

City of Belton, Texas



Comprehensive Annual Financial Report

For Fiscal Year Ended
September 30, 2009

Cover:
Belton Train Depot
Photo by Leslie Malone

City of Belton, Texas

Comprehensive Annual Financial Report

For the Fiscal Year Ended September 30, 2009

Prepared by:

Finance Department

Cristy Daniell, CPA
Assistant City Manager

Karen Evans, CPA
Assistant Finance Director



City of Belton, Texas

For the Fiscal Year Ended
September 30, 2009

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City of Belton

~ Founded 1850 ~

March 23, 2010

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, 2009.

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, 2009, 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, 2009, 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 19.86 square miles and serves a population 18,893. 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, construction and maintenance of streets, roads and other infrastructure, refuse collection, planning and zoning, parks operation and maintenance, library services, and administrative services necessary to serve the citizens of our community. Water, sewer, and drainage services are operated under an enterprise fund concept, with user charges set to ensure adequate coverage of operating expenses and payments on outstanding debt. In addition, the City of Belton is also financially accountable for a legally separate economic development corporation, which is reported separately with the City of Belton's financial statements. Additional information on this legally separate entity can be found in the Notes to the Financial Statements.

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

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

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

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

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented on pages 23-24 as part of the basic financial statement for the governmental funds. For other governmental funds with appropriated annual budgets, this comparison is presented in the governmental funds subsection of this report, which starts on page 56.

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. 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 1,000 jobs in the local job market. Additionally, Belton is proud to be the home of the University of Mary Hardin-Baylor (UMHB), a private four-year college with an enrollment of over 2,700 students. The regional economy is bolstered by the large medical and manufacturing industry in nearby Temple and the presence of the Fort Hood Army Base in western Bell County.

Long-term financial planning. In 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 2010.

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
Buildings	\$ 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 2010, and is anticipated to take at least two years to complete.

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, 2008. This was the twenty-third 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, 2008. 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 seventeenth 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,

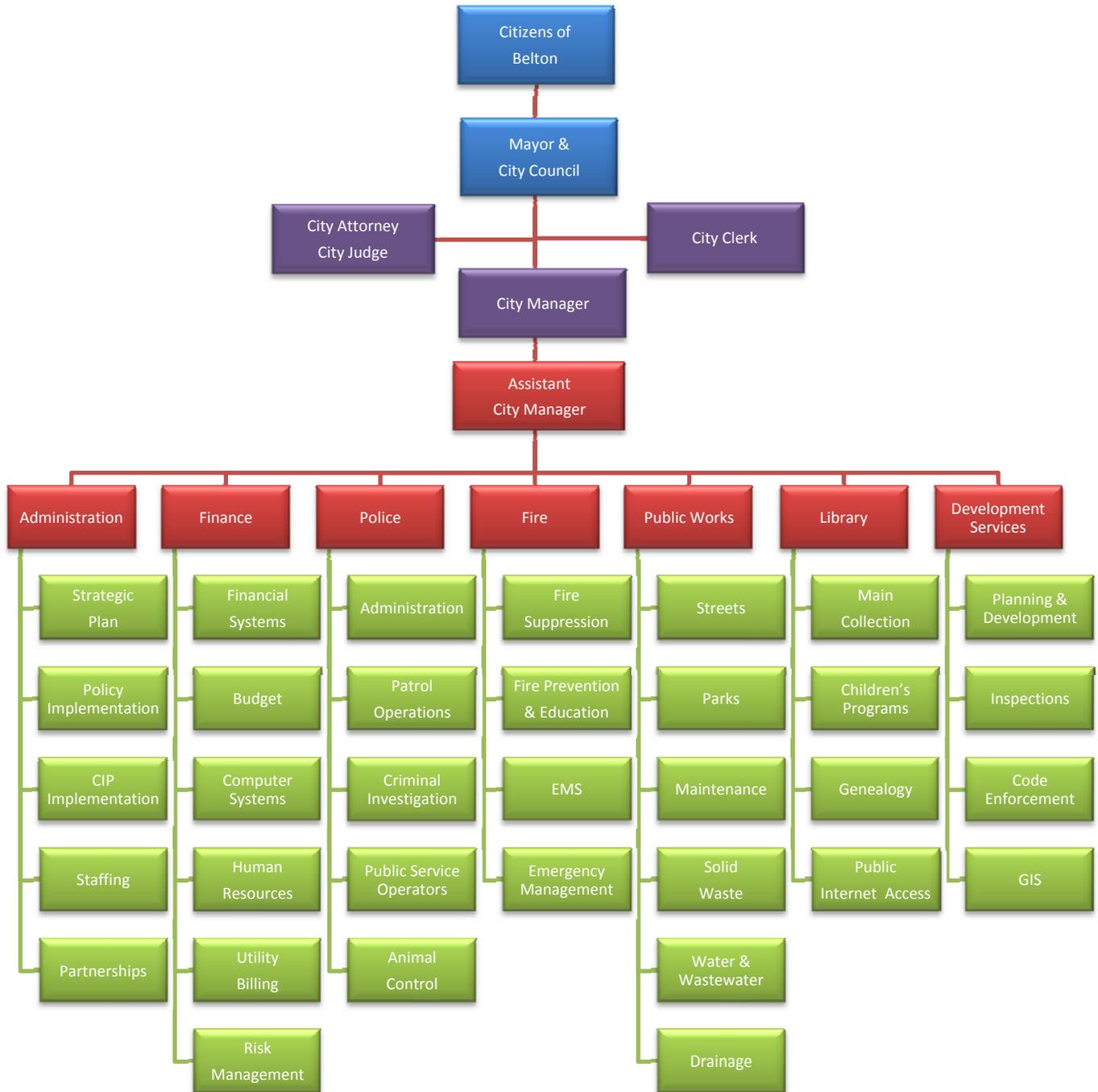


Cristy Daniell, CPA
Assistant City Manager
Finance Director



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 14, 2011
David K. Leigh	May 14, 2011
Craig Pearson	May 14, 2011
John Agan	May 8, 2010
Wayne Carpenter	May 14, 2011

APPOINTED OFFICIALS

CITY STAFF

<u>POSITION</u>	<u>NAME</u>	<u>DATE APPOINTED</u>
City Manager	Sam Listi	March 19, 2001
City Attorney	John Messer	September 1, 1978
City Judge	Steve Lee	October 9, 2007
City Clerk	Connie Torres	September 9, 1991
Asst. City Manager/Finance Director	Cristy Daniell	February 17, 1992
Fire Chief	Roy Harmon	April 12, 1994
Police Chief	Gene Ellis	April 20, 2009
Director of Public Works	Les Hallbauer	May 1, 2002
Library Director	Kim Kroll	October 2, 2000
Development Services Director	Fred Morris	October 7, 2002
Economic Development Corp. Director	Tommy Baker	January 5, 2009

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, 2008

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.



President

Executive Director





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

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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, 2009, 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, 2009, and the respective changes in financial position, and the respective budgetary comparison for the General Fund 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 13 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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

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 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
February 5, 2010

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, 2009. 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 iv of this report.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$42,301,821 (*net assets*). Of this amount, \$9,404,077 (*unrestricted net assets*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's net assets increased by \$1,822,802. This increase is attributable to the \$2,247,917 of capital grants and contributions from third parties, including developers, grant agencies, the local school district, and the economic development corporation.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$10,433,796. Of this total amount, \$9,627,598 (92.27 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 \$4,007,365, or 45.52 percent of total general fund expenditures.
- The City's total debt decreased by \$873,585 (4.45 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 17-19 of this report.

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

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

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

The City maintains eighteen individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, the 2007 Consolidated CO's Fund, the 2008 Street CO's Fund, the Central Avenue 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 20-24 of this report.

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

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

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29-54 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 79 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 55-64 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 \$42,301,821 at the close of the most recent fiscal year.

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 11,453,239	\$ 12,755,853	\$ 6,426,486	\$ 5,208,278	\$ 17,879,725	\$ 17,964,131
Capital assets	20,981,386	21,319,045	23,169,575	22,278,483	44,150,961	43,597,528
Total assets	<u>32,434,625</u>	<u>34,074,898</u>	<u>29,596,061</u>	<u>27,486,761</u>	<u>62,030,686</u>	<u>61,561,659</u>
Long-term liabilities outstanding	11,243,495	11,696,121	7,603,152	7,914,136	18,846,647	19,610,257
Other liabilities	561,542	1,014,439	320,676	457,944	882,218	1,472,383
Total liabilities	<u>11,805,037</u>	<u>12,710,560</u>	<u>7,923,828</u>	<u>8,372,080</u>	<u>19,728,865</u>	<u>21,082,640</u>
Net assets:						
Invested in capital assets, net of related debt	12,239,287	10,933,815	16,652,865	14,406,422	28,892,152	25,340,237
Restricted	2,963,013	1,345,488	1,042,579	-	4,005,592	1,345,488
Unrestricted	5,427,288	9,085,035	3,976,789	4,708,259	9,404,077	13,793,294
Total net assets	<u>\$ 20,629,588</u>	<u>\$ 21,364,338</u>	<u>\$ 21,672,233</u>	<u>\$ 19,114,681</u>	<u>\$ 42,301,821</u>	<u>\$ 40,479,019</u>

By far the largest portion of the City's net assets (\$28,892,152 or 68.30 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 (\$4,005,592 or 9.47 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$9,404,077 or 22.23 percent) may be used to meet the City's ongoing obligations to citizens and creditors.

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

City of Belton's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Charges for services	\$ 2,268,931	\$ 2,209,940	\$ 5,637,250	\$ 4,879,658	\$ 7,906,181	\$ 7,089,598
Operating grants and contributions	294,691	275,047	-	-	294,691	275,047
Capital grants and contributions	957,519	180,517	1,290,398	104,623	2,247,917	285,140
General revenues:						
Property taxes	4,494,474	4,080,884	-	-	4,494,474	4,080,884
Sales taxes	2,178,236	2,170,770	-	-	2,178,236	2,170,770
Franchise taxes	1,028,577	1,008,428	-	-	1,028,577	1,008,428
Other taxes	175,294	190,279	-	-	175,294	190,279
Investment earnings	98,506	364,677	33,457	111,409	131,963	476,086
Gain on sale of assets	4,326	-	-	-	4,326	-
Other income	122,250	278,504	-	-	122,250	278,504
Total revenues	11,622,804	10,759,046	6,961,105	5,095,690	18,583,909	15,854,736
Expenses:						
General government	1,083,294	898,581	-	-	1,083,294	898,581
Public safety	4,767,516	4,707,210	-	-	4,767,516	4,707,210
Highways and streets	2,044,341	1,713,940	-	-	2,044,341	1,713,940
Development services	416,116	450,248	-	-	416,116	450,248
Culture and recreation	1,566,358	1,457,177	-	-	1,566,358	1,457,177
Refuse collection	767,769	734,724	-	-	767,769	734,724
Economic development	521,490	187,144	-	-	521,490	187,144
Maintenance	322,557	295,254	-	-	322,557	295,254
Interest on long-term debt	446,281	399,128	-	-	446,281	399,128
Water and sewer	-	-	4,753,013	4,508,443	4,753,013	4,508,443
Drainage	-	-	72,372	36,456	72,372	36,456
Total expenses	11,935,722	10,843,406	4,825,385	4,544,899	16,761,107	15,388,305
Changes in net assets before transfers	(312,918)	(84,360)	2,135,720	550,791	1,822,802	466,431
Transfers	(421,832)	(141,019)	421,832	396,019	-	255,000
Changes in net assets	(734,750)	(225,379)	2,557,552	946,810	1,822,802	721,431
Net assets - October 1	21,364,338	21,589,717	19,114,681	18,167,871	40,479,019	39,757,588
Net assets - September 30	\$ 20,629,588	\$ 21,364,338	\$ 21,672,233	\$ 19,114,681	\$ 42,301,821	\$ 40,479,019

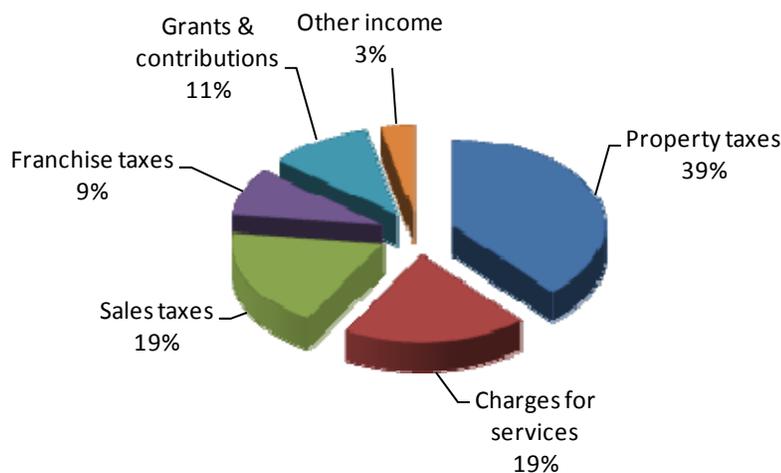
The City's net assets increased by \$1,822,802 during the current fiscal year. This increase is due to contributions from third parties, as well as funding for capital project programs, which will be spent on capital projects in the next three fiscal years.

Governmental activities. Governmental activities decreased the City's net assets by \$734,750. This decrease was the result of the transfer of \$705,832 of capital assets to the water and sewer utility.

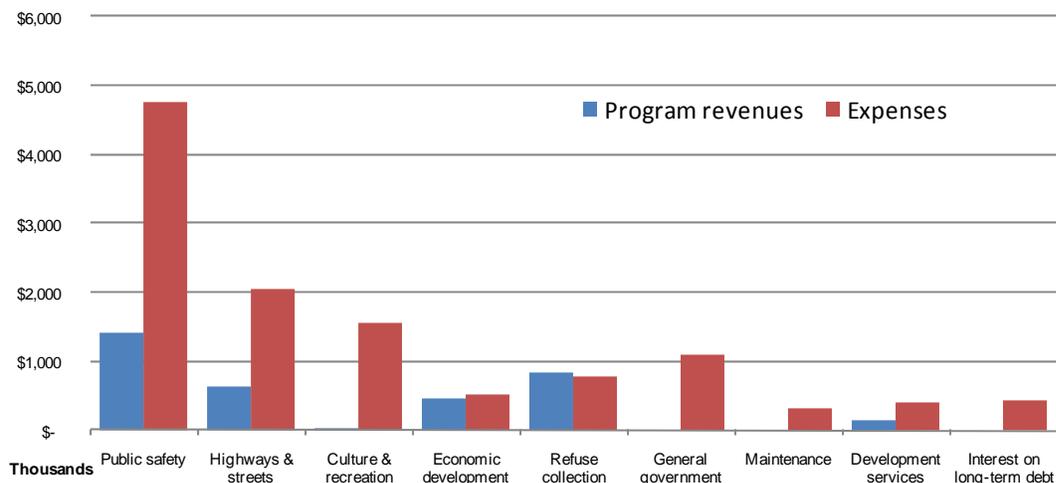
Revenues for governmental activities:

- For the fiscal year ended September 30, 2009, program revenues from governmental activities totaled \$3,521,141. These revenues consist primarily of ambulance fees, municipal court fines and fees, refuse collection fees, building permits, grant receipts, and contributions from the economic development corporation.
- Property taxes totaled \$4,494,474, an increase of 10.13 percent from the prior year.
 - Assessed values rose \$67.02 million or 10.68 percent from the prior year. New property and improvements added \$28.1 million to the tax rolls, annexations added \$0.5 million, and the remainder of the increase was due to changes in the values of existing properties and exemptions.
 - The ad valorem tax rate for fiscal year 2009 was \$0.6550 per \$100 of assessed valuation. The tax rate remained the same as the prior year rate.
- Sales taxes totaled \$2,178,236 for fiscal year 2009, which was an increase of 0.34 percent over the prior year. This was the twentieth consecutive year of increases in sales tax revenues.
- Franchise taxes totaled \$1,028,577 for fiscal year 2009, an increase of 2.00 percent from 2008. Franchise taxes are paid by utility companies as a percentage of their gross receipts collected from customers within the City.
- Operating grants and contributions totaled \$294,691, while capital grants and contributions totaled \$957,519. These amounts included funding for the rehabilitation and reconstruction of dilapidated housing, highways and streets, training and equipment for the fire department, and manpower costs and equipment for the police department.

Revenues by Source – Governmental Activities



Expenses and Program Revenues – Governmental Activities



Expenses for governmental activities:

Expenses for governmental activities totaled \$11,935,722 in fiscal year 2009.

- The major expenditure for governmental activities is for salaries and benefits, which totaled \$5,777,616 in 2009.
- The next largest category was services, which totaled \$1,113,300, 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 \$1,870,292.
- The City spent \$767,769 for refuse collection contracted services.
- Interest on long-term debt was \$446,281.

Business-type activities. Business-type activities increased the City's net assets by \$2,557,552. Key elements of this increase are as follows:

- Charges for business-type activities totaled \$5,637,250, an increase of \$757,592 or 15.53 percent from the prior year. The charges are generated from water and sewer utility fees and storm water drainage fees. The increase is a result of high water sales due to record drought in FY 2009. Also, the drainage fund operated for a full year in FY 2009, compared to a partial year of operations in FY 2008.
- The water and sewer utility and the drainage utility received capital contributions of \$1,290,398 from developers and from the economic development corporation for the Loop 121 wastewater project.
- Investment earnings amounted to \$33,457.

Financial Analysis of the City's Funds

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

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$10,433,796. Approximately 92.27 percent (\$9,627,598) of this total amount constitutes *unreserved fund balance*, which is available for spending at the City's discretion. Of this unreserved fund balance, 52.83 percent (\$5,086,074) 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 (\$206,456); 2) to pay for future civil service costs (\$558,885); and 3) to pay for public, educational, or governmental access facilities (\$40,857).

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 \$4,007,365, while total fund balance amounted to \$4,607,107. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 45.52 percent of total General Fund expenditures, while total fund balance represents 52.34 percent of that same amount.

The fund balance of the City's General Fund increased by \$365,067 during the current fiscal year. Key factors in this growth are:

- Ad valorem property tax revenues increased by \$307,951.
- Sales tax receipts rose by a modest \$7,466 due to the sluggish economy.
- Charges for services increased by \$77,159 primarily due to increased ambulance runs and revenues, and increased refuse rates and billings.
- Franchise revenues increased \$20,149.
- Interest earnings decreased \$96,495 due to declining interest rates.
- The expiration of public safety and parks and recreation grants caused intergovernmental receipts to decline by \$15,979.
- Construction related licenses and permits increased \$2,410 as building activity and permits remained at the prior year's pace.
- Court fines and fees increased \$20,267 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 are being 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 were expected to take at least three years to complete. Fund balance decreased by \$2,165,000 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 are being used to fund a variety of street projects. These projects were started in FY 2009, and were expected to take at least three years to complete. Fund balance decreased by \$190,100 as funds were expended for scheduled projects.

The Central Avenue Fund is used to account for transfers from other funds which will be used to rebuild Central Avenue, from I-35 to Penelope Street. Construction will include a complete rebuild of the street, new brick paver sidewalks, relocation of utilities, and antique style streetlights. This project will be completed in FY 2010. 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 \$206,456, all of which is reserved for the payment of debt service. Fund balance did not change significantly from the prior year.

Proprietary funds. 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 \$3,891,760, and those for the drainage fund amounted to \$85,029. The combined growth in net assets for both funds was \$2,557,552. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget amounted to a \$106,455 increase in appropriations, and can be briefly summarized as follows:

- \$27,000 for the recruitment of a new Police Chief;
- \$38,744 for a paramedic incentive pay increase;
- \$22,500 for public transportation;
- \$1,000 for a contribution to the Texas Ramps project;
- \$8,800 for an increase in feline veterinary service fees; and
- \$8,411 for public safety manpower and equipment, funded through federal and state grants.

These increases in appropriations were funded by revenues which exceeded original budgetary estimates, most notably in ad valorem 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, 2009, amounts to \$44,150,961 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, park facilities, streets and roads, bridges, drainage structures, and water and sewer system infrastructure, to include pumps, pipes, storage tanks, and associated fittings and fixtures. The total increase in the City's investment in capital assets for the current fiscal year was 1.27 percent (a 1.58 percent decrease for governmental activities and a 4.00 percent increase for business-type activities).

City of Belton's Capital Assets
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 1,659,790	\$ 1,590,731	\$ 150,711	\$ 144,393	\$ 1,810,501	\$ 1,735,124
Buildings	3,516,905	3,195,445	15,789	18,014	3,532,694	3,213,459
Improvements other than buildings	1,779,009	1,765,677	-	-	1,779,009	1,765,677
Machinery and equipment	1,599,606	1,776,838	479,485	235,441	2,079,091	2,012,279
Infrastructure	11,706,914	12,092,670	21,903,354	21,730,640	33,610,268	33,823,310
Construction in progress	719,162	897,684	620,236	149,995	1,339,398	1,047,679
Total	<u>\$ 20,981,386</u>	<u>\$ 21,319,045</u>	<u>\$ 23,169,575</u>	<u>\$ 22,278,483</u>	<u>\$ 44,150,961</u>	<u>\$ 43,597,528</u>

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

- Work was completed on:
 - Sparta Station remediation
 - Transit bus pavilion
 - Lions Field renovation
 - Harris Park
 - In-house street re-construction projects
 - South Belton Park
 - City Hall remodel
 - Connell Street infrastructure
 - Gin water project
 - Downtown grinder pump
 - Heritage Park sewer line
 - Penelope Street water line
 - Emergency generators for the lift stations
 - Nolan Creek low water crossing

- Work began/continued on:
 - Commerce Drive extension
 - Spring Street project
 - Harris Center repairs
 - Hilltop Street reconstruction
 - New maintenance facility
 - Avenue D infrastructure
 - Central Avenue Gateway project
 - Water Street utility relocation
 - West FM 93 sewer project
 - Neighborhood sewer project
 - Loop 121 wastewater project
 - IH-35 utility relocations
 - Hilltop drainage

Additional information on the City's capital assets can be found in Note V on pages 40-43 of this report.

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$18,352,117, all of which is backed by the full faith and credit of the City. In addition, \$7,449,314 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	
	2009	2008	2009	2008	2009	2008
General obligation bonds	\$ 10,902,803	\$ 11,411,860	\$ -	\$ -	\$ 10,902,803	\$ 11,411,860
Revenue bonds with tax cross-pledge	-	-	7,449,314	7,872,061	7,449,314	7,872,061
Total	<u>\$ 10,902,803</u>	<u>\$ 11,411,860</u>	<u>\$ 7,449,314</u>	<u>\$ 7,872,061</u>	<u>\$ 18,352,117</u>	<u>\$ 19,283,921</u>

The City's total bonded debt decreased by \$931,804 (4.83 percent) during the current fiscal year.

The City maintains an "AA-" 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 2009 tax rate is well below all of the aforementioned limits.

Additional information on the City's long-term debt can be found in Note VII on pages 44-48 of this report.

Economic Factors and Next Year's Budget and Rates

Despite the sluggish national economy, the local economy has remained stable, and is even experiencing some mild growth as evidenced by property values and construction activity. Residential home starts continue, and local foreclosures are not the problem experienced in other areas of the country. Several large commercial and institutional projects are underway, including a new middle school to be located in the southwestern sector of Belton. Meanwhile, the City continues to make infrastructure improvements and conduct master planning which will position the City for future expansion.

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

The FY 2010 budget was based on sustaining operating levels, while meeting the demands created by growth and the sagging national economy. The ad valorem tax rate remains at a

combined rate of \$0.6550 per \$100 of assessed valuation, where it has been since FY 2007 when it was lowered from \$0.6750. Planned water and sewer rate increases were deferred, in order to benefit ratepayers during the economic downturn. Improvements to be funded from these rate increases were also deferred, and while still necessary in the future, their deferral will not immediately impact service. Department budgets were developed with a no growth directive, in order to maintain operations with little or no growth in revenues.

The City Council has stipulated that the General Fund maintain three months operating expenditures as a minimum of undesignated reserves, which currently equates to \$2.4 million. At the end of fiscal year 2009, unreserved fund balance in the General Fund increased to \$4,007,365. It is intended that the available fund balance beyond the minimum be used for non-recurring capital outlay and projects, and not for financing of on-going operational costs. For FY 2010, fund balance in all budgeted funds is projected to remain at adequate levels to provide for unexpected decreases in revenues plus extraordinary unbudgeted expenditures.

Requests for Information

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

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, 2009

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Belton Development Corporation
Assets				
Cash and cash equivalents	\$ 10,125,397	\$ 3,135,545	\$ 13,260,942	\$ 3,592,072
Receivables (net of allowance for uncollectibles)	1,120,721	685,650	1,806,371	88,053
Due from other governments	90,662	41	90,703	-
Prepaid items	1,685	5,733	7,418	-
Restricted cash and cash equivalents	-	2,545,652	2,545,652	-
Deferred charges	114,774	53,865	168,639	-
Capital assets not being depreciated				
Land	1,659,790	150,711	1,810,501	482,636
Construction in progress	719,162	620,236	1,339,398	-
Capital assets net of accumulated depreciation:				
Buildings	3,516,905	15,789	3,532,694	315,861
Improvements other than buildings	1,779,009	-	1,779,009	-
Machinery and equipment	1,599,606	479,485	2,079,091	12,744
Infrastructure	11,706,914	21,903,354	33,610,268	1,756,843
Total assets	<u>32,434,625</u>	<u>29,596,061</u>	<u>62,030,686</u>	<u>6,248,209</u>
Liabilities				
Accounts and retainages payable	352,170	136,053	488,223	63,678
Accrued interest payable	71,811	53,068	124,879	7,405
Other accrued liabilities	126,761	10,020	136,781	2,289
Customer deposits payable	10,800	121,535	132,335	2,200
Unearned revenue	-	-	-	-
Noncurrent liabilities:				
Due within one year	833,542	503,457	1,336,999	105,350
Due in more than one year	10,409,953	7,099,695	17,509,648	912,250
Total liabilities	<u>11,805,037</u>	<u>7,923,828</u>	<u>19,728,865</u>	<u>1,093,172</u>
Net assets				
Invested in capital assets, net of related debt	12,239,287	16,652,865	28,892,152	1,550,484
Restricted for:				
Debt service	206,456	-	206,456	-
Economic development	334,116	-	334,116	-
Grant requirements	92,943	-	92,943	-
Life saving equipment and training	127,406	-	127,406	-
Court technology	531	-	531	-
Public access facilities	40,857	-	40,857	-
Capital assets	2,160,704	1,042,579	3,203,283	-
Unrestricted	5,427,288	3,976,789	9,404,077	3,604,553
Total net assets	<u>\$ 20,629,588</u>	<u>\$ 21,672,233</u>	<u>\$ 42,301,821</u>	<u>\$ 5,155,037</u>

See accompanying notes to financial statements.

City of Belton, Texas
Statement of Activities
For the Fiscal Year Ended
September 30, 2009

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Primary government:			
Governmental activities:			
General government	\$ 1,083,294	\$ -	\$ -
Public safety	4,767,516	1,297,267	121,068
Highways and streets	2,044,341	-	647,919
Development services	416,116	132,353	-
Culture and recreation	1,566,358	-	7,868
Refuse collection	767,769	839,311	-
Economic development	521,490	-	165,755
Maintenance	322,557	-	-
Interest on long-term debt	446,281	-	-
Total governmental activities	<u>11,935,722</u>	<u>2,268,931</u>	<u>294,691</u>
Business-type activities:			
Water and sewer	4,753,013	5,304,072	1,178,698
Drainage	72,372	333,178	111,700
Total business-type activities	<u>4,825,385</u>	<u>5,637,250</u>	<u>1,290,398</u>
Total primary government	<u>\$ 16,761,107</u>	<u>\$ 7,906,181</u>	<u>\$ 2,247,917</u>
Component unit:			
Belton Development Corporation	<u>\$ 2,002,558</u>	<u>\$ -</u>	<u>\$ -</u>
Total component unit	<u>\$ 2,002,558</u>	<u>\$ -</u>	<u>\$ -</u>
General revenues:			
Property taxes			
Sales taxes			
Franchise taxes			
Hotel/motel taxes			
Alcoholic beverage taxes			
Unrestricted investment earnings			
Miscellaneous			
Gain on sale of 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	
\$ (1,083,294)	\$ -	\$ (1,083,294)	\$ -
(3,349,181)	-	(3,349,181)	-
(1,396,422)	-	(1,396,422)	-
(283,763)	-	(283,763)	-
(1,558,490)	-	(1,558,490)	-
71,542	-	71,542	-
(46,135)	-	(46,135)	-
(322,557)	-	(322,557)	-
(446,281)	-	(446,281)	-
<u>(8,414,581)</u>	<u>-</u>	<u>(8,414,581)</u>	<u>-</u>
-	1,729,757	1,729,757	-
-	372,506	372,506	-
-	<u>2,102,263</u>	<u>2,102,263</u>	-
<u>(8,414,581)</u>	<u>2,102,263</u>	<u>(6,312,318)</u>	<u>-</u>
-	-	-	(2,002,558)
-	-	-	<u>(2,002,558)</u>
4,494,474	-	4,494,474	-
2,178,236	-	2,178,236	1,089,118
1,028,577	-	1,028,577	-
151,765	-	151,765	-
23,529	-	23,529	-
98,506	33,457	131,963	40,001
122,250	-	122,250	-
4,326	-	4,326	-
(421,832)	421,832	-	-
<u>7,679,831</u>	<u>455,289</u>	<u>8,135,120</u>	<u>1,129,119</u>
(734,750)	2,557,552	1,822,802	(873,439)
<u>21,364,338</u>	<u>19,114,681</u>	<u>40,479,019</u>	<u>6,028,476</u>
<u>\$ 20,629,588</u>	<u>\$ 21,672,233</u>	<u>\$ 42,301,821</u>	<u>\$ 5,155,037</u>

City of Belton, Texas
Balance Sheet
Governmental Funds
September 30, 2009

	General	2007 Consolidated CO's	2008 Streets CO's	Central Avenue	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets							
Cash and cash equivalents	\$ 4,276,239	\$ 1,274,419	\$ 1,268,814	\$ 1,268,153	\$ 206,456	\$ 1,831,316	\$10,125,397
Receivables (net of allowance for uncollectibles)	1,048,030	-	-	-	30,121	42,570	1,120,721
Due from other governments	90,662	-	-	-	-	-	90,662
Prepaid items	1,685	-	-	-	-	-	1,685
Total assets	<u>\$ 5,416,616</u>	<u>\$ 1,274,419</u>	<u>\$ 1,268,814</u>	<u>\$ 1,268,153</u>	<u>\$ 236,577</u>	<u>\$ 1,873,886</u>	<u>\$11,338,465</u>
Liabilities and Fund Balances							
Liabilities:							
Accounts and retainages payable	\$ 287,131	\$ 19,679	\$ -	\$ 1,320	\$ -	\$ 44,040	\$ 352,170
Accrued liabilities	126,763	-	-	-	-	-	126,763
Customer deposits payable	10,800	-	-	-	-	-	10,800
Deferred revenue	384,817	-	-	-	30,121	-	414,938
Total liabilities	<u>809,511</u>	<u>19,679</u>	<u>-</u>	<u>1,320</u>	<u>30,121</u>	<u>44,040</u>	<u>904,671</u>
Fund balances:							
Reserved for:							
Debt service	-	-	-	-	206,456	-	206,456
Civil service sick pay	508,580	-	-	-	-	-	508,580
Civil service appeals	50,305	-	-	-	-	-	50,305
Public access facilities	40,857	-	-	-	-	-	40,857
Unreserved, reported in:							
General fund	4,007,365	-	-	-	-	-	4,007,365
Special revenue funds	-	-	-	-	-	534,159	534,159
Capital projects funds	-	1,254,740	1,268,814	1,266,833	-	1,295,687	5,086,074
Total fund balances	<u>4,607,107</u>	<u>1,254,740</u>	<u>1,268,814</u>	<u>1,266,833</u>	<u>206,456</u>	<u>1,829,846</u>	<u>10,433,796</u>
Total liabilities and fund balances	<u>\$ 5,416,618</u>	<u>\$ 1,274,419</u>	<u>\$ 1,268,814</u>	<u>\$ 1,268,153</u>	<u>\$ 236,577</u>	<u>\$ 1,873,886</u>	
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.							20,981,386
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. This amount includes deferred revenue (\$414,938) and deferred charges (\$114,774).							529,712
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. This amount includes bonds payable (\$10,902,803), compensated absences (\$340,692), and accrued interest payable (\$71,811).							<u>(11,315,306)</u>
Net assets of governmental activities							<u>\$20,629,588</u>

City of Belton, Texas
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
For the Fiscal Year Ended
September 30, 2009

	2007 Consolidated General	2007 Consolidated CO's	2008 Streets CO's	Central Avenue	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:							
Taxes:							
Ad valorem	\$ 3,411,276	\$ -	\$ -	\$ -	\$ 793,409	\$ 287,874	\$ 4,492,559
Sales	2,178,236	-	-	-	-	-	2,178,236
Franchise	1,028,577	-	-	-	-	-	1,028,577
Hotel/motel	-	-	-	-	-	151,765	151,765
Alcoholic beverage	23,529	-	-	-	-	-	23,529
Licenses and permits	132,353	-	-	-	-	-	132,353
Intergovernmental	115,784	-	-	-	-	475,355	591,139
Charges for services	1,789,522	-	-	-	-	-	1,789,522
Fines	376,697	-	-	-	-	8,239	384,936
Interest	42,051	23,232	12,352	335	7,307	13,229	98,506
Contributions and donations	13,152	-	-	-	-	486,670	499,822
Payments in lieu of taxes	4,855	-	-	-	-	-	4,855
Miscellaneous	110,916	-	-	-	-	5,797	116,713
Total revenues	<u>9,226,948</u>	<u>23,232</u>	<u>12,352</u>	<u>335</u>	<u>800,716</u>	<u>1,428,929</u>	<u>11,492,512</u>
Expenditures:							
Current:							
General government	1,043,718	-	-	-	-	8,249	1,051,967
Public safety	4,515,816	-	-	-	-	60,152	4,575,968
Highways and streets	871,364	240,992	-	-	-	39,341	1,151,697
Development services	348,054	-	-	-	-	55,528	403,582
Culture and recreation	950,970	-	-	-	-	40,221	991,191
Refuse collection	767,769	-	-	-	-	-	767,769
Economic development	-	-	-	-	-	521,490	521,490
Maintenance	305,203	-	-	-	-	-	305,203
Debt service:							
Principal	-	-	-	-	419,057	90,000	509,057
Interest and fiscal charges	-	-	-	-	380,733	67,744	448,477
Capital Outlay	-	1,177,240	202,452	112,029	-	393,568	1,885,289
Total expenditures	<u>8,802,894</u>	<u>1,418,232</u>	<u>202,452</u>	<u>112,029</u>	<u>799,790</u>	<u>1,276,293</u>	<u>12,611,690</u>
Excess (deficiency) of revenues over (under) expenditures	424,054	(1,395,000)	(190,100)	(111,694)	926	152,636	(1,119,178)
Other financing sources (uses):							
Insurance proceeds	682	-	-	-	-	-	682
Sale of capital assets	25,550	-	-	-	-	-	25,550
Transfers in	287,000	80,000	-	1,378,527	37,086	482,873	2,265,486
Transfers out	(372,219)	(850,000)	-	-	-	(759,267)	(1,981,486)
Total other financing sources (uses)	<u>(58,987)</u>	<u>(770,000)</u>	<u>-</u>	<u>1,378,527</u>	<u>37,086</u>	<u>(276,394)</u>	<u>310,232</u>
Net change in fund balances	365,067	(2,165,000)	(190,100)	1,266,833	38,012	(123,758)	(808,946)
Fund balances, October 1	4,242,040	3,419,740	1,458,914	-	168,444	1,953,604	11,242,742
Fund balances, September 30	<u>\$ 4,607,107</u>	<u>\$ 1,254,740</u>	<u>\$ 1,268,814</u>	<u>\$ 1,266,833</u>	<u>\$ 206,456</u>	<u>\$ 1,829,846</u>	<u>\$ 10,433,796</u>

See accompanying notes to financial statements.

City of Belton, Texas
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Fiscal Year Ended
September 30, 2009

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)	\$ (808,946)
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 (\$2,098,439) exceeded depreciation expense (\$1,870,292) in the current period.	228,147
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.	(21,224)
Assets transferred to a proprietary fund have no effect on the governmental funds. However, the transfer lowers net assets in the statement of activities.	(705,832)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	125,284
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 a decrease in accrued interest payable (\$2,196) and an increase in other accrued liabilities (\$56,431).	(54,235)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This is the amount of principal repayments for general obligation bonds.	502,056
Change in net assets of governmental activities (A-2)	\$ (734,750)

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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes:				
Current ad valorem	\$ 3,253,918	\$ 3,253,918	\$ 3,308,217	\$ 54,299
Delinquent ad valorem	47,000	47,000	56,339	9,339
Penalty and interest	37,000	37,000	46,720	9,720
Total ad valorem	<u>3,337,918</u>	<u>3,337,918</u>	<u>3,411,276</u>	<u>73,358</u>
Sales	2,260,000	2,260,000	2,178,236	(81,764)
Franchise	1,010,000	1,010,000	1,028,577	18,577
Alcoholic beverage	11,000	11,000	23,529	12,529
Total taxes	<u>6,618,918</u>	<u>6,618,918</u>	<u>6,641,618</u>	<u>22,700</u>
Licenses and permits:				
Building	62,000	62,000	71,514	9,514
Electrical	26,000	26,000	18,817	(7,183)
Plumbing	16,000	16,000	16,893	893
Mechanical	12,000	12,000	8,085	(3,915)
Swimming pool	1,200	1,200	750	(450)
Rezoning fees	2,400	2,400	3,800	1,400
Subdivision fees	3,400	3,400	3,404	4
Miscellaneous	7,300	7,300	9,090	1,790
Total licenses and permits	<u>130,300</u>	<u>130,300</u>	<u>132,353</u>	<u>2,053</u>
Intergovernmental	<u>90,133</u>	<u>98,544</u>	<u>115,784</u>	<u>17,240</u>
Charges for services:				
Ambulance	800,000	800,000	950,211	150,211
Refuse collection	830,592	830,592	839,311	8,719
Total charges for services	<u>1,630,592</u>	<u>1,630,592</u>	<u>1,789,522</u>	<u>158,930</u>
Fines:				
Municipal court	316,500	316,500	337,675	21,175
Court fees	37,000	37,000	39,022	2,022
Total fines	<u>353,500</u>	<u>353,500</u>	<u>376,697</u>	<u>23,197</u>
Interest	<u>85,000</u>	<u>85,000</u>	<u>42,051</u>	<u>(42,949)</u>
Contributions and donations	<u>-</u>	<u>-</u>	<u>13,152</u>	<u>13,152</u>
Payments in lieu of taxes	<u>4,600</u>	<u>4,600</u>	<u>4,855</u>	<u>255</u>
Miscellaneous	<u>52,600</u>	<u>52,600</u>	<u>110,916</u>	<u>58,316</u>
Total revenues	<u>8,965,643</u>	<u>8,974,054</u>	<u>9,226,948</u>	<u>252,894</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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Expenditures:				
General government:				
City council	\$ 91,096	\$ 81,096	\$ 75,335	\$ 5,761
City administration	620,306	475,100	447,334	27,766
Finance	371,332	375,453	362,491	12,962
Legal	158,338	160,909	158,558	2,351
Total general government	<u>1,241,072</u>	<u>1,092,558</u>	<u>1,043,718</u>	<u>48,840</u>
Public safety:				
Police	2,668,982	2,550,462	2,522,870	27,592
Fire	1,986,288	2,041,535	1,992,946	48,589
Total public safety	<u>4,655,270</u>	<u>4,591,997</u>	<u>4,515,816</u>	<u>76,181</u>
Highways and streets	<u>908,779</u>	<u>891,164</u>	<u>871,364</u>	<u>19,800</u>
Development services	<u>391,251</u>	<u>372,204</u>	<u>348,054</u>	<u>24,150</u>
Culture and recreation:				
Parks	744,059	734,676	694,940	39,736
Library	238,016	238,867	256,030	(17,163)
Total culture and recreation	<u>982,075</u>	<u>973,543</u>	<u>950,970</u>	<u>22,573</u>
Refuse collection	<u>760,070</u>	<u>760,832</u>	<u>767,769</u>	<u>(6,937)</u>
Maintenance	<u>286,780</u>	<u>299,854</u>	<u>305,203</u>	<u>(5,349)</u>
Debt service:				
Principal	<u>27,619</u>	<u>27,619</u>	<u>27,619</u>	<u>-</u>
Total debt service	<u>27,619</u>	<u>27,619</u>	<u>27,619</u>	<u>-</u>
Total expenditures	<u>9,252,916</u>	<u>9,009,771</u>	<u>8,830,513</u>	<u>179,258</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(287,273)</u>	<u>(35,717)</u>	<u>396,435</u>	<u>432,152</u>
Other financing sources (uses):				
Insurance proceeds	-	-	682	682
Sale of capital assets	-	-	25,550	25,550
Transfers in	287,000	287,000	287,000	-
Transfers out	-	(349,600)	(344,600)	5,000
Total other financing sources (uses)	<u>287,000</u>	<u>(62,600)</u>	<u>(31,368)</u>	<u>31,232</u>
Net change in fund balances	(273)	(98,317)	365,067	463,384
Fund balances, October 1	<u>4,242,040</u>	<u>4,242,040</u>	<u>4,242,040</u>	<u>-</u>
Fund balances, September 30	<u>\$ 4,241,767</u>	<u>\$ 4,143,723</u>	<u>\$ 4,607,107</u>	<u>\$ 463,384</u>

See accompanying notes to financial statements.

City of Belton, Texas
Statement of Net Assets
Proprietary Funds
September 30, 2009

	Business-type Activities - Enterprise Funds		
	Water and Sewer	Drainage	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 2,781,500	\$ 354,045	\$ 3,135,545
Receivables (net of allowance for uncollectibles)	639,473	46,177	685,650
Due from other governments	41	-	41
Prepaid items	5,733	-	5,733
Total current assets	<u>3,426,747</u>	<u>400,222</u>	<u>3,826,969</u>
Noncurrent assets:			
Restricted cash and cash equivalents	2,218,408	327,244	2,545,652
Debt issue costs	53,865	-	53,865
Capital assets:			
Land	150,711	-	150,711
Buildings	90,055	-	90,055
Infrastructure	30,888,620	397,057	31,285,677
Machinery and equipment	904,005	179,562	1,083,567
Construction in progress	617,220	3,016	620,236
	<u>32,650,611</u>	<u>579,635</u>	<u>33,230,246</u>
Less accumulated depreciation	<u>(10,015,876)</u>	<u>(44,795)</u>	<u>(10,060,671)</u>
Total capital assets, net	<u>22,634,735</u>	<u>534,840</u>	<u>23,169,575</u>
 Total noncurrent assets	 <u>24,907,008</u>	 <u>862,084</u>	 <u>25,769,092</u>
 Total assets	 <u>28,333,755</u>	 <u>1,262,306</u>	 <u>29,596,061</u>
Liabilities			
Current liabilities:			
Accounts and retainages payable	135,571	482	136,053
Accrued interest payable	50,815	2,253	53,068
Other accrued liabilities	9,705	315	10,020
Customer deposits payable	121,535	-	121,535
Compensated absences - current	28,132	545	28,677
Capital leases payable - current	-	35,475	35,475
Revenue bonds payable - current	427,580	11,725	439,305
Total current liabilities	<u>773,338</u>	<u>50,795</u>	<u>824,133</u>
Noncurrent liabilities:			
Compensated absences	15,186	-	15,186
Capital leases payable	-	74,500	74,500
Revenue bonds payable (net of deferred amount on refunding)	6,699,297	310,712	7,010,009
Total noncurrent liabilities	<u>6,714,483</u>	<u>385,212</u>	<u>7,099,695</u>
 Total liabilities	 <u>7,487,821</u>	 <u>436,007</u>	 <u>7,923,828</u>
Net Assets			
Invested in capital assets, net of related debt	16,231,016	421,849	16,652,865
Restricted	723,158	319,421	1,042,579
Unrestricted	3,891,760	85,029	3,976,789
 Total net assets	 <u>\$ 20,845,934</u>	 <u>\$ 826,299</u>	 <u>\$ 21,672,233</u>

See accompanying notes to financial statements.

City of Belton, Texas
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended
September 30, 2009

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water and Sewer</u>	<u>Drainage</u>	<u>Total</u>
Operating revenues:			
Charges for sales and services:			
Water service	\$ 3,247,666	\$ -	\$ 3,247,666
Sewer service	1,888,812	-	1,888,812
Storm drainage fees	-	333,178	333,178
Reconnect and late fees	101,960	-	101,960
Tap fees	37,425	-	37,425
Other	28,209	-	28,209
Total operating revenues	<u>5,304,072</u>	<u>333,178</u>	<u>5,637,250</u>
Operating expenses:			
Salaries and wages	869,968	16,509	886,477
Employee benefits	236,170	3,766	239,936
Supplies	100,254	3,562	103,816
Repairs and maintenance	114,992	5,155	120,147
Water, sewage treatment, and other charges	2,078,197	1,095	2,079,292
Depreciation	995,009	24,357	1,019,366
Total operating expenses	<u>4,394,590</u>	<u>54,444</u>	<u>4,449,034</u>
Operating income	<u>909,482</u>	<u>278,734</u>	<u>1,188,216</u>
Nonoperating revenues (expenses):			
Interest revenue	30,220	3,237	33,457
Interest expense	(320,494)	(12,716)	(333,210)
Amortization expense	(25,339)	(5,212)	(30,551)
Loss on sale of capital asset	(12,590)	-	(12,590)
Total nonoperating revenues (expenses)	<u>(328,203)</u>	<u>(14,691)</u>	<u>(342,894)</u>
Income before contributions and transfers	581,279	264,043	845,322
Capital contributions from developers and others	1,884,530	111,700	1,996,230
Transfers in	10,000	-	10,000
Transfers out	(294,000)	-	(294,000)
Change in net assets	2,181,809	375,743	2,557,552
Total net assets, October 1	<u>18,664,125</u>	<u>450,556</u>	<u>19,114,681</u>
Total net assets, September 30	<u>\$ 20,845,934</u>	<u>\$ 826,299</u>	<u>\$ 21,672,233</u>

See accompanying notes to financial statements.

City of Belton, Texas
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended
September 30, 2009

	Business-type Activities - Enterprise Funds		
	Water and Sewer	Drainage	Total
Cash flows from operating activities:			
Receipts from customers and users	\$ 5,275,300	\$ 332,945	\$ 5,608,245
Payments to suppliers	(2,297,664)	(109,715)	(2,407,379)
Payments to employees	(1,125,832)	(19,415)	(1,145,247)
Net cash provided by operating activities	<u>1,851,804</u>	<u>203,815</u>	<u>2,055,619</u>
Cash flows from noncapital financing activities:			
Transfer from other funds	10,000	-	10,000
Transfer to other funds	(294,000)	-	(294,000)
Net cash used in noncapital financing activities	<u>(284,000)</u>	<u>-</u>	<u>(284,000)</u>
Cash flows from capital and related financing activities:			
Capital contributions	1,016,000	100,000	1,116,000
Purchases and construction of capital assets	(826,666)	(68,453)	(895,119)
Principal paid on capital debt	(424,044)	(12,563)	(436,607)
Interest paid on capital debt	(322,788)	(11,808)	(334,596)
Capital lease down payment	-	(39,104)	(39,104)
Proceeds from sales of capital assets	1,378	-	1,378
Net cash used in capital and related financing activities	<u>(556,120)</u>	<u>(31,928)</u>	<u>(588,048)</u>
Cash flows from investing activities:			
Interest received	30,220	3,237	33,457
Net cash provided by investing activities	<u>30,220</u>	<u>3,237</u>	<u>33,457</u>
Net decrease in cash and cash equivalents	1,041,904	175,124	1,217,028
Cash and cash equivalents, October 1	<u>3,958,004</u>	<u>506,165</u>	<u>4,464,169</u>
Cash and cash equivalents, September 30	<u>\$ 4,999,908</u>	<u>\$ 681,289</u>	<u>\$ 5,681,197</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 909,482	\$ 278,734	\$ 1,188,216
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	995,009	24,357	1,019,366
Decrease in accounts receivable	(16,992)	(233)	(17,225)
Decrease in prepaid items	(1,733)	-	(1,733)
Decrease in accounts and retainages payable	(2,488)	(99,903)	(102,391)
Increase (decrease) in accrued liabilities	(20,937)	315	(20,622)
Increase in customer deposits payable	2,020	-	2,020
Decrease in unearned revenue	(13,800)	-	(13,800)
Increase in compensated absences	1,243	545	1,788
Total adjustments	<u>942,322</u>	<u>(74,919)</u>	<u>867,403</u>
Net cash provided by operating activities	<u>\$ 1,851,804</u>	<u>\$ 203,815</u>	<u>\$ 2,055,619</u>
Noncash investing, capital and financing activities:			
Contributions of water and sewer assets from developers and others	868,530	11,700	880,230

See accompanying notes to financial statements.



City of Belton, Texas
Notes to Financial Statements

<u>Note</u>		<u>Page</u>
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City of Belton, Texas
Notes to Financial Statements
September 30, 2009

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. 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.

City of Belton, Texas
Notes to Financial Statements
September 30, 2009

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

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

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

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

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

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 *Central Avenue Fund* accounts for financing and rebuilding Central Avenue in downtown Belton.

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.

City of Belton, Texas
Notes to Financial Statements
September 30, 2009

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.

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.

City of Belton, Texas
Notes to Financial Statements
September 30, 2009

D. 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.

E. 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.

City of Belton, Texas
Notes to Financial Statements
September 30, 2009

F. 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.

G. Receivables and Payables

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The property tax receivable allowance is equal to 29.14 percent of outstanding property taxes at September 30, 2009.

H. Inventory

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

I. Restricted Assets

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

J. Capital Assets

Capital assets, which include land, buildings, improvements other than buildings, machinery and equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, other than infrastructure assets, are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Infrastructure assets are defined by the City as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of two years. Such assets are

City of Belton, Texas
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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

K. Compensated Absences

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

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

L. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well 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.

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

M. Fund Equity

In the fund financial statements, governmental funds 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.

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.

City of Belton, Texas
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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 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

City of Belton, Texas
Notes to Financial Statements
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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	\$ 7,803
Carrying amount of deposits	180,630
Carrying amount of investments	<u>15,618,161</u>
	<u>\$ 15,806,594</u>
Cash and cash equivalents	\$ 13,260,942
Restricted cash and cash equivalents	<u>2,545,652</u>
	<u>\$ 15,806,594</u>

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

Carrying amounts of deposits	\$ 41,069
Carrying amount of investments	<u>3,551,003</u>
	<u>\$ 3,592,072</u>
Cash and cash equivalents	<u>\$ 3,592,072</u>
	<u>\$ 3,592,072</u>

III. Receivables

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

	General	Debt Service	Water & Sewer Enterprise	Drainage Enterprise Fund	Nonmajor Funds	Total
Receivables:						
Taxes	\$ 622,984	\$ 43,093	\$ -	\$ -	\$ 42,570	\$ 708,647
Water/sewer	-	-	659,437	-	-	659,437
Storm drainage	-	-	-	55,425	-	55,425
Ambulance	428,149	-	-	-	-	428,149
Other	<u>257,951</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>257,951</u>
	1,309,084	43,093	659,437	55,425	42,570	2,109,609
Less:						
Allowance for uncollectibles	<u>261,054</u>	<u>12,972</u>	<u>19,964</u>	<u>9,248</u>	<u>-</u>	<u>303,238</u>
	<u>\$ 1,048,030</u>	<u>\$ 30,121</u>	<u>\$ 639,473</u>	<u>\$ 46,177</u>	<u>\$ 42,570</u>	<u>\$1,806,371</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

City of Belton, Texas
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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. The assessed value for the tax roll of January 1, 2008, upon which the 2009 fiscal year levy was based, was \$694,584,450.

The tax levy of October 2008 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, 2009, at which time a lien attaches for unpaid taxes. Tax collections during the fiscal year ended September 30, 2009, for the fiscal year 2009 levy were 97.93 percent of the total tax levy for that year.

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

Since 1982, the appraisal of property within the City has been the responsibility of the county appraisal district. The appraisal district is required under the property tax code to assess all property within the appraisal district on the basis of 100 percent of its appraised value and is prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed at least every five years. The City may challenge appraised values established by the appraisal district through various appeals and, if necessary, legal action. State law provides that the City Council sets tax rates on City property. However, if the effective tax rate, excluding tax rates for bonds and other contractual obligations and adjusted for new improvements, exceeds the modified rate of the previous year by more than 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.

City of Belton, Texas
Notes to Financial Statements
September 30, 2009

V. Capital Assets

Capital asset activity for the year ended September 30, 2009 was as follows:

Primary Government

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<i>Governmental Activities:</i>				
Capital assets, not being depreciated:				
Land	\$ 1,590,731	\$ 69,059	\$ -	\$ 1,659,790
Construction in progress	897,684	1,885,290	(2,063,812)	\$ 719,162
Total capital assets, not being depreciated	<u>2,488,415</u>	<u>1,954,349</u>	<u>(2,063,812)</u>	<u>2,378,952</u>
Capital assets, being depreciated:				
Buildings	4,625,394	536,117	(33,596)	5,127,915
Improvements other than buildings	2,688,839	155,928	(28,549)	2,816,218
Machinery and equipment	3,631,573	194,860	(183,964)	3,642,469
Infrastructure	<u>21,153,868</u>	<u>776,418</u>	<u>(2,588,071)</u>	<u>19,342,215</u>
Total capital assets, being depreciated	32,099,674	1,663,323	(2,834,180)	30,928,817
Less accumulated depreciation for:				
Buildings	(1,429,948)	(204,937)	23,875	(1,611,010)
Improvements other than buildings	(923,163)	(140,610)	26,564	(1,037,209)
Machinery and equipment	(1,854,736)	(362,572)	174,445	(2,042,863)
Infrastructure	<u>(9,061,197)</u>	<u>(1,162,173)</u>	<u>2,588,069</u>	<u>(7,635,301)</u>
Total accumulated depreciation	(13,269,044)	(1,870,292)	2,812,953	(12,326,383)
Total capital assets, being depreciated, net	<u>18,830,630</u>	<u>(206,969)</u>	<u>(21,227)</u>	<u>18,602,434</u>
Governmental activities capital assets, net	<u>\$ 21,319,045</u>	<u>\$ 1,747,380</u>	<u>\$ (2,085,039)</u>	<u>\$ 20,981,386</u>

City of Belton, Texas
Notes to Financial Statements
September 30, 2009

	Balance	Increases	Decreases	Balance
<i>Business-type activities:</i>				
Capital assets, not being depreciated:				
Land	\$ 144,393	\$ 6,318	\$ -	\$ 150,711
Construction in progress	149,995	798,046	(327,805)	\$ 620,236
Total capital assets, not being depreciated	294,388	804,364	(327,805)	770,947
Capital assets, being depreciated:				
Buildings	90,055	-	-	90,055
Machinery and equipment	752,170	350,419	(19,023)	1,083,566
Infrastructure	30,426,854	1,097,448	(238,625)	31,285,677
Total capital assets, being depreciated	31,269,079	1,447,867	(257,648)	32,459,298
Less accumulated depreciation for:				
Buildings	(72,041)	(2,225)	-	(74,266)
Machinery and equipment	(516,729)	(106,244)	18,892	(604,081)
Infrastructure	(8,696,214)	(910,897)	224,788	(9,382,323)
Total accumulated depreciation	(9,284,984)	(1,019,366)	243,680	(10,060,670)
Total capital assets, being depreciated, net	21,984,095	428,501	(13,968)	22,398,628
Business-type activities capital assets, net	\$ 22,278,483	\$ 1,232,865	\$ (341,773)	\$ 23,169,575

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

Governmental activities:	
General government	\$ 13,948
Public safety	323,092
Highways and streets, including depreciation of general infrastructure assets	915,078
Development services	12,615
Maintenance	13,036
Culture and recreation	592,523
Total depreciation expense – governmental activities	\$ 1,870,292
Business-type activities:	
Water and Sewer	\$ 995,009
Drainage	24,357
Total depreciation expense – business-type activities	\$ 1,019,366

City of Belton, Texas
Notes to Financial Statements
September 30, 2009

Construction Commitments

The City has active construction projects as of September 30, 2009. At year end the City's construction commitments for governmental activities are as follows:

Project Title	Expended to Date	Remaining Commitment
Commerce Drive Extension	\$ 177,612	\$ 44,475
Spring Street	9,341	40,659
Harris Center Repairs	59,950	-
Nolan Creek Bridge	22,950	750
Maintenance Facility	50,000	400,000
Hilltop Street	148,901	51,099
Avenue D Street	138,749	50,877
Central Avenue Gateway	111,659	55,480
Total	<u>\$ 719,162</u>	<u>\$ 643,340</u>

The projects will be financed with available resources.

At September 30, 2009, the following uncompleted construction commitments were in progress for business-type activities:

Project Title	Expended to Date	Remaining Commitment
West FM 93 Sewer	\$ 35,400	\$ 19,500
Neighborhood Sewer	493,152	9,638
Avenue D Water and Sewer	244	16,500
Loop 121 Wastewater	86,646	57,454
I-35 Utility Relocations	1,778	-
Hilltop Drainage	3,016	-
Total	<u>\$ 620,236</u>	<u>\$ 103,092</u>

The projects will be financed with available resources.

City of Belton, Texas
Notes to Financial Statements
September 30, 2009

Discretely Presented Component Unit

Capital asset activity for the discretely presented component unit for the year ended September 30, 2009, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 468,151	\$ 30,018	\$ (15,533)	\$ 482,636
Construction in progress	851,693	292,184	(1,143,877)	\$ -
Total capital assets, not being depreciated	<u>1,319,844</u>	<u>322,202</u>	<u>(1,159,410)</u>	<u>482,636</u>
Capital assets, being depreciated:				
Buildings	-	317,183	-	317,183
Machinery and equipment	45,527	-	(1,861)	43,666
Infrastructure	1,303,208	1,179,327	(101,076)	2,381,459
Total capital assets, being depreciated	<u>1,348,735</u>	<u>1,496,510</u>	<u>(102,937)</u>	<u>2,742,308</u>
Less accumulated depreciation for:				
Buildings	-	(1,322)	-	(1,322)
Machinery and equipment	(23,868)	(8,915)	1,861	(30,922)
Infrastructure	(630,872)	(94,820)	101,076	(624,616)
Total accumulated depreciation	<u>(654,740)</u>	<u>(105,057)</u>	<u>102,937</u>	<u>(656,860)</u>
Total capital assets, being depreciated, net	<u>693,995</u>	<u>1,391,453</u>	<u>-</u>	<u>2,085,448</u>
Component unit capital assets, net	<u>\$ 2,013,839</u>	<u>\$ 1,713,655</u>	<u>\$ (1,159,410)</u>	<u>\$ 2,568,084</u>

City of Belton, Texas
Notes to Financial Statements
September 30, 2009

VI. Capital Leases

The City has financed the purchase of a street sweeper for the Drainage Fund by means of a lease with a down payment of \$39,104. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at present value of its future minimum lease payments as of the inception date which is \$149,078.

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2009, were as follows:

Fiscal Year Ending	Drainage Fund
2010	\$ 39,104
2011	39,104
2012	39,103
Total minimum lease payments	117,311
Less: amount representing interest	(7,337)
Present value of minimum lease payments	\$109,974

VII. 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, 2009:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	\$11,411,860	\$ -	\$ 509,057	\$10,902,803	\$ 520,345
Compensated absences	284,261	344,508	288,077	340,692	313,197
	\$11,696,121	\$ 344,508	\$ 797,134	\$11,243,495	\$ 833,542
Business-type activities					
Revenue bonds	\$7,872,061	\$ -	\$ 422,747	\$ 7,449,314	\$ 439,305
Capital leases	-	149,078	39,104	109,974	35,475
Compensated absences	42,075	32,909	31,121	43,863	28,677
	\$7,914,136	\$ 181,987	\$ 492,972	\$ 7,603,151	\$ 503,457

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

City of Belton, Texas
Notes to Financial Statements
September 30, 2009

Long-term debt of the City at September 30, 2009, is comprised of the following:

Governmental Activities:

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. The original amount of general obligation bonds issued in prior years was \$12,693,710.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as 20-year serial bonds with equal amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

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%	\$ 113,490
\$2,480,000 Series 2003 general obligation bonds due in annual installments of \$105,000 to \$200,000 through 2023; interest at 4.15%	2,090,000
\$4,500,000 Series 2005 general obligation bonds due in annual installments of \$140,000 to \$275,000 through 2025; interest at 3.54%	3,560,000
\$3,945,000 Series 2007 combination tax and revenue certificates of obligation due in annual installments of \$145,000 to \$295,000 through 2027; interest at 4.13%	3,710,000
\$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>1,429,313</u>
Total	<u>\$10,902,803</u>

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

Year ended September 30,	Principal	Interest
2010	\$ 520,345	\$ 430,865
2011	540,345	410,367
2012	564,058	389,040
2013	584,067	366,761
2014	609,400	343,655
2015-2019	3,436,550	1,339,425
2020-2024	3,555,800	609,400
2025-2028	1,092,238	93,567
	<u>\$10,902,803</u>	<u>\$ 3,983,080</u>

City of Belton, Texas
Notes to Financial Statements
September 30, 2009

Business-type Activities:

The City also issues bonds where the City pledges income derived from the acquired or constructed assets to pay debt service. The original amount of revenue bonds issued in prior years was \$11,156,114. Revenue bonds outstanding at year end are as follows:

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 \$40,283.	\$1,277,467
\$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%	455,000
\$4,360,449 Series 2002 combination tax and revenue certificates of obligation due in annual installments of \$196,630 to \$360,000 through 2022; interest at 4.4%	3,671,510
\$451,943 Series 2005 general obligation refunding bonds due in an annual installment of \$149,650 through 2010; interest at 3.54%	149,650
\$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%	1,400,000
\$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%	<u>495,687</u>
Total	<u><u>\$ 7,449,314</u></u>

City of Belton, Texas
Notes to Financial Statements
September 30, 2009

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

Year ended September 30,	Principal	Interest
2010	\$ 439,305	\$ 318,396
2011	456,905	301,055
2012	479,992	281,889
2013	497,933	261,469
2014	549,400	240,273
2015-2019	2,744,100	837,987
2020-2024	1,829,200	288,983
2025-2028	492,762	44,310
	\$7,489,597	\$2,574,362
Unamortized difference between the reacquisition price and refunded debt	(40,283)	-
Total debt service requirements	\$7,449,314	\$2,574,362

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, 2009:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds	\$1,118,936	\$ -	\$ 101,336	\$1,017,600	\$105,350
	\$1,118,936	\$ -	\$ 484,329	\$1,017,600	\$105,350

City of Belton, Texas
Notes to Financial Statements
September 30, 2009

Long-term debt of the Development Corporation at September 30, 2009, 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 \$5,000 to \$147,600 through 2017; interest at 3.10% to 4.65%	\$ 917,250
\$303,057 Series 2005 general obligation refunding bonds due in an annual installment of \$100,350 through 2010; interest at 3.54%	<u>100,350</u>
Total long-term debt	<u><u>\$1,017,600</u></u>

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

Year Ended September 30,	Principal	Interest
2010	\$ 105,350	\$ 44,428
2011	112,750	40,661
2012	120,950	35,869
2013	123,000	30,608
2014	131,200	25,226
2015-2017	<u>424,350</u>	<u>39,550</u>
	<u><u>\$ 1,017,600</u></u>	<u><u>\$ 216,342</u></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.

City of Belton, Texas
Notes to Financial Statements
September 30, 2009

VIII. Interfund Receivables, Payables, and Transfers

Interfund transfers:

	Transfer In						Total
	General	2007 Consolidated CO's	Water and Sewer	Central Avenue	Debt Service	Nonmajor Governmental	
Transfer out:							
General	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 372,219	\$ 372,219
Water and sewer	287,000	-	-	-	-	7,000	294,000
2007 Consolidated CO's	-	-	-	850,000	-	-	850,000
Nonmajor governmental	-	80,000	10,000	528,527	37,086	103,654	759,267
Total transfers	\$287,000	\$ 80,000	\$ 10,000	\$1,378,527	\$37,086	\$ 482,873	\$2,275,486

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 \$705,832 were donated to 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.

IX. Employee Benefits

Pension Plan:

Plan Description

The City provides pension benefits for all of its full-time employees through a nontraditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits, and actuarial methods and assumptions used by the System. This report may be obtained by writing to TMRS, P.O. Box 149153, Austin, TX 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS' website at www.TMRS.com.

City of Belton, Texas
Notes to Financial Statements
September 30, 2009

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:

	Plan Year 2008	Plan Year 2009
Employee deposit rate	5%	5%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity increase (to retirees)	30% of CPI Repeating	30% of CPI Repeating

Contributions

Under the state law governing TMRS, the contribution rate is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases. The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect (i.e., December 31, 2008 valuation is effective for rates beginning January 2010).

Fiscal Year Ending	Annual Pension Cost (APC)	Actual Contribution Made	Percentage of APC Contributed	Net Pension Obligation
2009	\$426,145	\$426,145	100%	-
2008	\$392,287	\$392,287	100%	-
2007	\$366,430	\$366,430	100%	-

City of Belton, Texas
Notes to Financial Statements
September 30, 2009

The required contribution rates for fiscal year 2009 were determined as part of the December 31, 2006 and 2007 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2008, also follows:

Valuation Date	12/31/2006	12/31/2007	12/31/2008
Actuarial Cost Method	Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
Remaining Amortization Period	25 years; open period	30 years; closed period	29 years; closed period
Asset Valuation Method	Amortized Cost	Amortized Cost	Amortized Cost
Actuarial Assumptions:			
Investment Rate of Return *	7.0%	7.0%	7.5%
Projected Salary Increases	Varies by age and service	Varies by age and service	Varies by age and service
*Includes Inflation at	3.0%	3.0%	3.0%
Cost-of-Living Adjustments	NA	0.9%	0.9%

The funded status as of December 31, 2008, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2008	\$6,260,588	\$8,370,861	74.8%	\$2,110,273	\$5,414,750	39.0%
12/31/2007	\$5,899,718	\$8,024,566	73.5%	\$2,124,848	\$5,096,919	41.7%
12/31/2006	\$5,707,823	\$6,500,998	78.32%	\$1,409,413	\$4,416,931	31.9%

Supplemental Death Benefits Plan:

The Supplemental Death Benefits Fund (SDBF) is a cost-sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS); this is a separate trust administered by the TMRS Board of Trustees. The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

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

City of Belton offers SDB to:	Plan Year 2008	Plan Year 2009
Active employees (yes or no)	Yes	Yes
Retirees (yes or no)	Yes	Yes

City of Belton, Texas
Notes to Financial Statements
September 30, 2009

Contributions

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

Schedule of Contributions:
(RETIREE-only portion)

Fiscal Year Ending	Annual Required Contribution	Actual Contributions Made	Percentage of ARC Contributed
2009	\$3,301	\$3,301	100%
2008	\$3,719	\$3,719	100%
2007	\$2,947	\$2,947	100%

X. Risk Management

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

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.

XI. 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 of Belton, Texas
Notes to Financial Statements
September 30, 2009

City. The agreement expires in 2042. The City's cost under the agreement for the year ended September 30, 2009 was \$32,025.

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, 2009 were \$1,217,797.

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, 2009 was \$574,752.

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.

XII. Related Organizations

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

XIII. Subsequent Events

On October 15, 2009, the City issued \$2,320,000 of general obligation refunding bonds to refund all of the outstanding Series 1999 Bonds. The interest rate on the bonds range from 2.00% to 2.50% percent and the maturity date is August 1, 2017.

On November 24, 2009, the City created a non-profit Employee Benefits Trust to provide group health, accident, and life insurance to its employees.

XIV. Authoritative Pronouncements Not Yet Effective

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

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.

City of Belton, Texas
Notes to Financial Statements
September 30, 2009

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.

Statement No. 53, “Accounting and Financial Reporting for Derivative Instruments” – This statement establishes accounting and financial reporting requirements for derivative instruments entered into by state and local governments. The requirements of this new Statement are effective for financial statements for periods beginning after June 15, 2009.

Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions” – This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The requirements of this new Statement are effective for financial statements for periods beginning after June 15, 2010.

**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.

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

TDHCA 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 GO bonds. 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, 2009

	Special Revenue							
	Greathouse Public Trust	Revolving Loan Fund	Hotel/Motel Tax	Court Technology	Court Security	TDHCA Homebuyer Assistance	TDHCA Housing Rehab	Total
Assets								
Cash and cash equivalents	\$ 127,406	\$ 55,956	\$ 231,700	\$ 531	\$ 1,531	\$ 62,349	\$ 12,116	\$ 491,589
Receivables	-	-	42,570	-	-	-	-	42,570
Total assets	<u>\$ 127,406</u>	<u>\$ 55,956</u>	<u>\$ 274,270</u>	<u>\$ 531</u>	<u>\$ 1,531</u>	<u>\$ 62,349</u>	<u>\$ 12,116</u>	<u>\$ 534,159</u>
Liabilities and Fund Balances								
Liabilities:								
Accounts and retainages payable	-	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:								
Unreserved, undesignated	127,406	55,956	274,270	531	1,531	62,349	12,116	534,159
Total fund balances	<u>127,406</u>	<u>55,956</u>	<u>274,270</u>	<u>531</u>	<u>1,531</u>	<u>62,349</u>	<u>12,116</u>	<u>534,159</u>
Total liabilities and fund balances	<u>\$ 127,406</u>	<u>\$ 55,956</u>	<u>\$ 274,270</u>	<u>\$ 531</u>	<u>\$ 1,531</u>	<u>\$ 62,349</u>	<u>\$ 12,116</u>	<u>\$ 534,159</u>

See accompanying independent auditors' report.

Capital Projects							Total
General Capital Projects	General Capital Equipment	Park Donation	Park Grant	TIRZ Fund	2005 Consolidated GO's	Total	Nonmajor Governmental Funds
\$ 820,733	\$ 426,134	\$ 125	\$ -	\$ 60,346	\$ 32,389	\$ 1,339,727	\$ 1,831,316
-	-	-	-	-	-	-	42,570
<u>\$ 820,733</u>	<u>\$ 426,134</u>	<u>\$ 125</u>	<u>\$ -</u>	<u>\$ 60,346</u>	<u>\$ 32,389</u>	<u>\$ 1,339,727</u>	<u>\$ 1,873,886</u>
29,629	-	-	-	500	13,911	44,040	44,040
<u>29,629</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>500</u>	<u>13,911</u>	<u>44,040</u>	<u>44,040</u>
791,104	426,134	125	-	59,846	18,478	1,295,687	1,829,846
<u>791,104</u>	<u>426,134</u>	<u>125</u>	<u>-</u>	<u>59,846</u>	<u>18,478</u>	<u>1,295,687</u>	<u>1,829,846</u>
<u>\$ 820,733</u>	<u>\$ 426,134</u>	<u>\$ 125</u>	<u>\$ -</u>	<u>\$ 60,346</u>	<u>\$ 32,389</u>	<u>\$ 1,339,727</u>	<u>\$ 1,873,886</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, 2009

	Special Revenue							
	Greathouse Public Trust	Revolving Loan Fund	Hotel/Motel Tax	Court Technology	Court Security	TDHCA Homebuyer Assistance	TDHCA Housing Rehab	Total
Revenues:								
Taxes	\$ -	\$ -	\$ 151,765	\$ -	\$ -	\$ -	\$ -	\$ 151,765
Intergovernmental	-	-	-	-	-	-	309,600	309,600
Fines	-	-	-	6,709	1,530	-	-	8,239
Interest	961	435	1,901	-	1	506	140	3,944
Contributions and donations	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Total revenues	<u>961</u>	<u>435</u>	<u>153,666</u>	<u>6,709</u>	<u>1,531</u>	<u>506</u>	<u>309,740</u>	<u>473,548</u>
Expenditures:								
Current:								
General Government	-	-	-	8,249	-	-	-	8,249
Public safety	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-
Development services	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Economic development	-	-	165,000	-	-	5,000	321,375	491,375
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>165,000</u>	<u>8,249</u>	<u>-</u>	<u>5,000</u>	<u>321,375</u>	<u>499,624</u>
Excess (deficiency) of revenues over (under) expenditures	<u>961</u>	<u>435</u>	<u>(11,334)</u>	<u>(1,540)</u>	<u>1,531</u>	<u>(4,494)</u>	<u>(11,635)</u>	<u>(26,076)</u>
Other financing sources (uses):								
Transfers in	27,619	-	-	-	-	-	-	27,619
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>27,619</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,619</u>
Net change in fund balances	28,580	435	(11,334)	(1,540)	1,531	(4,494)	(11,635)	1,543
Fund balance, October 1	98,826	55,521	285,604	2,071	-	66,843	23,751	532,616
Fund balance, September 30	<u>\$ 127,406</u>	<u>\$ 55,956</u>	<u>\$ 274,270</u>	<u>\$ 531</u>	<u>\$ 1,531</u>	<u>\$ 62,349</u>	<u>\$ 12,116</u>	<u>\$ 534,159</u>

See accompanying independent auditors' report.

Capital Projects							Total
General Capital Projects	General Capital Equipment	Park Donation	Park Grant	TIRZ Fund	2005 Consolidated GO's	Total	Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 287,874	\$ -	\$ 287,874	\$ 439,639
-	-	-	-	165,755	-	165,755	475,355
-	-	-	-	-	-	-	8,239
2,085	1,908	22	16	1,315	3,939	9,285	13,229
486,670	-	-	-	-	-	486,670	486,670
3,647	2,150	-	-	-	-	5,797	5,797
<u>492,402</u>	<u>4,058</u>	<u>22</u>	<u>16</u>	<u>454,944</u>	<u>3,939</u>	<u>955,381</u>	<u>1,428,929</u>
-	-	-	-	-	-	-	8,249
60,152	-	-	-	-	-	60,152	60,152
6,321	-	-	-	33,020	-	39,341	39,341
55,528	-	-	-	-	-	55,528	55,528
25,855	7,672	6,694	-	-	-	40,221	40,221
20,139	-	-	-	9,976	-	30,115	521,490
-	-	-	-	90,000	-	90,000	90,000
-	-	-	-	67,744	-	67,744	67,744
185,923	-	863	4,425	22,950	179,407	393,568	393,568
<u>353,918</u>	<u>7,672</u>	<u>7,557</u>	<u>4,425</u>	<u>223,690</u>	<u>179,407</u>	<u>776,669</u>	<u>1,276,293</u>
<u>138,484</u>	<u>(3,614)</u>	<u>(7,535)</u>	<u>(4,409)</u>	<u>231,254</u>	<u>(175,468)</u>	<u>178,712</u>	<u>152,636</u>
257,330	187,400	-	-	-	10,524	455,254	482,873
(90,524)	-	-	(3,130)	(300,000)	(365,613)	(759,267)	(759,267)
<u>166,806</u>	<u>187,400</u>	<u>-</u>	<u>(3,130)</u>	<u>(300,000)</u>	<u>(355,089)</u>	<u>(304,013)</u>	<u>(276,394)</u>
305,290	183,786	(7,535)	(7,539)	(68,746)	(530,557)	(125,301)	(123,758)
485,814	242,348	7,660	7,539	128,592	549,035	1,420,988	1,953,604
<u>\$ 791,104</u>	<u>\$ 426,134</u>	<u>\$ 125</u>	<u>\$ -</u>	<u>\$ 59,846</u>	<u>\$ 18,478</u>	<u>\$ 1,295,687</u>	<u>\$ 1,829,846</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, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Hotel/motel taxes	\$ 185,325	\$ 185,325	\$ 151,765	\$ (33,560)
Interest	3,400	3,400	1,901	(1,499)
Total revenues	<u>188,725</u>	<u>188,725</u>	<u>153,666</u>	<u>(35,059)</u>
Expenditures:				
Economic development	165,650	165,650	165,000	650
Total expenditures	<u>165,650</u>	<u>165,650</u>	<u>165,000</u>	<u>650</u>
Net change in fund balance	23,075	23,075	(11,334)	(34,409)
Fund balance, October 1	<u>285,604</u>	<u>285,604</u>	<u>285,604</u>	<u>-</u>
Fund balance, September 30	<u><u>\$ 308,679</u></u>	<u><u>\$ 308,679</u></u>	<u><u>\$ 274,270</u></u>	<u><u>\$ (34,409)</u></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, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 784,501	\$ 784,501	\$ 793,409	\$ 8,908
Interest	13,300	13,300	7,307	(5,993)
Total revenues	<u>797,801</u>	<u>797,801</u>	<u>800,716</u>	<u>2,915</u>
Expenditures:				
Principal	419,058	419,058	419,057	1
Interest and fiscal charges	382,138	382,138	380,733	1,405
Total expenditures	<u>801,196</u>	<u>801,196</u>	<u>799,790</u>	<u>1,406</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,395)</u>	<u>(3,395)</u>	<u>926</u>	<u>4,321</u>
Other financing sources (uses):				
Transfers in	-	-	37,086	37,086
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>37,086</u>	<u>37,086</u>
Net change in fund balance	(3,395)	(3,395)	38,012	41,407
Fund balance, October 1	<u>168,444</u>	<u>168,444</u>	<u>168,444</u>	<u>-</u>
Fund balance, September 30	<u>\$ 165,049</u>	<u>\$ 165,049</u>	<u>\$ 206,456</u>	<u>\$ 41,407</u>

See accompanying independent auditors' report.

City of Belton, Texas
TIRZ Fund
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
For the Fiscal Year Ended
September 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 467,438	\$ 467,438	\$ 453,629	\$ (13,809)
Interest	4,790	4,790	1,315	(3,475)
Total revenues	<u>472,228</u>	<u>472,228</u>	<u>454,944</u>	<u>(17,284)</u>
Expenditures:				
Highways and streets	-	30,000	33,020	(3,020)
Economic development	50,000	50,000	9,976	40,024
Debt service:				
Principal	90,000	90,000	90,000	-
Interest and fiscal charges	66,906	66,906	67,744	(838)
Capital outlay	25,000	25,000	22,950	2,050
Total expenditures	<u>231,906</u>	<u>261,906</u>	<u>223,690</u>	<u>38,216</u>
Excess (deficiency) of revenues over (under) expenditures	<u>240,322</u>	<u>210,322</u>	<u>231,254</u>	<u>20,932</u>
Other financing sources (uses):				
Transfers out	(330,000)	(300,000)	(300,000)	-
Total other financing sources (uses)	<u>(330,000)</u>	<u>(300,000)</u>	<u>(300,000)</u>	<u>-</u>
Net change in fund balance	(89,678)	(89,678)	(68,746)	20,932
Fund balance, October 1	<u>128,592</u>	<u>128,592</u>	<u>128,592</u>	<u>-</u>
Fund balance, September 30	<u>\$ 38,914</u>	<u>\$ 38,914</u>	<u>\$ 59,846</u>	<u>\$ 20,932</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, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget
Operating revenue:				
Water service	\$ 2,624,820	\$ 2,624,820	\$ 3,247,666	\$ 622,846
Sewer service	1,808,635	1,808,635	1,888,812	80,177
Reconnect and late fees	89,890	89,890	101,960	12,070
Tap fees	56,560	56,560	37,425	(19,135)
Other	22,140	22,140	28,209	6,069
Total operating revenue	<u>4,602,045</u>	<u>4,602,045</u>	<u>5,304,072</u>	<u>702,027</u>
Operating expenses:				
Salaries and wages	894,098	898,245	868,725	29,520
Employee benefits	284,355	271,138	236,170	34,968
Supplies	125,788	129,143	100,254	28,889
Repairs and maintenance	103,155	127,180	114,992	12,188
Water, sewage treatment, and other charges	2,286,883	2,277,083	2,365,197	(88,114)
Capital outlay	103,706	88,196	82,329	5,867
Total operating expenses	<u>3,797,985</u>	<u>3,790,985</u>	<u>3,767,667</u>	<u>23,318</u>
Operating income	804,060	811,060	1,536,405	725,345
Nonoperating revenue (expenses):				
Interest revenue	35,000	35,000	30,220	(4,780)
Sale of city property	-	-	1,378	1,378
Contributions from developers and others	-	-	1,884,530	1,884,530
Payments to fiduciary for debt service	(743,821)	(743,821)	(747,186)	(3,365)
Transfers out	-	(7,000)	(7,000)	-
Total nonoperating revenue (expenses)	<u>(708,821)</u>	<u>(715,821)</u>	<u>1,161,942</u>	<u>1,877,763</u>
Net income (loss)	<u>\$ 95,239</u>	<u>\$ 95,239</u>	<u>\$ 2,698,347</u>	<u>\$ 2,603,108</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, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget
Administration:				
Salaries and wages	\$ 548,835	\$ 549,177	\$ 530,941	\$ 18,236
Employee benefits	166,861	152,928	125,722	27,206
Supplies	41,074	57,944	45,020	12,924
Repairs and maintenance	20,949	21,149	20,183	966
Other charges	157,986	148,186	147,419	767
Capital outlay	15,000	-	-	-
Total administration	<u>950,705</u>	<u>929,384</u>	<u>869,285</u>	<u>60,099</u>
Water:				
Salaries and wages	202,780	205,066	196,258	8,808
Employee benefits	69,807	70,249	66,106	4,143
Supplies	41,704	32,044	27,337	4,707
Repairs and maintenance	62,856	66,016	60,086	5,930
Other charges	233,490	233,490	239,113	(5,623)
Cost of water	1,176,992	1,176,992	1,261,674	(84,682)
Capital outlay	12,800	19,300	17,335	1,965
Total water	<u>1,800,429</u>	<u>1,803,157</u>	<u>1,867,909</u>	<u>(64,752)</u>
Sanitary sewer gathering system:				
Salaries and wages	113,517	114,757	112,511	2,246
Employee benefits	38,045	38,269	34,819	3,450
Supplies	30,603	28,348	18,336	10,012
Repairs and maintenance	12,940	21,400	19,777	1,623
Other charges	116,030	116,030	115,346	684
Capital outlay	75,906	68,896	64,994	3,902
Total sanitary sewer gathering system	<u>387,041</u>	<u>387,700</u>	<u>365,783</u>	<u>21,917</u>
Sewage treatment and disposal:				
Salaries and wages	28,966	29,245	29,015	230
Employee benefits	9,642	9,692	9,523	169
Supplies	12,407	10,807	9,561	1,246
Repairs and maintenance	6,410	18,615	14,946	3,669
Other charges	28,230	28,230	26,893	1,337
Charges for sewage treatment	574,155	574,155	574,752	(597)
Total sewage treatment and disposal	<u>659,810</u>	<u>670,744</u>	<u>664,690</u>	<u>6,054</u>
	<u>\$ 3,797,985</u>	<u>\$ 3,790,985</u>	<u>\$ 3,767,667</u>	<u>\$ 23,318</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, 2009

	Bond Issue Proceeds	Capital Projects	Grant Projects	Total
Balance, October 1	\$ 1,658,895	\$ 261,264	\$ -	\$ 1,920,159
Receipts:				
Transactions from operating cash	-	20,000	-	20,000
Transfer from other funds	-	10,000	-	10,000
Developer/owner contributions	-	1,000,000	-	1,000,000
Interest income	10,584	2,486	-	13,070
Total receipts	10,584	1,032,486	-	1,043,070
Disbursements:				
Construction progress payments	568,340	174,703	1,778	744,821
Total disbursements	568,340	174,703	1,778	744,821
Balance, September 30	\$ 1,101,139	\$ 1,119,047	\$ (1,778)	\$ 2,218,408

See accompanying independent auditors' report.

City of Belton, Texas
Drainage Fund
Schedule of Revenue and Expenses -
Budget and Actual (Budget Basis)
For the Fiscal Year Ended
September 30, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget
Operating revenue:				
Storm drainage fee	\$ 300,000	\$ 300,000	\$ 333,178	\$ 33,178
Total operating revenue	<u>300,000</u>	<u>300,000</u>	<u>333,178</u>	<u>33,178</u>
Operating expenses:				
Salaries and wages	25,237	25,237	15,964	9,273
Employee benefits	10,164	10,164	3,766	6,398
Supplies	5,216	5,216	3,562	1,654
Repairs and maintenance	32,000	32,000	5,155	26,845
Other charges	18,000	18,000	1,095	16,905
Capital outlay	75,000	75,000	65,437	9,563
Total operating expenses	<u>165,617</u>	<u>165,617</u>	<u>94,979</u>	<u>70,638</u>
Operating income	134,383	134,383	238,199	103,816
Nonoperating revenue (expenses):				
Interest revenue	4,200	4,200	3,237	(963)
Contributions from developers and others	-	-	111,700	111,700
Payment for capital lease	(39,352)	(39,352)	(39,104)	248
Payments to fiduciary for debt service	(25,039)	(25,039)	(25,107)	(68)
Total nonoperating revenue (expenses)	<u>(60,191)</u>	<u>(60,191)</u>	<u>50,726</u>	<u>110,917</u>
Net income (loss)	<u>\$ 74,192</u>	<u>\$ 74,192</u>	<u>\$ 288,925</u>	<u>\$ 214,733</u>

See accompanying independent auditors' report.

City of Belton, Texas
Drainage Fund
Schedule of Cash Receipts and Disbursements of Restricted
Cash and Cash Equivalents for Project Construction
For the Fiscal Year Ended
September 30, 2009

	Bond Issue Proceeds	Total
	<u> </u>	<u> </u>
Balance, October 1	<u>\$ 329,054</u>	<u>\$ 329,054</u>
Receipts:		
Interest income	<u>1,206</u>	<u>1,206</u>
Total receipts	<u>1,206</u>	<u>1,206</u>
Disbursements:		
Construction progress payments	<u>3,016</u>	<u>3,016</u>
Total disbursements	<u>3,016</u>	<u>3,016</u>
Balance, September 30	<u><u>\$ 327,244</u></u>	<u><u>\$ 327,244</u></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, 2009 and 2008

	2009	2008
Governmental funds capital assets:		
Land	\$ 1,659,790	\$ 1,590,731
Buildings	5,127,915	4,625,394
Improvements other than buildings	2,816,217	2,688,839
Machinery and equipment	3,642,467	3,631,573
Infrastructure	19,342,215	21,153,868
Construction in progress	719,162	897,684
Total governmental funds capital assets	\$ 33,307,766	\$ 34,588,089
 Investments in governmental funds capital assets by source:		
General fund	\$ 14,425,309	\$ 16,983,953
Special revenue funds	219,768	227,224
Capital projects funds	15,270,395	14,145,867
Donations	3,392,294	3,231,045
Total governmental funds capital assets	\$ 33,307,766	\$ 34,588,089

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, 2009

Function and Activity	Land	Buildings
General government:		
Council	\$ 18,344	\$ -
Administration	7,180	464,201
Finance	-	160,047
Legal	-	7,570
Total general government	25,524	631,818
Public safety:		
Police	34,981	483,426
Fire	56,266	1,597,558
Total public safety	91,247	2,080,984
Public works:		
Street maintenance	910,982	20,877
Fleet maintenance	-	107,548
Buildings and grounds	-	371,395
Development services	18,121	-
Total public works	929,103	499,820
Culture and recreation:		
Parks	613,916	1,839,432
Library	-	75,861
Total culture and recreation	613,916	1,915,293
Total governmental funds capital assets	\$ 1,659,790	\$ 5,127,915

See accompanying independent auditors' report.

Improvements Other Than Buildings	Machinery and Equipment	Infrastructure	Construction in Progress	Total
\$ -	\$ -	\$ -	\$ -	\$ 18,344
-	-	-	-	471,381
-	14,846	-	-	174,893
-	-	-	-	7,570
-	14,846	-	-	672,188
-	579,493	-	-	1,097,900
53,922	1,652,654	-	-	3,360,400
53,922	2,232,147	-	-	4,458,300
3,469	944,466	14,937,462	609,212	17,426,468
-	42,823	-	50,000	200,371
-	31,066	-	-	402,461
-	72,655	-	-	90,776
3,469	1,091,010	14,937,462	659,212	18,120,076
2,758,826	299,464	4,404,753	59,950	9,976,341
-	5,000	-	-	80,861
2,758,826	304,464	4,404,753	59,950	10,057,202
\$ 2,816,217	\$ 3,642,467	\$ 19,342,215	\$ 719,162	\$ 33,307,766

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, 2009

Function and Activity	Governmental Funds Capital Assets October 1, 2008	Additions	Deletions	Governmental Funds Capital Assets September 30, 2009
General government:				
Council	\$ 18,344	\$ -	\$ -	\$ 18,344
Administration	28,634	442,747	-	471,381
Finance	192,975	-	18,082	174,893
Legal	14,893	-	7,323	7,570
Total general government	<u>254,846</u>	<u>442,747</u>	<u>25,405</u>	<u>672,188</u>
Public safety:				
Police	1,028,813	126,466	57,379	1,097,900
Fire	3,359,381	92,323	91,304	3,360,400
Total public safety	<u>4,388,194</u>	<u>218,789</u>	<u>148,683</u>	<u>4,458,300</u>
Public works:				
Street maintenance	19,261,737	780,152	2,615,421	17,426,468
Fleet maintenance	152,547	50,000	2,176	200,371
Buildings and grounds	416,330	33,249	47,118	402,461
Development services	97,480	-	6,704	90,776
Total public works	<u>19,928,094</u>	<u>863,401</u>	<u>2,671,419</u>	<u>18,120,076</u>
Culture and recreation:				
Parks	9,928,443	62,168	14,270	9,976,341
Library	88,512	-	7,651	80,861
Total culture and recreation	<u>10,016,955</u>	<u>62,168</u>	<u>21,921</u>	<u>10,057,202</u>
Total governmental funds capital assets	<u>\$ 34,588,089</u>	<u>\$ 1,587,105</u>	<u>\$ 2,867,428</u>	<u>\$ 33,307,766</u>

See accompanying independent auditors' report.

Supplementary Data



City of Belton, Texas
Schedule of Total Debt Service Requirements to Maturity
September 30, 2009

Year Ended September 30,	General Long-Term Debt			Enterprise Funds Debt			Summary		
	Bonds			Bonds			Principal	Interest	Total
	Principal	Interest	Total	Principal	Interest	Total			
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>\$ 10,902,803</u>	<u>\$ 3,983,080</u>	<u>\$ 14,885,883</u>	<u>\$ 7,489,597</u>	<u>\$ 2,574,362</u>	<u>\$ 10,063,959</u>	<u>\$ 18,392,400</u>	<u>\$ 6,557,442</u>	<u>\$ 24,949,842</u>

See accompanying independent auditors' report.



City of Belton, Texas Statistical Section

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

Contents	Page
Financial Trends <i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over</i>	82
Revenue Capacity <i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	91
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>	95
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>	103
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>	105

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 Six Fiscal Years
 (accrual basis of accounting)

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

Table I

<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 11,074,215	\$ 10,933,815	\$ 12,239,287
742,489	1,345,488	2,963,013
<u>9,773,013</u>	<u>9,085,035</u>	<u>5,427,288</u>
<u>\$ 21,589,717</u>	<u>\$ 21,364,338</u>	<u>\$ 20,629,588</u>
\$ 14,637,860	\$ 14,406,422	\$ 16,652,865
\$ -	\$ -	\$ 1,042,579
<u>3,530,011</u>	<u>4,708,259</u>	<u>3,976,789</u>
<u>\$ 18,167,871</u>	<u>\$ 19,114,681</u>	<u>\$ 21,672,233</u>
\$ 25,712,075	\$ 25,340,237	\$ 28,892,152
742,489	1,345,488	4,005,592
<u>13,303,024</u>	<u>13,793,294</u>	<u>9,404,077</u>
<u>\$ 39,757,588</u>	<u>\$ 40,479,019</u>	<u>\$ 42,301,821</u>

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

	Fiscal Year					
	2004	2005	2006	2007	2008	2009
Expenses						
Governmental activities:						
General government	\$ 752,377	\$ 729,634	\$ 754,745	\$ 796,507	\$ 898,581	\$ 1,083,294
Public safety	3,228,500	3,750,732	4,158,479	4,365,643	4,707,210	4,767,516
Highways and streets	1,048,679	1,127,558	1,430,432	1,419,572	1,713,940	2,044,341
Development services	216,454	245,482	310,782	346,087	450,248	416,116
Culture and recreation	652,828	715,176	847,167	1,299,129	1,457,177	1,566,358
Refuse collection	593,704	607,668	646,508	717,398	734,724	767,769
Economic development	95,759	630,911	217,824	117,828	187,144	521,490
Maintenance	248,752	247,712	245,430	265,857	295,254	322,557
Interest on long-term debt	251,490	112,486	280,277	285,339	399,128	446,281
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>10,843,406</u>	<u>11,935,722</u>
Business-type activities:						
Water and sewer	3,331,276	3,186,511	3,737,110	4,072,535	4,508,443	4,753,013
Drainage	-	-	-	-	36,456	72,372
Total business-type activities expenses	<u>3,331,276</u>	<u>3,186,511</u>	<u>3,737,110</u>	<u>4,072,535</u>	<u>4,544,899</u>	<u>4,825,385</u>
Total primary government expenses	<u>\$ 10,419,819</u>	<u>\$ 11,353,870</u>	<u>\$ 12,628,754</u>	<u>\$ 13,685,895</u>	<u>\$ 15,388,305</u>	<u>\$ 16,761,107</u>
Program Revenues						
Governmental activities:						
Charges for services:						
Public safety	\$ 1,026,338	\$ 989,758	\$ 1,131,522	\$ 1,126,432	\$ 1,273,551	\$ 1,297,267
Development services	124,731	190,462	145,097	162,914	129,943	132,353
Refuse collection	645,905	664,842	714,942	757,531	806,446	839,311
Operating grants and contributions	41,196	136,560	227,310	274,889	275,047	294,691
Capital grants and contributions	337,676	1,858,959	2,269,098	2,041,342	180,517	957,519
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>	<u>3,521,141</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	5,304,072
Drainage	-	-	-	-	222,107	333,178
Capital grants and contributions	69,484	932,057	968,544	1,038,513	104,623	1,290,398
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>	<u>6,927,648</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>	<u>\$ 10,448,789</u>
Net (expense)/revenue						
Governmental activities	\$ (4,912,697)	\$ (4,326,778)	\$ (4,403,675)	\$ (5,250,252)	\$ (8,177,902)	\$ (8,414,581)
Business-type activities	125,720	1,478,613	1,421,696	951,675	439,382	2,102,263
Total primary government net expense	<u>\$ (4,786,977)</u>	<u>\$ (2,848,165)</u>	<u>\$ (2,981,979)</u>	<u>\$ (4,298,577)</u>	<u>\$ (7,738,520)</u>	<u>\$ (6,312,318)</u>
General Revenues and Other Changes in Net Assets						
Governmental activities:						
Taxes						
Property taxes	\$ 2,925,631	\$ 3,075,583	\$ 3,403,788	\$ 3,810,255	\$ 4,080,884	\$ 4,494,474
Sales taxes	1,298,594	1,537,164	1,830,944	1,987,095	2,170,770	2,178,236
Franchise taxes	757,657	833,188	1,053,573	928,508	1,008,428	1,028,577
Hotel/motel taxes	79,075	91,638	119,568	163,749	177,646	151,765
Alcoholic beverage taxes	7,734	9,059	12,324	9,859	12,633	23,529
Unrestricted investment earnings	71,641	208,202	386,911	407,083	364,677	98,506
Miscellaneous	225,438	135,668	277,764	119,256	278,504	122,250
Gain on sale of capital assets	78,908	-	36,490	21,132	-	4,326
Transfers	225,895	282,000	296,000	246,000	(141,019)	(421,832)
Total governmental activities	<u>5,670,573</u>	<u>6,172,502</u>	<u>7,417,362</u>	<u>7,692,937</u>	<u>7,952,523</u>	<u>7,679,831</u>
Business-type activities:						
Unrestricted investment earnings	71,424	123,648	144,074	119,046	111,409	33,457
Gain on sale of capital assets	-	4,458	4,962	-	-	-
Transfers	(225,895)	(282,000)	(296,000)	(246,000)	396,019	421,832
Total business-type activities	<u>(154,471)</u>	<u>(153,894)</u>	<u>(146,964)</u>	<u>(126,954)</u>	<u>507,428</u>	<u>455,289</u>
Total primary government	<u>\$ 5,516,102</u>	<u>\$ 6,018,608</u>	<u>\$ 7,270,398</u>	<u>\$ 7,565,983</u>	<u>\$ 8,459,951</u>	<u>\$ 8,135,120</u>
Change in Net Assets						
Governmental activities	\$ 757,876	\$ 1,845,724	\$ 3,013,687	\$ 2,442,685	\$ (225,379)	\$ (734,750)
Business-type activities	(28,751)	1,324,719	1,274,732	824,721	946,810	2,557,552
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>	<u>\$ 1,822,802</u>



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

	Fiscal Year			
	2000	2001	2002	2003
General fund				
Reserved	\$ 177,444	\$ 220,326	\$ 252,809	\$ 293,934
Unreserved	2,274,420	2,585,944	2,464,504	2,492,906
Total general fund	<u>\$ 2,451,864</u>	<u>\$ 2,806,270</u>	<u>\$ 2,717,313</u>	<u>\$ 2,786,840</u>
All other governmental funds				
Reserved	\$ 136,906	\$ 157,891	\$ 164,641	\$ 172,472
Unreserved, reported in:				
Special revenue funds	313,370	352,374	442,086	397,376
Capital projects funds	1,245,029	1,073,772	562,175	3,111,964
Total all other governmental funds	<u>\$ 1,695,305</u>	<u>\$ 1,584,037</u>	<u>\$ 1,168,902</u>	<u>\$ 3,681,812</u>

Table III

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 326,635	\$ 388,136	\$ 407,058	\$ 463,626	\$ 519,188	\$ 599,742
<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>4,007,365</u>
<u>\$ 3,326,170</u>	<u>\$ 3,388,389</u>	<u>\$ 3,718,557</u>	<u>\$ 4,000,180</u>	<u>\$ 4,242,040</u>	<u>\$ 4,607,107</u>
\$ 45,184	\$ 48,606	\$ 57,334	\$ 117,140	\$ 168,444	\$ 206,456
318,393	442,297	544,650	625,813	532,616	534,159
<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>5,086,074</u>
<u>\$ 1,304,157</u>	<u>\$ 5,236,901</u>	<u>\$ 2,932,189</u>	<u>\$ 6,269,073</u>	<u>\$ 7,000,702</u>	<u>\$ 5,826,689</u>

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

	Fiscal Year			
	2000	2001	2002	2003
Revenues				
Taxes	\$ 3,843,198	\$ 4,118,756	\$ 4,288,108	\$ 4,520,933
Licenses and permits	41,061	46,390	41,880	97,191
Intergovernmental	682,216	264,655	574,853	719,146
Charges for services	1,003,440	1,068,598	1,095,404	1,044,037
Fines	347,238	425,479	292,584	427,546
Interest	284,603	238,980	93,338	82,977
Contributions and donations	5,659	38,013	8,012	50,556
Payments in lieu of taxes	-	-	-	-
Miscellaneous	89,375	133,868	113,289	73,789
Total revenues	<u>6,296,790</u>	<u>6,334,739</u>	<u>6,507,468</u>	<u>7,016,175</u>
Expenditures				
General government	479,390	436,299	486,032	521,860
Public safety	2,340,801	2,744,189	2,798,983	2,877,405
Highways, streets, and development services	779,686	748,273	823,179	742,422
Culture and recreation	484,712	455,990	490,860	479,072
Refuse collection	500,591	541,054	563,877	581,560
Economic development	97,024	84,148	111,391	616,366
Maintenance	117,429	123,089	101,451	220,047
Debt service				
Principal	714,508	607,635	621,560	631,517
Interest and fiscal charges	245,154	214,747	180,731	204,334
Capital outlay	1,429,741	453,178	1,132,020	549,568
Total expenditures	<u>7,189,036</u>	<u>6,408,602</u>	<u>7,310,084</u>	<u>7,424,151</u>
Excess of revenues over(under) expenditures	(892,246)	(73,863)	(802,616)	(407,976)
Other financing sources(uses)				
Insurance proceeds	9,526	31,560	7,354	5,606
Sale of capital assets	-	-	-	-
Transfers in	906,213	631,178	682,469	713,674
Transfers out	(601,550)	(345,737)	(391,299)	(384,568)
Issuance of Debt	-	-	-	4,452,910
Note payable proceeds	691,000	-	-	-
Payments to escrow agents	-	-	-	(621,757)
Other uses	-	-	-	-
Total other financing sources(uses)	<u>1,005,189</u>	<u>317,001</u>	<u>298,524</u>	<u>4,165,865</u>
Net change in fund balances	<u>\$ 112,943</u>	<u>\$ 243,138</u>	<u>\$ (504,092)</u>	<u>\$ 3,757,889</u>
Debt service as a percentage of noncapital expenditures	16.66%	13.81%	12.99%	12.16%

Table IV

2004	2005	2006	2007	2008	2009
\$ 5,049,654	\$ 5,533,566	\$ 6,378,070	\$ 6,820,214	\$ 7,424,082	\$ 7,874,666
124,731	190,462	145,097	162,914	129,943	132,353
374,328	800,929	1,879,511	500,057	342,302	591,139
1,186,509	1,254,321	1,474,050	1,559,209	1,712,363	1,789,522
388,831	400,278	339,026	287,180	363,060	384,936
71,641	208,202	386,911	407,083	364,677	98,506
11,690	219,988	206,147	208,558	113,262	499,822
15,564	4,108	-	3,276	4,201	4,855
126,238	61,767	132,426	98,874	230,558	116,713
<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>	<u>11,492,512</u>
600,650	684,170	730,039	797,183	877,023	1,051,967
3,255,153	3,630,982	4,013,361	4,232,039	4,553,429	4,575,968
754,993	874,444	1,137,504	1,024,411	1,297,019	1,555,279
437,582	498,003	603,387	809,258	897,662	991,191
593,704	607,668	646,508	717,398	734,724	767,769
95,759	630,911	217,824	117,828	187,144	521,490
235,121	222,244	241,290	250,138	284,312	305,203
638,939	907,129	343,370	353,370	458,370	509,057
203,090	195,797	282,435	263,575	389,682	448,477
2,595,465	1,165,578	5,068,664	2,050,969	2,125,018	1,885,289
<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>	<u>12,611,690</u>
(2,061,270)	(743,305)	(2,343,144)	(568,804)	(1,119,935)	(1,119,178)
25,891	7,645	30,735	17,106	43,745	682
103,349	8,623	41,865	24,205	12,145	25,550
463,737	581,514	1,306,753	1,081,464	1,056,406	2,265,486
(237,842)	(299,514)	(1,010,753)	(835,464)	(555,406)	(1,981,486)
-	4,500,000	-	3,945,000	1,485,000	-
-	-	-	-	-	-
-	(60,000)	-	(45,000)	(28,359)	-
(132,190)	-	-	-	-	-
<u>222,945</u>	<u>4,738,268</u>	<u>368,600</u>	<u>4,187,311</u>	<u>2,013,531</u>	<u>310,232</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>	<u>\$ (808,946)</u>
12.89%	13.94%	7.86%	7.36%	8.98%	9.11%

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
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
2009	4,492,559	2,178,236	1,028,577	151,765	23,529	7,874,666

(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
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
2009	776,426,292	109,116,917	190,958,759	694,584,450	0.6550	885,543,209	78.44

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)					
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
2009	0.6550	0.4074	1.4110	0.0040	2.4774
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
2009	4,549,592	51,190,886	25,678,217	511,901	81,930,596

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, 2009

Taxpayer	2009			2000		
	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	\$ 15,241,850	1	2.19 %	\$ 2,200,000	7	0.78 %
Oncor Electric Delivery Co., LLC	10,697,475	2	1.54	4,988,110	2	1.76
Turtle Creek Investments	9,718,380	3	1.40	-	-	-
Fleetwood Homes of Texas	8,149,176	4	1.17	5,584,836	1	1.97
Chappell Hill Equity III Ltd	5,949,600	5	0.86	3,608,019	6	1.27
JSJ Seating Corporation	4,987,154	6	0.72	-	-	-
Southwestern Bell Telephone Co.	4,336,108	7	0.62	4,836,209	4	1.70
Tarco of Texas, Inc.	3,908,015	8	0.56	-	-	-
Shivpaavan Partners, LTD	3,776,011	9	0.54	-	-	-
H.E.B. Grocery Co.	3,755,203	10	0.54	2,709,580	7	0.96
Custom Printing II Ltd	-	-	-	3,867,961	5	1.36
Superior Chaircraft Corp.	-	-	-	4,986,264	3	1.76
Oceanview Mobile Estate	-	-	-	1,955,146	8	0.69
Henley Healthcare	-	-	-	1,760,725	10	0.62
Totals	<u>\$ 70,518,972</u>		<u>10.14 %</u>	<u>\$ 36,496,850</u>		<u>12.87 %</u>

Source: Bell County Appraisal District

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

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2000	\$ 2,014,124	\$ 1,949,762	96.80 %	\$ 56,074	\$ 2,005,836	99.59 %
2001	2,205,728	2,143,266	97.17	52,674	2,195,940	99.56
2002	2,301,414	2,230,104	96.90	53,069	2,283,173	99.21
2003	2,470,471	2,397,861	97.06	45,253	2,443,114	98.89
2004	2,939,169	2,879,699	97.98	58,161	2,937,860	99.96
2005	3,099,088	3,015,229	97.29	70,467	3,085,696	99.57
2006	3,388,414	3,300,813	97.41	60,408	3,361,221	99.20
2007	3,730,314	3,647,857	97.79	53,298	3,701,155	99.22
2008	4,110,551	4,023,508	97.88	45,808	4,069,316	99.00
2009	4,549,592	4,455,311	97.93	-	4,455,311	97.93

Source: Finance Department, City of Belton, Texas

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

Fiscal Year	Governmental Activities	Business-Type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Revenue Bonds	Capital Leases			
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	2.89	995
2008	11,411,860	7,926,204	-	\$ 19,338,064	2.92	1,040
2009	10,902,803	7,489,597	109,974	\$ 18,502,374	2.65	979

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

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

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

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Taxable Value (1) of Property	Per Capita (2)
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
2009	10,902,803	206,456	10,696,347	1.54	566

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, 2009

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (2)</u>	<u>Estimated Share of Overlapping Debt</u>
Direct:			
City of Belton	\$ <u>10,902,803</u> (1)	100.00 %	\$ <u>10,902,803</u>
Total direct	<u>10,902,803</u>		<u>10,902,803</u>
Overlapping:			
Belton Economic Development Corp.	1,017,600	100.00	1,017,600
Belton Independent School District	65,524,991	38.17	25,010,889
Bell County	<u>126,620,000</u>	5.53	<u>7,002,086</u>
Total overlapping	<u>193,162,591</u>		<u>33,030,575</u>
Total direct and overlapping debt	<u>\$ 204,065,394</u>		<u>\$ 43,933,378</u>

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

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

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

City of Belton, Texas
Computation of Maximum Debt Margin
September 30, 2009

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 2009 tax roll	\$ 694,584,450
Limit on amount designated for debt service	<u>1.25%</u>
Legal debt limit	<u>\$ 8,682,306</u>
Actual amount expended for general obligation debt service during the year ended September 30, 2009	<u>\$ 799,790</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	
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
2009	5,670,707	3,429,668	2,241,039	436,607	333,210	769,817	2.91

Source: Finance Department, City of Belton, Texas

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

City of Belton, Texas
Water and Sewer System Condensed Statement of Operations
 Last Ten Fiscal Years

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

(1) Excludes depreciation expense

Table XV

2004	2005	2006	2007	2008	2009
\$ 3,363,939	\$ 3,714,215	\$ 4,166,704	\$ 3,962,341	\$ 4,635,948	\$ 5,275,863
23,573	18,852	23,558	23,356	21,603	28,209
71,424	123,648	144,074	119,046	109,993	30,220
\$ 3,458,936	\$ 3,856,715	\$ 4,334,336	\$ 4,104,743	\$ 4,767,544	\$ 5,334,292
\$ 2,379,094	\$ 2,242,446	\$ 2,645,121	\$ 2,874,206	\$ 3,224,696	\$ 3,399,581

City of Belton, Texas
Top Ten Water Customers

Customer	Customer Type	2009			2000		
		Annual Sales	Rank	Percentage of Total Sales	Annual Sales	Rank	Percentage of Total Sales
University of Mary Hardin Baylor	Higher Education	\$ 300,838	1	9.26 %	\$ 226,177	1	10.38 %
Belton ISD	Public Education	184,690	2	5.69	120,554	4	5.53
Bell County	County Government	157,280	3	4.84	143,966	2	6.61
Belton Housing Authority	Government Housing	120,022	4	3.7	135,412	3	6.21
Belle Oaks Apartments	Multi-Family Housing	100,539	5	3.1	61,154	5	2.81
College View Apartments	Multi-Family Housing	86,555	6	2.67	59,521	6	2.73
Turtle Creek Village	Multi-Family Housing	69,758	7	2.15	34,424	8	1.58
Montrose II Apartments	Multi-Family Housing	61,033	8	1.88	45,124	7	2.07
Wal Mart Stores, Inc.	Retail Store	45,903	9	1.41	2,099	117	0.1
Garcar Properties, Inc.	Multi-Family Housing	35,255	10	1.09	-	-	-
Bell County Expo Center	Exposition Center	-	-	-	24,674	10	1.13
Bell Village Apartments	Multi-Family Housing	-	-	-	28,179	9	1.29
Totals		<u>\$ 1,161,873</u>		<u>35.79 %</u>	<u>\$ 881,284</u>		<u>40.44 %</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>
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 @	628,984,678	34,414 **	28	7,995	4.6
2008	18,589 @	662,674,963	35,649 @	28	8,314	4.6
2009	18,893 @	697,677,697	36,928 @	28	8,476	6.1

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	2009			2000		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Belton Independent School District	1,300	1	17.87 %	780	2	13.85 %
Bell County	1,072	2	14.74	900	1	15.99
University of Mary Hardin Baylor	545	3	7.49	281	3	4.99
Super Wal-Mart	400	4	5.50	120	9	2.13
Fleetwood Homes of Texas	355	5	4.88	130	8	2.31
Custom Printing	225	6	3.09	263	4	4.67
Belco Manufacturing	160	7	2.20	115	10	2.04
Cedar Crest Hospital & Clinic	150	8	2.06	-	-	-
City of Belton	141	9	1.94	110	11	1.95
Central Texas Council of Govt.	125	10	1.72	83	13	1.47
Superior Chaircraft	-	-	-	198	6	3.52
Odell Geer Construction	-	-	-	200	5	3.55
HEB Grocery	-	-	-	150	7	2.66
Total	<u>4,473</u>		<u>61.49 %</u>	<u>3,330</u>		<u>59.13 %</u>

Source: Belton Economic Development Corporation.

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

Function	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General government	11	11	11	12	12	12	13	13	13	14
Public Safety										
Police										
Officers	24	24	24	24	24	27	27	28	28	28
Civilians	9	9	9	9	9	9	9	9	9	9
Fire										
Firefighters and officers	19	19	19	20	26	26	26	26	26	26
Civilians	1	1	1	1	1	1	1	1	1	1
Highways and streets	9	9	8	8	8	10	10	11	11	11
Development Services	4	4	4	4	4	5	5	5	6	6
Culture and recreation	11	12	12	12	12	12	13	16	16	16
Maintenance	6	6	7	6	6	6	6	6	6	7
Water and Sewer	17	17	17	19	20	20	20	20	20	19
Economic development	2	2	2	2	2	2	2	2	2	3
Drainage	-	-	-	-	-	-	-	-	-	1
Total	113	114	114	117	124	130	132	137	138	141

Source: Finance Department, City of Belton, Texas

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

Function	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Police				
Citations issued	8,656	10,443	8,500	9,800
Alarms responded to	763	737	757	765
Disturbance calls	609	958	1,046	1,100
Animal control citations issued	14	7	16	7
Fire				
Fires	204	188	194	150
Inspections	313	308	206	169
Investigations	10	14	15	8
Highways and streets				
Signs erected	131	153	95	187
Development Services				
Permits issued	838	1,127	973	1,157
Inspections	1,035	1,101	1,226	2,074
Abatement of junk vehicle	68	73	168	164
Abatement of weedy lots	100	87	152	234
Dilapidated structures	7	4	11	25
Culture and recreation				
Library circulation	32,574	31,828	30,929	31,931
Maintenance				
Work orders completed	1,909	1,343	1,509	1,654
Water				
New connections	50	68	77	109
Water main breaks	17	20	19	20
Average daily water consumption (millions of gallons)	2.09	1.72	2.01	2.01
Sewer				
Average daily sewage treatment (millions of gallons)	1.44	1.9	1.65	1.65

Sources: Various city departments.

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

Table XX

2004	2005	2006	2007	2008	2009
6,766	5,288	3,412	4,307	3,954	4,085
600	695	651	898	924	1,029
488	429	575	640	1,187	1,359
10	-	-	-	-	37
114	182	200	123	105	147
268	420	329	460	480	499
5	12	17	28	22	16
100	149	65	90	121	925
1,070	1,515	1,585	1,413	1,462	1,414
1,561	1,735	1,905	2,848	2,549	2,436
200	300	300	384	328	302
325	500	500	1,651	1,527	1,339
40	25	25	30	20	15
52,423	43,306	43,132	38,878	37,194	46,631
1,495	1,025	980	1,390	1,370	1,640
69	133	214	159	145	109
12	12	15	6	4	16
2.01	1.66	1.31	1.61	2.45	2.45
1.62	1.64	1.04	1.56	1.13	1.12

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

Function	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Public safety				
Police:				
Stations	1	1	1	1
Substations	-	-	-	-
Patrol units	9	9	9	12
Fire stations	1	1	1	1
Highways and streets				
Streets (miles)	96	96	96	96
Culture and recreation				
Parks acreage	121.69	137.58	137.58	156.9
Playgrounds	7	5	5	8
Ball fields	13	15	15	13
Sports courts	-	8	8	8
Pavilions	-	5	5	5
Amphitheaters	-	1	1	1
Trails (miles)	-	1.95	1.95	1.95
Water				
Service Connections	4,666	4,734	4,811	4,920
Water mains (miles)	100	100	100	102
Water pump stations	1	2	2	2
Fire hydrants	581	610	612	614
Plant Capacity	6.57	6.57	6.57	6.57
(millions of gallons)				
Sewer				
Service Connections	3,454	3,513	3,556	3,634
Sanitary sewers (miles)	90.5	90.5	90.5	91
Number of lift stations	17	18	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 XXI

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
1	1	1	1	1	1
1	1	1	1	1	1
12	12	12	12	12	12
2	2	2	2	2	2
96	101	103	115	116	118
168.7	168.7	175.2	177	184	184
13	13	13	14	16	16
13	13	13	14	14	14
8	8	8	8	11	11
5	5	5	6	6	6
1	1	1	1	1	1
2.2	2.2	2.2	3.5	4.25	4.25
4,989	5,122	5,336	5,495	5,640	5,749
104	106	108.5	112	114	115
2	2	2	2	2	2
617	656	684	702	742	752
6.57	6.57	6.57	6.57	6.57	6.57
3,689	3,797	3,895	4,016	4,115	4,192
92	102	103	103	104	106
18	18	18	17	17	17
2.5	2.5	2.5	2.5	2.5	2.5

