7,242	4,118,756
2002	2,280,829	1,173,536	741,040	81,526	11,177	4,288,108
2003	2,443,807	1,226,076	762,796	72,417	15,837	4,520,933
2004	2,906,594	1,298,594	757,657	79,075	7,734	5,049,654
2005	3,062,517	1,537,164	833,188	91,638	9,059	5,533,566
2006	3,361,661	1,830,944	1,053,573	119,568	12,324	6,378,070
2007	3,731,003	1,987,095	928,508	163,749	9,859	6,820,214
2008	4,054,605	2,170,770	1,008,428	177,646	12,633	7,424,082

(1) Includes penalty and interest on delinquent taxes

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

Fiscal Year	Real Property	Personal Property	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
1999	\$ 312,374,499	\$ 59,517,392	\$102,189,173	\$ 269,702,718	\$ 0.7100	\$371,891,891	72.52 %
2000	324,955,550	60,938,129	102,214,214	283,679,465	0.7100	385,893,679	73.51
2001	364,093,502	64,591,333	112,451,360	316,233,475	0.6975	428,684,835	73.77
2002	381,203,916	66,183,791	117,435,877	329,951,830	0.6975	447,387,707	73.75
2003	450,302,668	70,875,419	155,182,434	365,995,653	0.6750	521,178,087	70.22
2004	489,178,392	70,961,490	160,225,967	399,913,915	0.7350	560,139,882	71.40
2005	534,291,271	77,875,459	172,579,784	439,586,946	0.7050	612,166,730	71.81
2006	597,022,523	84,484,247	179,521,260	501,985,510	0.6750	681,506,770	73.66
2007	652,059,373	97,845,476	180,391,394	569,513,455	0.6550	749,904,849	75.94
2008	720,502,875	102,090,376	195,028,176	627,565,075	0.6550	822,593,251	76.29

Source: Bell County Appraisal District

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

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

Fiscal Year	City of Belton	Bell County	Belton I.S.D.	Clear Water Underground Water Cons. District	Totals
TAX RATES (Per \$100 assessed value)					
1999	\$ 0.7100	\$ 0.3418	\$ 1.6000	N/A	\$ 2.6518
2000	0.7100	0.3657	1.6200	N/A	2.6957
2001	0.6975	0.3651	1.6481	\$ 0.0059	2.7166
2002	0.6975	0.3651	1.6668	0.0059	2.7353
2003	0.6750	0.3651	1.6810	0.0052	2.7263
2004	0.7350	0.3650	1.6640	0.0049	2.7689
2005	0.7050	0.3610	1.7400	0.0048	2.8108
2006	0.6750	0.3760	1.6685	0.0044	2.7239
2007	0.6550	0.4110	1.6685	0.0040	2.7385
2008	0.6550	0.4090	1.2870	0.0040	2.3550

## TAX LEVIES

1999	\$ 1,935,396	\$ 18,073,696	\$ 9,594,940	N/A	\$ 29,604,032
2000	2,014,124	22,104,217	10,277,393	N/A	34,395,734
2001	2,205,728	22,916,029	11,627,707	\$ 384,492	37,133,956
2002	2,301,414	24,320,022	12,144,052	405,245	39,170,733
2003	2,470,471	26,444,393	14,397,506	387,861	43,700,231
2004	2,939,169	28,192,313	16,059,655	392,997	47,584,134
2005	3,099,088	30,488,825	21,186,215	411,485	55,185,613
2006	3,388,414	32,087,011	23,687,766	414,547	59,577,738
2007	3,730,314	42,317,342	23,775,472	422,080	70,245,208
2008	4,110,551	42,749,705	20,661,562	468,314	67,990,132

Tax rate limit, City: \$1.90.

Is limitation by statute or constitution? Statute.

Do they include debt service? Yes.

Tax due date: January 31.

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

Uncollected taxes:

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

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

Penalty and interest:

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

15% attorney fee added after July 1

Source: Bell County Appraisal District

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

**City of Belton, Texas**  
**Principal Property Taxpayers**  
September 30, 2008

Taxpayer	2008			1999		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Wal-Mart Real Estate Business Trust	\$ 15,257,749	1	2.43 %	\$ 2,411,721	8	0.77 %
Turtle Creek Investments	9,386,152	2	1.50	-		-
Oncor Electric Delivery Co., LLC	9,174,686	3	1.46	4,340,300	4	1.39
Fleetwood Homes of Texas	7,336,076	4	1.17	5,172,828	2	1.66
Chappell Hill Equity III Ltd	5,763,168	5	0.92	2,448,443	7	0.78
Southwestern Bell Telephone Co.	5,170,641	6	0.82	4,519,282	3	1.45
JSJ Seating Corporation	4,823,313	7	0.77	-		-
Tarco of Texas, Inc.	4,021,905	8	0.64	-		-
H.E.B. Grocery Co.	3,707,900	9	0.59	2,537,824	6	0.81
Custom Printing II Ltd	3,521,597	10	0.56	3,428,250	5	1.10
Superior Chaircraft Corp.	-		-	6,475,503	1	2.07
Oceanview Mobile Estate	-		-	1,955,146	9	0.63
Lasermedics, Inc.	-		-	1,667,794	10	0.53
<b>Totals</b>	<b>\$ 68,163,187</b>		<b>10.86 %</b>	<b>\$ 34,957,091</b>		<b>11.19 %</b>

Source: Bell County Appraisal District

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

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1999	\$ 1,935,396	\$ 1,873,271	96.79 %	\$ 21,378	\$ 1,894,649	97.89 %
2000	2,014,124	1,949,762	96.80	55,926	2,005,688	99.58
2001	2,205,728	2,143,266	97.17	52,332	2,195,598	99.54
2002	2,301,414	2,230,104	96.90	52,667	2,282,771	99.19
2003	2,470,471	2,397,861	97.06	44,899	2,442,760	98.88
2004	2,939,169	2,879,699	97.98	57,113	2,936,812	99.92
2005	3,099,088	3,015,229	97.29	68,159	3,083,388	99.49
2006	3,388,414	3,300,813	97.41	55,048	3,355,861	99.04
2007	3,730,314	3,647,857	97.79	38,052	3,685,909	98.81
2008	4,110,551	4,023,508	97.88	-	4,023,508	97.88

Source: Finance Department, City of Belton, Texas

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

Fiscal Year	<u>Governmental Activities</u> General Obligation Bonds	<u>Business-Type Activities</u> Revenue Bonds	<u>Total</u> Primary Government	<u>Percentage</u> of Personal Income (1)	<u>Per</u> Capita (1)
1999	\$3,108,810	\$ 5,935,474	\$ 9,044,284	2.60 %	\$ 620
2000	3,002,332	5,473,800	8,476,132	2.36	580
2001	2,361,867	5,747,674	8,109,541	2.18	553
2002	1,891,535	5,198,148	7,089,683	1.88	482
2003	1,395,285	9,126,610	10,521,895	2.70	713
2004	3,086,300	8,389,775	11,476,075	2.66	757
2005	7,136,970	7,691,322	14,828,292	2.99	932
2006	6,793,600	6,941,827	13,735,427	2.58	858
2007	10,385,230	7,803,505	18,188,735	2.81	995
2008	11,411,860	7,926,204	19,338,064	2.75	1,040

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

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

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

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value (1) of Property	Per Capita (2)
1999	\$ 3,108,810	\$ 307,993	\$ 2,800,817	1.04 %	\$ 192
2000	3,002,332	136,906	2,865,426	1.01	196
2001	2,361,867	157,891	2,203,976	0.70	150
2002	1,891,535	164,641	1,726,894	0.52	117
2003	1,395,285	172,472	1,222,813	0.33	83
2004	3,086,300	45,184	3,041,116	0.76	201
2005	7,136,970	48,606	7,088,364	1.61	445
2006	6,793,600	57,334	6,736,266	1.34	421
2007	10,385,230	117,140	10,268,090	1.80	562
2008	11,411,860	168,444	11,243,416	1.79	605

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, 2008

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Direct:			
City of Belton	\$ 11,411,860 (1)	100.00 %	\$ 11,411,860
Total direct	<u>11,411,860</u>		<u>11,411,860</u>
Overlapping:			
Belton Economic Development Corp.	1,118,936	100.00	1,118,936
Belton Independent School District	69,619,991	39.09	27,214,454
Bell County	<u>131,625,000</u>	6.00	<u>7,897,500</u>
Total overlapping	<u>202,363,927</u>		<u>36,230,890</u>
Total direct and overlapping debt	<u>\$ 213,775,787</u>		<u>\$ 47,642,750</u>

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

**City of Belton, Texas**  
**Computation of Maximum Debt Margin**  
September 30, 2008

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

Assessed value, FY 2008 tax roll	\$ 627,565,075
Limit on amount designated for debt service	<u>1.25%</u>
Legal debt limit	<u><u>\$ 7,844,563</u></u>
Actual amount expended for general obligation debt service during the year ended September 30, 2008	<u><u>\$ 690,486</u></u>

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

Fiscal Year	Gross Operating Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
1999	\$ 3,229,554	\$ 1,883,197	\$ 1,346,357	\$ 439,161	\$ 289,137	\$ 728,298	1.85
2000	3,630,909	2,120,017	1,510,892	461,674	246,512	708,186	2.13
2001	3,392,699	2,173,398	1,219,301	476,126	276,791	752,917	1.62
2002	3,352,499	2,203,367	1,149,132	549,526	269,802	819,328	1.40
2003	3,703,295	2,267,085	1,436,210	458,537	326,074	784,611	1.83
2004	3,458,936	2,379,094	1,079,842	736,835	378,612	1,115,447	0.97
2005	3,856,715	2,242,446	1,614,269	725,390	337,237	1,062,627	1.52
2006	4,334,336	2,645,121	1,689,215	749,495	317,848	1,067,343	1.58
2007	4,104,743	2,874,206	1,230,537	558,322	295,083	853,405	1.44
2008	4,991,067	3,240,356	1,750,711	392,301	329,112	721,413	2.43

Source: Finance Department, City of Belton, Texas

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

**City of Belton, Texas**  
**Waterworks and Sewer System Condensed Statement of Operations**  
September 30, 2008

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

(1) Excludes depreciation expense

Table XVI

2004	2005	2006	2007	2008
\$ 3,363,939	\$ 3,714,215	\$ 4,166,704	\$ 3,962,341	\$ 4,635,948
23,573	18,852	23,558	23,356	21,603
71,424	123,648	144,074	119,046	109,993
\$ 3,458,936	\$ 3,856,715	\$ 4,334,336	\$ 4,104,743	\$ 4,767,544
\$ 2,379,094	\$ 2,242,446	\$ 2,645,121	\$ 2,874,206	\$ 3,224,696

**City of Belton, Texas**  
**Top Ten Water Customers**

Customer	Customer Type	2008			1999		
		Annual Sales	Rank	Percentage of Total Sales	Annual Sales	Rank	Percentage of Total Sales
University of Mary Hardin Baylor	Higher Education	\$ 273,562	1	9.92 %	\$ 195,451	1	10.88 %
Bell County	County Government	150,782	2	5.47	140,362	2	7.81
Belton ISD	Public Education	149,480	3	5.42	105,242	4	5.86
Belton Housing Authority	Government Housing	103,098	4	3.74	110,885	3	6.17
College View Apartments	Multi-Family Housing	87,879	5	3.19	55,223	5	3.07
Belle Oaks Apartments	Multi-Family Housing	80,212	6	2.91	50,568	6	2.81
Montrose II Apartments	Multi-Family Housing	49,309	7	1.79	43,279	7	2.41
Turtle Creek Village	Multi-Family Housing	47,854	8	1.74	18,004	11	1.00
Wal Mart Stores, Inc.	Retail Store	35,358	9	1.28	1,579	139	0.09
Bell County Expo Center	Exposition Center	34,689	10	1.26	28,714	8	1.60
Tarco of Texas, Inc.	Roofing Material	-		-	26,130	9	1.45
Bell Village Apartments	Multi-Family Housing	-		-	24,529	10	1.37
Totals		<u>\$ 1,012,223</u>		<u>36.72 %</u>	<u>\$ 799,966</u>		<u>44.52 %</u>

Source: Finance Department, City of Belton, Texas

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

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Income</u>	<u>Median Age #</u>	<u>School Enrollment *</u>	<u>Unemployment Rate **</u>
1999	14,576 @	\$ 347,331,504	\$ 23,829 **	19	6,502	3.3 %
2000	14,623 #	359,901,276	24,612 **	28	6,600	3.1
2001	14,670 @	372,559,320	25,396 **	28	6,602	4.0
2002	14,717 @	376,475,577	25,581 **	28	6,726	5.0
2003	14,764 @	389,946,768	26,412 **	28	6,950	5.4
2004	15,159 !	431,182,596	28,444 **	28	7,171	4.4
2005	15,912 !	495,483,768	31,139 **	28	7,149	5.3
2006	16,000 @	531,552,000	33,222 **	28	7,994	5.3
2007	18,277 @	647,816,191	35,444 @	28	7,995	4.6
2008	18,589 @	702,949,338	37,815 @	28	8,314	4.6

## Data Sources:

\* Belton Independent School District

\*\* Texas Workforce Commission

@ City of Belton

# U.S. Census Bureau

! Texas State Data Center

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

Employer	2008			1999		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Belton Independent School District	1,313	1	18.35 %	780	2	12.52 %
Bell County	1,150	2	16.07	900	1	14.44
Super Wal-Mart	375	3	5.24	120	9	1.93
University of Mary Hardin Baylor	361	4	5.04	266	3	4.27
Fleetwood Homes of Texas	250	5	3.49	250	5	4.01
Custom Printing	225	6	3.14	260	4	4.17
United Parcel Service	169	7	2.36	100	11	1.60
Belco Manufacturing	163	8	2.28	115	10	1.85
Cedar Crest Hospital & Clinic	150	9	2.10	77	14	1.24
Superior Chaircraft	140	10	1.96	220	6	3.53
Odell Geer Construction	-		-	200	7	3.21
HEB Grocery	-		-	150	8	2.41
<b>Total</b>	<b>4,296</b>		<b>60.03 %</b>	<b>3,438</b>		<b>55.18 %</b>

Source: Belton Economic Development Corporation.

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

Function	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General government	11	11	11	11	12	12	12	13	13	13
Public Safety										
Police										
Officers	23	24	24	24	24	24	27	27	28	28
Civilians	10	9	9	9	9	9	9	9	9	9
Fire										
Firefighters and officers	19	19	19	19	20	26	26	26	26	26
Civilians	1	1	1	1	1	1	1	1	1	1
Highways and streets	9	9	9	8	8	8	10	10	11	11
Development Services	4	4	4	4	4	4	5	5	5	6
Culture and recreation	11	11	12	12	12	12	12	13	16	16
Maintenance	6	6	6	7	6	6	6	6	6	6
Water and Sewer	17	17	17	17	19	20	20	20	20	20
Economic development	2	2	2	2	2	2	2	2	2	2
<b>Total</b>	<b>113</b>	<b>113</b>	<b>114</b>	<b>114</b>	<b>117</b>	<b>124</b>	<b>130</b>	<b>132</b>	<b>137</b>	<b>138</b>

Source: Finance Department, City of Belton, Texas

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

Function	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
<b>Police</b>				
Citations issued	5,290	8,656	10,443	8,500
Alarms responded to	630	763	737	757
Disturbance calls	1,304	609	958	1,046
Animal control citations issued	10	14	7	16
<b>Fire</b>				
Fires	198	204	188	194
Inspections	151	313	308	206
Investigations	6	10	14	15
<b>Highways and streets</b>				
Signs erected	190	131	153	95
<b>Development Services</b>				
Permits issued	778	838	1,127	973
Inspections	1,302	1,035	1,101	1,226
Abatement of junk vehicle	81	68	73	168
Abatement of weedy lots	111	100	87	152
Dilapidated structures	10	7	4	11
<b>Culture and recreation</b>				
Library circulation	30,700	32,574	31,828	30,929
<b>Maintenance</b>				
Work orders completed	2,019	1,909	1,343	1,509
<b>Water</b>				
New connections	45	50	68	77
Water main breaks	19	17	20	19
Average daily water consumption (millions of gallons)	3.64	2.09	1.72	2.01
<b>Sewer</b>				
Average daily sewage treatment (millions of gallons)	1.59	1.44	1.9	1.65

Sources: Various city departments.  
 functions.

NC: Not collected

Table XXI

2003	2004	2005	2006	2007	2008
9,800	6,766	5,288	3,412	4,307	3,954
765	600	695	651	898	924
1,100	488	429	575	640	1,187
7	10	-	-	-	-
150	114	182	200	123	105
169	268	420	329	460	480
8	5	12	17	28	22
187	100	149	65	90	121
1,157	1,070	1,515	1,585	1,413	1,462
2,074	1,561	1,735	1,905	2,848	2,549
164	200	300	300	384	328
234	325	500	500	1,651	1,527
25	40	25	25	30	20
31,931	52,423	43,306	43,132	38,878	37,194
1,654	1,495	1,025	980	1,390	1,370
109	69	133	214	159	145
20	12	12	15	6	4
2.01	2.01	1.66	1.31	1.61	2.5
1.65	1.62	1.64	1.04	1.56	1.13

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

Function	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
Public safety				
Police:				
Stations	1	1	1	1
Substations	-	-	-	-
Patrol units	9	9	9	9
Fire stations	1	1	1	1
Highways and streets				
Streets (miles)	96	96	96	96
Culture and recreation				
Parks acreage	121.69	121.69	137.58	137.58
Playgrounds	5	7	5	5
Ball fields	13	13	15	15
Sports courts	-	-	8	8
Pavilions	-	-	5	5
Amphitheaters	-	-	1	1
Trails (miles)	-	-	1.95	1.95
Water				
Service Connections	4,616	4,666	4,734	4,811
Water mains (miles)	93	100	100	100
Water pump stations	1	1	2	2
Fire hydrants	573	581	610	612
Plant Capacity	6.57	6.57	6.57	6.57
(millions of gallons)				
Sewer				
Service Connections	3,366	3,454	3,513	3,556
Sanitary sewers (miles)	90.5	90.5	90.5	90.5
Number of lift stations	17	17	18	18
Treatment plant capacity	2.5	2.5	2.5	2.5
(millions of gallons)				

Sources: Various city departments.

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

Table XXII

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
1	1	1	1	1	1
-	1	1	1	1	1
12	12	12	12	12	12
1	2	2	2	2	2
96	96	101	103	115	116
156.9	168.7	168.7	175.2	177	177
8	13	13	13	14	16
13	13	13	13	14	14
8	8	8	8	8	11
5	5	5	5	6	6
1	1	1	1	1	1
1.95	2.2	2.2	2.2	3.5	4.25
4,920	4,989	5,122	5,336	5,495	5,640
102	104	106	108.5	112	114
2	2	2	2	2	2
614	617	656	684	702	742
6.57	6.57	6.57	6.57	6.57	6.57
3,634	3,689	3,797	3,895	4,016	4,115
91	92	102	103	103	104
18	18	18	18	17	17
2.5	2.5	2.5	2.5	2.5	2.5

