

City of Belton, Texas



***Comprehensive Annual Financial Report
For the Fiscal Year Ended
September 30, 2011***

Cover:

Texas Red Oaks stand in colorful glory
in Yettie Polk Park, Belton, Texas.

Photo by Jerri Gauntt

City of Belton, Texas

Comprehensive Annual Financial Report

For the Fiscal Year Ended September 30, 2011

Prepared by:

Finance Department

Cristy Daniell, CPA
Assistant City Manager

Karen Evans, CPA
Assistant Finance Director



City of Belton Texas

Year Ended September 30, 2011

Table of Contents

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

City of Belton Texas

Year Ended September 30, 2011

Table of Contents

	<u>Exhibit/Table</u>	<u>Page Number</u>
Financial Section (continued)		
Basic Financial Statements: (continued)		
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds	A – 8	26
Statement of Cash Flows – Proprietary Funds	A – 9	27
Notes to Financial Statements		29
Combining and Individual Fund Statements and Schedules:		
Nonmajor Governmental Funds:		
Combining Balance Sheet – Nonmajor Governmental Funds	B – 1	66
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds	B – 2	68
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Budgetary Basis – Hotel/Motel Tax Fund	B – 3	70
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Budgetary Basis – Debt Service Fund	B – 4	71
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Budgetary Basis – TIRZ Fund	B – 5	72
Enterprise Funds:		
Schedule of Revenue and Expenses – Budget and Actual - Budgetary Basis - Water and Sewer Fund	C – 1	74
Schedule of Operating Expenses by Department – Budget and Actual – Budgetary Basis - Water and Sewer Fund	C – 2	75

City of Belton Texas

Year Ended September 30, 2011

Table of Contents

	<u>Exhibit/Table</u>	<u>Page Number</u>
Financial Section (continued)		
Combining and Individual Fund Statements and Schedules: (continued)		
Enterprise Funds: (continued)		
Schedule of Cash Receipts and Disbursements of Restricted Cash and Cash Equivalents for Project Construction – Water and Sewer Fund	C – 3	76
Schedule of Revenue and Expenses – Budget and Actual - Budgetary Basis - Drainage Fund	C – 4	77
Schedule of Cash Receipts and Disbursements of Restricted Cash and Cash Equivalents for Project Construction – Drainage Fund	C – 5	78
Statistical Section		
Net Assets by Component	I	80
Changes in Net Assets	II	83
Fund Balances of Governmental Funds	III	84
Changes in Fund Balances of Governmental Funds	IV	86
General Governmental Tax Revenues by Source	V	89
Assessed Value and Estimated Actual Value of Taxable Property	VI	90
Property Tax Rates and Tax Levies – Direct and Overlapping Governments	VII	91
Principal Property Taxpayers	VIII	92
Property Tax Levies and Collections	IX	93

City of Belton Texas

Year Ended September 30, 2011

Table of Contents

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



City of Belton

~ *Founded 1850* ~

March 12, 2012

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

The City Charter and state statutes require that the City of Belton (the City) publish at the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed Certified Public Accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report of the City of Belton, Texas, for the fiscal year ended September 30, 2011.

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

Jaynes, Reitmeier, Boyd & Therrell, P.C., Certified Public Accountants, has issued an unqualified (“clean”) opinion on the City’s financial statements for the year ended September 30, 2011. The independent auditors’ report is located at the front of the financial section of this report.

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

Profile of the City

The City of Belton was founded in 1850 and chartered in 1852. On July 13, 1877, the City was incorporated by the Texas Legislature. Located in Central Texas on Interstate Highway 35, the City is approximately 65 miles north of Austin and 40 miles south of Waco. The City currently occupies a land area of 19.76 square miles and serves an estimated population of 18,600. The City 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 the City within five minutes driving time from downtown. These lakes offer excellent fishing, camping and water sports with 168 miles of shoreline.

333 Water Street Street ★ P. O. Box 120 ★ Belton, Texas 76513 ★ Phone (254) 933-5800 ★
Fax (254) 933-5859

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 is empowered to levy a property tax on both real and personal properties located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

The City provides a full range of services, including police and fire protection, construction and maintenance of streets, roads and other infrastructure, solid waste collection, planning and zoning, parks operation and maintenance, library services, and administrative services necessary to serve the citizens of our community. Water, sewer, and drainage services are operated under an enterprise fund concept, with user charges set to ensure adequate coverage of operating expenses and payments on outstanding debt. In addition, the City is also financially accountable for a legally separate economic development corporation, which is reported separately with the City'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's financial planning and control. It defines the type, quality, and quantity of City goods and services that will be provided to citizens. The budget is also a control device that serves as a system of "checks and balances" between levels of City government.

The City Charter establishes the fiscal year as the twelve-month period beginning October 1 and ending September 30. Department heads submit to the City Manager a budget of estimated expenditures for the ensuing fiscal year by July 1. The City Manager then submits a budget of estimated expenditures and revenues to the City Council not later than August 31. At this meeting, the City Council sets the time and place of a public hearing on the budget. A notice of the hearing is published at least five days before the day of the hearing. Prior to September 28, the budget is adopted through passage of an ordinance. If the budget is not accepted and formally approved by the City Council before September 28, the budget submitted by the City Manager is deemed to have been finally adopted by the Council until such time as the Council adopts a budget.

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

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, this

comparison is presented as part of the basic financial statement for the governmental funds. For other governmental funds with appropriated annual budgets, this comparison is presented in the governmental funds subsection of this report.

Factors Affecting Financial Condition

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

Local economy. Major industries with headquarters or divisions located within the City include manufacturers of fiberglass tanks and vessels, office furniture, exercise equipment, and advertising novelties. Belton Independent School District (BISD) is the largest employer in the City, with 1,400 employees. Bell County is also a major economic presence in the City, providing 1,074 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. And, while the national economy is struggling and the City's current economic environment is not as favorable as it has been in the past, local indicators point to continued stability such as increased tax appraisal values and local sales tax receipts.

In May 2011, Forbes Magazine announced that the Killeen/Temple/Ft. Hood Metropolitan Statistical Area (MSA) ranked number one in the nation on their "Best Cities for Jobs" list. This annual list ranked 398 MSA's based on employment data from the Bureau of Labor Statistics, recent growth trends, mid and long-term growth trends, and momentum. The Belton Economic Development Corporation expanded Arbor Drive through the Belton Business Park opening up additional areas for development and job opportunity. Also in fiscal year 2011, High Performance Ropes, an international manufacturer of cables for cranes and elevators, invested in a 20,000 square foot expansion to their manufacturing facility in the Belton Business Park.

The City is expecting a further expansion to the job market in fiscal year 2012. HEB Grocery Company, a privately-held San Antonio, Texas-based supermarket chain, began construction of a new HEB Plus store in Belton during 2011. This flag-ship store is scheduled for completion in Fall 2011 and will be 117,000 square feet, which is about four times larger than the existing HEB store in Belton. The new store will create an additional 200 jobs, and employ a total of 326 people. The new store will include a pharmacy, bakery, fish market, florist, dine-in deli, entertainment/electronics department, and a 7,000 square foot fresh produce section. Additional facility features include a 10-pump gas station and car wash, and lease space both inside the store and in adjacent buildings for third-party businesses.

CGI, Inc., an international information technology management and business process services company with over 125 offices worldwide, recently announced plans to build a \$7 million facility in Belton in 2012. Once completed, the company will bring 350-400 professional level jobs to the area with an estimated local economic impact of over \$60 million.

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

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

Work on these projects began in early fiscal year 2008, and the last of these projects is expected to be completed in fiscal year 2012.

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

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

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, 2010. This was the twenty-fifth 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, 2010. 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 nineteenth 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,



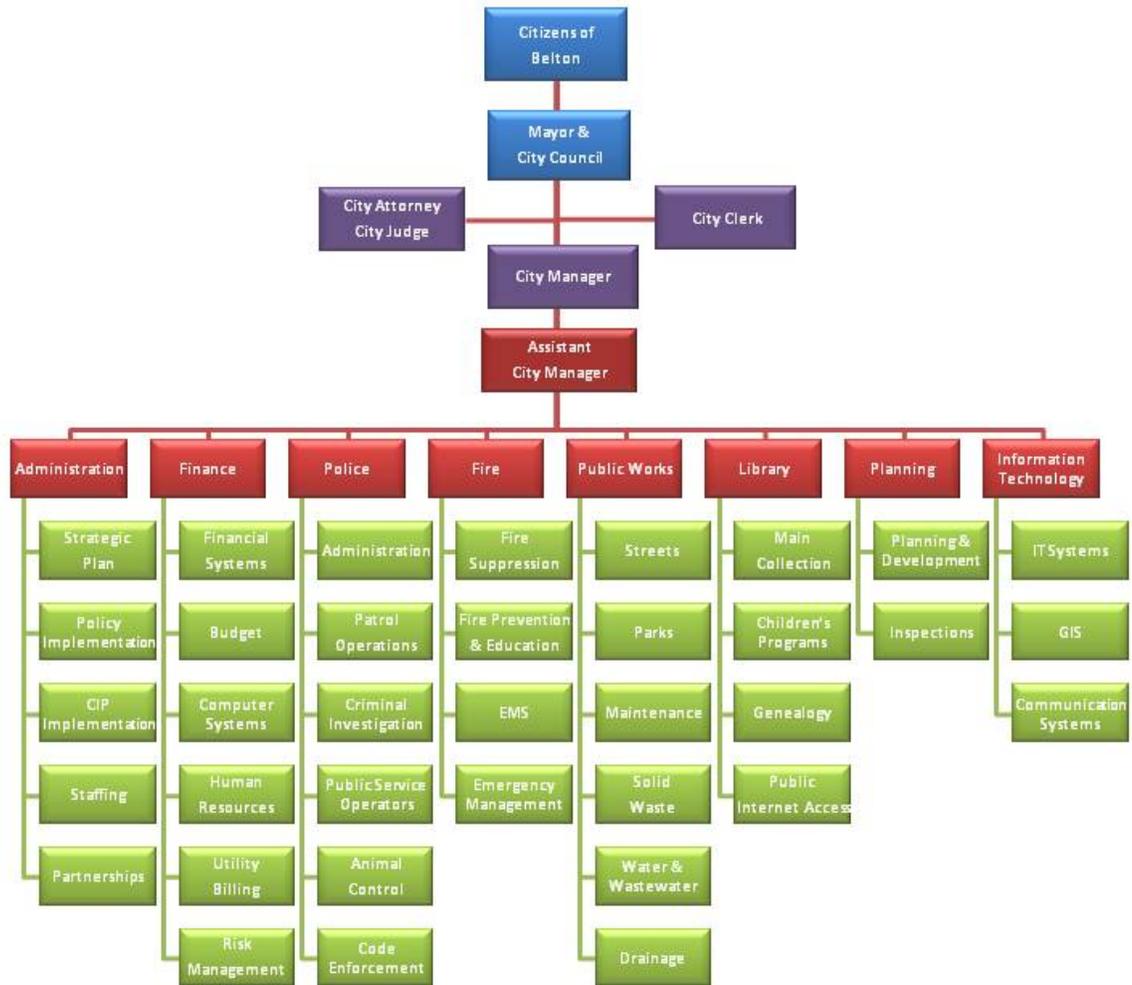
Cristy Daniell, CPA
Assistant City Manager
Finance Director



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 12, 2012
Marion Grayson, Mayor Pro Tem	May 12, 2012
John Agan	May 12, 2012
Clifton Peters	May 11, 2013
David K. Leigh	May 11, 2013
Craig Pearson	May 11, 2013
Wayne Carpenter	May 11, 2013

APPOINTED OFFICIALS

CITY STAFF

<u>POSITION</u>	<u>NAME</u>	<u>DATE APPOINTED</u>
City Manager	Sam Listi	March 19, 2001
City Attorney	John Messer	September 1, 1978
City Judge	Steve Lee	October 9, 2007
City Clerk	Connie Torres	September 9, 1991
Asst. City Manager/Finance Director	Cristy Daniell	February 17, 1992
Fire Chief - Interim	Bruce Pritchard	February 2, 2011
Police Chief	Gene Ellis	April 20, 2009
Director of Public Works	Les Hallbauer	May 1, 2002
Library Director	Kim Kroll	October 2, 2000
Planning Director	Vacant	
Economic Development Corp. Director	Cynthia Hernandez	September 28, 2011

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, 2010

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.



Linda C. Davison

President

Jeffrey R. Emer

Executive Director



Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Belton, Texas (the City) as of and for the year ended September 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Belton, Texas as of September 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note I.M. to the financial statements, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions*, effective October 1, 2010.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2012 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing

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

Management's Discussion and Analysis 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Belton's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules 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.

March 12, 2012

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 (the City) for the fiscal year ended September 30, 2011. 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 \$45,136,813 (*net assets*). Of this amount, \$11,854,570 (*unrestricted net assets*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's net assets increased by \$2,259,429. This increase is attributable to \$2,595,041 in capital grants and contributions from third parties, including developers, grant agencies, 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 \$9,194,135. Of this total amount, \$3,989,023 (43.38 percent) is *available for spending* at the City's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,989,030, or 40.6 percent of total general fund expenditures.
- The City's total debt decreased by \$1,047,006 (5.84 percent) during the current fiscal year.

Overview of the Financial Statements

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

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

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

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

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

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

The government-wide financial statements can be found on pages 17-19 of this report.

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

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

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

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

The basic governmental funds financial statements can be found on pages 20 - 22 of this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget, found on pages 23 - 24 of this report.

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

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29-59 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds is presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 61-78 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$45,136,813 at the close of the most recent fiscal year.

City of Belton Statement of Net Assets

	Governmental Activities		Business-Type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 10,638,793	\$ 11,218,255	\$ 6,348,849	\$ 6,126,593	\$ 16,987,642	\$ 17,344,848
Capital assets	23,593,159	21,384,750	23,029,180	23,344,137	46,622,339	44,728,887
Total assets	<u>34,231,952</u>	<u>32,603,005</u>	<u>29,378,029</u>	<u>29,470,730</u>	<u>63,609,981</u>	<u>62,073,735</u>
Long-term liabilities						
outstanding	10,202,170	10,766,414	6,680,320	7,163,082	16,882,490	17,929,496
Other liabilities	1,095,604	682,979	495,074	583,875	1,590,678	1,266,854
Total liabilities	<u>11,297,774</u>	<u>11,449,393</u>	<u>7,175,394</u>	<u>7,746,957</u>	<u>18,473,168</u>	<u>19,196,350</u>
Net assets:						
Invested in capital assets, net of related debt	14,748,004	12,714,726	16,962,666	16,942,659	31,710,670	29,657,385
Restricted	1,340,467	1,885,924	231,106	438,059	1,571,573	2,323,983
Unrestricted	<u>6,845,707</u>	<u>6,552,962</u>	<u>5,008,863</u>	<u>4,343,054</u>	<u>11,854,570</u>	<u>10,896,016</u>
Total net assets	<u>\$ 22,934,178</u>	<u>\$ 21,153,612</u>	<u>\$ 22,202,635</u>	<u>\$ 21,723,772</u>	<u>\$ 45,136,813</u>	<u>\$ 42,877,384</u>

By far the largest portion of the City's net assets (\$31,710,670 or 70.26 percent) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment), less

any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets (\$1,571,573 or 3.48 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$11,854,570 or 26.26 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.

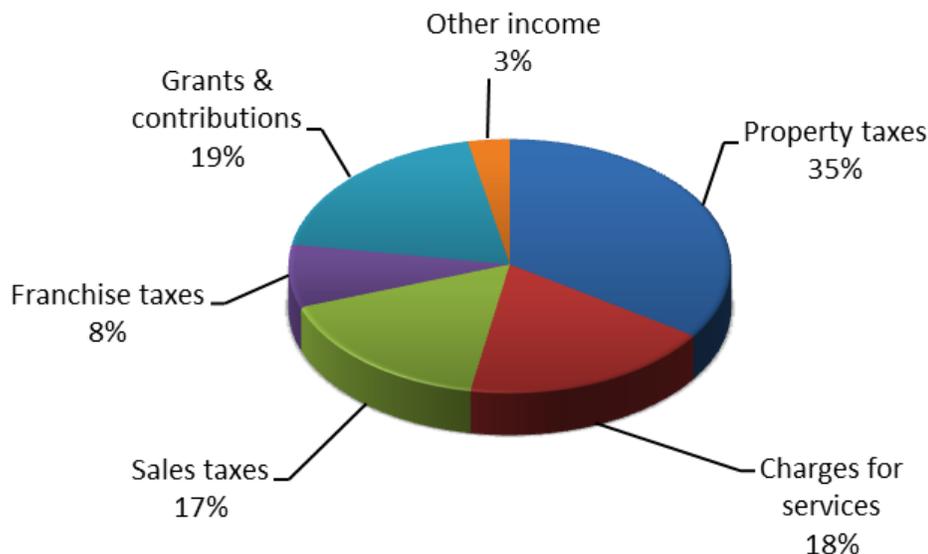
City of Belton's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$ 2,552,436	\$ 2,498,650	\$ 6,384,100	\$ 5,303,128	\$ 8,936,536	\$ 7,801,778
Operating grants and contributions	829,734	631,493	-	-	829,734	631,493
Capital grants and contributions	1,864,243	643,356	730,798	687,091	2,595,041	1,330,447
General revenues:						
Property taxes	4,791,388	4,655,052	-	-	4,791,388	4,655,052
Sales taxes	2,323,032	2,223,209	-	-	2,323,032	2,223,209
Franchise taxes	1,110,063	1,038,259	-	-	1,110,063	1,038,259
Other taxes	183,136	179,817	-	-	183,136	179,817
Investment earnings	14,386	22,117	6,684	12,635	21,070	34,752
Gain (loss) on sale of assets	3,833	(66,303)	10,286	-	14,119	(66,303)
Other income	229,790	91,609	1,316	-	231,106	91,609
Total revenues	<u>13,902,041</u>	<u>11,917,259</u>	<u>7,133,184</u>	<u>6,002,854</u>	<u>21,035,225</u>	<u>17,920,113</u>
Expenses:						
General government	1,312,897	1,155,582	-	-	1,312,897	1,155,582
Public safety	5,513,342	5,174,535	-	-	5,513,342	5,174,535
Highways and streets	1,786,877	1,709,400	-	-	1,786,877	1,709,400
Development services	416,266	426,329	-	-	416,266	426,329
Culture and recreation	1,779,825	1,610,093	-	-	1,779,825	1,610,093
Solid waste	1,024,826	872,479	-	-	1,024,826	872,479
Economic development	609,974	218,463	-	-	609,974	218,463
Maintenance	343,480	314,162	-	-	343,480	314,162
Interest on long-term debt	415,624	458,092	-	-	415,624	458,092
Water and sewer	-	-	5,405,274	5,253,218	5,405,274	5,253,218
Drainage	-	-	167,411	152,197	167,411	152,197
Total expenses	<u>13,203,111</u>	<u>11,939,135</u>	<u>5,572,685</u>	<u>5,405,415</u>	<u>18,775,796</u>	<u>17,344,550</u>
Changes in net assets before transfers						
	698,930	(21,876)	1,560,499	597,439	2,259,429	575,563
Transfers	<u>1,081,636</u>	<u>545,900</u>	<u>(1,081,636)</u>	<u>(545,900)</u>	-	-
Changes in net assets	1,780,566	524,024	478,863	51,539	2,259,429	575,563
Net assets - October 1	<u>21,153,612</u>	<u>20,629,588</u>	<u>21,723,772</u>	<u>21,672,233</u>	<u>42,877,384</u>	<u>42,301,821</u>
Net assets - September 30	<u>\$ 22,934,178</u>	<u>\$ 21,153,612</u>	<u>\$ 22,202,635</u>	<u>\$ 21,723,772</u>	<u>\$ 45,136,813</u>	<u>\$ 42,877,384</u>

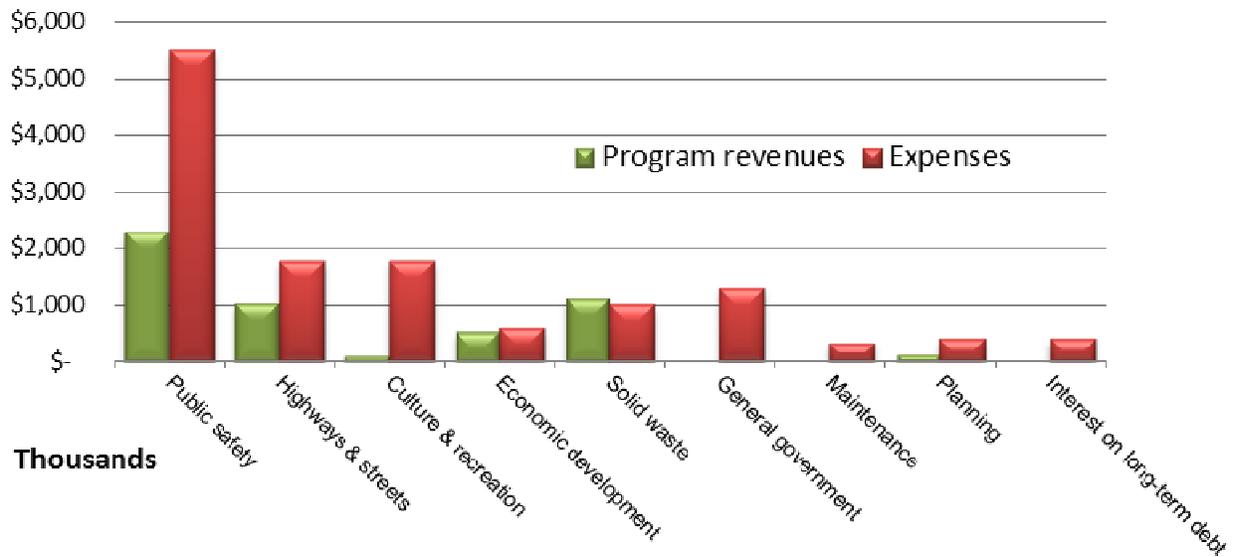
Revenues for governmental activities:

- For the fiscal year ended September 30, 2011, program revenues from governmental activities totaled \$5,246,413. These revenues consist primarily of ambulance fees, municipal court fines and fees, solid waste collection fees, building permits, grant receipts, and contributions from the county government.
 - Charges for services totaled \$2,552,436, an increase of 2.15 percent from the prior year. Increases in solid waste collection fees account for the bulk of this increase.
 - Operating grants and contributions totaled \$829,734, while capital grants and contributions totaled \$1,864,243. These amounts included funding for downtown development, highway/street construction, and manpower, training, and equipment costs for public safety.
- General revenues for the fiscal year ended September 30, 2011, totaled \$8,655,628. These revenues consist primarily of taxes, transfers, and other revenues not classified elsewhere.
 - Property taxes totaled \$4,791,388, an increase of 2.96 percent from the prior year.
 - Assessed values rose \$21.37 million or 2.3 percent from the prior year. New property and improvements added \$26 million to the tax rolls which was partially offset by decreases in the values of existing properties and exemptions.
 - The ad valorem tax rate for fiscal year 2011 was \$0.6550 per \$100 of assessed valuation. The tax rate remained the same as the prior year rate.
 - Sales taxes totaled \$2,323,032, an increase of 4.49 percent over the prior year. This was the twenty-second consecutive year of increases in sales tax revenues.
 - Franchise taxes totaled \$1,110,063, an increase of 6.92 percent from fiscal year 2010. Franchise taxes are paid by utility companies as a percentage of their gross receipts collected from customers within the City.

Revenues by Source – Governmental Activities



Expenses and Program Revenues – Governmental Activities



Expenses for governmental activities:

Expenses for governmental activities totaled \$13,203,111 in fiscal year 2011.

- The major expense for governmental activities is for salaries and benefits, which totaled \$6,628,395 in 2011.
- The next largest category was services, which totaled \$1,184,165, and included the City’s share of 911 services, tax appraisal and collection, street lighting, utilities, insurance, professional services, and funding for the Strategic Plan.
- Depreciation on capital assets for the year was \$1,919,946.
- The City spent \$938,274 for solid waste collection contracted services.
- Interest on long-term debt was \$415,624.

Business-type activities. Business-type activities increased the City’s net assets by \$478,863. Key elements of this increase are as follows:

- Charges for business-type activities totaled \$6,384,100, an increase of \$1,080,972 or 20.38 percent from the prior year. These charges are generated from water and sewer utility fees and storm water drainage fees. The increase is a result of record water sales in fiscal year 2011 due to a severe drought.
- The water and sewer utility and the drainage utility received capital contributions of \$730,798 from developers and from the economic development corporation.
- Investment earnings amounted to \$6,684.

Financial Analysis of the City's Funds

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

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$9,194,135. Approximately 43.38 percent (\$3,989,023) of this total amount constitutes *unassigned fund balance*, which is available for spending at the City's discretion.

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

- 1) restricted to pay for:
 - a. debt service (\$281,757);
 - b. public, educational, or governmental access facilities (\$96,665);
 - c. public safety training, equipment, and security facilities (\$139,782); and
 - d. capital projects and economic development (\$921,024).
- 2) committed to pay for:
 - a. future civil service costs (\$632,220);
 - b. library books and park facilities (\$35,466); and
 - c. capital projects and economic development (\$1,432,232).
- 3) assigned to pay for capital projects and equipment (\$1,661,041).

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$3,989,030, while total fund balance amounted to \$4,783,942. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 40.56 percent of total General Fund expenditures, while total fund balance represents 48.64 percent of that same amount.

The fund balance of the City's General Fund decreased by \$378,052 during the current fiscal year. The key factor in this decrease was the transfer of \$550,700 for the Hike and Bike extension project. Other factors in the fund balance change are:

- Ad valorem property tax revenues increased by \$122,380;
- Sales tax receipts rose by \$99,823 despite the sluggish national economy;
- Charges for services increased by \$183,422, primarily due to increased ambulance runs and related revenues, and increased solid waste billings;
- Franchise revenues increased \$71,804;

- Interest earnings decreased \$2,767 due to the continued decline of interest rates;
- Intergovernmental receipts decreased by \$56,918 due to a five-year declining fire fighter manpower grant;
- Construction related licenses and permits decreased by \$28,181 as building activity and related permits slowed from the prior year's pace;
- Court fines and fees increased \$42,439 from the prior year;
- Increases in revenues were partially offset by increased personnel costs which increased \$301,619 from the prior year; and
- Harris Center remediation costs of \$136,868.

The Debt Service Fund has a total fund balance of \$281,757, all of which is restricted for the payment of debt service. Fund balance did not change significantly from the prior year.

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

Unrestricted net assets of the Water and Sewer Fund at the end of the year amounted to \$4,721,734, and those for the drainage fund amounted to \$287,129. The combined growth in net assets for both funds was \$478,863. 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 \$949,250 increase in appropriations, and can be briefly summarized as follows:

- \$554,124 for a pedestrian and bike trail and public safety equipment, funded through federal grants;
- \$136,868 for Harris Community Center remediation costs;
- \$87,821 for vehicular and trail light repairs funded by insurance proceeds;
- \$53,537 for a retail recruitment study;
- \$50,000 for a fire study and Fire Chief search;
- \$41,900 for Nolan Creek recreation design services;
- \$14,000 for the demolition of four houses;
- \$6,000 to purchase a support services vehicle; and
- \$5,000 for a contribution to the Youth Center.

These increases in appropriations were funded by revenues which exceeded original budgetary estimates, most notably in tax 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, 2011, amounts to \$46,622,339 (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 4.23 percent (a 10.33 percent increase for governmental activities and a 1.35 percent decrease for business-type activities).

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

	Governmental Activities		Business-Type Activities		Totals	
	2011	2010	2011	2010	2011	2009
Land	\$ 2,324,867	\$ 2,117,779	\$ 170,344	\$ 169,906	\$ 2,495,211	\$ 2,287,685
Buildings	3,141,473	3,303,846	12,432	13,704	3,153,905	3,317,550
Improvements other than buildings	1,514,052	1,624,074	-	-	1,514,052	1,624,074
Machinery and equipment	1,769,537	1,648,443	451,236	423,466	2,220,773	2,071,909
Infrastructure	12,997,026	10,928,202	21,340,705	21,116,430	34,337,731	32,044,632
Construction in progress	1,846,204	1,762,406	1,054,463	1,620,631	2,900,667	3,383,037
Total	\$ 23,593,159	\$ 21,384,750	\$ 23,029,180	\$ 23,344,137	\$ 46,622,339	\$ 44,728,887

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

- Work was completed on:
 - Main Street sidewalk project;
 - Sparta/Loop 121 turn lane;
 - Spring Street project;
 - Avenue D infrastructure;
 - Central Avenue gateway project; and
 - Loop 121 wastewater project.
- Work began/continued on:
 - Commerce Drive extension;
 - Harris Center repairs;
 - Maintenance facility;
 - Pedestrian & Bike Trail extension;
 - 9th Avenue extension;
 - Safe Routes to School project;
 - West FM 93 sewer project;
 - Auction Barn Road sewer project;
 - Miller Heights CDBG sewer project;
 - IH-35 utility relocations; and
 - Oak View drainage project.

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

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$16,396,437, all of which is backed by the full faith and credit of the City. In addition, \$6,554,324 of this amount is also backed with a water and sewer revenue pledge and a storm water drainage revenue pledge.

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

	Governmental Activities		Business-Type Activities		Totals	
	2010	2010	2010	2010	2011	2010
General obligation bonds	\$ 9,842,113	\$ 10,382,458	-	-	\$ 9,842,113	\$ 10,382,458
Revenue bonds with tax cross-pledge	-	-	6,554,324	7,032,744	6,554,324	7,032,744
Total	\$ 9,842,113	\$ 10,382,458	\$ 6,554,324	\$ 7,032,744	\$ 16,396,437	\$ 17,415,202

The City's total bonded debt decreased by \$1,018,765 (5.85 percent) during the current fiscal year. The City maintains an "AA-" rating from Standard & Poor's for general obligation debt.

No direct funded debt limitation is imposed on the City under current state law or the City Charter. Article XI, Section 5, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem rate to \$2.50 per \$100 of assessed valuation for all City purposes. The City Charter limits the tax rate to \$1.90 per \$100 of assessed valuation for all City purposes. Administratively, the Attorney General of the State of Texas will permit allocation of \$1.25 of the maximum tax rate for general obligation debt service. The City's fiscal year 2011 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 48 - 52 of this report.

Economic Factors and Next Year's Budget and Rates

Despite the sluggish national economy, the local economy has remained stable, and is even experiencing some mild growth as evidenced by construction activity. Residential home starts continue and local foreclosures are not the problem experienced in other areas of the country. Several large commercial projects are underway, including a new HEB Plus store and a Case equipment dealership. Meanwhile, the City continues to make infrastructure improvements and conduct master planning which will position the City for future expansion.

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

The fiscal year 2012 budget was based on sustaining operating levels, while meeting the demands created by growth and the sagging national economy. The ad valorem tax rate was lowered from \$0.6550 to a combined rate of \$0.6540 per \$100 of assessed valuation. Planned water and sewer rate increases have been deferred in order to benefit ratepayers during the economic downturn. Improvements to be funded from these rate increases were also deferred; and while still necessary in the future, their deferral will not immediately impact service.

Department budgets were developed with a no growth directive, in order to maintain operations with little or no growth in revenues.

The City Council has stipulated that the General Fund maintain three months operating expenditures as a minimum of “undesignated reserves” or unassigned funds, which currently equates to \$2.5 million. At the end of fiscal year 2011, unassigned fund balance in the General Fund is \$3,989,030. It is intended that the available fund balance beyond the minimum be used for non-recurring capital outlay and projects, and not for financing of on-going operational costs. For fiscal year 2012, 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, 2011

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Belton Economic Development Corporation, Inc.
Assets				
Cash and cash equivalents	\$ 8,834,204	4,528,018	13,362,222	2,132,934
Receivables (net of allowance for uncollectibles)	1,170,853	956,423	2,127,276	103,765
Due from other governments	528,040	292,678	820,718	-
Prepaid items	4,925	2,900	7,825	-
Restricted cash and cash equivalents	-	510,339	510,339	-
Deferred charges	100,771	58,491	159,262	14,664
Capital assets not being depreciated:				
Land	2,324,867	170,344	2,495,211	533,073
Construction in progress	1,846,204	1,054,463	2,900,667	36,723
Capital assets, net of accumulated depreciation:				
Buildings	3,141,473	12,432	3,153,905	1,223,356
Improvements other than buildings	1,514,052	-	1,514,052	-
Machinery and equipment	1,769,537	451,236	2,220,773	611
Infrastructure	12,997,026	21,340,705	34,337,731	1,816,064
Total assets	34,231,952	29,378,029	63,609,981	5,861,190
Liabilities				
Accounts and retainages payable	920,696	292,552	1,213,248	35,638
Accrued interest payable	64,840	45,026	109,866	3,082
Other accrued liabilities	93,468	20,281	113,749	3,396
Customer deposits payable	16,600	137,215	153,815	5,875
Noncurrent liabilities:				
Due within one year	839,477	614,326	1,453,803	137,350
Due in more than one year	9,362,693	6,065,994	15,428,687	656,000
Total liabilities	11,297,774	7,175,394	18,473,168	841,341
Net assets				
Invested in capital assets, net of related debt	14,748,004	16,962,666	31,710,670	2,816,477
Restricted for:				
Debt service	309,367	-	309,367	-
Economic development	432,511	-	432,511	-
Court	14,259	-	14,259	-
Public safety	124,928	-	124,928	-
Public access facilities	96,665	-	96,665	-
Capital projects and equipment	362,737	231,106	593,843	-
Unrestricted	6,845,707	5,008,863	11,854,570	2,203,372
Total net assets	\$ 22,934,178	22,202,635	45,136,813	5,019,849

See accompanying notes to financial statements.

City of Belton, Texas
Statement of Activities
For the Fiscal Year Ended
September 30, 2011

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 1,312,897	-	2,000	7,367
Public safety	5,513,342	1,252,269	614,321	416,033
Highways and streets	1,786,877	-	-	1,036,211
Planning	416,266	122,596	-	-
Culture and recreation	1,779,825	40,416	8,599	63,092
Solid waste	1,024,826	1,137,155	-	-
Economic Development	609,974	-	204,814	341,540
Maintenance	343,480	-	-	-
Interest on long-term debt	415,624	-	-	-
Total governmental activities	13,203,111	2,552,436	829,734	1,864,243
Business-type activities:				
Water and sewer	5,405,274	6,033,244	-	640,090
Drainage	167,411	350,856	-	90,708
Total business-type activities	5,572,685	6,384,100	-	730,798
Total primary government	\$ 18,775,796	8,936,536	829,734	2,595,041
Component unit:				
Belton Economic				
Development Corporation, Inc.	\$ 1,196,265	68,532	-	-
Total component unit	\$ 1,196,265	68,532	-	-
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 Revenues (Expenses) and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Belton Economic Development Corporation, Inc.
(1,303,530)		(1,303,530)	
(3,230,719)		(3,230,719)	
(750,666)		(750,666)	
(293,670)		(293,670)	
(1,667,718)		(1,667,718)	
112,329		112,329	
(63,620)		(63,620)	
(343,480)		(343,480)	
(415,624)		(415,624)	
<u>(7,956,698)</u>		<u>(7,956,698)</u>	
-	1,268,060	1,268,060	
-	274,153	274,153	
-	1,542,213	1,542,213	
<u>(7,956,698)</u>	<u>1,542,213</u>	<u>(6,414,485)</u>	
			\$ <u>(1,127,733)</u>
			<u>(1,127,733)</u>
\$ 4,791,388	-	4,791,388	-
2,323,032	-	2,323,032	1,161,516
1,110,063	-	1,110,063	-
154,071	-	154,071	-
29,065	-	29,065	-
14,386	6,684	21,070	3,341
229,790	1,316	231,106	-
3,833	10,286	14,119	-
1,081,636	(1,081,636)	-	-
<u>9,737,264</u>	<u>(1,063,350)</u>	<u>8,673,914</u>	<u>1,164,857</u>
1,780,566	478,863	2,259,429	37,124
<u>21,153,612</u>	<u>21,723,772</u>	<u>42,877,384</u>	<u>4,982,725</u>
<u>\$ 22,934,178</u>	<u>22,202,635</u>	<u>45,136,813</u>	<u>5,019,849</u>

City of Belton, Texas
Balance Sheet
Governmental Funds
September 30, 2011

Assets	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and cash equivalents	\$ 4,430,435	281,757	4,122,012	8,834,204
Receivables (net of allowance for uncollectibles)	1,100,330	27,610	42,913	1,170,853
Due from other governments	178,242	-	349,798	528,040
Due from other funds	-	-	25,638	25,638
Prepaid items	<u>4,925</u>	<u>-</u>	<u>-</u>	<u>4,925</u>
 Total assets	 <u>\$ 5,713,932</u>	 <u>309,367</u>	 <u>4,540,361</u>	 <u>10,563,660</u>
 Liabilities and Fund Balances				
Liabilities:				
Accounts and retainages payable	\$ 534,409	-	386,287	920,696
Accrued liabilities	93,468	-	-	93,468
Customer deposits payable	16,600	-	-	16,600
Deferred revenue	285,513	27,610	-	313,123
Due to other funds	-	-	25,638	25,638
Total liabilities	<u>929,990</u>	<u>27,610</u>	<u>411,925</u>	<u>1,369,525</u>
Fund balances:				
Nonspendable	4,925	-	-	4,925
Restricted	122,301	281,757	1,035,170	1,439,228
Committed	667,686	-	1,432,232	2,099,918
Assigned	-	-	1,661,041	1,661,041
Unassigned	<u>3,989,030</u>	<u>-</u>	<u>(7)</u>	<u>3,989,023</u>
Total fund balances	<u>4,783,942</u>	<u>281,757</u>	<u>4,128,436</u>	<u>9,194,135</u>
 Total liabilities and fund balances	 <u>\$ 5,713,932</u>	 <u>309,367</u>	 <u>4,540,361</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.				23,593,159
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.				313,123
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. This amount includes bonds payable (\$9,842,113), compensated absences (\$360,057) and accrued interest payable (\$64,840), net of deferred charges (\$100,771).				<u>(10,166,239)</u>
Net assets of governmental activities				<u>\$ 22,934,178</u>

See accompanying notes to financial statements.

City of Belton, Texas
Statement of Revenues, Expenditures and Changes in
Fund Balances - Governmental Funds
For the Fiscal Year Ended
September 30, 2011

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes:				
Ad valorem	\$ 3,601,148	845,215	352,461	4,798,824
Sales	2,323,032	-	-	2,323,032
Franchise	1,110,063	-	-	1,110,063
Hotel/motel	-	-	154,071	154,071
Alcoholic beverage	29,065	-	-	29,065
Licenses and permits	122,596	-	-	122,596
Intergovernmental	367,892	-	1,473,600	1,841,492
Charges for services	2,222,768	-	-	2,222,768
Fines	297,805	-	16,531	314,336
Rental	9,000	-	-	9,000
Interest	8,308	867	5,211	14,386
Contributions and donations	10,064	-	534,785	544,849
Payments in lieu of taxes	4,646	-	-	4,646
Miscellaneous	70,129	-	106,000	176,129
Total revenues	<u>10,176,516</u>	<u>846,082</u>	<u>2,642,659</u>	<u>13,665,257</u>
Expenditures:				
Current:				
General government	1,164,951	-	7,603	1,172,554
Public safety	4,934,983	-	-	4,934,983
Highways and streets	896,935	-	-	896,935
Planning	409,378	-	-	409,378
Culture and recreation	1,072,806	-	-	1,072,806
Solid waste	1,013,119	-	-	1,013,119
Economic development	-	-	609,915	609,915
Maintenance services	343,456	-	-	343,456
Debt service:				
Principal	-	445,345	95,000	540,345
Interest and fiscal charges	-	352,266	59,910	412,176
Capital outlay	-	-	4,271,626	4,271,626
Total expenditures	<u>9,835,628</u>	<u>797,611</u>	<u>5,044,054</u>	<u>15,677,293</u>
Excess (deficiency) of revenues over (under) expenditures	<u>340,888</u>	<u>48,471</u>	<u>(2,401,395)</u>	<u>(2,012,036)</u>
Other financing sources (uses):				
Insurance proceeds	42,821	-	-	42,821
Sale of capital assets	13,767	-	2,679	16,446
Transfers in	322,100	-	1,874,118	2,196,218
Transfers out	<u>(1,097,628)</u>	<u>-</u>	<u>(16,954)</u>	<u>(1,114,582)</u>
Total other financing sources (uses)	<u>(718,940)</u>	<u>-</u>	<u>1,859,843</u>	<u>1,140,903</u>
Net change in fund balances	(378,052)	48,471	(541,552)	(871,133)
Fund balances, beginning of year	<u>5,161,994</u>	<u>233,286</u>	<u>4,669,988</u>	<u>10,065,268</u>
Fund balances, end of year	<u>\$ 4,783,942</u>	<u>281,757</u>	<u>4,128,436</u>	<u>9,194,135</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, 2011

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

Net change in fund balances - total governmental funds (Exhibit A-4)	\$ (871,133)
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 (\$3,833,333) exceeded depreciation expense (\$1,919,946) in the current period.	1,913,387
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, donations, etc.) is to increase net assets. This is the amount by which contributed capital assets (\$307,636) exceeded the net book value of capital assets sold (\$12,614) in the current period.	295,022
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(117,506)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in governmental funds. This amount is the net effect of amortization of deferred charges (\$7,002), less change in compensated absences (\$23,899), and change in accrued interest payable (\$3,554).	20,451
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This is the amount of principal repayments.	<u>540,345</u>
Change in net assets of governmental activities (Exhibit A-2)	<u><u>\$ 1,780,566</u></u>

See accompanying notes to financial statements.

City of Belton, Texas
General Fund
Statement of Revenues, Expenditures, and Changes in
Fund Balances – Budget and Actual – Budgetary Basis
For the Fiscal Year Ended
September 30, 2011

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes:				
Current ad valorem	\$ 3,460,773	3,460,773	3,483,433	22,660
Delinquent ad valorem	47,500	47,500	66,113	18,613
Penalty and interest	50,350	50,350	51,602	1,252
Total ad valorem	3,558,623	3,558,623	3,601,148	42,525
Sales	2,200,000	2,200,000	2,323,032	123,032
Franchise	1,034,000	1,089,485	1,110,063	20,578
Alcoholic beverage	26,000	26,000	29,065	3,065
Total taxes	6,818,623	6,874,108	7,063,308	189,200
Licenses and permits:				
Building	70,000	70,000	52,354	(17,646)
Electrical	20,000	20,000	20,777	777
Plumbing	28,000	28,000	22,333	(5,667)
Mechanical	20,000	20,000	12,970	(7,030)
Swimming pool	500	500	1,125	625
Rezoning fees	4,300	4,300	3,559	(741)
Subdivision fees	3,500	3,500	2,727	(773)
Miscellaneous	5,790	5,790	6,751	961
Total licenses and permits	152,090	152,090	122,596	(29,494)
Intergovernmental	353,032	356,456	360,342	3,886
Charges for services:				
Ambulance	950,000	950,000	1,050,562	100,562
Parks and recreation	31,000	31,000	35,051	4,051
Brush collection	149,700	149,700	158,615	8,915
Refuse collection	994,560	994,560	978,540	(16,020)
Total charges for services	2,125,260	2,125,260	2,222,768	97,508
Fines:				
Municipal court	180,600	180,600	197,994	17,394
Court fees	79,400	79,400	97,252	17,852
Total fines	260,000	260,000	295,246	35,246
Rental	9,000	9,000	9,000	-
Interest	10,000	10,000	7,252	(2,748)
Payments in lieu of taxes	5,500	5,500	4,646	(854)
Miscellaneous	24,100	24,100	37,352	13,252
Total revenues	9,757,605	9,816,514	10,122,510	305,996

(Continued)

City of Belton, Texas
General Fund
Statement of Revenues, Expenditures, and Changes in
Fund Balances – Budget and Actual – Budgetary Basis
For the Fiscal Year Ended
September 30, 2011

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
Expenditures:				
General government:				
City council	\$ 84,514	80,237	71,584	8,653
City administration	647,808	514,208	419,746	94,462
Finance	399,787	417,900	406,110	11,790
Legal	159,491	160,917	151,861	9,056
Information Technology	106,402	116,865	114,801	2,064
Total general government	<u>1,398,002</u>	<u>1,290,127</u>	<u>1,164,102</u>	<u>126,025</u>
Public safety:				
Police	2,630,619	2,660,818	2,646,071	14,747
Fire	2,286,646	2,290,168	2,250,052	40,116
Total public safety	<u>4,917,265</u>	<u>4,950,986</u>	<u>4,896,123</u>	<u>54,863</u>
Highways and streets	<u>897,175</u>	<u>905,069</u>	<u>896,935</u>	<u>8,134</u>
Planning	<u>405,798</u>	<u>425,464</u>	<u>409,378</u>	<u>16,086</u>
Culture and recreation:				
Parks	753,746	830,998	788,429	42,569
Library	242,576	240,237	236,036	4,201
Total culture and recreation	<u>996,322</u>	<u>1,071,235</u>	<u>1,024,465</u>	<u>46,770</u>
Solid waste	<u>970,685</u>	<u>972,166</u>	<u>1,013,119</u>	<u>(40,953)</u>
Maintenance services	<u>330,720</u>	<u>339,000</u>	<u>343,456</u>	<u>(4,456)</u>
Total expenditures	<u>9,915,967</u>	<u>9,954,047</u>	<u>9,747,578</u>	<u>206,469</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(158,362)</u>	<u>(137,533)</u>	<u>374,932</u>	<u>512,465</u>
Other financing sources (uses):				
Insurance proceeds	-	42,821	42,821	-
Proceeds from sale of capital assets	5,000	11,000	11,737	737
Transfers in	322,100	322,100	322,100	-
Transfers out	(276,785)	(1,187,955)	(1,187,955)	-
Total other financing sources (uses)	<u>50,315</u>	<u>(812,034)</u>	<u>(811,297)</u>	<u>737</u>
Net change in fund balances	(108,047)	(949,567)	(436,365)	513,202
Fund balances, beginning of year	<u>4,428,345</u>	<u>4,428,345</u>	<u>4,428,345</u>	<u>-</u>
Fund balances, end of year	<u>\$ 4,320,298</u>	<u>3,478,778</u>	<u>3,991,980</u>	<u>513,202</u>

See accompanying notes to financial statements.

City of Belton, Texas
Statement of Net Assets –
Proprietary Funds
September 30, 2011

Assets	Business-type Activities - Enterprise Funds		
	Water and Sewer	Drainage	Total
Current assets:			
Cash and cash equivalents	\$ 4,310,452	217,566	4,528,018
Receivables (net of allowance for uncollectibles)	909,901	46,522	956,423
Due from other governments	292,678	-	292,678
Prepaid items	2,900	-	2,900
Total current assets	<u>5,515,931</u>	<u>264,088</u>	<u>5,780,019</u>
Noncurrent assets:			
Restricted cash and cash equivalents	481,259	29,080	510,339
Deferred charges	58,491	-	58,491
Capital assets:			
Land	170,270	74	170,344
Buildings	87,935	-	87,935
Infrastructure	30,973,222	998,012	31,971,234
Machinery and equipment	904,750	163,822	1,068,572
Construction in progress	1,050,412	4,051	1,054,463
	<u>33,186,589</u>	<u>1,165,959</u>	<u>34,352,548</u>
Less accumulated depreciation	<u>(11,190,160)</u>	<u>(133,208)</u>	<u>(11,323,368)</u>
Total capital assets, net	<u>21,996,429</u>	<u>1,032,751</u>	<u>23,029,180</u>
Total noncurrent assets	<u>22,536,179</u>	<u>1,061,831</u>	<u>23,598,010</u>
Total assets	<u>28,052,110</u>	<u>1,325,919</u>	<u>29,378,029</u>
Liabilities			
Current liabilities:			
Accounts and retainages payable	290,692	1,860	292,552
Accrued interest payable	42,856	2,170	45,026
Other accrued liabilities	19,390	891	20,281
Customer deposits payable	137,215	-	137,215
Compensated absences - current	72,780	99	72,879
Capital leases payable - current	-	37,854	37,854
Revenue bonds payable - current	491,030	12,563	503,593
Total current liabilities	<u>1,053,963</u>	<u>55,437</u>	<u>1,109,400</u>
Noncurrent liabilities:			
Compensated absences	14,244	1,019	15,263
Revenue bonds payable (net of deferred amount on refunding)	5,764,307	286,424	6,050,731
Total noncurrent liabilities	<u>5,778,551</u>	<u>287,443</u>	<u>6,065,994</u>
Total liabilities	<u>6,832,514</u>	<u>342,880</u>	<u>7,175,394</u>
Net Assets			
Invested in capital assets, net of related debt	16,266,756	695,910	16,962,666
Restricted for capital projects	231,106	-	231,106
Unrestricted	4,721,734	287,129	5,008,863
Total net assets	<u>\$ 21,219,596</u>	<u>983,039</u>	<u>22,202,635</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, 2011

	Business-type Activities - Enterprise Funds		
	Water and Sewer	Drainage	Total
Operating revenues:			
Charges for sales and services:			
Water service	\$ 3,840,621	-	3,840,621
Sewer service	1,983,925	-	1,983,925
Storm drainage fees	-	350,856	350,856
Reconnect and late fees	111,466	-	111,466
Tap fees	64,306	-	64,306
Other operating revenue	32,926	-	32,926
Total operating revenues	<u>6,033,244</u>	<u>350,856</u>	<u>6,384,100</u>
Operating expenses:			
Salaries and wages	929,410	54,561	983,971
Employee benefits	266,238	22,966	289,204
Supplies	102,506	9,447	111,953
Repairs and maintenance	125,042	8,109	133,151
Water, sewage treatment, and other charges	2,037,591	2,087	2,039,678
Depreciation	1,671,248	54,696	1,725,944
Total operating expenses	<u>5,132,035</u>	<u>151,866</u>	<u>5,283,901</u>
Operating income	<u>901,209</u>	<u>198,990</u>	<u>1,100,199</u>
Nonoperating revenues (expenses):			
Insurance proceeds	1,316	-	1,316
Gain on sale of capital assets	10,286	-	10,286
Interest earnings	6,212	472	6,684
Interest expense	(259,718)	(15,545)	(275,263)
Amortization expense	(13,521)	-	(13,521)
Total nonoperating revenues (expenses)	<u>(255,425)</u>	<u>(15,073)</u>	<u>(270,498)</u>
Income before contributions and transfers	645,784	183,917	829,701
Capital contributions from developers and others	640,090	90,708	730,798
Transfers in	-	16,954	16,954
Transfers out	<u>(976,590)</u>	<u>(122,000)</u>	<u>(1,098,590)</u>
Change in net assets	309,284	169,579	478,863
Total net assets, beginning of year	<u>20,910,312</u>	<u>813,460</u>	<u>21,723,772</u>
Total net assets, end of year	<u>\$ 21,219,596</u>	<u>983,039</u>	<u>22,202,635</u>

See accompanying notes to financial statements.

City of Belton, Texas
Statement of Cash Flows –
Proprietary Funds
For the Fiscal Year Ended
September 30, 2011

	Business-type Activities - Enterprise Funds		
	Water and Sewer	Drainage	Total
Cash flows from operating activities:			
Receipts from customers and users	\$ 5,702,704	351,903	6,054,607
Payments to suppliers	(2,358,604)	(28,501)	(2,387,105)
Payments to employees	(1,160,429)	(77,191)	(1,237,620)
Net cash provided by operating activities	2,183,671	246,211	2,429,882
Cash flows from noncapital financing activities:			
Transfer to other funds	(976,590)	(105,046)	(1,081,636)
Net cash used in noncapital financing activities	(976,590)	(105,046)	(1,081,636)
Cash flows from capital and related financing activities:			
Capital contributions	534,509	-	534,509
Purchases and construction of capital assets	(882,281)	(190,072)	(1,072,353)
Proceeds from sales of capital assets	10,286	-	10,286
Principal paid on capital debt	(471,730)	(48,370)	(520,100)
Interest paid on capital debt	(259,718)	(15,545)	(275,263)
Net cash used in capital and related financing activities	(1,068,934)	(253,987)	(1,322,921)
Cash flows from investing activities:			
Interest received	6,212	472	6,684
Net cash provided by investing activities	6,212	472	6,684
Net increase (decrease) in cash and cash equivalents	144,359	(112,350)	32,009
Cash and cash equivalents, beginning of year	4,647,352	358,996	5,006,348
Cash and cash equivalents, end of year	\$ 4,791,711	246,646	5,038,357
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 901,209	198,990	1,100,199
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	1,671,248	54,696	1,725,944
Decrease (increase) in receivables	(341,060)	1,047	(340,013)
Decrease in prepaid items	250	-	250
Decrease in accounts and retainages payable	(93,715)	(8,858)	(102,573)
Increase in accrued liabilities	3,198	54	3,252
Increase in customer deposits payable	10,520	-	10,520
Increase in compensated absences	32,021	282	32,303
Total adjustments	1,282,462	47,221	1,329,683
Net cash provided by operating activities	\$ 2,183,671	246,211	2,429,882
Noncash investing, capital and financing activities:			
Contributions of capital assets from developers and others	\$ 247,926	90,708	338,634

See accompanying notes to financial statements.



City of Belton, Texas
Notes to Financial Statements

	<u>Page</u>
I Summary of Significant Accounting Policies	31
II Deposits and Investments	40
III Receivables	42
IV Property Taxes	43
V Capital Assets	44
VI Capital Leases	48
VII Long-Term Debt	48
VIII Interfund Transfers	52
IX Employee Benefits	53
X Risk Management	56
XI Commitments and Contingencies	57
XII Related Organizations	58
XIII Authoritative Pronouncements Not Yet Effective	58



City of Belton, Texas
Notes to Financial Statements
September 30, 2011

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.

City of Belton, Texas
Notes to Financial Statements
September 30, 2011

I. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

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

City of Belton, Texas
Notes to Financial Statements
September 30, 2011

I. Summary of Significant Accounting Policies (continued)

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

The City reports the following major governmental funds:

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

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

The City reports the following major proprietary funds:

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

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

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

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

City of Belton, Texas
Notes to Financial Statements
September 30, 2011

I. Summary of Significant Accounting Policies (continued)

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

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

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

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

D. Budgets and Budgetary Accounting

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

1. Between thirty and ninety days prior to the beginning of each fiscal year, the City Manager submits a proposed budget to the City Council. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are held on the proposed budget and on the revised budget, if applicable.
3. Prior to September 28, but no sooner than five days after the final public hearing, the budget is legally enacted through passage of an ordinance. If not accepted and formally approved by the City Council before September 28, the budget as submitted by the City Manager is automatically adopted.

City of Belton, Texas
Notes to Financial Statements
September 30, 2011

I. Summary of Significant Accounting Policies (continued)

D. Budgets and Budgetary Accounting (continued)

4. The City Manager is authorized to transfer budgeted amounts within departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. Supplemental appropriations during the year were not significant.
5. A provision is made in the annual budget of the General Fund for a contingent appropriation not to exceed three percent of the total General Fund expenditures to be used in the case of unforeseen expenditures. This contingency is under the control of the City Manager and distributed by him. Disbursements of this appropriation are transferred to the department incurring the expenditure.
6. Annual budgets are legally adopted for the General Fund, the Hotel/Motel Tax Special Revenue Fund, the Debt Service Fund, the TIRZ Special Revenue Fund, the Water and Sewer Fund, and the Drainage Fund. Certain differences exist between the basis of accounting used for budgetary purposes and that used for financial reporting in accordance with generally accepted accounting principles (GAAP). Budgets are not prepared for capital project funds because all significant expenditures are based on fixed-bid contracts, which are controlled by management in the initial project planning stages.
7. Budget appropriations lapse at year-end and do not carry forward to future periods. The reported budgetary data has been revised for amendments authorized during the year.
8. The level of control (level at which expenditures may not exceed budget) is the fund.

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

City of Belton, Texas
Notes to Financial Statements
September 30, 2011

I. Summary of Significant Accounting Policies (continued)

D. Budgets and Budgetary Accounting (continued)

Net change in fund balance - budgetary basis	\$ (436,365)
Activities not included in the General Fund budget	<u>58,313</u>
Net change in fund balance - GAAP basis	<u>\$ (378,052)</u>

E. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in governmental funds. Encumbrances do not constitute expenditures or liabilities because the commitments lapse at year-end and must be budgeted in the following year.

F. Deposits and Investments

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

State statutes and the City's investment policy authorize the City to invest in obligations of the United States and its agencies, certificates of deposit, and public funds investment pools.

Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that mature within one year of acquisition that are reported at amortized cost. The City invests in public funds investment pools that were created to function as money market mutual funds within the meaning of Rule 2a-7 of the Investment Company Act of 1940. Each of these public funds investment pools seek to maintain a constant \$1.00 net asset value per share.

G. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances

City of Belton, Texas
Notes to Financial Statements
September 30, 2011

I. Summary of Significant Accounting Policies (continued)

G. Receivables and Payables (continued)

between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown net of an allowance for uncollectibles. The property tax receivable allowance is equal to 32.5 percent of outstanding property taxes at September 30, 2011.

H. Inventory

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

I. Restricted Assets

Certain proceeds of the City's enterprise funds revenue bonds are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

J. Capital Assets

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

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

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

City of Belton, Texas
Notes to Financial Statements
September 30, 2011

I. Summary of Significant Accounting Policies (continued)

J. Capital Assets (continued)

the investment of funds borrowed for construction in accordance with Financial Accounting Standards Board Statement No. 62, *Capitalization of Interest Cost in Situations Involving Certain Tax-Exempt Borrowings and Certain Gifts and Grants*.

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

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

K. Compensated Absences

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

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

L. Long-Term Obligations

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

City of Belton, Texas
Notes to Financial Statements
September 30, 2011

I. Summary of Significant Accounting Policies (continued)

L. Long-Term Obligations (continued)

as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

M. Fund Equity

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

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

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

	<u>General</u>	<u>Debt Service</u>	<u>Other Funds</u>
Nonspendable:			
Prepaid items	\$ 4,925	-	-
Restricted for:			
Court	-	-	14,259
Public safety	25,636	-	99,887
Public access facilities	96,665	-	-
Debt service	-	281,757	-
Capital projects and equipment	-	-	524,116
Economic development	-	-	396,908

City of Belton, Texas
Notes to Financial Statements
September 30, 2011

I. Summary of Significant Accounting Policies (continued)

M. Fund Equity (continued)

	General	Debt Service	Other Funds
Committed for:			
Civil service sick pay and appeals	\$ 632,220	-	-
Culture and recreation	35,466	-	-
Capital projects and equipment	-	-	1,426,410
Economic development	-	-	5,822
Assigned for:			
Capital projects and equipment	-	-	1,661,041
Unassigned	3,989,030	-	(7)
	\$ 4,783,942	281,757	4,128,436

N. Net Assets

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

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

II. Deposits and Investments

Investments of the City at September 30, 2011, consist of investments in Texas Local Government Investment Pool (TexPool) and in Texas Short-Term Asset Reserve Program (TexSTAR) of \$3,903,379 and \$11,840,084, respectively.

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

City of Belton, Texas
Notes to Financial Statements
September 30, 2011

II. Deposits and Investments (continued)

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the City will not invest in securities maturing more than two years from the date of purchase, and the composite portfolio will have a weighted average maturity of 365 days or less. The weighted average maturities of TexPool and TexSTAR are 48 and 45 days, respectively, as of September 30, 2011.

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

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

The City uses the following external public funds investment pools:

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

The Comptroller and the Trust Company have contracted with Federated Investors, Inc., as administrator and investment manager for the TexPool Portfolios. TexPool invests in U.S. Treasury and government agency securities, repurchase agreements, and certain mutual funds.

TexPool offers a safe, efficient, and liquid investment alternative to local governments in the State of Texas. The expectation is that local governments will benefit from the receipt of higher investment returns as a result of economies of scale

City of Belton, Texas
Notes to Financial Statements
September 30, 2011

II. Deposits and Investments (continued)

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

TexSTAR: The Texas Short-Term Asset Reserve Program (TexSTAR) was organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. JPMorgan Fleming Asset Management (USA), Inc. and First Southwest Asset Management, Inc. serve as co-administrators for TexSTAR under an agreement with the TexSTAR Board.

TexSTAR will invest only in instruments authorized under both the Public Funds Investment Act and the current TexSTAR Investment Policy. The primary objectives of TexSTAR are, in order of priority, preservation and protection of principal, maintenance of sufficient liquidity to meet participants' needs, diversification to avoid unreasonable or avoidable risks, and yield. TexSTAR uses amortized cost rather than the market value to report net assets to compute share prices.

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

Cash on hand	\$	5,884
Carrying amount of deposits		256,148
Carrying amount of investments		<u>15,743,463</u>
Total	\$	<u><u>16,005,495</u></u>
Per the statement of net assets for the City:		
Cash and cash equivalents	\$	13,362,222
Restricted cash and cash equivalents		<u>510,339</u>
		13,872,561
Per the statement of net assets for the Belton Economic Development Corporation, Inc.:		
Cash and cash equivalents		<u>2,132,934</u>
Total	\$	<u><u>16,005,495</u></u>

III. Receivables

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

City of Belton, Texas
Notes to Financial Statements
September 30, 2011

III. Receivables (continued)

	General	Debt Service	Enterprise Funds		Nonmajor Funds	Total
			Water and Sewer	Drainage		
Receivables:						
Taxes	\$ 741,200	40,747	-	-	42,913	824,860
Water/sewer	-	-	924,316	-	-	924,316
Storm drainage	-	-	-	55,290	-	55,290
Ambulance	455,729	-	-	-	-	455,729
Other	337,479	-	-	-	-	337,479
	<u>1,534,408</u>	<u>40,747</u>	<u>924,316</u>	<u>55,290</u>	<u>42,913</u>	<u>2,597,674</u>
Less:						
Allowance for uncollectibles	<u>434,078</u>	<u>13,137</u>	<u>14,415</u>	<u>8,768</u>	<u>-</u>	<u>470,398</u>
	<u>\$ 1,100,330</u>	<u>27,610</u>	<u>909,901</u>	<u>46,522</u>	<u>42,913</u>	<u>2,127,276</u>

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

IV. Property Taxes

The City's property taxes are levied each October 1 on the assessed value listed as of the previous January 1 for all real and personal property located in the City. The assessed value for the tax roll of January 1, 2010, upon which the 2011 fiscal year levy was based, was \$744,081,574.

The tax levy of October 2010 set a tax rate of \$0.655 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, 2011, at which time a lien attaches for unpaid taxes. Tax collections during the fiscal year ended September 30, 2011, for the fiscal year 2011 levy were 97.58 percent of the total tax levy for that year.

Legislation has been passed by the Texas Legislature, which affects the method of property assessment and tax collection in the City. This legislation, with certain exceptions, exempts

City of Belton, Texas
Notes to Financial Statements
September 30, 2011

IV. Property Taxes (continued)

intangible personal property and household goods. In addition, this legislation creates a "property tax code" and provides, among other things, for the establishment of county appraisal districts and for a state property tax board.

The appraisal of property within the City is the responsibility of the county appraisal district. The appraisal district is required under the property tax code to assess all property within the appraisal district on the basis of 100 percent of its appraised value and is prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed at least every five years. The City may challenge appraised values established by the appraisal district through various appeals and, if necessary, legal action. State law provides that the City Council set tax rates on City property. However, if the effective tax rate, excluding tax rates for bonds and other contractual obligations and adjusted for new improvements, exceeds the modified rate of the previous year by more than eight percent, qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than eight percent above the rate of the previous year.

V. Capital Assets

Capital asset activity for the year ended September 30, 2011, was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
<i>Governmental activities:</i>				
Capital assets, not being depreciated:				
Land	\$ 2,117,779	209,768	(2,680)	2,324,867
Construction in progress	1,762,406	3,262,092	(3,178,294)	1,846,204
Total capital assets not being depreciated	<u>3,880,185</u>	<u>3,471,860</u>	<u>(3,180,974)</u>	<u>4,171,071</u>
Capital assets, being depreciated:				
Buildings	5,127,271	66,598	(15,403)	5,178,466
Improvements other than buildings	2,778,861	26,579	(151,618)	2,653,822
Machinery and equipment	3,754,228	527,604	(344,555)	3,937,277
Infrastructure	19,640,760	3,226,622	(2,534,383)	20,332,999
Total capital assets, being depreciated	<u>31,301,120</u>	<u>3,847,403</u>	<u>(3,045,959)</u>	<u>32,102,564</u>

City of Belton, Texas
Notes to Financial Statements
September 30, 2011

V. Capital Assets (continued)

Primary Government (continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<i>Governmental activities:</i> (continued)				
Less accumulated depreciation for:				
Buildings	\$ (1,823,425)	(228,971)	15,403	(2,036,993)
Improvements other than buildings	(1,154,787)	(136,601)	151,618	(1,139,770)
Machinery and equipment	(2,105,785)	(396,576)	334,621	(2,167,740)
Infrastructure	(8,712,558)	(1,157,798)	2,534,383	(7,335,973)
Total accumulated depreciation	<u>(13,796,555)</u>	<u>(1,919,946)</u>	<u>3,036,025</u>	<u>(12,680,476)</u>
 Total capital assets, being depreciated, net	 <u>17,504,565</u>	 <u>1,927,457</u>	 <u>(9,934)</u>	 <u>19,422,088</u>
	<u>\$ 21,384,750</u>	<u>5,399,317</u>	<u>(3,190,908)</u>	<u>23,593,159</u>
 <i>Business-type activities:</i>				
Capital assets, not being depreciated:				
Land	\$ 169,905	439	-	170,344
Construction in progress	<u>1,620,632</u>	<u>934,993</u>	<u>(1,501,162)</u>	<u>1,054,463</u>
Total capital assets not being depreciated	<u>1,790,537</u>	<u>935,432</u>	<u>(1,501,162)</u>	<u>1,224,807</u>
 Capital assets, being depreciated:				
Buildings	87,935	-	-	87,935
Machinery and equipment	1,045,820	109,045	(86,293)	1,068,572
Infrastructure	<u>30,847,780</u>	<u>1,867,672</u>	<u>(744,218)</u>	<u>31,971,234</u>
Total capital assets being depreciated	<u>31,981,535</u>	<u>1,976,717</u>	<u>(830,511)</u>	<u>33,127,741</u>
 Less accumulated depreciation for:				
Buildings	(74,231)	(1,272)	-	(75,503)
Machinery and equipment	(622,354)	(81,275)	86,293	(617,336)
Infrastructure	<u>(9,731,350)</u>	<u>(1,643,397)</u>	<u>744,218</u>	<u>(10,630,529)</u>
Total accumulated depreciation	<u>(10,427,935)</u>	<u>(1,725,944)</u>	<u>830,511</u>	<u>(11,323,368)</u>
 Total capital assets, being depreciated, net	 <u>21,553,600</u>	 <u>250,773</u>	 <u>-</u>	 <u>21,804,373</u>
	<u>\$ 23,344,137</u>	<u>1,186,205</u>	<u>(1,501,162)</u>	<u>23,029,180</u>

City of Belton, Texas
Notes to Financial Statements
September 30, 2011

V. Capital Assets (continued)

Primary Government (continued)

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

Governmental activities:	
General government	\$ 60,424
Public safety	356,759
Highways and streets, including depreciation of general infrastructure assets	888,833
Planning	7,173
Maintenance	6,340
Solid waste	12,930
Culture and recreation	<u>587,487</u>
Total depreciation expense - governmental activities	<u>\$ 1,919,946</u>
Business-type activities:	
Water and sewer	\$ 1,671,248
Drainage	<u>54,696</u>
Total depreciation expense - business-type activities	<u>\$ 1,725,944</u>

The City has active construction projects as of September 30, 2011. At year-end, the City's construction commitments for governmental activities are as follows:

Project Title	Expended to Date	Remaining Commitment
Central & 1st Alley Rehabilitation	\$ 15,670	4,860
Harris Center Repair	236,216	4,034
Patriot Plaza	28,258	-
Hike & Bike Trail	20,999	2,787
Maintenance Facility	192,599	-
Commerce Drive	1,072,017	93,787
9th Avenue Extension	221,439	380,464
Safe Routes to School	<u>59,006</u>	<u>145,379</u>
Total	<u>\$ 1,846,204</u>	<u>631,311</u>

The projects will be financed with available resources.

City of Belton, Texas
Notes to Financial Statements
September 30, 2011

V. Capital Assets (continued)

Primary Government (continued)

At September 30, 2011, the City's construction commitments for business-type activities are as follows:

<u>Project Title</u>	<u>Expended to Date</u>	<u>Remaining Commitment</u>
Old Golf Course Road Water	\$ 1,974	-
West FM 93 Sewer	187,581	92,455
Miller Heights Sewer	360,735	3,750
Auction Barn Road Sewer	15,827	105,140
Industrial Park Sewer	3,177	1,550
I-35 Utility Relocations	481,118	133,184
Oak View Drainage	4,051	3,777
Total	<u>\$ 1,054,463</u>	<u>339,856</u>

The projects will be financed with available resources.

Discretely Presented Component Unit

Capital asset activity for the Development Corporation for the year ended September 30, 2011, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 476,081	57,490	(498)	533,073
Construction in progress	940,652	313,011	(1,216,940)	36,723
Total capital assets not being depreciated	<u>1,416,733</u>	<u>370,501</u>	<u>(1,217,438)</u>	<u>569,796</u>
Capital assets, being depreciated:				
Buildings	317,183	944,340	-	1,261,523
Machinery and equipment	43,666	-	(40,000)	3,666
Infrastructure	2,411,209	272,600	-	2,683,809
Total capital assets being depreciated	<u>2,772,058</u>	<u>1,216,940</u>	<u>(40,000)</u>	<u>3,948,998</u>
Less accumulated depreciation for:				
Buildings	(9,252)	(28,915)	-	(38,167)
Machinery and equipment	(39,655)	(3,400)	40,000	(3,055)
Infrastructure	(744,562)	(123,183)	-	(867,745)
Total accumulated depreciation	<u>(793,469)</u>	<u>(155,498)</u>	<u>40,000</u>	<u>(908,967)</u>
Total capital assets, being depreciated, net	<u>1,978,589</u>	<u>1,061,442</u>	<u>-</u>	<u>3,040,031</u>
	<u>\$ 3,395,322</u>	<u>1,431,943</u>	<u>(1,217,438)</u>	<u>3,609,827</u>

City of Belton, Texas
Notes to Financial Statements
September 30, 2011

VI. Capital Leases

The City has financed the purchase of a street sweeper for the Drainage Fund by means of a lease. 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. The cost and accumulated depreciation of the capital asset under capital lease at September 30, 2011, is \$149,078 and \$38,512, respectively.

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2011, were as follows:

	Drainage Fund
Fiscal year ending September 30, 2012	\$ 39,104
Less: amount representing interest	(1,250)
Present value of minimum lease payments	\$ 37,854

VII. Long-Term Debt

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

The following is a summary of changes in long-term debt for the City for the year ended September 30, 2011:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 10,382,458	-	(540,345)	9,842,113	564,058
Compensated absences	383,956	327,043	(350,942)	360,057	275,419
	\$ 10,766,414	327,043	(891,287)	10,202,170	839,477

City of Belton, Texas
Notes to Financial Statements
September 30, 2011

VII. Long-Term Debt (continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type activities:					
General obligation and revenue bonds	\$ 7,032,744	-	(478,420)	6,554,324	503,593
Capital lease	74,499	-	(36,645)	37,854	37,854
Compensated absences	<u>55,839</u>	<u>56,558</u>	<u>(24,255)</u>	<u>88,142</u>	<u>72,879</u>
	<u>\$ 7,163,082</u>	<u>56,558</u>	<u>(539,320)</u>	<u>6,680,320</u>	<u>614,326</u>

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

Long-term debt of the City's governmental activities at September 30, 2011, is comprised of the following:

\$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%	\$ 56,750
\$2,480,000 Series 2003 general obligation bonds due in annual installments of \$120,000 to \$200,000 through 2023; interest at 4.15%	1,870,000
\$4,500,000 Series 2005 general obligation bonds due in annual installments of \$140,000 to \$275,000 through 2025; interest at 3.54%	3,180,000
\$3,945,000 Series 2007 combination tax and revenue certificates of obligation due in annual installments of \$165,000 to \$295,000 through 2027; interest at 4.13%	3,410,000
\$1,485,000 Series 2008 combination tax and revenue certificates of obligation due in annual installments of \$55,688 to \$107,663 through 2028; interest at 4.19%	<u>1,325,363</u>
	<u>\$ 9,842,113</u>

City of Belton, Texas
Notes to Financial Statements
September 30, 2011

VII. Long-Term Debt (continued)

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

<u>Year Ended</u> <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 564,058	389,040
2013	584,067	366,761
2014	609,400	343,655
2015	633,112	319,752
2016	661,825	294,897
2017 - 2021	3,731,251	1,063,252
2022 - 2026	2,660,499	343,422
2027 - 2029	<u>397,901</u>	<u>21,069</u>
	<u>\$ 9,842,113</u>	<u>3,141,848</u>

Long-term debt of the City's business-type activities at September 30, 2011, is comprised of the following:

\$2,301,140 Series 2002 general obligation refunding bonds due in annual intallments of \$60,000 to \$70,000 through 2016; interest at 3.35%	\$ 335,000
\$4,360,449 Series 2002 combination tax and revenue certificates of obligation due in annual installments of \$216,630 to \$360,000 through 2022; interest at 4.4%	3,268,250
\$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%	1,380,000
\$515,000 Series 2008 combination tax and revenue certificates of obligation due in annual intallments of \$19,313 to \$37,338 through 2028; interest at 4.19%	459,637
\$1,367,872 Series 2009 general obligation refunding bonds due in annual installments of \$126,850 to \$209,450 through 2017; interest at 2% to 2.5%; net of the unamortized difference between the reacquisition price and the carrying value of the refunded debt of \$30,213	<u>1,111,437</u>
	<u>\$ 6,554,324</u>

City of Belton, Texas
Notes to Financial Statements
September 30, 2011

VII. Long-Term Debt (continued)

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

<u>Year Ended</u> <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 503,593	254,780
2013	518,583	237,979
2014	564,150	220,573
2015	583,388	201,440
2016	592,625	181,019
2017 - 2021	2,520,599	598,210
2022 - 2026	1,109,500	147,740
2027 - 2028	<u>192,099</u>	<u>9,541</u>
	<u>\$ 6,584,537</u>	<u>1,851,282</u>

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

Discretely Presented Component Unit

The following is a summary of changes in long-term debt of the Development Corporation for the year ended September 30, 2011:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
General obligation bonds	\$ 924,550	-	(131,200)	793,350	137,350
	<u>\$ 924,550</u>	<u>-</u>	<u>(131,200)</u>	<u>793,350</u>	<u>137,350</u>

Long-term debt of the Development Corporation at September 30, 2011, is comprised of the following general obligation bonds issued by the City for which the Development Corporation is legally obligated to repay:

City of Belton, Texas
Notes to Financial Statements
September 30, 2011

VII. Long-Term Debt (continued)

\$952,178 Series 2009 general obligation refunding bonds due in annual installments of \$88,150 to \$145,550 through 2017; interest at 2% to 2.5%	\$ <u>793,350</u>
	\$ <u><u>793,350</u></u>

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

Year Ended September 30,	Principal	Interest
2012	\$ 137,350	17,030
2013	137,350	14,283
2014	141,450	11,536
2015	143,500	8,707
2016	145,550	5,479
2017	88,150	2,204
	\$ 793,350	59,239

VIII. Interfund Transfers

Interfund transfers for 2011 are as follow:

	Transfer in			Total
	General	Drainage	Other Nonmajor Governmental	
Transfer out:				
General	\$ -	-	1,097,628	1,097,628
Water and sewer	322,100	-	654,490	976,590
Drainage	-	-	122,000	122,000
Other nonmajor governmental	-	16,954	-	16,954
	\$ 322,100	16,954	1,874,118	2,213,172

City of Belton, Texas
Notes to Financial Statements
September 30, 2011

VIII. Interfund Transfers

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.

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 for TMRS; the report also provides detailed explanations of the contributions, benefits, and actuarial methods and assumptions used by the System. This report may be obtained from the TMRS website at www.TMRS.com.

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

	<u>Plan Year 2010</u>	<u>Plan Year 2011</u>
Employee deposit rate	5%	5%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20	60/5, 0/20
Updated service credits	100% Repeating, Transfers	100% Repeating, Transfers
Annuity increase (to retirees)	30% of CPI Repeating	30% of CPI Repeating

Benefits – Benefits depend upon the sum of the employee’s contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount at least equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150%, or 200%) of the employee’s accumulated contributions. In addition, the City can grant, as often as annually, another type of

City of Belton, Texas
Notes to Financial Statements
September 30, 2011

IX. Employee Benefits (continued)

Pension Plan (continued)

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

Contributions – Under the state law governing TMRS, the contribution rate is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service 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. The annual pension cost and net pension obligation are as follows:

Fiscal Year Ending	Annual Pension Cost (APC)	Actual Contribution Made	Percentage of APC Contributed	Net Pension Obligation
2011	\$ 555,778	555,778	100%	\$ -
2010	505,964	505,964	100%	-
2009	426,145	426,145	100%	-

The required contribution rates for fiscal year 2011 were determined as part of the December 31, 2008 and 2009 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2010, also follows:

City of Belton, Texas
Notes to Financial Statements
September 30, 2011

IX. Employee Benefits (continued)

Pension Plan (continued)

Valuation Date	12/31/2008	12/31/2009	12/31/2010-prior to restructuring	12/31/2010- restructured
Actuarial cost method	Projected unit credit	Projected unit credit	Projected unit credit	Projected unit credit
Amortization method	Level percent of payroll	Level percent of payroll	Level percent of payroll	Level percent of payroll
Remaining amortization period	29 years; closed period	28 years; closed period	27 years; closed period	27.4 years; closed period
Asset valuation method	Amortized cost	10-year smoothed market	10-year smoothed market	10-year smoothed market
Actuarial assumptions:				
Investment rate of return*	7.5%	7.5%	7.5%	7.0%
Projected salary increases*	Varies by age and service	Varies by age and service	Varies by age and service	Varies by age and service
*Includes inflation at	3.0%	3.0%	3.0%	3.0%
Cost-of-living adjustments	0.9%	0.9%	0.9%	0.9%

Funded Status and Funding Progress – In June 2011, SB 350 was enacted by the Texas Legislature resulting in a restructure of the TMRS funds. This legislation provided for the actuarial valuation to be completed, as if restructuring had occurred on December 31, 2010. In addition, the actuarial assumptions were updated for the new fund structure, based on an actuarial experience study that was adopted by the TMRS Board at their May 2011 meeting (the review compared actual to expected experience for the four-year period of January 1, 2006, through December 31, 2009). For a complete description of the combined impact of the legislation and new actuarial assumptions, including the effects on TMRS city rates and funding ratios, please see the December 31, 2010, TMRS Comprehensive Annual Financial Report.

The following schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2008	\$ 6,260,588	8,370,861	74.8%	\$ 2,110,273	5,414,750	39.0%
12/31/2009	6,983,507	9,187,335	76.0%	2,203,828	5,648,043	39.0%
12/31/2010*	7,721,229	9,986,297	77.3%	2,265,068	6,098,176	37.1%
12/31/2010**	12,408,906	13,731,013	90.4%	1,322,107	6,098,176	21.7%

* Actuarial valuation performed under the original structure.

** Actuarial valuation performed under the new structure.

City of Belton, Texas
Notes to Financial Statements
September 30, 2011

IX. Employee Benefits (continued)

Pension Plan (continued)

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

Supplemental Death Benefits Plan

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

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

Contributions – The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees’ entire careers. The City’s contributions to the SDBF for the years ended September 30, 2011, 2010 and 2009, were \$3,915, \$3,589, and \$3,301, respectively, which equaled the required contributions each year.

X. Risk Management

The City is a member of the Texas Municipal League's Intergovernmental Risk Pool (the Pool). The Pool was created for the purpose of providing coverage against risks, which are inherent in operating a political subdivision. The City pays annual premiums to the Pool for liability, property, and workers' compensation coverage. The City's agreement with the Pool provides that the Pool will be self-sustaining through member premiums and will provide through commercial companies reinsurance contracts. The Pool agrees to handle all liability, property, and workers' compensation claims and provide any defense as is necessary. The Pool makes available to the City loss control services to assist the City in

City of Belton, Texas
Notes to Financial Statements
September 30, 2011

X. Risk Management (continued)

following a plan of loss control that may result in reduced losses. The City agrees that it will cooperate in instituting any and all reasonable loss control recommendations made by the Pool. The City also carries commercial insurance on all other risks of loss, including employee health and accident insurance.

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

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. The agreement expires in 2042. The City's cost under the agreement for the year ended September 30, 2011, was \$32,500.

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, 2011, were \$1,294,177.

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, 2011, was \$425,356.

City of Belton, Texas
Notes to Financial Statements
September 30, 2011

XI. Commitments and Contingencies (continued)

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

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.

XIII. Authoritative Pronouncements Not Yet Effective

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

GASB Statement No. 61, The Financial Reporting Entity: Omnibus – An amendment to GASB 14 and 34 (issued November 2010) – The objective of this statement is to improve financial reporting by improving guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity. The statement allows users of the financial statements to better assess the accountability of elected officials by ensuring that the financial reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2012.

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

City of Belton, Texas
Notes to Financial Statements
September 30, 2011

XIII. Authoritative Pronouncements Not Yet Effective (continued)

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

GASB Statement No. 64, Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53 – The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty’s credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2011.



**Combining and Individual Fund
Statements and Schedules**



Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

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

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

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

TDHCA Home Fund: This fund is used to account for the City's Texas Department of Housing and Community Affairs HOME Program which provides payment assistance to qualified first-time home buyers within the City of Belton and funding for the rehabilitation and replacement of dilapidated owner-occupied housing within the City of Belton.



Capital Projects Funds

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

General Capital Projects Fund: This fund accounts for construction of various infrastructure projects which extend over several fiscal years. Financing is provided primarily by the transfer of funds from the General Fund.

General Capital Equipment Fund: This fund accounts for acquisition of various major capital equipment. Financing is provided primarily by the transfer of funds from the General Fund.

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

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

2005 General Obligation Bond Fund: This fund accounts for acquisition, construction, improvement, and equipping of land, streets, and related drainage facilities for municipal parks and recreation facilities.

2007 Certificates of Obligation Fund: This fund accounts for acquisition, construction, improvement, and equipping of land, streets, and related drainage facilities for municipal parks and recreation facilities, and for renovating and equipping City buildings.

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

Central Avenue Fund: This fund accounts for the rebuilding of Central Avenue in downtown Belton.

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

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

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

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

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

City of Belton, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2011

	Special Revenue								General Capital Projects	General Capital Equipment
	Greathouse Public Trust	Revolving Loan	Hotel/ Motel Tax	TIRZ	Court Technology	Court Security	TDHCA Home Grants	Total		
Assets										
Cash and cash equivalents	\$ 99,887	56,138	204,840	95,238	2,160	12,099	25,039	495,401	650,131	396,606
Receivables	-	-	42,913	-	-	-	-	42,913	-	-
Due from other governments	-	-	-	-	-	-	260,315	260,315	-	-
Due from other funds	-	-	-	-	-	-	-	-	25,638	-
Total assets	\$ 99,887	56,138	247,753	95,238	2,160	12,099	285,354	798,629	675,769	396,606
Liabilities and Fund Balances										
Liabilities:										
Accounts and retainages payable	\$ -	-	7	10,000	-	-	278,966	288,973	14,923	9,204
Due to other funds	-	-	-	-	-	-	566	566	-	-
Total liabilities	-	-	7	10,000	-	-	279,532	289,539	14,923	9,204
Fund balances:										
Restricted	99,887	56,138	247,746	85,238	2,160	12,099	-	503,268	-	-
Committed	-	-	-	-	-	-	5,822	5,822	-	-
Assigned	-	-	-	-	-	-	-	-	660,846	387,402
Unassigned	-	-	-	-	-	-	-	-	-	-
Total fund balances	99,887	56,138	247,746	85,238	2,160	12,099	5,822	509,090	660,846	387,402
Total liabilities and fund balances	\$ 99,887	56,138	247,753	95,238	2,160	12,099	285,354	798,629	675,769	396,606

See accompanying independent auditors' report.

Capital Projects												Total Nonmajor Governmental Funds
Park Donation	Hike & Bike Trail	2005 G O Bonds	2007 Certificates of Obligation	2008 Certificates of Obligation	Central Avenue	Commerce Drive Extension	9th Avenue Extension	First Responder Grant	Safe Routes to School Grant	State Energy Conservation Office Grant	Total	
30,984	442,396	-	477,354	519,907	-	785,835	323,398	-	-	-	3,626,611	4,122,012
-	-	-	-	-	-	-	-	-	-	-	-	42,913
-	13,919	-	-	-	-	-	33,763	11,356	20,008	10,437	89,483	349,798
-	-	-	-	-	-	-	-	-	-	-	25,638	25,638
30,984	456,315	-	477,354	519,907	-	785,835	357,161	11,356	20,008	10,437	3,741,732	4,540,361
23,198	4,320	-	193	110	-	26,420	2,210	8,118	6,038	2,580	97,314	386,287
-	-	-	-	-	-	-	-	3,238	13,977	7,857	25,072	25,638
23,198	4,320	-	193	110	-	26,420	2,210	11,356	20,015	10,437	122,386	411,925
7,786	-	-	48,273	120,892	-	-	354,951	-	-	-	531,902	1,035,170
-	451,995	-	190,000	25,000	-	759,415	-	-	-	-	1,426,410	1,432,232
-	-	-	238,888	373,905	-	-	-	-	-	-	1,661,041	1,661,041
-	-	-	-	-	-	-	-	-	(7)	-	(7)	(7)
7,786	451,995	-	477,161	519,797	-	759,415	354,951	-	(7)	-	3,619,346	4,128,436
30,984	456,315	-	477,354	519,907	-	785,835	357,161	11,356	20,008	10,437	3,741,732	4,540,361

City of Belton, Texas
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Nonmajor Governmental Funds
For the Fiscal Year Ended
September 30, 2011

	Special Revenue							Total	General Capital Projects	General Capital Equipment	Park Donation
	Greathouse Public Trust	Revolving Loan	Hotel/ Motel Tax	TIRZ	Court Technology	Court Security	TDHCA Home Grants				
Revenues:											
Ad valorem taxes	\$ -	-	-	352,461	-	-	-	352,461	-	-	-
Hotel/motel taxes	-	-	154,071	-	-	-	-	154,071	-	-	-
Intergovernmental	-	-	-	204,814	-	-	341,540	546,354	-	-	-
Fines	-	-	-	-	9,763	6,768	-	16,531	-	-	-
Interest	56	75	277	161	-	9	79	657	810	322	20
Contributions and donations	-	-	-	-	-	-	-	-	3,585	-	26,550
Miscellaneous revenue	-	-	-	-	-	-	-	-	106,000	-	-
Total revenues	<u>56</u>	<u>75</u>	<u>154,348</u>	<u>557,436</u>	<u>9,763</u>	<u>6,777</u>	<u>341,619</u>	<u>1,070,074</u>	<u>110,395</u>	<u>322</u>	<u>26,570</u>
Expenditures:											
Current:											
General government	-	-	-	-	7,603	-	-	7,603	-	-	-
Economic development	-	-	154,466	50,460	-	-	404,989	609,915	-	-	-
Debt service:											
Principal	-	-	-	95,000	-	-	-	95,000	-	-	-
Interest and fiscal charges	-	-	-	59,910	-	-	-	59,910	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	381,689	131,600	44,809
Total expenditures	<u>-</u>	<u>-</u>	<u>154,466</u>	<u>205,370</u>	<u>7,603</u>	<u>-</u>	<u>404,989</u>	<u>772,428</u>	<u>381,689</u>	<u>131,600</u>	<u>44,809</u>
Excess (deficiency) of revenues over (under) expenditures	<u>56</u>	<u>75</u>	<u>(118)</u>	<u>352,066</u>	<u>2,160</u>	<u>6,777</u>	<u>(63,370)</u>	<u>297,646</u>	<u>(271,294)</u>	<u>(131,278)</u>	<u>(18,239)</u>
Other financing sources (uses):											
Sale of capital assets	-	-	-	-	-	-	2,679	2,679	-	-	-
Transfers in	57,629	-	-	-	-	-	-	57,629	386,393	217,906	21,900
Transfers out	-	-	-	(331,954)	-	-	-	(331,954)	(3,371)	-	-
Total other financing sources (uses)	<u>57,629</u>	<u>-</u>	<u>-</u>	<u>(331,954)</u>	<u>-</u>	<u>-</u>	<u>2,679</u>	<u>(271,646)</u>	<u>383,022</u>	<u>217,906</u>	<u>21,900</u>
Net change in fund balances	<u>57,685</u>	<u>75</u>	<u>(118)</u>	<u>20,112</u>	<u>2,160</u>	<u>6,777</u>	<u>(60,691)</u>	<u>26,000</u>	<u>111,728</u>	<u>86,628</u>	<u>3,661</u>
Fund balances, October 1	<u>42,202</u>	<u>56,063</u>	<u>247,864</u>	<u>65,126</u>	<u>-</u>	<u>5,322</u>	<u>66,513</u>	<u>483,090</u>	<u>549,118</u>	<u>300,774</u>	<u>4,125</u>
Fund balances, September 30	<u>\$ 99,887</u>	<u>56,138</u>	<u>247,746</u>	<u>85,238</u>	<u>2,160</u>	<u>12,099</u>	<u>5,822</u>	<u>509,090</u>	<u>660,846</u>	<u>387,402</u>	<u>7,786</u>

See accompanying independent auditors' report.

Capital Projects											Total Nonmajor Governmental Funds
Hike & Bike Trail	2005 G O Bonds	2007 Certificates of Obligation	2008 Certificates of Obligation	Central Avenue	Commerce Drive Extension	9th Avenue Extension	First Responder Grant	Safe Routes To School Grant	State Energy Conservation Office Grant	Total	
-	-	-	-	-	-	-	-	-	-	-	352,461
-	-	-	-	-	-	-	-	-	-	-	154,071
13,919	-	-	-	-	-	161,213	662,997	59,127	29,990	927,246	1,473,600
-	-	-	-	-	-	-	-	-	-	-	16,531
158	16	751	900	456	648	480	-	(7)	-	4,554	5,211
-	-	-	4,650	-	500,000	-	-	-	-	534,785	534,785
-	-	-	-	-	-	-	-	-	-	106,000	106,000
14,077	16	751	5,550	456	500,648	161,693	662,997	59,120	29,990	1,572,585	2,642,659
-	-	-	-	-	-	-	-	-	-	-	7,603
-	-	-	-	-	-	-	-	-	-	-	609,915
-	-	-	-	-	-	-	-	-	-	-	95,000
-	-	-	-	-	-	-	-	-	-	-	59,910
112,782	-	311,467	652,565	736,293	921,245	201,642	662,997	84,547	29,990	4,271,626	4,271,626
112,782	-	311,467	652,565	736,293	921,245	201,642	662,997	84,547	29,990	4,271,626	5,044,054
(98,705)	16	(310,716)	(647,015)	(735,837)	(420,597)	(39,949)	-	(25,427)	-	(2,699,041)	(2,401,395)
-	-	-	-	-	-	-	-	-	-	-	2,679
550,700	-	-	326,490	90,302	600,000	-	-	25,420	-	2,219,111	2,276,740
-	(18,529)	-	(65,722)	-	-	-	-	-	-	(87,622)	(419,576)
550,700	(18,529)	-	260,768	90,302	600,000	-	-	25,420	-	2,131,489	1,859,843
451,995	(18,513)	(310,716)	(386,247)	(645,535)	179,403	(39,949)	-	(7)	-	(567,552)	(541,552)
-	18,513	787,877	906,044	645,535	580,012	394,900	-	-	-	4,186,898	4,669,988
451,995	-	477,161	519,797	-	759,415	354,951	-	(7)	-	3,619,346	4,128,436

City of Belton, Texas
Hotel/Motel Tax Fund
Schedule of Revenues, Expenditures, and Changes in
Fund Balance – Budget and Actual – Budgetary Basis
For the Fiscal Year Ended
September 30, 2011

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Budgetary Basis)	With Final Budget
Revenues:				
Hotel/motel taxes	\$ 155,000	155,000	154,071	(929)
Interest	400	400	277	(123)
Total revenues	<u>155,400</u>	<u>155,400</u>	<u>154,348</u>	<u>(1,052)</u>
Expenditures:				
Economic development	154,800	154,800	154,466	334
Total expenditures	<u>154,800</u>	<u>154,800</u>	<u>154,466</u>	<u>334</u>
Net change in fund balance	600	600	(118)	(718)
Fund balance, October 1	<u>247,864</u>	<u>247,864</u>	<u>247,864</u>	<u>-</u>
Fund balance, September 30	<u>\$ 248,464</u>	<u>248,464</u>	<u>247,746</u>	<u>(718)</u>

See accompanying independent auditors' report.

City of Belton, Texas
Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in
Fund Balance – Budget and Actual – Budgetary Basis
For the Fiscal Year Ended
September 30, 2011

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 855,136	855,136	845,215	(9,921)
Interest	1,200	1,200	867	(333)
Total revenues	<u>856,336</u>	<u>856,336</u>	<u>846,082</u>	<u>(10,254)</u>
Expenditures:				
Principal	445,345	445,345	445,345	-
Interest and fiscal charges	354,451	354,451	352,266	2,185
Total expenditures	<u>799,796</u>	<u>799,796</u>	<u>797,611</u>	<u>2,185</u>
Net change in fund balance	56,540	56,540	48,471	(8,069)
Fund balance, October 1	<u>233,286</u>	<u>233,286</u>	<u>233,286</u>	-
Fund balance, September 30	<u>\$ 289,826</u>	<u>289,826</u>	<u>281,757</u>	<u>(8,069)</u>

See accompanying independent auditors' report.

City of Belton, Texas
TIRZ Fund
Schedule of Revenues, Expenditures, and Changes in
Fund Balance – Budget and Actual – Budgetary Basis
For the Fiscal Year Ended
September 30, 2011

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 346,170	346,170	352,461	6,291
Intergovernmental	201,352	201,352	204,814	3,462
Interest	500	500	161	(339)
Total revenues	548,022	548,022	557,436	9,414
Expenditures:				
Current:				
Economic development	50,000	50,000	50,460	(460)
Debt service:				
Principal	95,000	95,000	95,000	-
Interest and fiscal charges	59,472	59,472	59,910	(438)
Total expenditures	204,472	204,472	205,370	(898)
Excess of revenues over expenditures	343,550	343,550	352,066	8,516
Other financing sources (uses):				
Transfers out	(335,000)	(335,000)	(331,954)	(3,046)
Net change in fund balance	8,550	8,550	20,112	11,562
Fund balance, October 1	65,126	65,126	65,126	-
Fund balance, September 30	\$ 73,676	73,676	85,238	11,562

See accompanying independent auditors' report.

Enterprise Funds

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

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

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

City of Belton, Texas
Water and Sewer Fund
Schedule of Revenues and Expenses –
Budget and Actual – Budgetary Basis
For the Fiscal Year Ended
September 30, 2011

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget
Operating revenue:				
Water service	\$ 2,949,677	3,147,340	3,840,621	693,281
Sewer service	2,040,429	1,858,825	1,983,925	125,100
Reconnect and late fees	100,000	100,000	111,466	11,466
Tap fees	40,000	53,633	64,306	10,673
Other	22,500	22,500	32,928	10,428
Total operating revenue	<u>5,152,606</u>	<u>5,182,298</u>	<u>6,033,246</u>	<u>850,948</u>
Operating expenses:				
Salaries and wages	921,691	914,224	929,410	(15,186)
Employee benefits	289,636	296,573	266,238	30,335
Supplies	92,833	91,427	101,662	(10,235)
Repairs and maintenance	138,064	141,972	118,648	23,324
Water, sewage treatment, and other charges	1,962,283	2,152,091	2,029,691	122,400
Capital outlay	80,657	101,290	101,474	(184)
Total operating expenses	<u>3,485,164</u>	<u>3,697,577</u>	<u>3,547,123</u>	<u>150,454</u>
Operating income	1,667,442	1,484,721	2,486,123	1,001,402
Nonoperating revenue (expenses):				
Interest revenue	7,000	7,000	4,694	(2,306)
Insurance proceeds	-	847	1,314	467
Sale of city property	-	-	10,286	10,286
Contributions from developers and others	-	-	247,926	247,926
Payments to fiduciary for debt service	(916,037)	(734,973)	(731,447)	3,526
Transfers out	(750,100)	(750,100)	(750,100)	-
Total nonoperating revenue (expenses)	<u>(1,659,137)</u>	<u>(1,477,226)</u>	<u>(1,217,327)</u>	<u>259,899</u>
Net income	<u>\$ 8,305</u>	<u>7,495</u>	<u>1,268,796</u>	<u>1,261,301</u>

See accompanying independent auditors' report.

City of Belton, Texas
Water and Sewer Fund
Schedule of Operating Expenses by Department –
Budget and Actual – Budgetary Basis
For the Fiscal Year Ended
September 30, 2011

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget
Administration:				
Salaries and wages	\$ 572,906	561,939	578,031	(16,092)
Employee benefits	156,925	163,246	142,387	20,859
Supplies	30,954	31,748	34,852	(3,104)
Repairs and maintenance	26,572	28,527	28,237	290
Other charges	174,646	168,744	134,202	34,542
Debt service	916,037	734,973	731,447	3,526
Total administration	<u>1,878,040</u>	<u>1,689,177</u>	<u>1,649,156</u>	<u>40,021</u>
Water:				
Salaries and wages	223,309	225,305	224,993	312
Employee benefits	82,242	82,630	76,764	5,866
Supplies	27,261	25,061	25,875	(814)
Repairs and maintenance	75,562	72,715	63,286	9,429
Other charges	75,919	73,966	82,820	(8,854)
Cost of water	1,161,555	1,359,218	1,345,938	13,280
Capital outlay	27,784	48,417	48,601	(184)
Transfers	409,300	409,300	409,300	-
Total water	<u>2,082,932</u>	<u>2,296,612</u>	<u>2,277,577</u>	<u>19,035</u>
Sanitary sewer gathering system:				
Salaries and wages	94,887	95,838	95,242	596
Employee benefits	39,287	39,463	36,389	3,074
Supplies	25,132	25,132	33,082	(7,950)
Repairs and maintenance	22,100	26,900	20,437	6,463
Other charges	3,201	3,201	2,205	996
Capital outlay	52,873	52,873	52,873	-
Transfers	340,800	340,800	340,800	-
Total sanitary sewer gathering system	<u>578,280</u>	<u>584,207</u>	<u>581,028</u>	<u>3,179</u>
Sewage treatment and disposal:				
Salaries and wages	30,859	31,142	31,144	(2)
Employee benefits	11,182	11,234	10,698	536
Supplies	9,486	9,486	7,854	1,632
Repairs and maintenance	13,830	13,830	6,689	7,141
Other charges	27,290	27,290	39,168	(11,878)
Charges for sewage treatment	519,672	519,672	425,356	94,316
Total sewage treatment and disposal	<u>612,319</u>	<u>612,654</u>	<u>520,909</u>	<u>91,745</u>
	<u>\$ 5,151,571</u>	<u>5,182,650</u>	<u>5,028,670</u>	<u>153,980</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, 2011

	<u>Bond</u> <u>Proceeds</u>	<u>Contributions</u>	<u>Grant</u> <u>Proceeds</u>	<u>Total</u>
Balance, October 1	\$ 705,765	326,210	33,191	1,065,166
Receipts:				
Transfer from other funds	137,000	-	43,516	180,516
Grant receipts	-	-	477,479	477,479
Contributions from developers and others	55,713	-	-	55,713
Interest income	897	280	-	1,177
Total receipts	<u>193,610</u>	<u>280</u>	<u>520,995</u>	<u>714,885</u>
Disbursements:				
Construction progress payments	299,982	-	624,809	924,791
Other charges	-	-	3,995	3,995
Transfers to other projects	43,516	326,490	-	370,006
Total disbursements	<u>343,498</u>	<u>326,490</u>	<u>628,804</u>	<u>1,298,792</u>
Balance, September 30	<u>\$ 555,877</u>	<u>-</u>	<u>(74,618)</u>	<u>481,259</u>

See accompanying independent auditors' report.

City of Belton, Texas
Drainage Fund
Schedule of Revenue and Expenses –
Budget and Actual – Budgetary Basis
For the Fiscal Year Ended
September 30, 2011

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget
Operating revenue:				
Storm drainage fee	\$ 347,400	347,400	350,856	3,456
Total operating revenue	<u>347,400</u>	<u>347,400</u>	<u>350,856</u>	<u>3,456</u>
Operating expenses:				
Salaries and wages	53,748	55,461	54,561	900
Employee benefits	25,808	24,095	22,966	1,129
Supplies	6,580	6,580	9,447	(2,867)
Repairs and maintenance	12,600	12,600	8,109	4,491
Other charges	19,188	19,188	2,087	17,101
Capital outlay	44,000	60,954	35,886	25,068
Total operating expenses	<u>161,924</u>	<u>178,878</u>	<u>133,056</u>	<u>45,822</u>
Operating income	185,476	168,522	217,800	49,278
Nonoperating revenue (expenses):				
Interest revenue	700	700	337	(363)
Contributions from developers and others	-	-	90,708	90,708
Payment for capital lease	(39,104)	(39,104)	(39,104)	-
Payments to fiduciary for debt service	(24,745)	(24,745)	(24,812)	(67)
Transfers in	-	16,954	16,954	-
Transfers out	(122,000)	(122,000)	(122,000)	-
Total nonoperating revenue (expenses)	<u>(185,149)</u>	<u>(168,195)</u>	<u>(77,917)</u>	<u>90,278</u>
Net income	\$ <u>327</u>	<u>327</u>	<u>139,883</u>	<u>139,556</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, 2011

	<u>Bond Proceeds</u>	<u>Total</u>
Balance, October 1	\$ <u>191,328</u>	<u>191,328</u>
Receipts:		
Interest income	<u>134</u>	<u>134</u>
Total receipts	<u>134</u>	<u>134</u>
Disbursements:		
Construction progress payments	<u>162,382</u>	<u>162,382</u>
Total disbursements	<u>162,382</u>	<u>162,382</u>
Balance, September 30	\$ <u><u>29,080</u></u>	<u><u>29,080</u></u>

See accompanying independent auditors' report.

City of Belton, Texas

Statistical Section

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

Contents	Page
Financial Trends <i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	80
Revenue Capacity <i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	90
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	94
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	104
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the government provides and the activities it performs.</i>	107

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

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

City of Belton, Texas
Net Assets by Component
 Last Eight Fiscal Years
 (Accrual Basis of Accounting)

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

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



Table II

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

	Fiscal Year							
	2004	2005	2006	2007	2008	2009	2010	2011
Expenses								
Governmental activities:								
General government	\$ 752,377	729,634	754,745	796,507	898,581	1,083,294	1,155,582	1,312,897
Public safety	3,228,500	3,750,732	4,158,479	4,365,643	4,707,210	4,767,516	5,174,535	5,513,342
Highways and streets	1,048,679	1,127,558	1,430,432	1,419,572	1,713,940	2,044,341	1,709,400	1,786,877
Development services	216,454	245,482	310,782	346,087	450,248	416,116	426,329	416,266
Culture and recreation	652,828	715,176	847,167	1,299,129	1,457,177	1,566,358	1,610,093	1,779,825
Solid waste	593,704	607,668	646,508	717,398	734,724	767,769	872,479	1,024,826
Economic development	95,759	630,911	217,824	117,828	187,144	521,490	218,463	609,974
Maintenance	248,752	247,712	245,430	265,857	295,254	322,557	314,162	343,480
Interest on long-term debt	251,490	112,486	280,277	285,339	399,128	446,281	458,092	415,624
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>	<u>11,939,135</u>	<u>13,203,111</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	5,253,218	5,405,274
Drainage	-	-	-	-	36,456	72,372	152,197	167,411
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>	<u>5,405,415</u>	<u>5,572,685</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>	<u>17,344,550</u>	<u>18,775,796</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	1,307,580	1,252,269
Development services	124,731	190,462	145,097	162,914	129,943	132,353	150,787	122,596
Culture and recreation	-	-	-	-	-	-	26,823	40,416
Solid waste	645,905	664,842	714,942	757,531	806,446	839,311	1,013,460	1,137,155
Operating grants and contributions	41,196	136,560	227,310	274,889	275,047	294,691	631,493	829,734
Capital grants and contributions	337,676	1,858,959	2,269,098	2,041,342	180,517	957,519	643,356	1,864,243
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>	<u>3,773,499</u>	<u>5,246,413</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	4,960,198	6,033,244
Drainage	-	-	-	-	222,107	333,178	342,930	350,856
Capital grants and contributions	69,484	932,057	968,544	1,038,513	104,623	1,290,398	687,091	730,798
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>	<u>5,990,219</u>	<u>7,114,898</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>	<u>9,763,718</u>	<u>12,361,311</u>
Net (expense)/revenue								
Governmental activities	\$ (4,912,697)	(4,326,778)	(4,403,675)	(5,250,252)	(8,177,902)	(8,414,581)	(8,165,636)	(7,956,698)
Business-type activities	125,720	1,478,613	1,421,696	951,675	439,382	2,102,263	584,804	1,542,213
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>	<u>(7,580,832)</u>	<u>(6,414,485)</u>
General Revenues and Other Changes in Net Assets								
Governmental activities:								
Taxes								
Property taxes	\$ 3,075,583	3,075,583	3,403,788	3,810,255	4,080,884	4,494,474	4,655,052	4,791,388
Sales taxes	1,537,164	1,537,164	1,830,944	1,987,095	2,170,770	2,178,236	2,223,209	2,323,032
Franchise taxes	833,188	833,188	1,053,573	928,508	1,008,428	1,028,577	1,038,259	1,110,063
Hotel/motel taxes	91,638	91,638	119,568	163,749	177,646	151,765	151,197	154,071
Alcoholic beverage taxes	9,059	9,059	12,324	9,859	12,633	23,529	28,620	29,065
Unrestricted investment earnings	208,202	208,202	386,911	407,083	364,677	98,506	22,117	14,386
Miscellaneous	135,668	135,668	277,764	119,256	278,504	122,250	91,609	229,790
Gain (loss) on sale of capital assets	-	-	36,490	21,132	-	4,326	(66,303)	3,833
Transfers	282,000	282,000	296,000	246,000	(141,019)	(421,832)	545,900	1,081,636
Total governmental activities	<u>6,172,502</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>	<u>8,689,660</u>	<u>9,737,264</u>
Business-type activities:								
Unrestricted investment earnings	123,648	123,648	144,074	119,046	111,409	33,457	12,635	6,684
Miscellaneous	-	-	-	-	-	-	-	1,316
Gain on sale of capital assets	4,458	4,458	4,962	-	-	-	-	10,286
Transfers	(282,000)	(282,000)	(296,000)	(246,000)	396,019	421,832	(545,900)	(1,081,636)
Total business-type activities	<u>(153,894)</u>	<u>(153,894)</u>	<u>(146,964)</u>	<u>(126,954)</u>	<u>507,428</u>	<u>455,289</u>	<u>(533,265)</u>	<u>(1,063,350)</u>
Total primary government	<u>\$ 6,018,608</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>	<u>8,156,395</u>	<u>8,673,914</u>
Change in Net Assets								
Governmental activities	\$ 1,259,805	1,845,724	3,013,687	2,442,685	(225,379)	(734,750)	524,024	1,780,566
Business-type activities	(28,174)	1,324,719	1,274,732	824,721	946,810	2,557,552	51,539	478,863
Total primary government	<u>\$ 1,231,631</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>	<u>575,563</u>	<u>2,259,429</u>

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
General fund				
Reserved	\$ -	-	-	-
Unreserved, designated	252,809	293,934	326,635	388,136
Nonspendable prepaid expenses	-	-	-	-
Restricted for:				
Public access facilities	-	-	-	-
Public safety	-	-	-	-
Committed to:				
Civil service sick pay and appeals	-	-	-	-
Other purposes	-	-	-	-
Unreserved/Unassigned	<u>2,464,504</u>	<u>2,492,906</u>	<u>2,999,535</u>	<u>3,000,253</u>
Total general fund	<u>\$ 2,717,313</u>	<u>2,786,840</u>	<u>3,326,170</u>	<u>3,388,389</u>
All other governmental funds				
Reserved	\$ 164,641	172,472	45,184	48,606
Unreserved, reported in:				
Special revenue funds	442,086	397,376	318,393	442,297
Capital projects funds	562,175	3,111,964	940,580	4,745,998
Restricted for:				
Debt service	-	-	-	-
Capital projects	-	-	-	-
Economic development	-	-	-	-
Public safety	-	-	-	-
Other purposes	-	-	-	-
Committed to:				
Capital projects	-	-	-	-
Economic development	-	-	-	-
Assigned to capital projects	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 1,168,902</u>	<u>3,681,812</u>	<u>1,304,157</u>	<u>5,236,901</u>

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

Table III

Fiscal Year					
2006	2007	2008	2009	2010	2011
-	-	14,783	40,857	95,659	-
407,058	463,626	504,405	558,885	591,114	-
-	-	-	-	-	4,925
-	-	-	-	-	96,665
-	-	-	-	-	25,636
-	-	-	-	-	632,220
-	-	-	-	-	35,466
<u>3,311,499</u>	<u>3,536,554</u>	<u>3,722,852</u>	<u>4,007,365</u>	<u>4,475,221</u>	<u>3,989,030</u>
<u>3,718,557</u>	<u>4,000,180</u>	<u>4,242,040</u>	<u>4,607,107</u>	<u>5,161,994</u>	<u>4,783,942</u>
57,334	117,140	168,444	206,456	233,286	-
544,650	625,813	532,616	534,159	483,090	-
2,330,205	5,526,120	6,299,642	5,086,074	4,186,898	-
-	-	-	-	-	281,757
-	-	-	-	-	524,116
-	-	-	-	-	396,908
-	-	-	-	-	99,887
-	-	-	-	-	14,259
-	-	-	-	-	1,426,410
-	-	-	-	-	5,822
-	-	-	-	-	1,661,041
-	-	-	-	-	(7)
<u>2,932,189</u>	<u>6,269,073</u>	<u>7,000,702</u>	<u>5,826,689</u>	<u>4,903,274</u>	<u>4,410,193</u>

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

	2002	2003	2004	2005
Revenues				
Taxes	\$ 4,288,108	4,520,933	5,049,654	5,533,566
Licenses and permits	41,880	97,191	124,731	190,462
Intergovernmental	574,853	719,146	374,328	800,929
Charges for services	1,095,404	1,044,037	1,186,509	1,254,321
Fines	292,584	427,546	388,831	400,278
Rental	14,400	15,000	15,600	16,800
Interest	93,338	82,977	71,641	208,202
Contributions and donations	8,012	50,556	11,690	219,988
Payments in lieu of taxes	-	-	15,564	4,108
Miscellaneous	98,889	58,789	110,638	44,967
Total revenues	<u>6,507,468</u>	<u>7,016,175</u>	<u>7,349,186</u>	<u>8,673,621</u>
Expenditures				
General government	486,032	521,860	600,650	684,170
Public safety	2,798,983	2,877,405	3,255,153	3,630,982
Highways and streets	823,179	742,422	527,707	620,867
Development services	-	-	227,286	253,577
Culture and recreation	490,860	479,072	437,582	498,003
Solid waste	563,877	581,560	593,704	607,668
Economic development	111,391	616,366	95,759	630,911
Maintenance	101,451	220,047	235,121	222,244
Debt service				
Principal	621,560	631,517	638,939	907,129
Interest and fiscal charges	180,731	204,334	203,090	195,797
Capital outlay	1,132,020	549,568	2,595,465	1,165,578
Total expenditures	<u>7,310,084</u>	<u>7,424,151</u>	<u>9,410,456</u>	<u>9,416,926</u>
Excess of revenues over (under) expenditures	<u>(802,616)</u>	<u>(407,976)</u>	<u>(2,061,270)</u>	<u>(743,305)</u>
Other financing sources (uses)				
Insurance proceeds	7,354	5,606	25,891	7,645
Sale of capital assets	-	-	103,349	8,623
Transfers in	682,469	713,674	463,737	581,514
Transfers out	(391,299)	(384,568)	(237,842)	(299,514)
Issuance of debt	-	4,452,910	-	4,500,000
Payments to escrow agents	-	(621,757)	-	(60,000)
Other uses	-	-	(132,190)	-
Total other financing sources (uses)	<u>298,524</u>	<u>4,165,865</u>	<u>222,945</u>	<u>4,738,268</u>
Net change in fund balances	<u>\$ (504,092)</u>	<u>3,757,889</u>	<u>(1,838,325)</u>	<u>3,994,963</u>
Debt service as a percentage of noncapital expenditures	12.99%	12.16%	12.89%	13.94%

Table IV

Fiscal Year					
2006	2007	2008	2009	2010	2011
6,378,070	6,820,214	7,424,082	7,874,666	8,097,197	8,415,055
145,097	162,914	129,943	132,353	150,787	122,596
1,879,511	500,057	342,302	591,139	615,690	1,841,492
1,474,050	1,559,209	1,712,363	1,789,522	2,039,346	2,222,768
339,026	287,180	363,060	384,936	265,143	314,336
18,000	3,000	9,000	11,400	9,000	9,000
386,911	407,083	364,677	98,506	22,117	14,386
206,147	208,558	113,262	499,822	571,403	544,849
-	3,276	4,201	4,855	5,540	4,646
114,426	95,874	221,558	105,313	94,339	176,129
<u>10,941,238</u>	<u>10,047,365</u>	<u>10,684,448</u>	<u>11,492,512</u>	<u>11,870,562</u>	<u>13,665,257</u>
730,039	797,183	877,023	1,051,967	1,070,111	1,172,554
4,013,361	4,232,039	4,553,429	4,575,968	4,949,082	4,934,983
827,482	687,365	861,999	1,151,697	874,660	896,935
310,022	337,046	435,020	403,582	390,325	409,378
603,387	809,258	897,662	991,191	989,906	1,072,806
646,508	717,398	734,724	767,769	861,083	1,013,119
217,824	117,828	187,144	521,490	187,725	609,915
241,290	250,138	284,312	305,203	301,741	343,456
343,370	353,370	458,370	509,057	520,345	540,345
282,435	263,575	389,682	448,477	454,508	412,176
5,068,664	2,050,969	2,125,018	1,885,289	2,208,593	4,271,626
<u>13,284,382</u>	<u>10,616,169</u>	<u>11,804,383</u>	<u>12,611,690</u>	<u>12,808,079</u>	<u>15,677,293</u>
<u>(2,343,144)</u>	<u>(568,804)</u>	<u>(1,119,935)</u>	<u>(1,119,178)</u>	<u>(937,517)</u>	<u>(2,012,036)</u>
30,735	17,106	43,745	682	9,553	42,821
41,865	24,205	12,145	25,550	13,536	16,446
1,306,753	1,081,464	1,056,406	2,265,486	1,506,035	2,196,218
(1,010,753)	(835,464)	(555,406)	(1,981,486)	(960,135)	(1,114,582)
-	3,945,000	1,485,000	-	-	-
-	(45,000)	(28,359)	-	-	-
-	-	-	-	-	-
<u>368,600</u>	<u>4,187,311</u>	<u>2,013,531</u>	<u>310,232</u>	<u>568,989</u>	<u>1,140,903</u>
<u>(1,974,544)</u>	<u>3,618,507</u>	<u>893,596</u>	<u>(808,946)</u>	<u>(368,528)</u>	<u>(871,133)</u>
7.86%	7.36%	8.98%	9.11%	9.20%	8.04%



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
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
2010	4,655,912	2,223,209	1,038,259	151,197	28,620	8,097,197
2011	4,798,824	2,323,032	1,110,063	154,071	29,065	8,415,055

(1) Includes penalty and interest on delinquent taxes

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

Fiscal Year	Real Property	Personal Property	Less: Tax Exempt Real Property	Total Taxable Assessed Value (1)	Total Direct Tax Rate	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
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
2010	856,135,785	113,872,404	247,294,087	722,714,102	0.6550	970,008,189	74.51
2011	889,165,112	111,080,240	256,163,778	744,081,574	0.6550	1,000,245,352	74.39

Source: Bell County Appraisal District

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

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

Fiscal Year	City of Belton			Overlapping Rates			Total Direct and Overlapping Rates
	Operating Rate	Debt Service Rate	Total Rate	Bell County	Belton I.S.D.	Clear Water Underground Water Cons. District	
TAX RATES (Per \$100 assessed value)							
2002	0.5239	0.1736	0.6975	0.3651	1.6668	0.0059	2.7353
2003	0.5158	0.1592	0.6750	0.3651	1.6810	0.0052	2.7263
2004	0.5810	0.1540	0.7350	0.3650	1.6640	0.0049	2.7689
2005	0.5653	0.1397	0.7050	0.3610	1.7400	0.0048	2.8108
2006	0.5517	0.1233	0.6750	0.3760	1.6685	0.0044	2.7239
2007	0.5456	0.1094	0.6550	0.4110	1.6685	0.0040	2.7385
2008	0.5377	0.1173	0.6550	0.4090	1.2870	0.0040	2.3550
2009	0.5394	0.1156	0.6550	0.4074	1.4110	0.0040	2.4774
2010	0.5360	0.1190	0.6550	0.4054	1.4110	0.0040	2.4754
2011	0.5397	0.1153	0.6550	0.4119	1.4210	0.0040	2.4919

Source: Bell County Appraisal District

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

Table VIII

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

Taxpayer	2011			2002		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Wal-Mart	\$ 14,584,822	1	1.96 %	\$ 2,131,746	9	0.65 %
Turtle Creek Investments	12,994,422	2	1.75	4,337,548	6	1.31
Oncor Electric Delivery Co., LLC	10,754,445	3	1.45	5,862,170	3	1.78
CMH Manufacturing	8,329,390	4	1.12			
Chappell Hill Equity III Ltd.	5,905,211	5	0.79	3,608,019	7	1.09
James Construction	4,998,826	6	0.67			
Tarco of Texas, Inc.	3,872,002	7	0.52			
Airgas Southwest, Inc.	3,821,954	8	0.51			
H.E.B. Grocery Co.	3,613,595	9	0.49	2,691,720	8	0.82
Southwestern Bell Telephone Co.	3,464,328	10	0.47	5,146,609	4	1.56
Fleetwood Homes of Texas	-		-	7,048,205	1	2.14
Superior Chaircraft Corp.	-		-	6,898,748	2	2.09
Custom Printing II Ltd.	-		-	4,524,110	5	1.37
Belco Manufacturing Co.	-		-	1,968,438	10	0.60
Totals	\$ <u>72,338,995</u>		<u>9.72 %</u>	\$ <u>44,217,313</u>		<u>13.41 %</u>

Table IX

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

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2002	\$ 2,301,414	\$ 2,230,104	96.90 %	\$ 53,370	\$ 2,283,474	99.22 %
2003	2,470,471	2,397,861	97.06	45,815	2,443,676	98.92
2004	2,939,169	2,879,699	97.98	59,957	2,939,656	100.02
2005	3,099,088	3,015,229	97.29	73,638	3,088,867	99.67
2006	3,388,414	3,300,813	97.41	66,256	3,367,069	99.37
2007	3,730,314	3,647,857	97.79	62,353	3,710,210	99.46
2008	4,110,551	4,023,508	97.88	63,846	4,087,354	99.44
2009	4,549,528	4,455,311	97.93	57,567	4,512,878	99.19
2010	4,733,777	4,629,436	97.80	44,794	4,674,230	98.74
2011	4,873,734	4,755,548	97.58	-	4,755,548	97.58

Source: Finance Department, City of Belton, Texas

Table X

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

Fiscal Year	Governmental Activities	Business-Type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	General Obligation Bonds with Revenue Pledge	Capital Leases			
2002	\$ 1,891,535	\$ 5,198,148	\$ -	\$ 7,089,683	3.08 %	\$ 482
2003	1,395,285	9,126,610	-	10,521,895	4.37	713
2004	3,086,300	8,389,775	-	11,476,075	4.47	757
2005	7,136,970	7,691,322	-	14,828,292	5.30	932
2006	6,793,600	6,941,827	-	13,735,427	4.63	845
2007	10,385,230	7,803,505	-	18,188,735	5.74	1,085
2008	11,411,860	7,926,204	-	19,338,064	5.74	1,123
2009	10,902,803	7,489,597	109,974	18,502,374	5.21	1,053
2010	10,382,458	7,067,992	74,499	17,524,949	4.61	962
2011	9,842,113	6,584,537	37,854	16,464,504	4.25	885

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)
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	415
2007	10,385,230	117,140	10,268,090	1.80	613
2008	11,411,860	168,444	11,243,416	1.79	653
2009	10,902,803	206,456	10,696,347	1.54	609
2010	10,382,458	233,286	10,149,172	1.40	557
2011	9,842,113	281,757	9,560,356	1.28	514

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.

Table XII

City of Belton, Texas
Direct and Overlapping Governmental Activities Debt
General Obligation Bonds
September 30, 2011

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (2)</u>	<u>Estimated Share of Overlapping Debt</u>
Direct:			
City of Belton	\$ <u>9,842,113</u> (1)	100.00 %	\$ <u>9,842,113</u>
Total direct	<u>9,842,113</u>		<u>9,842,113</u>
Overlapping:			
Belton Economic Development Corp.	793,350	100.00	793,350
Belton Independent School District	83,624,462	37.72	31,543,147
Bell County	<u>125,045,000</u>	6.29	<u>7,865,331</u>
Total overlapping	<u>209,462,812</u>		<u>40,201,828</u>
Total direct and overlapping debt	<u>\$ 219,304,925</u>		<u>\$ 50,043,941</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, 2011

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

Assessed value, fiscal year 2011 tax roll	\$ 744,081,574
Limit on amount designated for debt service	<u>1.25%</u>
Legal debt limit	<u>\$ 9,301,020</u>
Actual amount expended for general obligation debt service during the year ended September 30, 2011	<u>\$ 952,521</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	
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
2010	5,315,763	3,411,263	1,904,500	507,203	288,286	795,489	2.39
2011	6,390,784	3,557,957	2,832,827	520,100	275,263	795,363	3.56

Source: Finance Department, City of Belton, Texas

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

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Operating and Nonoperating				
Revenue:				
Water and Sewer System	\$ 3,279,823	3,598,358	3,363,939	3,714,215
Miscellaneous	12,028	17,340	23,573	18,852
Interest	<u>60,648</u>	<u>87,597</u>	<u>71,424</u>	<u>123,648</u>
Total	<u>\$ 3,352,499</u>	<u>3,703,295</u>	<u>3,458,936</u>	<u>3,856,715</u>
Operating Expense:				
Water and Sewer System (1)	<u>\$ 2,203,367</u>	<u>2,267,085</u>	<u>2,379,094</u>	<u>2,242,446</u>

(1) Excludes depreciation expense

Table XV

Fiscal Year					
<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
4,166,704	3,962,341	4,635,948	5,275,863	4,928,573	6,033,244
23,558	23,356	21,603	28,209	31,625	11,602
<u>144,074</u>	<u>119,046</u>	<u>109,993</u>	<u>30,220</u>	<u>11,452</u>	<u>6,212</u>
<u>4,334,336</u>	<u>4,104,743</u>	<u>4,767,544</u>	<u>5,334,292</u>	<u>4,971,650</u>	<u>6,051,058</u>
<u>4,334,336</u>	<u>4,104,743</u>	<u>3,224,696</u>	<u>3,399,581</u>	<u>3,326,903</u>	<u>3,460,787</u>

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

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

Source: Finance Department, City of Belton, Texas

Table XVI

2011			2002		
Annual Sales	Rank	Percentage of Total Sales	Annual Sales	Rank	Percentage of Total Sales
\$ 280,074	1	7.29 %	\$ 156,623	1	7.63 %
152,652	2	3.97	64,571	2	3.15
95,177	3	2.48	19,877	8	0.97
91,664	4	2.39	41,136	4	2.00
61,664	5	1.61	30,419	5	1.48
49,125	6	1.28	45,506	3	2.22
47,300	7	1.23	-		0.00
42,335	8	1.1	26,975	6	1.31
33,843	9	0.88	24,367	7	1.19
24,676	10	0.64	13,736	9	0.67
-		-	11,645	10	0.57
<u>\$ 878,510</u>		<u>22.87 %</u>	<u>\$ 434,855</u>		<u>21.19 %</u>

Table XVII

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

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income**</u>	<u>Per Capita Income</u>	<u>Median Age #</u>	<u>School Enrollment *</u>	<u>Unemployment Rate **</u>
2002	14,717 @	230,247,465	15,645 @	28	6,726	5.0 %
2003	14,764 @	240,579,380	16,295 @	28	6,950	5.4
2004	15,159 !	256,869,255	16,945 @	28	7,171	4.4
2005	15,912 !	279,971,640	17,595 @	28	7,149	5.3
2006	16,249 @	296,463,005	18,245 @	28	7,994	5.3
2007	16,761 @	316,699,095	18,895 @	28	7,995	4.6
2008	17,227 @	336,701,715	19,545 @	28	8,314	4.6
2009	17,578 @	354,987,710	20,195 @	28	8,476	6.1
2010	18,216 #	379,748,952	20,847 #	29	9,278	7.3
2011	18,600 @	387,754,200	20,847 #	29	9,500	8.0

Data Sources:

* Belton Independent School District

** Texas Workforce Commission

@ City of Belton

U.S. Census Bureau

! Texas State Data Center

Table XVIII

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

Employer	2011			2002		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Belton Independent School District	1,400	1	20.09 %	1,100	1	19.41 %
Bell County	1,074	2	15.41	958	2	16.91
University of Mary Hardin Baylor	377	3	5.41	290	3	5.12
Super Wal-Mart	370	4	5.31	-		-
James Construction Group	200	5	2.87	-		-
Belco Manufacturing	165	6	2.37	115	10	2.03
Cedar Crest Hospital & Clinic	160	7	2.30	-		-
City of Belton	152	8	2.18	-		-
Custom Printing	151	9	2.17	228	4	4.02
HEB Grocery	126	10	1.76	154	6	2.72
United Parcel Service	-		-	127	9	2.24
Fleetwood Homes of Texas	-		-	145	7	2.56
Superior Chaircraft	-		-	140	8	2.47
Odell Geer Construction	-		-	200	5	3.53
Total	4,175		59.87 %	3,457		61.01 %

Source: Belton Economic Development Corporation.



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

Function	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General government	11	12	12	12	13	13	13	14	14	15
Public safety:										
Police:										
Officers	24	24	24	27	27	28	28	28	29	29
Civilians	9	9	9	9	9	9	9	9	9	9
Fire:										
Firefighters and officers	19	20	26	26	26	26	26	26	32	32
Civilians	1	1	1	1	1	1	1	1	1	1
Highways and streets	8	8	8	10	10	11	11	11	10	9
Development services	4	4	4	5	5	5	6	6	6	6
Culture and recreation	12	12	12	12	13	16	16	16	16	17
Solid waste	-	-	-	-	-	-	-	-	1	1
Maintenance	7	6	6	6	6	6	6	7	7	7
Water and sewer	17	19	20	20	20	20	20	19	20	21
Economic development	2	2	2	2	2	2	2	3	3	3
Drainage	-	-	-	-	-	-	-	1	2	2
Total	114	117	124	130	132	137	138	141	150	152

Source: Finance Department, City of Belton, Texas

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

Function	2002	2003	2004	2005
Police:				
Citations issued	8,500	9,800	6,766	5,288
Alarms responded to	757	765	600	695
Disturbance calls	1,046	1,100	488	429
Animal control citations issued	16	7	10	-
Fire:				
Fires	194	150	114	182
Inspections	206	169	268	420
Investigations	15	8	5	12
Highways and streets:				
Signs erected	95	187	100	149
Development Services:				
Permits issued	973	1,157	1,070	1,515
Inspections	1,226	2,074	1,561	1,735
Abatement of junk vehicle	168	164	200	300
Abatement of weedy lots	152	234	325	500
Dilapidated structures	11	25	40	25
Culture and recreation:				
Library circulation	30,929	31,931	52,423	43,306
Maintenance:				
Work orders completed	1,509	1,654	1,495	1,025
Water:				
New connections	77	109	69	133
Water main breaks	19	20	12	12
Average daily water consumption (millions of gallons)	2.01	2.01	2.01	1.66
Sewer:				
Average daily sewage treatment (millions of gallons)	1.65	1.65	1.62	1.64

Sources: Various city departments.

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

Table XX

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
3,412	4,307	3,954	4,085	4,050	3,019
651	898	924	1,029	1,100	1,222
575	640	1,187	1,359	1,150	692
-	-	-	37	24	15
200	123	105	147	101	162
329	460	480	499	505	271
17	28	22	16	20	31
65	90	121	925	900	910
1,585	1,413	1,462	1,414	1,438	1,532
1,905	2,848	2,549	2,436	1,668	2,205
300	384	328	302	356	211
500	1,651	1,527	1,339	2,129	1,164
25	30	20	15	16	4
43,132	38,878	37,194	46,631	49,242	58,415
980	1,390	1,370	1,640	1,150	1,854
214	159	145	109	106	93
15	6	4	16	26	22
1.31	1.61	2.45	2.51	2.00	2.66
1.04	1.56	1.13	1.12	1.46	1.18

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

Function	2002	2003	2004	2005
Public safety:				
Police:				
Stations	1	1	1	1
Patrol units	9	12	12	12
Fire stations	1	1	2	2
Highways and streets:				
Streets (miles)	96	96	96	101
Culture and recreation:				
Parks acreage	137.58	156.9	168.7	168.7
Playgrounds	5	8	13	13
Ball fields	15	13	13	13
Sports courts	8	8	8	8
Pavilions	5	5	5	5
Amphitheaters	1	1	1	1
Trails (miles)	1.95	1.95	2.2	2.2
Water:				
Service connections	4,526	4,635	4,704	4,837
Water mains (miles)	100	102	104	106
Water pump stations	2	2	2	2
Fire hydrants	612	614	617	656
Plant Capacity (millions of gallons)	6.57	6.57	6.57	6.57
Sewer:				
Service connections	3,556	3,634	3,689	3,797
Sanitary sewers (miles)	90.5	91	92	102
Number of lift stations	18	18	18	18
Treatment plant capacity (millions of gallons)	2.5	2.5	2.5	2.5

Sources: Various city departments.

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

Table XXI

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
1	1	1	1	1	1
12	12	12	12	12	14
2	2	2	2	2	2
103	115	116	118	119	119
175.2	177	184	184	189	188.7
13	14	16	16	16	16
13	14	14	14	14	14
8	8	11	11	11	11
5	6	6	6	7	7
1	1	1	1	1	1
2.2	3.5	4.25	4.25	4.25	4.25
5,051	5,210	5,355	5,464	5,663	5,785
108.5	112	114	115	116	116
2	2	2	2	2	2
684	702	742	752	840	840
6.57	6.57	6.57	6.57	6.57	6.57
3,895	4,016	4,115	4,192	4,245	4,245
103	103	104	106	107	108
18	17	17	17	16	15
2.5	2.5	2.5	2.5	2.5	2.5

