

City of Belton, Texas



CENTRAL AVENUE BELTON, TEXAS

*Comprehensive Annual Financial Report
for the Fiscal Year Ended
September 30, 2016*



City of Belton Texas

Year Ended September 30, 2016

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City of Belton

~ Founded 1850 ~

March 31, 2017

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, 2016.

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

Jaynes, Reitmeier, Boyd & Therrell, P.C., Certified Public Accountants, has issued an unmodified (“clean”) opinion on the City of Belton’s financial statements for the year ended September 30, 2016. The independent auditor’s report is located at the front of the financial section of this report.

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

Profile of the City

The City of Belton was founded in 1850 and chartered in 1852. On July 13, 1877, Belton was incorporated by the Texas Legislature. Located in Central Texas on Interstate Highway 35, Belton is approximately 65 miles north of Austin and 40 miles south of Waco. The City currently occupies a land area of 20.915 square miles and serves an estimated population of 21,214. Belton is the county seat of Bell County and is a governmental, agricultural, and commercial center in the area. Two large lakes, Belton Lake and Stillhouse Hollow Lake, are located adjacent to Belton within five minutes driving time from downtown. These lakes offer excellent fishing, camping, and water sports with 168 miles of shoreline.

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

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

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

The City Charter establishes the fiscal year as the twelve-month period beginning October 1 and ending September 30. Department heads submit to the City Manager a budget of estimated expenditures for the ensuing fiscal year by June 1. The City Manager then submits a budget of estimated expenditures and revenues to the City Council not later than August 31. At this meeting, the City Council sets the time and place of a public hearing on the budget. A notice of the hearing is published at least five days before the day of the hearing. The budget shall be finally adopted by ordinance not later than the twenty-seventh day of September, provided that if the Council takes no final action on or prior to such day, the budget as submitted by the City Manager shall be deemed to have been finally adopted by the Council until such time as the City Council adopts a budget pursuant to the provisions of this Charter.

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

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

Factors Affecting Financial Condition

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

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

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

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

In fiscal year-end 2011, the Belton Economic Development Corporation expanded Arbor Drive through the Belton Business Park, opening up additional areas for development and job opportunity. In 2013, several new businesses were completed in the Park, and others began construction. Scott & White Healthcare opened its 7,644 square foot Pediatric Clinic and a 14,406 square foot Family Practice Clinic, valued at \$1.5 million and \$2.7 million respectively. Nearby, Creekside Terrace Nursing and Rehabilitation Center, a 53,000 square foot facility, opened in 2014 and was an estimated \$4 million investment. This expansion maintained 65 jobs and created an additional 30 jobs in Belton. In 2017, the Belton Economic Development Corporation will continue preparing the former Rockwool property located along 6th Street/Taylor's Valley Road in Belton for future industrial development.

CGI, Inc., an international information technology management and business process services company with over 125 offices worldwide, constructed a \$5 million facility and created 228 jobs to date, with another anticipated 172 jobs still to be created.

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

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

New commercial development in Belton during 2016 included Goodyear Tire Store, Bluebonnet Plaza #3, Bush’s Chicken, Mi Pueblo renovation, and KADI office warehouse. Projects still under construction at the end of 2016 included Expo Inn and Suites, Commerce Drive Complex, Arby’s, Popeye’s, Johnnie’s Cleaners, and L&N Auto Shop. Three multifamily developments have been permitted - Southwood Hills, River Springs Phase II and Colonial Crossing Apartments - which are under construction and expected to be completed in early 2017.

New single family residential construction starts for 2016 include homes in the Bluffs at Dunns Canyon, Dawson Ranch Phase V, Highland Estates Phase II, Mystic River Phase I, Liberty Valley Phase III, and Bella Rose. In Belton’s ETJ, construction activity continued in Three Creeks, a 1,500 lot residential development, served by Belton water and sewer.

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

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

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

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

In April 2015, the City issued \$9.665 million in certificates of obligation. \$1.070 million is tax-supported debt with the intended use of replenishing 2013 certificates of obligation streets and sidewalks funding that was reallocated to fund the additional costs of the police department expansion and remodel. The remaining \$8.595 million is backed by the full faith and credit of the City, but serviced by water and sewer utility revenues. The following water and sewer projects are scheduled to be funded by the 2015 certificates of obligation issued:

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

Major Initiatives

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

Sustainability continued as a key theme for the City during 2016 with a focus on street maintenance and the City's capital equipment needs. The City Council voted to implement years one and two of the five-year street maintenance plan developed by Lee Engineering, utilizing bond funds originally included in the 2013 certificates of obligation that were reallocated to the police station expansion project, and then replenished by the 2015 certificates of obligation. The five-year plan is designed to systematically maintain or improve the roadway conditions throughout Belton in a manner that is cost effective and geographically neutral. The City Council also authorized the creation of capital equipment replacement funds with a long-term plan to replace and grow the City's police fleet as well as its public works vehicle and equipment fleets, HVAC units, and technology equipment in a manner that addresses the operational needs of these departments and is financially sustainable.

Relevant Financial Policies

The City's adopted fund balance policy requires the maintenance of reserves equal to three months of operating expenditures plus any fund-supported debt service. Balances in excess of this reserve requirement can be directed by City Council towards capital improvements. During the year, City Council budgeted the uses of General Fund fund balance to purchase right-of-way for Lake to Lake Road (\$57,915) and fund a grant match for Chisholm Trail Hike and Bike Phase II (\$334,123). However, stronger than budgeted revenues funded these initiatives without the use of reserves. City Council authorized the use of Water and Sewer Fund fund balance to fund the oversizing of utility lines as part of a development agreement (\$40,200), but water and sewer revenues were sufficient to cover this expenditure without the use of reserves.

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, 2015. This was the thirtieth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

In addition, the GFOA presented a Distinguished Budget Presentation Award to the City of Belton, Texas, for its annual budget document for fiscal year beginning October 1, 2015. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device. This award is valid for a period of one year only. This was the twenty-fourth consecutive year that the City has received the budget award.

The preparation of this report was made possible with the proficient and dedicated work of the entire staff of the Finance Department. We would also like to thank the Mayor and the City Council for their continued interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

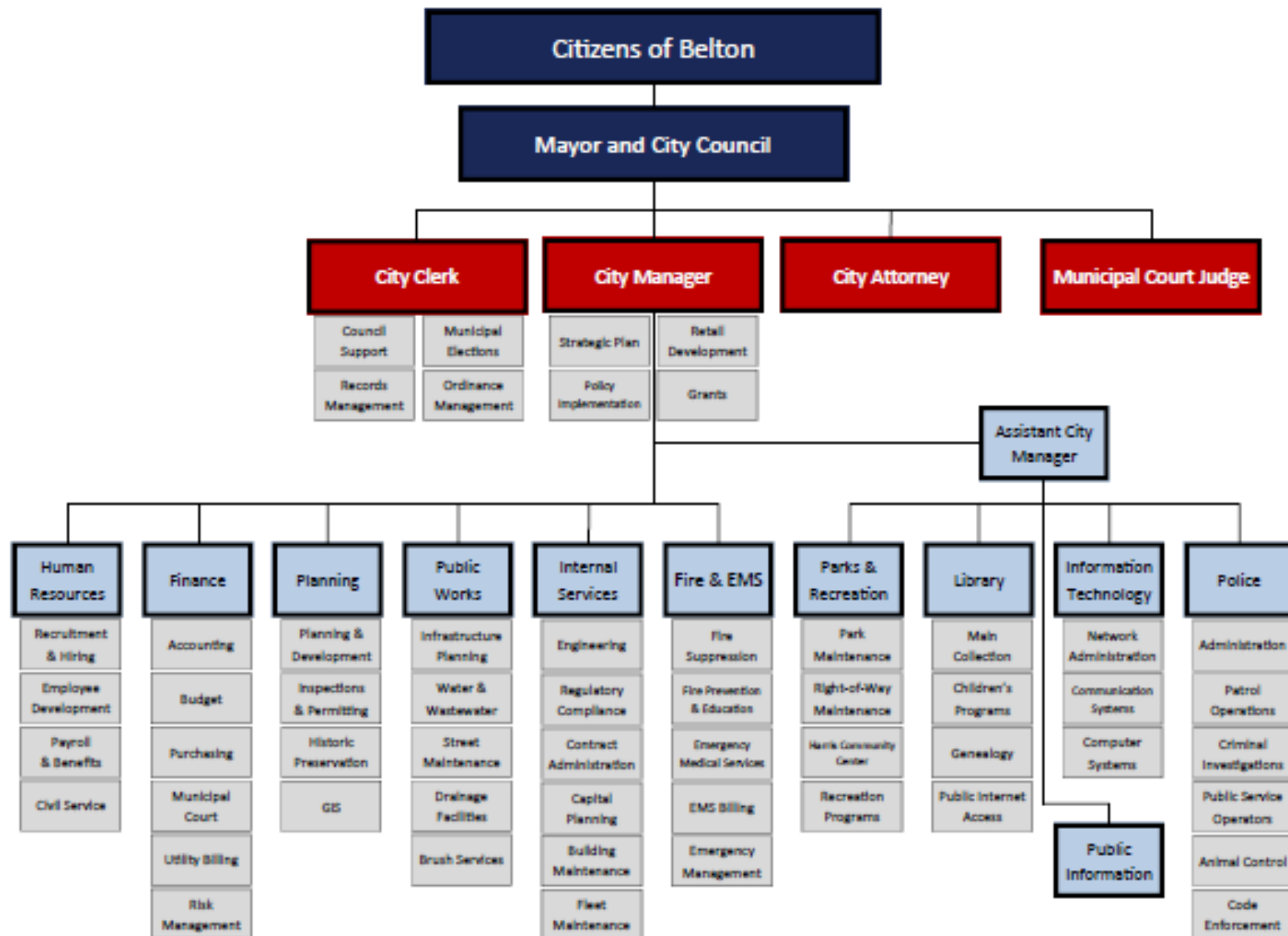
Respectfully submitted,



Sam A. Listi
City Manager



Brandon Bozon, CPA
Director of Finance



CITY OF BELTON

ELECTED OFFICIALS

CITY COUNCIL

Two-Year Terms

<u>NAME</u>	<u>TERM EXPIRES</u>
Marion Grayson, Mayor	May 2018
David K. Leigh, Mayor Pro Tem	May 2017
Guy O'Banion	May 2018
Paul Sanderford	May 2018
Jerri Guantt	May 2017
Dan Kirkley	May 2017
Craig Pearson	May 2017

APPOINTED OFFICIALS

CITY ADMINISTRATION

<u>POSITION</u>	<u>NAME</u>	<u>DATE APPOINTED</u>
City Manager	Sam Listi	March 12, 2001
City Attorney	John Messer	September 1, 1978
City Clerk	Amy Casey	June 29, 2015
Assistant City Manager/Police Chief	Gene Ellis	April 20, 2009
Fire Chief	Bruce Pritchard	July 28, 2015
Director of Finance	Brandon Bozon	March 31, 2014
Director of Human Resources	Charlotte Walker	October 1, 2010
Director of Internal Services & City Engineer	Angellia Points	February 1, 2016
Director of IT	Chris Brown	April 18, 2016
Director of Library Services	Kim Kroll	October 2, 2000
Director of Parks and Recreation	Matt Bates	October 1, 2014
Director of Planning	Erin Smith	March 26, 2012
Director of Public Works	Byron Sinclair	February 1, 2016
Grants & Special Projects Coordinator	Aaron Harris	January 2, 2013
Public Information Officer	Paul Romer	November 1, 2012
Executive Director, Belton Economic Development Corporation	Cynthia Hernandez	September 27, 2011



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Belton
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2015

Executive Director/CEO





JAYNES REITMEIER BOYD & THERRELL, P.C.
Certified Public Accountants
5400 Bosque Blvd., Ste. 500 | Waco, TX 76710
P.O. Box 7616 | Waco, TX 76714
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Belton, Texas (the "City") as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

Auditor's Responsibility (continued)

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Belton, Texas as of September 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 16, and the schedules of changes in the City's net pension liability and related ratios, and contributions on pages 69 and 70 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain

additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2017 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

March 31, 2017



Management's Discussion and Analysis

As management of the City of Belton, Texas, we offer readers of the financial statements this narrative discussion and analysis of the financial activities of the City of Belton for the fiscal year ended September 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i through vi of this report.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$66,946,886 (*net position*). Of this amount, \$12,561,869 represents unrestricted net position, which may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$11,117,273, primarily due to grants and contributions from third parties.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$13,162,893, a decrease of \$1,647,044 in comparison with the prior year. Of this total amount, \$5,024,729 (38.2 percent) is available for spending at the City's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unrestricted fund balance (total of the *committed, assigned, and unassigned* components of *fund balance*) for the General Fund was \$5,766,742, or 47.9 percent of total general fund expenditures.
- The City's total outstanding long-term debt decreased by \$1,779,450 during the current fiscal year.

Overview of the Financial Statements

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

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

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

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

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

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

The government-wide financial statements can be found on pages 19 - 21 of this report.

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

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

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

The City maintains thirty individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Debt Service Fund, and the 9th Avenue Fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the combining and individual fund statements and schedules section of this report.

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

The basic governmental fund financial statements can be found on pages 22 - 26 of this report.

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

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

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

Notes to the financial statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31 – 65 of this report.

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

Government-Wide Overall Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$66,946,886 at the close of the most recent fiscal year.

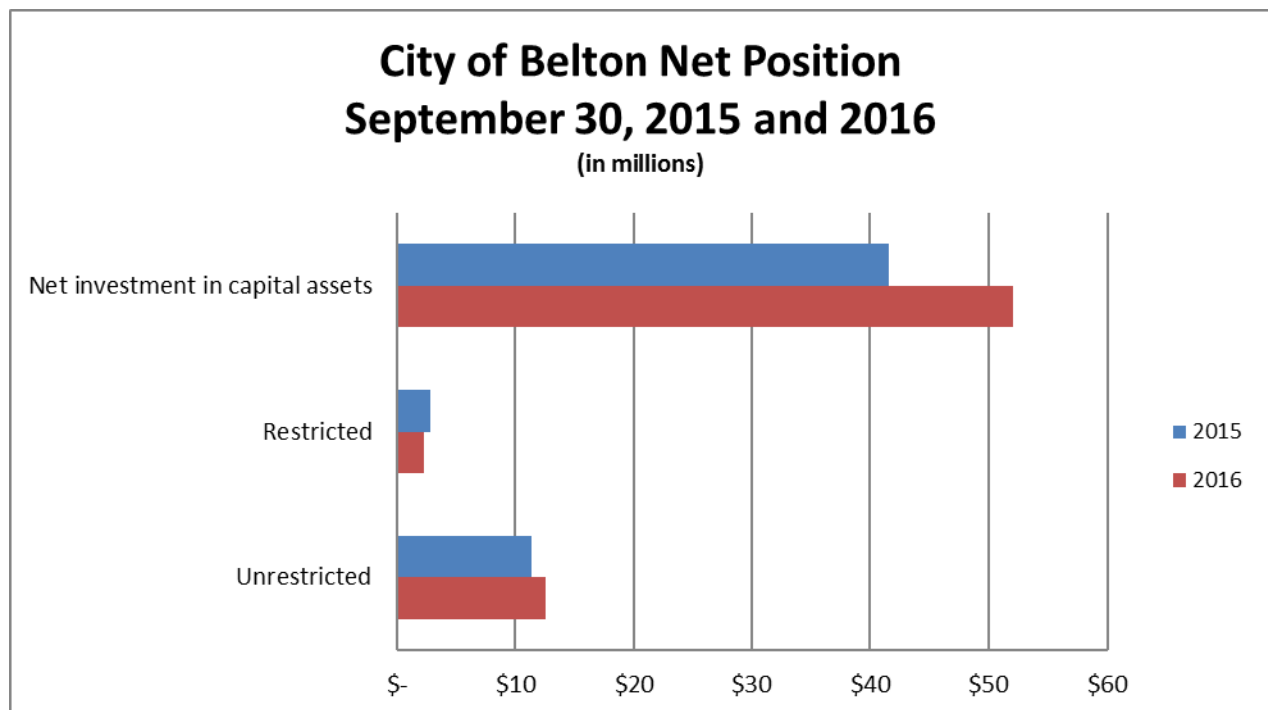
City of Belton Statement of Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 15,522,126	\$ 16,802,389	\$ 11,096,209	\$ 16,622,082	\$ 26,618,335	\$ 33,424,471
Capital assets	34,909,611	30,691,370	36,985,174	26,180,007	71,894,785	56,871,377
Total assets	50,431,737	47,493,759	48,081,383	42,802,089	98,513,120	90,295,848
Total deferred outflows of resources	1,473,987	497,904	283,171	105,535	1,757,158	603,439
Long-term liabilities outstanding	16,314,331	16,639,010	11,886,766	13,546,062	28,201,097	30,185,072
Other liabilities	3,281,928	1,679,721	1,684,591	3,073,412	4,966,519	4,753,133
Total liabilities	19,596,259	18,318,731	13,571,357	16,619,474	33,167,616	34,938,205
Total deferred inflows of resources	131,048	10,318	24,728	21,151	155,776	31,469
Net position:						
Net investment in capital assets	24,492,141	20,253,143	27,592,280	21,325,320	52,084,421	41,578,463
Restricted	2,300,596	2,846,948	-	-	2,300,596	2,846,948
Unrestricted	5,385,680	6,462,523	7,176,189	4,941,679	12,561,869	11,404,202
Total net position	\$ 32,178,417	\$ 29,562,614	\$ 34,768,469	\$ 26,266,999	\$ 66,946,886	\$ 55,829,613

By far the largest portion of the City's net position (\$52,084,421 or 77.8 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (\$2,300,596 or 3.4 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance (\$12,561,869 or 18.8 percent) is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.

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

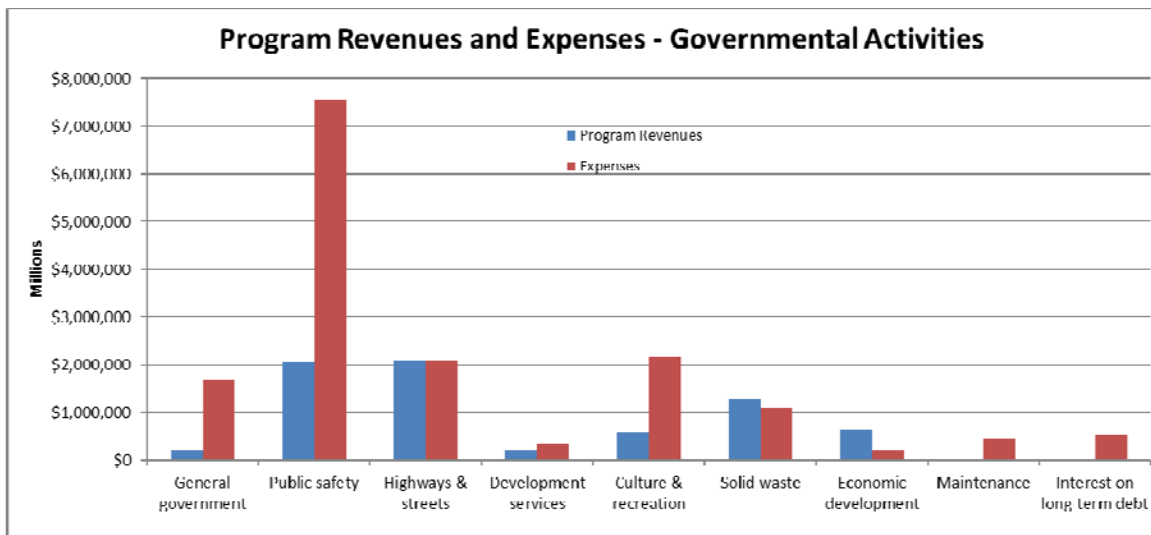


The City's total net position increased \$11,117,273 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental and business-type activities.

City of Belton's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 3,233,337	\$ 3,217,643	\$ 7,276,735	\$ 6,524,300	\$ 10,510,072	\$ 9,741,943
Operating grants and contributions	1,044,637	747,749	-	-	1,044,637	747,749
Capital grants and contributions	2,783,748	3,758,025	8,588,839	1,764,757	11,372,587	5,522,782
General revenues:						
Property taxes	6,355,718	5,916,916	-	-	6,355,718	5,916,916
Sales taxes	3,155,659	3,205,411	-	-	3,155,659	3,205,411
Franchise taxes	1,171,669	1,148,273	-	-	1,171,669	1,148,273
Other taxes	185,664	196,658	-	-	185,664	196,658
Investment earnings	42,668	28,003	33,343	16,624	76,011	44,627
Gain (loss) on sale of assets	17,821	36,937	(36,600)	108,079	(18,779)	145,016
Other income	399,537	102,773	-	-	399,537	102,773
Total revenues	<u>18,390,458</u>	<u>18,358,388</u>	<u>15,862,317</u>	<u>8,413,760</u>	<u>34,252,775</u>	<u>26,772,148</u>
Expenses:						
General government	1,689,517	1,534,183	-	-	1,689,517	1,534,183
Public safety	7,542,557	6,513,269	-	-	7,542,557	6,513,269
Highways and streets	2,092,553	2,176,849	-	-	2,092,553	2,176,849
Development services	346,111	352,821	-	-	346,111	352,821
Culture and recreation	2,174,373	1,873,363	-	-	2,174,373	1,873,363
Solid waste	1,096,528	1,039,691	-	-	1,096,528	1,039,691
Economic development	209,272	180,440	-	-	209,272	180,440
Maintenance	432,894	398,974	-	-	432,894	398,974
Interest on long-term debt	524,277	540,242	-	-	524,277	540,242
Water and sewer	-	-	6,612,667	5,912,553	6,612,667	5,912,553
Drainage	-	-	438,375	280,317	438,375	280,317
Total expenses	<u>16,108,082</u>	<u>14,609,832</u>	<u>7,051,042</u>	<u>6,192,870</u>	<u>23,159,124</u>	<u>20,802,702</u>
Changes in net assets before transfers	2,282,376	3,748,556	8,811,275	2,220,890	11,093,651	5,969,446
Transfers	<u>333,427</u>	<u>294,516</u>	<u>(309,805)</u>	<u>(294,516)</u>	<u>23,622</u>	<u>-</u>
Changes in net position	<u>2,615,803</u>	<u>4,043,072</u>	<u>8,501,470</u>	<u>1,926,374</u>	<u>11,117,273</u>	<u>5,969,446</u>
Net position - October 1	<u>29,562,614</u>	<u>25,519,542</u>	<u>26,266,999</u>	<u>24,340,625</u>	<u>55,829,613</u>	<u>49,860,167</u>
Net position - September 30	<u>\$ 32,178,417</u>	<u>\$ 29,562,614</u>	<u>\$ 34,768,469</u>	<u>\$ 26,266,999</u>	<u>\$ 66,946,886</u>	<u>\$ 55,829,613</u>

Governmental activities. During the current fiscal year, net position for governmental activities increased \$2,615,803 from the prior fiscal year for an ending balance of \$32,178,417. This increase was primarily the result of capital grants and contributions received during the year.



Business-type activities. For the City’s business-type activities, the results for the current fiscal year were positive in that overall net position increased to an ending balance of \$34,768,469. The total increase in net position for business-type activities (Water and Sewer Fund, and Drainage Fund) was \$8,501,470. Key changes year over year included:

- Charges for business-type activities totaled \$7,276,735, an increase of \$752,435 or 11.5 percent from the prior year. This increase is a reflection of increased water consumption compared to the previous year, as well as an increase in the water and sewer rates;
- Expenses for business-type activities totaled \$7,051,042, an increase of \$858,172 or 13.9 percent compared to the previous year primarily an increase in depreciation expense; and
- Capital grants and contributions from grant agencies and developers amounted to \$8,588,839.

Financial Analysis of the City’s Funds

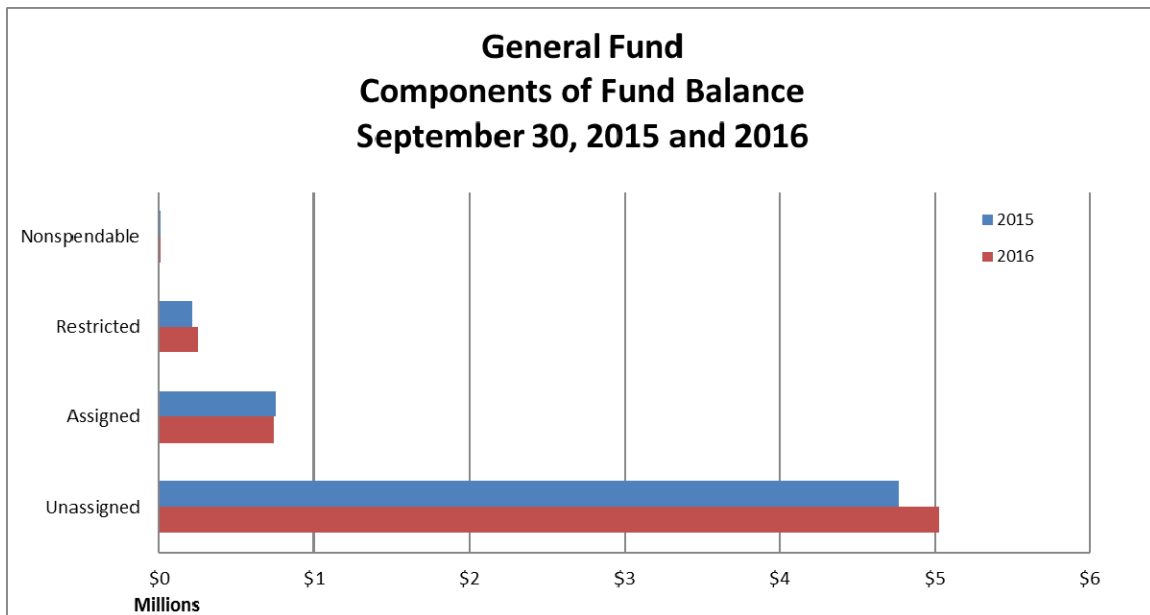
As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City’s *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for particular purposes by the City Council.

At September 30, 2016, the City’s governmental funds reported combined ending fund balances of \$13,162,893, a decrease of \$1,647,044 in comparison with the prior year. Approximately 38.2 percent (\$5,024,729) of this amount constitutes *unassigned fund balance*, which is available for spending at the City’s discretion. The remainder of fund balance is *non-spendable, restricted, committed, or assigned* to indicate that it is:

- 1) Not in spendable form (\$7,829);
- 2) Restricted for particular purposes:

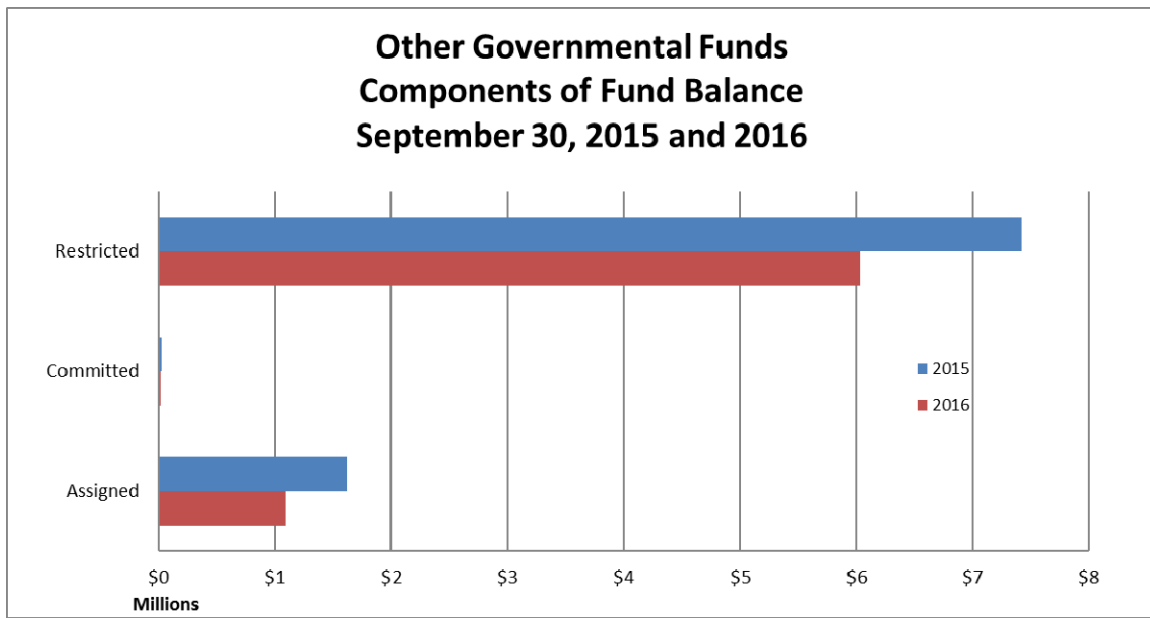
- a. Debt service (\$158,685);
 - b. Public, educational, or governmental access facilities (\$233,434);
 - c. Public safety training, equipment, and security facilities (\$210,045);
 - d. Cemetery maintenance and improvements (\$3,115); and
 - e. Capital projects and economic development (\$5,677,281).
- 3) Committed for particular purposes:
 - a. Economic development (\$21,680).
- 4) Assigned for particular purposes:
 - a. Future civil service costs (\$704,950);
 - b. Library books and services (\$29,738);
 - c. Youth Advisory Commission (\$2,495); and
 - d. Capital projects and equipment (\$1,088,912)



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 \$5,029,559, while total fund balance increased to \$6,022,115. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents 42 percent of total General Fund expenditures, while total fund balance represents 50 percent of that same amount.

The fund balance of the City's General Fund increased by \$277,762 during the current fiscal year. The net increase was due to:

- Stronger than budgeted ad valorem taxes, franchise taxes, court fines and fees, charges for services and the unbudgeted receipt of effluent sale revenues; offset by
- Transfer to fund Phase II of the Chisholm Trail Hike and Bike Trail.



Assigned other governmental funds consist of capital project and capital equipment replacement funds. The balance decreased from 2015 to 2016 primarily due to the expenditure of capital project dollars on their assigned projects, offset by the establishment and/or funding of capital equipment replacement funds.

Committed other governmental funds consist of the City funding dedicated to projects under the Texas Department of Housing and Community Affairs home replacement program. Activity in these funds during FY 2016 was limited to survey work to prepare for relocations and replacements anticipated in FY 2017.

Restricted governmental funds relate to funds restricted to a specific purpose such as bond funds, Tax Increment Reinvestment Zone funds, and donations. The fund balance decrease from 2015 to 2016 was primarily due to the expenditure of bond funds in accordance with their designated use.

The Debt Service Fund, a major fund, had an increase in fund balance during the current year of \$26,223, to bring the year-end fund balance to \$158,685. This increase resulted from stronger than anticipated ad valorem tax collections.

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

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

Net position of the Water and Sewer Fund at the end of the year was \$31,918,812, and the net position of the Drainage Fund amounted to \$2,849,657. The total change in net position was \$7,998,610 and \$502,860, respectively. Notable changes in the Water and Sewer Fund activity include:

- Charges for business-type activities totaled \$6,898,744, an increase of \$734,465 or 11.9 percent from the prior year. This increase is a reflection of increased water consumption compared to the previous year as well as an increase in the water and sewer rates;
- Operating expenses totaled \$6,242,992, an increase of \$579,292 or 10.2 percent from the prior year. The increase was primarily driven by increased depreciation;
- Capital contributions were \$8,077,693. The contributions related to the dedication of water and sewer lines in the Three Creeks, Southwood Hills, Highland Estates, Bella Rose, and Liberty Valley subdivisions.

Notable changes in the Drainage Fund activity include:

- An increase in revenue of \$17,970 or 5 percent due to an increased number of customers in the current year and the write-off of several significant uncollectable accounts during the prior year;
- An increase in operating expenses of \$158,654 or 58.9 percent. The increases were primarily driven by salaries and wages and benefits, as personnel vacancies from the prior year were filled, other charges related to engineering and cost-sharing with developers on the installation of drainage infrastructure, and depreciation;
- There was \$511,146 in capital contributions during the current year, related to the dedication of drainage facilities in the Southwood Hills, Highland Estates, Bella Rose, and Liberty Valley subdivisions.
- There was a contribution of \$50,000 from the TIRZ to assist in funding the Connell Street Drainage improvements.

General Fund Budgetary Highlights

Original Budget Compared to Final Budget. Budgeted uses of funds, inclusive of expenditures and transfers out, increased by \$442,596 between the original budget and final budget. The increase in uses was primarily attributable to transfers out to fund phase II of the Chisholm Trail Hike and Bike Trail, as well as \$30,558 in additional maintenance funds as a result of insurance proceeds, and \$20,000 of additional refuse collection costs, offset by additional revenues.

Budgeted sources of funds, inclusive of revenues and other financing sources increased by \$50,558 between the original budget and final budget. The increase in sources was primarily attributable to:

- \$20,560 in additional refuse collection revenues
- \$24,598 in insurance proceeds

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

<u>Revenue Source</u>	<u>Budgeted Revenues</u>	<u>Actual Revenues</u>	<u>Difference</u>
Taxes	\$ 8,825,902	\$ 8,969,963	\$ 144,061
Licenses and permits	168,950	221,395	52,445
Charges for services	2,499,480	2,557,777	58,297

The overage in tax revenues was caused by strong ad valorem and franchise tax collections that surpassed budget expectations. License and permit revenue is influenced by the building and construction activity within the community, and was up relative to the prior year. Ambulance revenues and parks and recreation revenues were stronger than expected, leading to charges for services exceeding budget. EMS calls for service increased, thereby increasing revenue despite no changes in the City's EMS rate structure. Parks and recreation saw an increase in revenues over budget and prior year figures due to an increase in the rental activity at the Harris Community Center.

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

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business type activities as of September 30, 2016, amounts to \$71,894,785 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, streets, bridges, drainage structures, and water and sewer system infrastructure to include pumps, pipes, storage tanks, and associated fittings and fixtures. The total increase in the City's investment in capital assets for the current fiscal year was 26.5 percent (a 14 percent increase for governmental activities and a 41.3 percent increase for business-type activities).

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

	Governmental Activities		Business-Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Land	\$ 2,486,662	\$ 2,342,251	\$ 368,601	\$ 412,742	\$ 2,855,263	\$ 2,754,993
Buildings	5,772,576	2,960,177	72,048	52,871	5,844,624	3,013,048
Improvements other than buildings	1,850,479	1,857,711	-	-	1,850,479	1,857,711
Machinery and equipment	1,984,042	1,566,424	1,461,756	847,390	3,445,798	2,413,814
Infrastructure	15,064,196	15,552,992	33,495,543	20,960,488	48,559,739	36,513,480
Construction in progress	7,751,656	6,411,815	1,587,226	3,906,516	9,338,882	10,318,331
Total	<u>\$ 34,909,611</u>	<u>\$ 30,691,370</u>	<u>\$ 36,985,174</u>	<u>\$ 26,180,007</u>	<u>\$ 71,894,785</u>	<u>\$ 56,871,377</u>

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

- Work was completed on:
 - VOIP telephone system;
 - Regional Law Enforcement training facility;
 - North Main sidewalk extensions;
 - Police department expansion;
 - State Highway 317/24th Avenue design report;
 - I-35 utility relocation;

- Automated metering infrastructure project;
- Nolan Creek trunk sewer line replacement; and
- Miller Heights sewer line replacements
- Work began/continued on:
 - MLK/9th Avenue extension;
 - Sparta Road expansion and reconstruction;
 - South Main sidewalk extension and water line relocation;
 - North Main & River Fair intersection improvements;
 - Temple-Belton Wastewater Treatment Plant redevelopment;
 - North Belton elevated water storage tank; and
 - I-35 sewer line extension

Additional information on the City's capital assets can be found in Note V on pages 48 - 51 of this report.

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$26,456,845, all of which is backed by the full faith and credit of the City. In addition, \$12,072,193 of this amount is also backed with a pledge of water and sewer revenue and storm water drainage revenue.

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

	Governmental Activities		Business-Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
General obligation bonds	\$ 14,384,652	\$ 15,226,477	-	-	\$ 14,384,652	\$ 15,226,477
Revenue bonds with tax cross-pledge	-	-	12,072,193	13,009,818	12,072,193	13,009,818
Total	<u>\$ 14,384,652</u>	<u>\$ 15,226,477</u>	<u>\$ 12,072,193</u>	<u>\$ 13,009,818</u>	<u>\$ 26,456,845</u>	<u>\$ 28,236,295</u>

The City's total bonded debt decreased by \$1,779,450 (6.3 percent) during the current fiscal year. The decrease was due to the regularly scheduled principal payments on existing debt. The City "AA-" rating from Standard & Poor's for general obligation debt was affirmed during the 2015 Certificate of Obligation debt issue process.

No direct funded debt limitation is imposed on the City under current State law or the City Charter. Article XI, Section 5, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem rate to \$2.50 per \$100 of assessed valuation for all City purposes. The City Charter limits the tax rate to \$1.90 per \$100 of assessed valuation for all City purposes. Administratively, the Attorney General of the State of Texas will permit allocation of \$1.50 of the maximum tax rate for general obligation debt service. The City's fiscal year 2016 tax rate is well below all of the aforementioned limits.

Additional information on the City's long-term debt can be found in Note VI on pages 51 - 55 of this report.

Economic Factors and Next Year's Budget and Rates

The following economic factors currently affect the City of Belton and were considered in developing the 2017 fiscal year budget.

- The local economy has remained stable and is experiencing growth as evidenced by construction activity. Several large projects are underway, and the City continues to make infrastructure improvements and conduct master planning which will position the City for future expansion.
- Growth does create new challenges which must be addressed, and the Strategic Plan provides a framework for the future. Meeting these challenges takes the vision of Council to guide the Strategic Plan, financial resources to fund the Plan, and a management team and staff to implement the Plan. The Belton City Council, management, and staff remain dedicated to the purposes of planning and providing for the future of the City.
- The fiscal year 2017 budget was based on sustaining operating levels, while meeting the demands of a growing community. The ad valorem tax rate was maintained at the current rate of \$0.6598 per \$100 of assessed valuation to fund increases in recurring expenditure obligations. A water and sewer rate study was completed and adopted by Council during FY 2015, and will include future rate increases to fund planned projects, including most notably the expansion of the wastewater treatment plant and the expansion of sewer services south down the IH-35 corridor. Previous rate increases from the rate study funded the transition to automated water metering and the Nolan Creek trunk sewer line replacement.

At the end of fiscal year 2016, fund balance (budgetary basis) in the General Fund is \$5,037,279. The City Council has stipulated that the General Fund maintain three months operating expenditures as a minimum of undesignated reserves, which currently equates to \$3.2 million. It is intended that the available fund balance beyond the minimum be used for non-recurring capital outlay and projects, and not for financing of on-going operational costs. For FY 2017, fund balance in all budgeted funds is projected to remain at adequate levels to provide for unexpected decreases in revenues plus extraordinary unbudgeted expenditures.

Requests for Information

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

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

Basic Financial Statements



City of Belton, Texas
Statement of Net Position
September 30, 2016

	Primary Government			Component Unit
	Governmental	Business-type	Total	Belton Economic Development Corporation, Inc.
	Activities	Activities		
Assets				
Cash and cash equivalents	\$ 12,686,219	7,310,177	19,996,396	5,996,928
Receivables (net of allowance for uncollectibles)	1,705,560	834,223	2,539,783	288,927
Due from other governments	1,122,518	-	1,122,518	-
Prepaid items	7,829	7,719	15,548	-
Restricted cash and cash equivalents	-	2,944,090	2,944,090	-
Capital assets not being depreciated:				
Land	2,486,662	368,601	2,855,263	877,835
Construction in progress	7,751,656	1,587,226	9,338,882	-
Capital assets, net of accumulated depreciation:				
Buildings	5,772,576	72,048	5,844,624	1,026,410
Improvements other than buildings	1,850,479	-	1,850,479	-
Machinery and equipment	1,984,042	1,461,756	3,445,798	-
Infrastructure	15,064,196	33,495,543	48,559,739	1,355,062
Total assets	50,431,737	48,081,383	98,513,120	9,545,162
Deferred Outflows of Resources				
Deferred outflows of resources	1,473,987	283,171	1,757,158	30,990
Total deferred outflows of resources	1,473,987	283,171	1,757,158	30,990
Liabilities				
Accounts and retainages payable	1,714,550	488,173	2,202,723	392,533
Accrued interest payable	81,929	45,026	126,955	3,082
Other accrued liabilities	215,897	41,643	257,540	4,470
Customer deposits payable	18,650	205,130	223,780	2,200
Noncurrent liabilities:				
Due within one year	1,250,902	904,619	2,155,521	88,154
Due in more than one year	16,314,331	11,886,766	28,201,097	44,114
Total liabilities	19,596,259	13,571,357	33,167,616	534,553
Deferred Inflows of Resources				
Deferred inflows of resources	131,048	24,728	155,776	2,755
Total deferred inflows of resources	131,048	24,728	155,776	2,755
Net Position				
Net investment in capital assets	24,492,141	27,592,280	52,084,421	3,171,153
Restricted for:				
Debt service	185,688	-	185,688	-
Economic development	1,173,777	-	1,173,777	-
Court	31,463	-	31,463	-
Public safety	173,752	-	173,752	-
Public access facilities	233,434	-	233,434	-
Cemetery	3,115	-	3,115	-
Capital projects and equipment	499,367	-	499,367	-
Unrestricted	5,385,680	7,176,189	12,561,869	5,867,691
Total net position	\$ 32,178,417	34,768,469	66,946,886	9,038,844

See accompanying notes to financial statements.

City of Belton, Texas
Statement of Activities
For the Fiscal Year Ended
September 30, 2016

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 1,689,517	-	222,575	-
Public safety	7,542,557	1,656,931	398,694	-
Highways and streets	2,092,553	-	-	2,076,292
Planning	346,111	221,395	-	-
Culture and recreation	2,174,373	83,249	6,071	487,456
Solid waste	1,096,528	1,271,762	-	-
Economic development	209,272	-	417,297	220,000
Maintenance	432,894	-	-	-
Interest	524,277	-	-	-
Total governmental activities	16,108,082	3,233,337	1,044,637	2,783,748
Business-type activities:				
Water and sewer	6,612,667	6,898,744	-	8,077,693
Drainage	438,375	377,991	-	511,146
Total business-type activities	7,051,042	7,276,735	-	8,588,839
Total primary government	\$ 23,159,124	10,510,072	1,044,637	11,372,587
Component unit:				
Belton Economic Development Corporation, Inc.				
	\$ 1,172,459	37,074	-	450,000
Total component unit	\$ 1,172,459	37,074	-	450,000
General revenues:				
Property taxes				
Sales taxes				
Franchise taxes				
Hotel/motel taxes				
Alcoholic beverage taxes				
Unrestricted investment earnings				
Miscellaneous				
Gain (loss) on sale of assets				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position, beginning of year				
Net position, end of year				

See accompanying notes to financial statements.

Net Revenues (Expenses) and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Belton Economic Development Corporation, Inc.
(1,466,942)		(1,466,942)	
(5,486,932)		(5,486,932)	
(16,261)		(16,261)	
(124,716)		(124,716)	
(1,597,597)		(1,597,597)	
175,234		175,234	
428,025		428,025	
(432,894)		(432,894)	
(524,277)		(524,277)	
<u>(9,046,360)</u>		<u>(9,046,360)</u>	
-	8,363,770	8,363,770	
-	450,762	450,762	
-	8,814,532	8,814,532	
<u>(9,046,360)</u>	<u>8,814,532</u>	<u>(231,828)</u>	
			<u>(685,385)</u>
			<u>(685,385)</u>
\$ 6,355,718	-	6,355,718	-
3,155,659	-	3,155,659	1,577,830
1,171,669	-	1,171,669	-
147,230	-	147,230	-
38,434	-	38,434	-
42,668	33,343	76,011	17,749
399,537	-	399,537	-
17,821	(36,600)	(18,779)	4,510
333,427	(309,805)	23,622	(23,622)
<u>11,662,163</u>	<u>(313,062)</u>	<u>11,349,101</u>	<u>1,576,467</u>
2,615,803	8,501,470	11,117,273	891,082
<u>29,562,614</u>	<u>26,266,999</u>	<u>55,829,613</u>	<u>8,147,762</u>
<u>\$ 32,178,417</u>	<u>34,768,469</u>	<u>66,946,886</u>	<u>9,038,844</u>

City of Belton, Texas
Balance Sheet
Governmental Funds
September 30, 2016

	General	Debt Service	9th Avenue	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 4,602,863	158,685	-	7,924,671	12,686,219
Receivables (net of allowance for uncollectibles)	1,645,565	27,003	-	32,992	1,705,560
Due from other governments	219,479	-	742,575	160,464	1,122,518
Due from other funds	666,174	-	-	-	666,174
Prepaid items	7,829	-	-	-	7,829
Total assets	\$ <u>7,141,910</u>	<u>185,688</u>	<u>742,575</u>	<u>8,118,127</u>	<u>16,188,300</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities:					
Accounts and retainages payable	\$ 502,113	-	117,288	1,095,147	1,714,548
Accrued liabilities	215,897	-	-	-	215,897
Customer deposits payable	18,650	-	-	-	18,650
Due to other funds	-	-	373,476	292,698	666,174
Total liabilities	<u>736,660</u>	<u>-</u>	<u>490,764</u>	<u>1,387,845</u>	<u>2,615,269</u>
Deferred inflows of resources:					
Unavailable revenue	<u>383,135</u>	<u>27,003</u>	<u>-</u>	<u>-</u>	<u>410,138</u>
Total deferred inflows of resources	<u>383,135</u>	<u>27,003</u>	<u>-</u>	<u>-</u>	<u>410,138</u>
Fund balances:					
Nonspendable	7,829	-	-	-	7,829
Restricted	247,544	158,685	251,811	5,624,520	6,282,560
Committed	-	-	-	21,680	21,680
Assigned	737,183	-	-	1,088,912	1,826,095
Unassigned	<u>5,029,559</u>	<u>-</u>	<u>-</u>	<u>(4,830)</u>	<u>5,024,729</u>
Total fund balances	<u>6,022,115</u>	<u>158,685</u>	<u>251,811</u>	<u>6,730,282</u>	<u>13,162,893</u>
Total liabilities, deferred inflows of resources and fund balances	\$ <u>7,141,910</u>	<u>185,688</u>	<u>742,575</u>	<u>8,118,127</u>	
Amounts reported for governmental activities in the statement of net position are different because:					
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.					34,909,611
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.					410,138
Long-term liabilities, including bonds payable and the net pension liability, are not due and payable in the current period and, therefore, are not reported in the funds.					<u>(16,304,225)</u>
Net position of governmental activities					\$ <u>32,178,417</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, 2016

	<u>General</u>	<u>Debt Service</u>	<u>9th Avenue</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Taxes:					
Ad valorem	\$ 4,604,201	1,090,922	-	670,770	6,365,893
Sales	3,155,659	-	-	-	3,155,659
Franchise	1,171,669	-	-	-	1,171,669
Hotel/motel	-	-	-	147,230	147,230
Alcoholic beverage	38,434	-	-	-	38,434
Licenses and permits	221,395	-	-	-	221,395
Intergovernmental	393,171	-	1,222,317	907,724	2,523,212
Charges for services	2,589,725	-	-	-	2,589,725
Fines	367,310	-	-	22,304	389,614
Rental	14,300	-	-	-	14,300
Interest	21,414	1,896	(885)	22,139	44,564
Contributions and donations	12,623	-	100,000	293,884	406,507
Payments in lieu of taxes	9,489	-	-	-	9,489
Miscellaneous	376,436	-	-	9,552	385,988
Total revenues	<u>12,975,826</u>	<u>1,092,818</u>	<u>1,321,432</u>	<u>2,073,603</u>	<u>17,463,679</u>
Expenditures:					
Current:					
General government	1,555,570	-	-	32,666	1,588,236
Public safety	6,489,545	-	-	2,500	6,492,045
Highways and streets	924,047	-	-	-	924,047
Planning	325,475	-	-	-	325,475
Culture and recreation	1,281,494	-	-	-	1,281,494
Solid waste	1,079,976	-	-	-	1,079,976
Economic development	-	-	-	209,272	209,272
Maintenance services	388,027	-	-	-	388,027
Debt service:					
Principal	-	621,824	-	220,000	841,824
Interest and fiscal charges	-	444,771	-	88,348	533,119
Capital outlay	-	-	1,173,159	4,667,985	5,841,144
Total expenditures	<u>12,044,134</u>	<u>1,066,595</u>	<u>1,173,159</u>	<u>5,220,771</u>	<u>19,504,659</u>
Excess (deficiency) of revenues over (under) expenditures	<u>931,692</u>	<u>26,223</u>	<u>148,273</u>	<u>(3,147,168)</u>	<u>(2,040,980)</u>
Other financing sources (uses):					
Insurance proceeds	25,360	-	-	-	25,360
Sale of capital assets	4,230	-	-	30,919	35,149
Transfers in	429,679	-	-	1,146,821	1,576,500
Transfers out	(1,113,199)	-	-	(129,874)	(1,243,073)
Total other financing sources (uses)	<u>(653,930)</u>	<u>-</u>	<u>-</u>	<u>1,047,866</u>	<u>393,936</u>
Net change in fund balances	277,762	26,223	148,273	(2,099,302)	(1,647,044)
Fund balances, beginning of year	<u>5,744,353</u>	<u>132,462</u>	<u>103,538</u>	<u>8,829,584</u>	<u>14,809,937</u>
Fund balances, end of year	<u>\$ 6,022,115</u>	<u>158,685</u>	<u>251,811</u>	<u>6,730,282</u>	<u>13,162,893</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, 2016

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)	\$ (1,647,044)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$5,789,549) exceed depreciation expense (\$2,427,285) in the current period.	3,362,263
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, donations, etc.) is to increase net position. This is capital assets contributed (\$898,666) less the net book value of capital assets sold (\$42,688) in the current period.	855,978
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	10,293
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in governmental funds. This amount is the net effect of change in the net pension liability and the related deferred outflows and inflows of resources (\$234,791) plus the change in accrued interest payable (\$5,184) less the change in compensated absences (\$581,562).	(811,169)
The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This is the amount principal repayments and bond premium amortization in the current year.	<u>845,482</u>
Change in net position of governmental activities (Exhibit A-2)	<u><u>\$ 2,615,803</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, 2016

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes:				
Current ad valorem	\$ 4,362,378	4,362,378	4,479,392	117,014
Delinquent ad valorem	69,000	69,000	64,108	(4,892)
Penalty and interest	57,500	57,500	60,700	3,200
Total ad valorem	4,488,878	4,488,878	4,604,200	115,322
Sales	3,193,024	3,193,024	3,155,659	(37,365)
Franchise	1,106,000	1,106,000	1,171,668	65,668
Alcoholic beverage	38,000	38,000	38,434	434
Total taxes	8,825,902	8,825,902	8,969,961	144,059
Licenses and permits:				
Building	75,000	75,000	101,765	26,765
Electrical	24,000	24,000	36,138	12,138
Plumbing	26,000	26,000	39,856	13,856
Mechanical	17,000	17,000	18,582	1,582
Swimming pool	1,000	1,000	1,685	685
Rezoning fees	7,500	7,500	3,900	(3,600)
Subdivision fees	8,000	8,000	8,624	624
Miscellaneous	10,450	10,450	10,845	395
Total licenses and permits	168,950	168,950	221,395	52,445
Intergovernmental	287,331	287,331	333,112	45,781
Charges for services:				
Ambulance	1,200,000	1,200,000	1,247,028	47,028
Parks and recreation	27,000	27,000	38,987	11,987
Brush collection	170,000	175,600	175,722	122
Refuse collection	1,076,880	1,096,880	1,096,040	(840)
Total charges for services	2,473,880	2,499,480	2,557,777	58,297
Fines:				
Municipal court	230,000	230,000	254,973	24,973
Court fees	116,700	116,700	108,864	(7,836)
Total fines	346,700	346,700	363,837	17,137
Rental	35,000	35,000	59,908	24,908
Interest	10,000	10,000	18,876	8,876
Contributions and donations	-	-	2,000	2,000
Payments in lieu of taxes	9,164	9,164	9,489	325
Miscellaneous	36,000	36,000	50,329	14,329
Total revenues	12,192,927	12,218,527	12,586,684	368,157

(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, 2016

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
Expenditures:				
General government:				
City council	\$ 78,477	78,477	70,807	7,670
City administration	392,922	407,353	407,431	(78)
TIRZ	71,150	71,150	69,874	1,276
Finance	476,613	478,871	469,577	9,294
Legal	173,776	173,776	169,705	4,071
Information Technology	212,240	195,240	177,713	17,527
Total general government	<u>1,405,178</u>	<u>1,404,867</u>	<u>1,365,107</u>	<u>39,760</u>
Public safety:				
Police	3,606,822	3,611,188	3,539,597	71,591
Fire	<u>2,751,557</u>	<u>2,772,655</u>	<u>2,734,713</u>	<u>37,942</u>
Total public safety	<u>6,358,379</u>	<u>6,383,843</u>	<u>6,274,310</u>	<u>109,533</u>
Highways and streets	<u>1,156,347</u>	<u>1,118,758</u>	<u>924,045</u>	<u>194,713</u>
Planning	<u>375,559</u>	<u>375,559</u>	<u>325,475</u>	<u>50,084</u>
Culture and recreation:				
Parks	956,704	975,645	946,276	29,369
Library	<u>292,102</u>	<u>292,102</u>	<u>285,839</u>	<u>6,263</u>
Total culture and recreation	<u>1,248,806</u>	<u>1,267,747</u>	<u>1,232,115</u>	<u>35,632</u>
Other costs	<u>449,493</u>	<u>194,493</u>	<u>185,616</u>	<u>8,877</u>
Solid waste	<u>1,051,241</u>	<u>1,082,040</u>	<u>1,079,976</u>	<u>2,064</u>
Maintenance services	<u>385,504</u>	<u>391,453</u>	<u>388,024</u>	<u>3,429</u>
Total expenditures	<u>12,430,507</u>	<u>12,218,760</u>	<u>11,774,668</u>	<u>444,092</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(237,580)</u>	<u>(233)</u>	<u>812,016</u>	<u>812,249</u>
Other financing sources (uses):				
Insurance proceeds	-	24,958	25,360	402
Sale of capital assets	-	-	138	138
Sale of effluent water	-	-	270,168	270,168
Transfers in	430,955	430,955	429,679	(1,276)
Transfers out	<u>(191,000)</u>	<u>(845,343)</u>	<u>(1,274,657)</u>	<u>(429,314)</u>
Total other financing sources (uses)	<u>239,955</u>	<u>(389,430)</u>	<u>(549,312)</u>	<u>(159,882)</u>
Net change in fund balances	2,375	(389,663)	262,704	652,367
Fund balances, beginning of year	<u>4,774,575</u>	<u>4,774,575</u>	<u>4,774,575</u>	<u>-</u>
Fund balances, end of year	<u>\$ 4,776,950</u>	<u>4,384,912</u>	<u>5,037,279</u>	<u>652,367</u>

See accompanying notes to financial statements.

City of Belton, Texas
Statement of Net Position –
Proprietary Funds
September 30, 2016

	Business-type Activities - Enterprise Funds		
	Water and Sewer	Drainage	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 6,752,407	557,770	7,310,177
Receivables (net of allowance for uncollectibles)	794,411	39,812	834,223
Prepaid items	7,719	-	7,719
Total current assets	<u>7,554,537</u>	<u>597,582</u>	<u>8,152,119</u>
Noncurrent assets:			
Restricted cash and cash equivalents	2,944,090	-	2,944,090
Capital assets:			
Land	368,471	130	368,601
Buildings	84,527	-	84,527
Infrastructure	49,036,985	2,396,628	51,433,613
Machinery and equipment	2,232,285	254,009	2,486,294
Construction in progress	1,079,620	507,606	1,587,226
	<u>52,801,888</u>	<u>3,158,373</u>	<u>55,960,261</u>
Less accumulated depreciation	<u>(18,336,071)</u>	<u>(639,016)</u>	<u>(18,975,087)</u>
Total capital assets, net	<u>34,465,817</u>	<u>2,519,357</u>	<u>36,985,174</u>
Total noncurrent assets	<u>37,409,907</u>	<u>2,519,357</u>	<u>39,929,264</u>
Total assets	<u>44,964,444</u>	<u>3,116,939</u>	<u>48,081,383</u>
Deferred Outflows of Resources			
Deferred outflows of resources	<u>252,568</u>	<u>30,603</u>	<u>283,171</u>
Liabilities			
Current liabilities:			
Accounts and retainages payable	481,264	6,909	488,173
Accrued interest payable	42,856	2,170	45,026
Other accrued liabilities	36,995	4,648	41,643
Customer deposits payable	205,130	-	205,130
Compensated absences - current	30,162	4,432	34,594
Revenue bonds payable - current	854,950	15,075	870,025
Total current liabilities	<u>1,651,357</u>	<u>33,234</u>	<u>1,684,591</u>
Noncurrent liabilities:			
Compensated absences	18,571	2,295	20,866
Net pension liability	352,352	43,561	395,913
Revenue bonds payable	11,253,913	216,074	11,469,987
Total noncurrent liabilities	<u>11,624,836</u>	<u>261,930</u>	<u>11,886,766</u>
Total liabilities	<u>13,276,193</u>	<u>295,164</u>	<u>13,571,357</u>
Deferred Inflows of Resources			
Deferred inflows of resources	<u>22,007</u>	<u>2,721</u>	<u>24,728</u>
Net Position			
Net investment in capital assets	25,304,072	2,288,208	27,592,280
Unrestricted	<u>6,614,740</u>	<u>561,449</u>	<u>7,176,189</u>
Total net position	<u>\$ 31,918,812</u>	<u>2,849,657</u>	<u>34,768,469</u>

See accompanying notes to financial statements.

City of Belton, Texas
Statement of Revenues, Expenses, and Changes in Net Position –
Proprietary Funds
For the Fiscal Year Ended
September 30, 2016

	Business-type Activities - Enterprise Funds		
	Water and Sewer	Drainage	Total
Operating revenues:			
Charges for sales and services:			
Water service	\$ 4,030,216	-	4,030,216
Sewer service	2,468,700	-	2,468,700
Storm drainage fees	-	377,991	377,991
Reconnect and late fees	119,571	-	119,571
Tap fees	217,305	-	217,305
Other operating revenue	62,952	-	62,952
Total operating revenues	<u>6,898,744</u>	<u>377,991</u>	<u>7,276,735</u>
Operating expenses:			
Salaries and wages	1,063,026	141,797	1,204,823
Employee benefits	326,009	47,466	373,475
Supplies	111,865	13,169	125,034
Repairs and maintenance	197,922	31,218	229,140
Water, sewage treatment, and other charges	2,382,546	53,985	2,436,531
Depreciation	2,161,624	140,423	2,302,047
Total operating expenses	<u>6,242,992</u>	<u>428,058</u>	<u>6,671,050</u>
Operating income	<u>655,752</u>	<u>(50,067)</u>	<u>605,685</u>
Nonoperating revenues (expenses):			
Loss on sale of capital assets	(36,600)	-	(36,600)
Interest earnings	31,245	2,098	33,343
Interest expense	(364,640)	(10,317)	(374,957)
Amortization expense	(5,035)	-	(5,035)
Total nonoperating revenues (expenses)	<u>(375,030)</u>	<u>(8,219)</u>	<u>(383,249)</u>
Income before contributions and transfers	280,722	(58,286)	222,436
Capital contributions	8,077,693	511,146	8,588,839
Transfer in	-	50,000	50,000
Transfers out	<u>(359,805)</u>	<u>-</u>	<u>(359,805)</u>
Change in net position	7,998,610	502,860	8,501,470
Total net position, beginning of year	<u>23,920,202</u>	<u>2,346,797</u>	<u>26,266,999</u>
Total net position, end of year	<u>\$ 31,918,812</u>	<u>2,849,657</u>	<u>34,768,469</u>

See accompanying notes to financial statements.

City of Belton, Texas
Statement of Cash Flows –
Proprietary Funds
For the Fiscal Year Ended
September 30, 2016

	Business-type Activities - Enterprise Funds		
	Water and Sewer	Drainage	Total
Cash flows from operating activities:			
Receipts from customers and users	\$ 6,883,914	377,809	7,261,723
Payments to suppliers	(5,111,449)	(141,552)	(5,253,001)
Payments to employees	(1,079,588)	(135,070)	(1,214,658)
Net cash provided by operating activities	<u>692,877</u>	<u>101,187</u>	<u>794,064</u>
Cash flows from noncapital financing activities:			
Transfer from other funds	-	160,000	160,000
Transfer to other funds	(359,805)	(110,000)	(469,805)
Net cash provided by (used in) noncapital financing activities	<u>(359,805)</u>	<u>50,000</u>	<u>(309,805)</u>
Cash flows from capital and related financing activities:			
Purchases and construction of capital assets	(4,106,750)	(455,773)	(4,562,523)
Proceeds from the sale of assets	5,211	-	5,211
Capital grants and contributions	203,081	-	203,081
Principal paid on capital debt	(922,550)	(15,075)	(937,625)
Interest paid on capital debt	(393,674)	(10,317)	(403,991)
Net cash provided used in capital and related financing activities	<u>(5,214,682)</u>	<u>(481,165)</u>	<u>(5,695,847)</u>
Cash flows from investing activities:			
Interest received	31,245	2,098	33,343
Net cash provided by investing activities	<u>31,245</u>	<u>2,098</u>	<u>33,343</u>
Net decrease in cash and cash equivalents	(4,850,365)	(327,880)	(5,178,245)
Cash and cash equivalents, beginning of year	<u>14,546,862</u>	<u>885,650</u>	<u>15,432,512</u>
Cash and cash equivalents, end of year	<u>\$ 9,696,497</u>	<u>557,770</u>	<u>10,254,267</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 655,752	(50,067)	605,685
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	2,161,629	140,423	2,302,052
Gain on sale of capital assets	2,332	-	2,332
Increase in receivables	(17,162)	(182)	(17,344)
Decrease in prepaid items	161,891	-	161,891
Decrease in accounts and retainages payable	(2,298,710)	(8,484)	(2,307,194)
Increase in accrued liabilities	3,809	3,200	7,009
Increase in customer deposits payable	6,745	-	6,745
Increase (decrease) in compensated absences	(16,562)	6,727	(9,835)
Increase in net pension liability and pension-related deferred outflows and inflows of resources	33,153	9,570	42,723
Total adjustments	<u>37,125</u>	<u>151,254</u>	<u>188,379</u>
Net cash provided by operating activities	<u>\$ 692,877</u>	<u>101,187</u>	<u>794,064</u>
Noncash capital and related financing activities:			
Contributions of capital assets	<u>\$ 8,077,693</u>	<u>511,146</u>	<u>8,588,839</u>

See accompanying notes to financial statements.



City of Belton, Texas
Notes to Financial Statements

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City of Belton, Texas
Notes to Financial Statements

September 30, 2016

I. Summary of Significant Accounting Policies

A. Reporting Entity

The City of Belton, Texas (the “City”) was founded in 1850 and chartered in January of 1852 under provisions of the Constitution of the State of Texas. The City operates under a home rule charter which was approved by the electorate August 20, 1951, rewritten and approved May 5, 1990, and again rewritten and approved May 7, 2005. The charter provides for the Council-Manager form of government for the City. The Council is the legislative and governing body of the City and has control of all the City finances, property, functions, services, affairs and programs, subject to the terms and provisions of the City Charter. The City Manager is the chief executive and administrative officer of the City and is responsible to the Council for the proper administration of all the affairs and business of the City. As authorized by its charter, the City provides the following services: public safety (police and fire), highways and streets, sanitation and health, public improvements, planning and zoning, recreation, general administrative services, and water, sewer, and drainage utilities.

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. The City did not have any blended component units. A discretely presented component unit, on the other hand, is reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the government.

Discretely presented component unit - The Belton Economic Development Corporation, Inc. (the “Development Corporation”) is a governmental nonprofit corporation organized for the purpose of promoting, assisting, and enhancing economic development activities of the City of Belton, Texas. The City Council appoints a governing body that is not substantively the same as the governing body of the primary government. Budgets of the Corporation and debt to be incurred must be approved by the Council.

Financial statements for the Development Corporation may be obtained from the finance department of the City.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government and its component unit. Governmental activities, which normally are

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

I. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

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

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

I. Summary of Significant Accounting Policies (continued)

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

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

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

The City reports the following major governmental funds:

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

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

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

The City reports the following major proprietary funds:

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

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

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

I. Summary of Significant Accounting Policies (continued)

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

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

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

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

D. Budgets and Budgetary Accounting

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

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

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

I. Summary of Significant Accounting Policies (continued)

D. Budgets and Budgetary Accounting (continued)

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

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

Net change in fund balance - budgetary basis	\$ 262,704
Activities not included in the General Fund budget	<u>15,058</u>
Net change in fund balance - GAAP basis	<u>\$ 277,762</u>

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

I. Summary of Significant Accounting Policies (continued)

E. Encumbrances

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

General fund	\$ 129,814
9th Avenue	117,288
Nonmajor governmental funds	1,092,154
Water and sewer fund	233,249
Drainage fund	<u>3,474</u>
Total primary government	\$ <u>1,575,979</u>
Discretely present component unit	\$ <u><u>17,756</u></u>

F. Deposits and Investments

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

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

Investments are reported at fair value. The City invests in public funds investment pools that were created to function as money market mutual funds within appropriate state laws and regulations. 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"

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

I. Summary of Significant Accounting Policies (continued)

G. Receivables and Payables (continued)

(i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown net of an allowance for uncollectibles. The property tax receivable allowance is equal to 30 percent of outstanding property taxes at September 30, 2016.

H. Inventory

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

I. Restricted Assets

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

J. Capital Assets

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

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

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

I. Summary of Significant Accounting Policies (continued)

J. Capital Assets (continued)

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

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

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

K. Deferred Outflows/Inflows of Resources

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

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

L. Net Position Flow Assumption

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

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

I. Summary of Significant Accounting Policies (continued)

M. Fund Balance Flow Assumptions

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

N. Pensions

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

O. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave for employees other than those employed under the civil service statute, outlined in local government code chapter 143. Those employed under the rules of civil service may accumulate sick leave that is payable upon their separation from the City, up to the maximum prescribed under the statute. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Accumulated vacation leave, which is expected to be liquidated with expendable available financial resources, is reported as a program expense and fund liability in the general fund. Amounts of accumulated vacation leave within the governmental funds that are not expected to be liquidated with expendable available financial resources are reported as a long-term liability on the statement of net position. No expenditure is

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

I. Summary of Significant Accounting Policies (continued)

O. Compensated Absences (continued)

reported for these amounts in the fund financial statements. Accumulated vacation leave of proprietary fund types are recorded as an expense and liability of those funds as the benefits accrue to employees.

P. Long-Term Obligations

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

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

Q. Fund Balance

In the fund financial statements, governmental funds fund balances classified as restricted are balances with constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments. Fund balances classified as committed can only be used for specific purposes pursuant to constraints imposed by the City Council (the City's highest level of decision-making authority) by adoption of an ordinance prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken to remove or revise the limitation. Assigned fund balances are constrained by intent to be used for specific purposes but are neither restricted nor committed. Through a provision in the City's charter, the City Manager may assign fund balance. The City Council may also assign fund balance by ordinance. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment.

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

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

I. Summary of Significant Accounting Policies (continued)

Q. Fund Balance (continued)

	<u>General</u>	<u>Debt Service</u>	<u>9th Avenue</u>	<u>Other Funds</u>
Nonspendable:				
Prepaid items	\$ 7,829	-	-	-
Restricted for:				
Court technology and security	-	-	-	36,293
Public safety	10,995	-	-	162,757
Public access facilities	233,434	-	-	-
Cemetery	3,115	-	-	-
Debt service	-	158,685	-	-
Capital projects and equipment	-	-	251,811	4,232,590
Economic development	-	-	-	1,192,880
Committed for:				
Economic development	-	-	-	21,680
Assigned for:				
Civil service sick pay and appeals	704,950	-	-	-
Culture and recreation	32,233	-	-	-
Capital projects and equipment	-	-	-	1,088,912
Unassigned	<u>5,029,559</u>	<u>-</u>	<u>-</u>	<u>(4,830)</u>
	<u>\$ 6,022,115</u>	<u>158,685</u>	<u>251,811</u>	<u>6,730,282</u>

R. Net Position

In the government-wide and proprietary fund financial statements, net position represents the difference between assets, deferred outflows and inflows of resources, and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds.

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

S. Reconciliation of Government-wide and Fund Financial Statements

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

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

I. Summary of Significant Accounting Policies (continued)

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

explains, “long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.” The details of this \$16,304,225 difference are as follows:

General obligation bonds	\$ 14,384,652
Premium on general obligation bonds	33,297
Compensated absences	1,049,108
Accrued interest payable	81,931
Net pension liability	2,098,176
Pension-related deferred outflows of resources	(1,473,987)
Pension-related deferred inflows of resources	<u>131,048</u>
	<u>\$ 16,304,225</u>

II. Deposits and Investments

Investments of the City at September 30, 2016, consist of investments in Texas Local Government Investment Pool (“TexPool”), in Texas Local Government Investment Pool Prime (“TexPool Prime”), in Texas Short-Term Asset Reserve Program (“TexSTAR”), in TexSTAR Local Government Investment Cooperative (“LOGIC”), and in Texas Cooperative Liquid Assets Securities System (“Texas CLASS”) of \$3,812,866, \$4,006,593, \$2,372,676, \$4,013,748, and \$4,006,383, 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, TexPool Prime, TexSTAR, LOGIC, and Texas CLASS are rated AAAm by Standard & Poors.

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the City will not invest in securities maturing more than two years from the date of purchase, and the composite portfolio will have a weighted average maturity of 365 days or less. The weighted average maturities of TexPool, TexPool Prime, TexSTAR, LOGIC, and Texas CLASS are 44, 48, 43, 38, and 56 days, respectively, as of September 30, 2016.

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

II. Deposits and Investments (continued)

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

The City uses the following external public funds investment pools:

TexPool and *TexPool Prime:* The Texas Local Government Investment Pool ("TexPool") and the Texas Local Government Investment Pool Prime ("TexPool Prime") were created by an inter-local contract under the laws of the State of Texas and are governed by the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. TexPool and TexPool Prime are governed by the Comptroller of Public Accounts as public funds investments pools through the Texas Treasury Safekeeping Trust Company. The Comptroller is the sole officer, director, and shareholder of the Trust Company.

The Comptroller and the Texas Treasury Safekeeping Trust Company have contracted with Federated Investors, Inc., as administrator and investment manager for the TexPool Portfolios. TexPool and TexPool Prime use amortized cost rather than the market value to report net position to compute share prices.

TexSTAR: The Texas Short-Term Asset Reserve Program ("TexSTAR") was organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. TexStar's governing body is a five-member Board of Directors consisting of representatives of three participants and one member designated by each of the co-administrators. JPMorgan Investment Management, Inc. (the investment manager) and First Southwest Company, LLC serve as co-administrators for TexSTAR. TexSTAR uses amortized cost rather than the market value to report net position to compute share prices.

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

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

II. Deposits and Investments (continued)

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

Texas CLASS: The Texas Cooperative Liquid Assets Securities System (“Texas CLASS”) 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. Texas CLASS’s governing body is a three-member Board of Trustees. Public Trust Advisors, LLC serve as the pool’s administrator and investment adviser. Texas CLASS uses amortized cost rather than the market value to report net position to compute share prices.

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

Cash on hand	\$ 2,310
Carrying amount of deposits	4,722,837
Carrying amount of investments	<u>24,212,267</u>
Total	<u><u>\$ 28,937,414</u></u>
Per the statement of net position for the City:	
Cash and cash equivalents	\$ 19,996,396
Restricted cash and cash equivalents	<u>2,944,090</u>
	22,940,486
Per the statement of net position for the Belton Economic Development Corporation, Inc.:	
Cash and cash equivalents	<u>5,996,928</u>
Total	<u><u>\$ 28,937,414</u></u>

III. Receivables

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

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

III. Receivables (continued)

			Enterprise Funds			
	General	Debt Service	Water and Sewer	Drainage	Nonmajor Funds	Total
Receivables:						
Taxes	\$ 1,065,221	40,038	-	-	32,692	1,137,951
Water/sewer	-	-	811,057	-	-	811,057
Storm drainage	-	-	-	55,662	-	55,662
Ambulance	5,082,372	-	-	-	-	5,082,372
Other	481,689	-	-	-	300	481,989
	<u>6,629,282</u>	<u>40,038</u>	<u>811,057</u>	<u>55,662</u>	<u>32,992</u>	<u>7,569,031</u>
Less:						
Allowance for uncollectibles	<u>4,983,717</u>	<u>13,035</u>	<u>16,646</u>	<u>15,850</u>	<u>-</u>	<u>5,029,248</u>
	<u>\$ 1,645,565</u>	<u>27,003</u>	<u>794,411</u>	<u>39,812</u>	<u>32,992</u>	<u>2,539,783</u>

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, 2015, upon which the 2016 fiscal year levy was based, was \$945,597,128.

The tax levy of October 2015 set a tax rate of \$0.6598 per \$100 of assessed valuation at 100 percent of assumed market value. The City may levy a tax of up to \$1.90 per \$100 of assessed valuation.

Taxes were due January 31, 2016, at which time a lien attaches for unpaid taxes. Tax collections during the fiscal year ended September 30, 2016, for the fiscal year 2016 levy were 99.10 percent of the total tax levy for that year.

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

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

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

IV. Property Taxes (continued)

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. State law provides that the City Council sets the ad valorem tax rates on taxable property within the City. However, if the adopted maintenance and operations tax rate (which excludes the tax rate necessary to service the debt obligations of the City) exceeds the effective maintenance and operations tax rate 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 effective rate.

V. Capital Assets

Capital asset activity for the year ended September 30, 2016, was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
<i>Governmental activities:</i>				
Capital assets, not being depreciated:				
Land	\$ 2,342,251	144,411	-	2,486,662
Construction in progress	6,411,815	4,573,707	(3,233,866)	7,751,656
Total capital assets not being depreciated	<u>8,754,066</u>	<u>4,718,118</u>	<u>(3,233,866)</u>	<u>10,238,318</u>
Capital assets, being depreciated:				
Buildings	\$ 6,114,219	3,049,778	-	9,163,997
Improvements other than buildings	3,509,568	181,617	-	3,691,185
Machinery and equipment	4,960,411	929,094	(252,567)	5,636,938
Infrastructure	25,783,534	1,043,474	(42,689)	26,784,319
Total capital assets, being depreciated	<u>40,367,732</u>	<u>5,203,963</u>	<u>(295,256)</u>	<u>45,276,439</u>
Less accumulated depreciation for:				
Buildings	(3,154,042)	(237,379)	-	(3,391,421)
Improvements other than buildings	(1,651,857)	(188,849)	-	(1,840,706)
Machinery and equipment	(3,393,987)	(511,475)	252,567	(3,652,895)
Infrastructure	(10,230,542)	(1,489,582)	-	(11,720,124)
Total accumulated depreciation	<u>(18,430,428)</u>	<u>(2,427,285)</u>	<u>252,567</u>	<u>(20,605,146)</u>
Total capital assets, being depreciated, net	<u>21,937,304</u>	<u>2,776,678</u>	<u>(42,689)</u>	<u>24,671,293</u>
	<u>\$ 30,691,370</u>	<u>7,494,796</u>	<u>(3,276,555)</u>	<u>34,909,611</u>

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

V. Capital Assets (continued)

Primary Government (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
<i>Business-type activities:</i>				
Capital assets, not being depreciated:				
Land	412,742	-	(44,141)	368,601
Construction in progress	3,906,516	4,478,146	(6,797,436)	1,587,226
Total capital assets not being depreciated	<u>4,319,258</u>	<u>4,478,146</u>	<u>(6,841,577)</u>	<u>1,955,827</u>
Capital assets, being depreciated:				
Buildings	60,272	24,256	-	84,528
Machinery and equipment	1,785,946	796,020	(95,672)	2,486,294
Infrastructure	36,782,938	14,650,369	-	51,433,307
Total capital assets being depreciated	<u>38,629,156</u>	<u>15,470,645</u>	<u>(95,672)</u>	<u>54,004,129</u>
Less accumulated depreciation for:				
Buildings	(7,401)	(5,079)	-	(12,480)
Machinery and equipment	(938,556)	(181,654)	95,672	(1,024,538)
Infrastructure	(15,822,450)	(2,115,314)	-	(17,937,764)
Total accumulated depreciation	<u>(16,768,407)</u>	<u>(2,302,047)</u>	<u>95,672</u>	<u>(18,974,782)</u>
Total capital assets, being depreciated, net	<u>21,860,749</u>	<u>13,168,598</u>	<u>-</u>	<u>35,029,347</u>
	<u>\$ 26,180,007</u>	<u>17,646,744</u>	<u>(6,841,577)</u>	<u>36,985,174</u>

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

Governmental activities:	
General government	\$ 62,578
Public safety	339,362
Highways and streets, including depreciation of general infrastructure assets	1,094,197
Planning	8,591
Culture and recreation	877,080
Solid waste	12,930
Maintenance	<u>32,547</u>
Total depreciation expense - governmental activities	<u>\$ 2,427,285</u>
Business-type activities:	
Water and sewer	\$ 2,161,624
Drainage	<u>140,423</u>
Total depreciation expense - business-type activities	<u>\$ 2,302,047</u>

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

V. Capital Assets (continued)

Primary Government (continued)

The City has active construction projects as of September 30, 2016. At year-end, the City's construction commitments for governmental activities are as follows:

<u>Project Title</u>	<u>Expended to Date</u>	<u>Remaining Commitment</u>
9th Avenue	\$ 6,042,527	199,340
Downtown Beautification - Master Signage Plan	17,616	199,940
Major Street Maintenance	850,582	586,991
Sparta/Commerce Intersection	602,650	2,703,278
SH 317 - MLK Jr Intersection Improvements	19,203	192,239
South Main Sidewalks	50,304	418,199
State Highway 317 - River Fair Widening	95,692	84,828
Chisholm Trail Hike and Bike Phase 2	17,731	2,652,884
South Main Water Line	36,675	4,224
Police Department Renovation	18,676	579,736
Total	<u>\$ 7,751,656</u>	<u>7,621,659</u>

The projects will be financed with available resources.

At September 30, 2016, 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>
TBRSS Expansion	\$ 570,403	2,627,244
9th Avenue Utilities	117,615	-
Portable Building Retrofit	16,486	4,514
North Belton Water Tank Line	2,000	274,900
South Belton Sewer - Design	373,114	157,726
Connell Street Drainage	507,607	9,500
Total	<u>\$ 1,587,225</u>	<u>3,073,884</u>

The projects will be financed with available resources.

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

V. Capital Assets (continued)

Discretely Presented Component Unit

Capital asset activity for the Development Corporation for the year ended September 30, 2016, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 485,325	450,000	(57,491)	877,834
Total capital assets not being depreciated	<u>485,325</u>	<u>450,000</u>	<u>(57,491)</u>	<u>877,834</u>
Capital assets, being depreciated:				
Buildings	1,261,523	-	-	1,261,523
Infrastructure	2,937,556	-	-	2,937,556
Total capital assets being depreciated	<u>4,199,079</u>	<u>-</u>	<u>-</u>	<u>4,199,079</u>
Less accumulated depreciation for:				
Buildings	(195,702)	(39,411)	-	(235,113)
Infrastructure	(1,434,276)	(148,217)	-	(1,582,493)
Total accumulated depreciation	<u>(1,629,978)</u>	<u>(187,628)</u>	<u>-</u>	<u>(1,817,606)</u>
Total capital assets, being depreciated, net	<u>2,569,101</u>	<u>(187,628)</u>	<u>-</u>	<u>2,381,473</u>
	<u>\$ 3,054,426</u>	<u>262,372</u>	<u>(57,491)</u>	<u>3,259,307</u>

VI. Long-Term Debt

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

The following is a summary of changes in long-term debt for the City for the year ended September 30, 2016:

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

VI. Long-Term Debt (continued)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 15,226,477	-	(841,825)	14,384,652	906,825
Premium	36,955	-	(3,658)	33,297	-
Net pension liability	908,032	1,720,647	(530,503)	2,098,176	-
Compensated absences	467,546	1,051,582	(470,020)	1,049,108	344,077
	<u>\$ 16,639,010</u>	<u>2,772,229</u>	<u>(1,846,006)</u>	<u>17,565,233</u>	<u>1,250,902</u>
Business-type activities:					
General obligation and revenue bonds	\$ 13,009,818	-	(937,625)	12,072,193	870,025
Premium	296,853	-	(29,034)	267,819	-
Net pension liability	174,096	324,198	(102,381)	395,913	-
Compensated absences	65,295	52,715	(62,550)	55,460	34,594
	<u>\$ 13,546,062</u>	<u>376,913</u>	<u>(1,131,590)</u>	<u>12,791,385</u>	<u>904,619</u>

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

Long-term debt of the City's governmental activities at September 30, 2016, is comprised of the following:

\$2,480,000 Series 2003 general obligation bonds due in annual installments of \$130,000 to \$200,000 through 2023; interest at 4.15%	\$ 1,215,000
\$4,500,000 Series 2005 general obligation bonds due in annual installments of \$140,000 to \$275,000 through 2025; interest at 3.54%	2,105,000
\$3,945,000 Series 2007 combination tax and revenue certificates of obligation due in annual installments of \$195,000 to \$295,000 through 2027; interest at 4.13%	2,445,000
\$1,485,000 Series 2008 combination tax and revenue certificates of obligation due in annual installments of \$59,400 to \$107,663 through 2028; interest at 4.19%	1,024,652
\$6,825,000 Series 2013 combination tax and revenue certificates of obligation due in annual installments of \$20,000 to \$520,000 through 2033; interest at 3.08%	6,570,000

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

VI. Long-Term Debt (continued)

\$1,070,000 Series 2015 combination tax and revenue certificates of obligation due in annual installments of \$45,000 to \$65,000 through 2035; interest at 2.77%	\$ <u>1,025,000</u>
	\$ <u><u>14,384,652</u></u>

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

<u>Year Ended September 30, 2016</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 906,825	497,526
2018	980,538	464,273
2019	1,054,250	428,450
2020	1,127,963	390,083
2021	1,186,675	349,117
2022-2026	4,850,499	1,142,447
2027-2032	2,992,902	461,839
2032-2035	<u>1,285,000</u>	<u>67,054</u>
	\$ <u><u>14,384,652</u></u>	<u><u>3,800,789</u></u>

Long-term debt of the City's business-type activities at September 30, 2016, is comprised of the following:

\$4,360,449 Series 2002 combination tax and revenue certificates of obligation due in annual installments of \$260,000 to \$360,000 through 2022; interest at 4.4%	\$ 2,010,000
\$1,420,000 Series 2007 combination tax and revenue certificates of obligation due in annual installments of \$10,000 to \$150,000 through 2027; interest at 4.13%	1,330,000
\$515,000 Series 2008 combination tax and revenue certificates of obligation due in annual installments of \$20,600 to \$37,337 through 2028; interest at 4.19%	355,343
\$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%	126,850

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

VI. Long-Term Debt (continued)

\$8,595,000 Series 2015 combination tax and revenue certificates of obligation due in annual installments of \$345,000 to \$550,000 through 2035; interest at 2.77%	\$ <u>8,250,000</u>
	\$ <u><u>12,072,193</u></u>

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

Year Ended September 30,	Principal	Interest
2017	\$ 870,025	374,629
2018	854,462	347,235
2019	850,750	318,734
2020	877,037	290,520
2021	898,325	261,392
2022-2026	3,129,501	951,440
2027-2031	2,492,093	535,441
2032-2035	<u>2,100,000</u>	<u>160,050</u>
	\$ <u><u>12,072,193</u></u>	<u><u>3,239,441</u></u>

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

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, 2016:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds	\$ 233,704	-	(145,550)	88,154	88,154
Net pension liability	<u>19,395</u>	<u>36,123</u>	<u>(11,404)</u>	<u>44,114</u>	<u>-</u>
	\$ <u><u>253,099</u></u>	<u><u>36,123</u></u>	<u><u>(156,954)</u></u>	<u><u>132,268</u></u>	<u><u>88,154</u></u>

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

VI. Long-Term Debt (continued)

Long-term debt of the Development Corporation at September 30, 2016, is comprised of the following general obligation bonds issued by the City for which the Development Corporation is legally obligated to repay:

\$952,172 Series 2009 general obligation refunding bonds due in annual installments of \$88,150 to \$145,550 through 2017; interest at 2% to 2.5%	\$ <u>88,154</u>
	\$ <u><u>88,154</u></u>

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

<u>Year Ended September 30,</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ <u>88,154</u>	<u>2,204</u>
	\$ <u><u>88,154</u></u>	<u><u>2,204</u></u>

VII. Interfund Transfers

Interfund transfers for 2016 are as follows:

		<u>Transfer in</u>		
			Other Nonmajor	
		<u>General</u>	<u>Drainage</u>	<u>Governmental</u>
				<u>Total</u>
Transfer out:				
General	\$ -	-	1,113,199	1,113,199
9th Avenue	-	-	-	-
Other nonmajor governmental	69,874	50,000	-	119,874
Water and sewer	<u>359,805</u>	<u>-</u>	<u>-</u>	<u>359,805</u>
	\$ <u><u>429,679</u></u>	<u><u>50,000</u></u>	<u><u>1,113,199</u></u>	<u><u>1,592,878</u></u>

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

VII. 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.

VIII. Employee Benefits

Pension Plan

Plan Description - The City participates as one of 866 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal retirement System ("TMRS"). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the "TMRS Act") as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report ("CAFR") that can be obtained at www.tmr.com.

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

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

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

Employees Covered by Benefit Terms – At the December 31, 2015 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	77
Inactive employees entitled to but not yet receiving benefits	116
Active employees	167

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

VIII. Employee Benefits (continued)

Pension Plan (continued)

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

Employees for the City were required to contribute 5.00% of their annual gross earnings during the fiscal year. The contribution rates for the City were 7.01% and 7.07% in calendar years 2016 and 2015, respectively. The City's contributions to TMRS for the year ended September 30, 2016 were \$542,064 and were equal to the required contributions.

Net Pension Liability – The City's net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions – The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% per year
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

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

The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustments are used with male rates multiplied by 109% and female rates multiplied by 103% with a three-year forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale BB to account for future mortality improvements subject to the 3% floor.

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

VIII. Employee Benefits (continued)

Pension Plan (continued)

Actuarial assumptions used in the December 31, 2015 valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the entry age normal actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2015 valuation. After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term expected rate of return on pension plan investments from 7% to 6.75%. Plan assets are managed on a total return basis with emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). At its meeting on July 30, 2015, the TMRS Board approved a new portfolio target allocation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.05%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.65%
Real Return	10.0%	4.03%
Real Estate	10.0%	5.00%
Absolute Return	10.0%	4.00%
Private Equity	5.0%	8.00%
	<u>100.0%</u>	

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

VIII. Employee Benefits (continued)

Pension Plan (continued)

Discount Rate – The discount rate used to measure the total pension liability was 6.75%. The projected cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at December 31, 2014	\$ 18,737,499	17,635,976	1,101,523
Changes for the year:			
Service cost	826,770	-	826,770
Interest	1,307,310	-	1,307,310
Difference between expected and actual experience	(80,818)	-	(80,818)
Changes of assumptions	351,416	-	351,416
Contributions - employer	-	561,505	(561,505)
Contributions - employee	-	397,104	(397,104)
Net investment income	-	26,023	(26,023)
Benefit payments, including refunds of employee contributions	(950,060)	(950,060)	-
Administrative expense	-	(15,851)	15,851
Other changes	-	(783)	783
Net changes	1,454,618	17,938	1,436,680
Balance at December 31, 2015	\$ 20,192,117	17,653,914	2,538,203

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount

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

VIII. Employee Benefits (continued)

Pension Plan (continued)

rate that is one percentage point lower (5.75%) or one percentage point (7.75%) higher than the current rate:

	1% Decrease (5.75%)	Current Rate Assumption (6.75%)	1% Increase (7.75%)
City's net pension liability	\$ <u>5,593,124</u>	<u>2,538,203</u>	<u>63,390</u>

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

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

For the year ended September 30, 2016, the City recognized pension expense of \$838,254.

At September 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	158,531
Difference between projected and actual investment earnings	1,095,771	-
Difference in assumption changes	274,182	-
Contributions subsequent to the measurement date	<u>413,157</u>	<u>-</u>
Total	\$ <u>1,783,110</u>	<u>158,531</u>

The \$413,157 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

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

VIII. Employee Benefits (continued)

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

<u>Year Ended December 31,</u>	
2017	\$ 305,812
2018	325,389
2019	301,171
2020	<u>279,050</u>
Total	<u>\$ 1,211,422</u>

Supplemental Death Benefits Plan

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

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

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

The City’s contributions to the SDBF for the years ended September 30, 2016, 2015 and 2014, were \$13,501, \$13,578, and \$13,788, respectively, which equaled the required annual contributions each year.

IX. Deferred Outflows and Inflows of Resources

The statements of financial position and the balance sheet include the following deferred outflows/inflows of resources at September 30, 2016:

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

IX. Deferred Outflows and Inflows of Resources (continued)

	Statements of Net Position			Balance Sheet - Governmental Funds	
	Governmental Activities	Business-Type Activities	Belton Economic Development Corporation, Inc.	General Fund	Debt Service Fund
Deferred outflows of resources:					
Deferred charge on refunding Pension - post measurement date contributions	\$ -	5,038	-	-	-
Pension - net differences between projected and actual earnings	341,531	64,445	7,181	-	-
Pension - differences in assumption changes	905,807	170,920	19,044	-	-
	<u>226,649</u>	<u>42,768</u>	<u>4,765</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,473,987</u>	<u>283,171</u>	<u>30,990</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:					
Unavailable revenue - property taxes	\$ -	-	-	383,135	27,003
Pension - net differences between expected and actual experience	<u>131,048</u>	<u>24,728</u>	<u>2,755</u>	<u>-</u>	<u>-</u>
	<u>\$ 131,048</u>	<u>24,728</u>	<u>2,755</u>	<u>383,135</u>	<u>27,003</u>

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

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

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

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

X. Risk Management (continued)

provide through commercial companies reinsurance contracts. The Pool agrees to handle all liability, property, and workers' compensation claims and provide any defense as is necessary. The Pool makes available to the City loss control services to assist the City in following a plan of loss control that may result in reduced losses. The City agrees that it will cooperate in instituting any and all reasonable loss control recommendations made by the Pool. The City also carries commercial insurance on all other risks of loss, including employee health and accident insurance.

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

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.

The Development Corporation has entered into several economic development agreements with business that will provide financial incentives to the businesses based on specific capital investment, employment or other economic development measures. Commitments made under the agreements total approximately \$2.9 million.

The City has entered into a long-term agreement to purchase water from the Brazos River Authority (the "Authority"). The agreement requires the City to pay for a certain portion of the water rights, whether or not it actually withdraws the full amount of water to which it is entitled. The cost of the water may be adjusted each year based on changes in the consumer price index. Further, additional costs imposed on the Authority (by taxation or as a result of new regulations) may be passed through to the City. The agreement expires in 2042. The City's cost under the agreement for the year ended September 30, 2016, was \$33,575.

Also, the City has entered into a long-term agreement to purchase water from Bell County Water Control and Improvement District No. 1 (the "District"). The District serves six civilian resale customers (cities and water districts) and the Fort Hood Military Reservation. Under the agreement, the City pays its proportionate share of fixed capital costs (debt service) and operating costs (purchasing, producing, treating and delivering water) of the District. Consequently, the price of the water will vary over the term of the agreement. In addition to capital and operating costs, the contract with the District

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

XI. Commitments and Contingencies (continued)

requires the City to pay for water rights, both for water currently being used (election use water) and for rights to future water (option water). The cost of option water is paid whether or not the City actually withdraws the full amount of water to which it is entitled. The cost of both election use and option water may be adjusted annually each year based on changes in the consumer price index. The agreement remains in effect until all bonds of the District are repaid, currently 2018. Charges for water under the agreement for the year ended September 30, 2016, were \$1,357,487.

Finally, the City entered into a tri-party agreement with the City of Temple, Texas (“Temple”) and the Authority, whereby the Authority operates and maintains a wastewater treatment plant for Temple and the City (currently known as the Temple Belton Regional Sewerage System). The City is charged an amount equal to a pro-rata portion of actual expenditures based on its percentage of flow through the plant. The plant is jointly owned by Temple and the City but a separate legal entity was not created. Consequently, Temple and the City each report their proportionate share of capital assets of the plant. The City's expense under the tri-party agreement for the year ended September 30, 2016, was \$527,645.

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

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

XIII. Authoritative Pronouncements Not Yet Effective (continued)

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

GASB Statement No. 79, Certain External Investment Pools and Pool Participants (issued December 2015) – The objective of this Statement is to permit qualifying external investment pools to measure pool investments at amortized cost for financial reporting purposes and allow many pools to continue to qualify for amortized cost accounting. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2015.

GASB Statement No. 82, Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73 (issued March 2016) – The objective of this Statement is to address practice issues raised by stakeholders during implementation of the Board's pension accounting and financial reporting standards for state and local governments. This statement is designed to improve consistency in the application of the pension standards by clarifying or amending related areas of existing guidance. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2016.

XIV. Subsequent Event

On December 21, 2016 the City of Belton issued \$9,585,000 in certificate of obligation debt with a term of 20 years to fund the construction of a water tank to be constructed in north Belton and a sewer line to be constructed along the south IH-35 corridor. The bonds sold at a premium of \$286,636, yielding a gross production from the sale of \$9,871,636. The stated coupon rate on the debt is 3%, and the net interest cost is 2.82%. The bonds are callable after 10 years. The certificate of obligation is backed by the full faith and credit of the City of Belton, and annual debt service cost will be paid by the City's Water & Sewer utility.



Required Supplementary Information



City of Belton, Texas
Schedule of Changes in Net Pension Liability and Related Ratios –
Employees' Pension Plan
Last Two Measurement Dates

	December 31,	
	2015	2014
Total Pension Liability		
Service cost	\$ 826,770	697,959
Interest (on the Total Pension Liability)	1,307,310	1,245,375
Difference between expected and actual experience	(80,818)	(172,175)
Changes of assumptions	351,416	-
Benefit payments, including refunds of employee contributions	(950,060)	(951,498)
Net change in Total Pension Liability	1,454,618	819,661
Total Pension Liability - beginning	18,737,499	17,917,838
Total Pension Liability - ending (a)	<u>\$ 20,192,117</u>	<u>18,737,499</u>
Plan Fiduciary Net Position		
Contributions - employer	\$ 561,505	476,627
Contributions - employee	397,104	359,990
Net investment income	26,023	961,087
Benefit payments, including refunds of employee contributions	(950,060)	(951,498)
Administrative expense	(15,851)	(10,034)
Other	(783)	(825)
Net change in Plan Fiduciary Net Position	17,938	835,347
Plan Fiduciary Net Position - beginning	17,635,976	16,800,629
Plan Fiduciary Net Position - ending (b)	<u>\$ 17,653,914</u>	<u>17,635,976</u>
Net Pension Liability - ending (a) - (b)	\$ 2,538,203	1,101,523
Plan Fiduciary Net Position as a percentage of Total Pension Liability	87.43%	94.12%
Covered employee payroll	\$ 7,942,074	7,199,806
Net Pension Liability as a percentage of covered employee payroll	31.96%	15.30%

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

City of Belton, Texas
Schedule of Contributions –
Employees' Pension Plan
Fiscal Years Ended

	September 30,	
	2015	2016
Actuarially Determined Contributions	\$ 527,669	542,064
Contributions in relation to the actuarially determined contributions	<u>527,669</u>	<u>542,064</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>
Covered employee payroll	\$ 7,199,806	7,942,074
Contributions as a percentage of covered employee payroll	7.3%	6.8%

Notes to Schedule of Contributions

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of payroll, Closed
Remaining Amortization Period	30 years
Asset Valuation Method	10 year smoothed market, 15% soft corridor
Inflation	2.5%
Salary Increases	3.50% to 10.50%, including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 - 2014 RP2000 Combined Mortality Table with RP2000 Combined Mortality Table with Blue Collar Adjustment with males rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Mortality	
Other information	There were no benefit changes during the year.

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

**Combining and Individual Fund
Statements and Schedules**



Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

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

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

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

Capital Projects Funds

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

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

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

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

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

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

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

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

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

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

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

Capital Project Funds

(continued)

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

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

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

Information Technology Equipment Replacement Fund: This fund accounts for the systematic replacement of technology hardware based on the usable life of the equipment. Financing is provided by the transfer of funds from the General Fund.

Chisholm Trail Hike and Bike Phase 2 Fund: This fund accounts for the TAP grant from TXDOT and associated City match for the extension of the Chisholm Trail Hike and Bike Trail.

City of Belton, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2016

	Special Revenue												
	Greathouse Public Trust	Hotel/ Motel Tax	TIRZ	Court Technology	Court Security	TDHCA Home Grants	Total	General Capital Projects	General Capital Equipment	Park Donation	Hike and Bike Trail Grant	2013 Certificates of Obligation- TIRZ	9th Avenue Extension
Assets													
Cash and cash equivalents	\$ 162,757	42,972	335,847	-	36,493	23,262	601,331	355,968	447,375	19,103	-	2,530,133	238,955
Receivables	-	32,692	-	-	-	-	32,692	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 162,757</u>	<u>75,664</u>	<u>335,847</u>	<u>-</u>	<u>36,493</u>	<u>23,262</u>	<u>634,023</u>	<u>355,968</u>	<u>447,375</u>	<u>19,103</u>	<u>-</u>	<u>2,530,133</u>	<u>238,955</u>
Liabilities and Fund Balances													
Liabilities:													
Accounts and retainages payable	\$ -	204	26,275	-	200	1,200	27,879	11,867	38,251	-	-	407,704	13,132
Due to other funds	-	-	-	4,830	-	382	5,212	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>204</u>	<u>26,275</u>	<u>4,830</u>	<u>200</u>	<u>1,582</u>	<u>33,091</u>	<u>11,867</u>	<u>38,251</u>	<u>-</u>	<u>-</u>	<u>407,704</u>	<u>13,132</u>
Fund balances:													
Restricted	162,757	75,460	309,572	-	36,293	-	584,082	-	-	19,103	-	2,122,429	225,823
Committed	-	-	-	-	-	21,680	21,680	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	344,101	409,124	-	-	-	-
Unassigned	-	-	-	(4,830)	-	-	(4,830)	-	-	-	-	-	-
Total fund balances	<u>162,757</u>	<u>75,460</u>	<u>309,572</u>	<u>(4,830)</u>	<u>36,293</u>	<u>21,680</u>	<u>600,932</u>	<u>344,101</u>	<u>409,124</u>	<u>19,103</u>	<u>-</u>	<u>2,122,429</u>	<u>225,823</u>
Total liabilities and fund balances	<u>\$ 162,757</u>	<u>75,664</u>	<u>335,847</u>	<u>-</u>	<u>36,493</u>	<u>23,262</u>	<u>634,023</u>	<u>355,968</u>	<u>447,375</u>	<u>19,103</u>	<u>-</u>	<u>2,530,133</u>	<u>238,955</u>

See accompanying independent auditor's report.

Capital Projects												Total Nonmajor Governmental Funds
TIRZ Capital Projects	Nolan Creek	2013 Certificates of Obligation	Chisholm Trail	Fire Department Equipment Replacement	2015 Certificates of Obligation	Police Department Vehicle Replacement	Public Works Capital Equipment	Information Technology Equipment Replacement	HVAC Replacement	Chisholm Trail Hike and Bike Phase 2	Total	
880,350	-	761,160	-	16,705	1,553,856	24,683	75,330	73,599	29,734	316,389	7,323,340	7,924,671
-	-	-	-	-	-	-	-	300	-	-	300	32,992
-	5,000	-	155,464	-	-	-	-	-	-	-	160,464	160,464
<u>880,350</u>	<u>5,000</u>	<u>761,160</u>	<u>155,464</u>	<u>16,705</u>	<u>1,553,856</u>	<u>24,683</u>	<u>75,330</u>	<u>73,899</u>	<u>29,734</u>	<u>316,389</u>	<u>7,484,104</u>	<u>8,118,127</u>
91,605	1,822	181	39,377	-	433,127	-	-	30,152	-	50	1,067,268	1,095,147
-	548	-	286,938	-	-	-	-	-	-	-	287,486	292,698
<u>91,605</u>	<u>2,370</u>	<u>181</u>	<u>326,315</u>	<u>-</u>	<u>433,127</u>	<u>-</u>	<u>-</u>	<u>30,152</u>	<u>-</u>	<u>50</u>	<u>1,354,754</u>	<u>1,387,845</u>
788,745	2,630	760,979	-	-	1,120,729	-	-	-	-	-	5,040,438	5,624,520
-	-	-	-	-	-	-	-	-	-	-	-	21,680
-	-	-	(170,851)	16,705	-	24,683	75,330	43,747	29,734	316,339	1,088,912	1,088,912
-	-	-	-	-	-	-	-	-	-	-	-	(4,830)
<u>788,745</u>	<u>2,630</u>	<u>760,979</u>	<u>(170,851)</u>	<u>16,705</u>	<u>1,120,729</u>	<u>24,683</u>	<u>75,330</u>	<u>43,747</u>	<u>29,734</u>	<u>316,339</u>	<u>6,129,350</u>	<u>6,730,282</u>
<u>880,350</u>	<u>5,000</u>	<u>761,160</u>	<u>155,464</u>	<u>16,705</u>	<u>1,553,856</u>	<u>24,683</u>	<u>75,330</u>	<u>73,899</u>	<u>29,734</u>	<u>316,389</u>	<u>7,484,104</u>	<u>8,118,127</u>

City of Belton, Texas
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Nonmajor Governmental Funds
For the Fiscal Year Ended
September 30, 2016

	Special Revenue												
	Greathouse Public Trust	Hotel/ Motel Tax	TIRZ	Court Technology	Court Security	TDHCA Home Grants	Total	General Capital Projects	General Capital Equipment	Park Donation	Hike and Bike Trail Grant	2013 Certificates of Obligation - TIRZ	9th Avenue Extension
Revenues:													
Ad valorem taxes	\$ -	-	670,770	-	-	-	670,770	-	-	-	-	-	-
Hotel/motel taxes	-	147,230	-	-	-	-	147,230	-	-	-	-	-	-
Intergovernmental	-	-	417,297	-	-	-	417,297	-	2,971	-	-	-	-
Fines	-	-	-	12,829	9,475	-	22,304	-	-	-	-	-	-
Interest	336	144	2,679	(26)	110	69	3,312	1,012	1,158	49	-	5,721	782
Contributions and donations	-	-	-	-	-	-	-	73,309	-	575	-	220,000	-
Miscellaneous revenue	-	9,482	-	-	-	-	9,482	-	-	-	-	-	-
Total revenues	336	156,856	1,090,746	12,803	9,585	69	1,270,395	74,321	4,129	624	-	225,721	782
Expenditures:													
Current:													
General government	-	-	-	16,415	16,251	-	32,666	-	-	-	-	-	-
Public Safety	2,500	-	-	-	-	-	2,500	-	-	-	-	-	-
Economic development	-	166,171	40,853	-	-	2,248	209,272	-	-	-	-	-	-
Debt service:													
Principal	-	-	220,000	-	-	-	220,000	-	-	-	-	-	-
Interest and fiscal charges	-	-	88,348	-	-	-	88,348	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	312,586	213,417	23	677	496,595	140,525
Total expenditures	2,500	166,171	349,201	16,415	16,251	2,248	552,786	312,586	213,417	23	677	496,595	140,525
Excess (deficiency) of revenues over (under) expenditures	(2,164)	(9,315)	741,545	(3,612)	(6,666)	(2,179)	717,609	(238,265)	(209,288)	601	(677)	(270,874)	(139,743)
Other financing sources (uses):													
Sale of capital assets	-	-	-	-	-	-	-	-	1,800	-	-	-	-
Transfers in	50,500	-	-	-	-	-	50,500	270,808	152,033	-	677	709,384	-
Transfers out	-	-	(711,287)	-	-	-	(711,287)	(110,995)	(74,573)	-	-	-	-
Total other financing sources (uses)	50,500	-	(711,287)	-	-	-	(660,787)	159,813	79,260	-	677	709,384	-
Net change in fund balances	48,336	(9,315)	30,258	(3,612)	(6,666)	(2,179)	56,822	(78,452)	(130,028)	601	-	438,510	(139,743)
Fund balances, October 1	114,421	84,775	279,314	(1,218)	42,959	23,859	544,110	422,553	539,152	18,502	-	1,683,919	365,566
Fund balances, September 30	\$ 162,757	75,460	309,572	(4,830)	36,293	21,680	600,932	344,101	409,124	19,103	-	2,122,429	225,823

See accompanying independent auditor's report.

Capital Projects												Total Nonmajor Governmental Funds
TIRZ Capital Projects	Nolan Creek	2013 Certificates of Obligation	Chisholm Trail	Fire Department Equipment Replacement	2015 Certificates of Obligation	Police Department Capital Equipment Replacement	Public Works Capital Equipment	Information Technology Equipment Replacement	HVAC Replacement	Chisholm Trail Hike and Bike Phase 2	Total	
-	-	-	-	-	-	-	-	-	-	-	-	670,770
-	-	-	-	-	-	-	-	-	-	-	-	147,230
-	5,000	-	482,456	-	-	-	-	-	-	-	490,427	907,724
-	-	-	-	-	-	-	-	-	-	-	-	22,304
2,949	38	2,826	(1,162)	5	4,588	256	475	84	49	(3)	18,827	22,139
-	-	-	-	-	-	-	-	-	-	-	293,884	293,884
-	-	-	-	-	70	-	-	-	-	-	70	9,552
2,949	5,038	2,826	481,294	5	4,658	256	475	84	49	(3)	803,208	2,073,603
-	-	-	-	-	-	-	-	-	-	-	-	32,666
-	-	-	-	-	-	-	-	-	-	-	-	2,500
-	-	-	-	-	-	-	-	-	-	-	-	209,272
-	-	-	-	-	-	-	-	-	-	-	-	220,000
-	-	-	-	-	-	-	-	-	-	-	-	88,348
228,609	18,179	1,083,193	821,950	-	862,145	155,080	256,300	31,360	29,565	17,781	4,667,985	4,667,985
228,609	18,179	1,083,193	821,950	-	862,145	155,080	256,300	31,360	29,565	17,781	4,667,985	5,220,771
(225,660)	(13,141)	(1,080,367)	(340,656)	5	(857,487)	(154,824)	(255,825)	(31,276)	(29,516)	(17,784)	(3,864,777)	(3,147,168)
-	-	-	-	3,500	-	1,625	23,544	450	-	-	30,919	30,919
591,413	-	129,031	-	13,200	549,245	-	-	74,573	59,250	334,123	2,883,737	2,934,237
(1,020,435)	-	-	-	-	-	-	-	-	-	-	(1,206,003)	(1,917,290)
(429,022)	-	129,031	-	16,700	549,245	1,625	23,544	75,023	59,250	334,123	1,708,653	1,047,866
(654,682)	(13,141)	(951,336)	(340,656)	16,705	(308,242)	(153,199)	(232,281)	43,747	29,734	316,339	(2,156,124)	(2,099,302)
1,443,427	15,771	1,712,315	169,805	-	1,428,971	177,882	307,611	-	-	-	8,285,474	8,829,584
788,745	2,630	760,979	(170,851)	16,705	1,120,729	24,683	75,330	43,747	29,734	316,339	6,129,350	6,730,282

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, 2016

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance With Final Budget
	<u>Original</u>	<u>Final</u>		
Revenues:				
Hotel/motel taxes	\$ 167,175	167,175	147,230	(19,945)
Interest	25	25	144	119
Miscellaneous	<u>-</u>	<u>-</u>	<u>9,482</u>	<u>9,482</u>
Total revenues	<u>167,200</u>	<u>167,200</u>	<u>156,856</u>	<u>(10,344)</u>
Expenditures:				
Economic development	<u>167,200</u>	<u>167,200</u>	<u>166,171</u>	<u>1,029</u>
Total expenditures	<u>167,200</u>	<u>167,200</u>	<u>166,171</u>	<u>1,029</u>
Net change in fund balance	-	-	(9,315)	(9,315)
Fund balance, October 1	<u>84,775</u>	<u>84,775</u>	<u>84,775</u>	<u>-</u>
Fund balance, September 30	<u>\$ 84,775</u>	<u>84,775</u>	<u>75,460</u>	<u>(9,315)</u>

See accompanying independent auditor's report.

City of Belton, Texas
Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in
Fund Balance – Budget and Actual – Budgetary Basis
For the Fiscal Year Ended
September 30, 2016

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 1,066,832	1,066,832	1,090,922	24,090
Interest	<u>1,000</u>	<u>1,000</u>	<u>1,896</u>	<u>896</u>
Total revenues	<u>1,067,832</u>	<u>1,067,832</u>	<u>1,092,818</u>	<u>24,986</u>
Expenditures:				
Principal	621,824	621,824	621,824	-
Interest and fiscal charges	<u>446,008</u>	<u>446,008</u>	<u>444,771</u>	<u>1,237</u>
Total expenditures	<u>1,067,832</u>	<u>1,067,832</u>	<u>1,066,595</u>	<u>1,237</u>
Net change in fund balance	-	-	26,223	26,223
Fund balance, October 1	<u>132,462</u>	<u>132,462</u>	<u>132,462</u>	<u>-</u>
Fund balance, September 30	<u>\$ 132,462</u>	<u>132,462</u>	<u>158,685</u>	<u>26,223</u>

See accompanying independent auditor's report.

City of Belton, Texas
TIRZ Fund
Schedule of Revenues, Expenditures, and Changes in
Fund Balance – Budget and Actual – Budgetary Basis
For the Fiscal Year Ended
September 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 610,516	670,770	670,770	-
Intergovernmental	389,738	417,296	417,297	1
Interest	800	800	2,679	1,879
Total revenues	<u>1,001,054</u>	<u>1,088,866</u>	<u>1,090,746</u>	<u>1,880</u>
Expenditures:				
Current:				
Economic development	50,000	110,000	40,853	69,147
Debt service:				
Principal	220,000	220,000	220,000	-
Interest and fiscal charges	88,491	88,491	88,348	143
Total expenditures	<u>358,491</u>	<u>418,491</u>	<u>349,201</u>	<u>69,290</u>
Excess of revenues over expenditures	<u>642,563</u>	<u>670,375</u>	<u>741,545</u>	<u>71,170</u>
Other financing sources (uses):				
Transfers out	<u>(642,563)</u>	<u>(642,563)</u>	<u>(711,287)</u>	<u>(68,724)</u>
Net change in fund balance	-	27,812	30,258	2,446
Fund balance, October 1	<u>279,314</u>	<u>279,314</u>	<u>279,314</u>	<u>-</u>
Fund balance, September 30	<u>\$ 279,314</u>	<u>307,126</u>	<u>309,572</u>	<u>2,446</u>

See accompanying independent auditor's report.

Enterprise Funds

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

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

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

City of Belton, Texas
Water and Sewer Fund
Schedule of Revenues and Expenses –
Budget and Actual – Budgetary Basis
For the Fiscal Year Ended
September 30, 2016

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget
Operating revenue:				
Water service	\$ 3,719,161	3,819,161	4,030,216	211,055
Sewer service	2,369,970	2,369,970	2,468,700	98,730
Reconnect and late fees	112,400	112,400	119,571	7,171
Tap fees	120,000	180,000	217,305	37,305
Other	44,200	44,200	62,392	18,192
Total operating revenue	<u>6,365,731</u>	<u>6,525,731</u>	<u>6,898,184</u>	<u>372,453</u>
Operating expenses:				
Salaries and wages	1,186,355	1,133,190	1,070,428	62,762
Employee benefits	326,846	337,907	302,011	35,896
Supplies	134,390	138,153	109,445	28,708
Repairs and maintenance	215,522	226,250	197,576	28,674
Water, sewage treatment, and other charges	2,256,781	2,348,156	2,363,959	(15,803)
Capital outlay	217,120	262,999	255,607	7,392
Total operating expenses	<u>4,337,014</u>	<u>4,446,655</u>	<u>4,299,027</u>	<u>147,628</u>
Operating income	<u>2,028,717</u>	<u>2,079,076</u>	<u>2,599,157</u>	<u>520,081</u>
Nonoperating revenue (expenses):				
Interest revenue	6,000	6,000	15,805	9,805
Insurance proceeds	-	4,641	4,641	-
Sale of city property	-	-	570	570
Payments to fiduciary for debt service	(1,316,930)	(1,316,930)	(1,316,225)	705
Transfers out	<u>(699,805)</u>	<u>(795,005)</u>	<u>(946,005)</u>	<u>(151,000)</u>
Total nonoperating revenue (expenses)	<u>(2,010,735)</u>	<u>(2,101,294)</u>	<u>(2,241,214)</u>	<u>(139,920)</u>
Net income (loss)	<u>\$ 17,982</u>	<u>(22,218)</u>	<u>357,943</u>	<u>380,161</u>

See accompanying independent auditor's report.

City of Belton, Texas
Water and Sewer Fund
Schedule of Expenses by Department –
Budget and Actual – Budgetary Basis
For the Fiscal Year Ended
September 30, 2016

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget
Administration:				
Salaries and wages	\$ 737,657	\$ 684,474	\$ 634,343	50,131
Employee benefits	176,313	187,392	167,046	20,346
Supplies	29,974	33,737	26,770	6,967
Repairs and maintenance	51,956	56,380	43,334	13,046
Other charges	196,296	183,471	185,437	(1,966)
Capital outlay	23,520	24,999	24,999	-
Debt service	1,316,930	1,316,930	1,316,225	705
Transfers	-	90,200	146,200	(56,000)
Total administration	<u>2,532,646</u>	<u>2,577,583</u>	<u>2,544,354</u>	<u>33,229</u>
Water:				
Salaries and wages	277,944	274,917	269,609	5,308
Employee benefits	86,943	89,970	84,753	5,217
Supplies	42,830	44,130	40,609	3,521
Repairs and maintenance	93,511	91,515	95,885	(4,370)
Other charges	79,096	79,196	76,149	3,047
Cost of water	1,408,285	1,508,285	1,427,315	80,970
Capital outlay	175,000	235,000	230,608	4,392
Transfers	400,553	400,553	495,553	(95,000)
Total water	<u>2,564,162</u>	<u>2,723,566</u>	<u>2,720,481</u>	<u>3,085</u>
Sanitary sewage gathering system:				
Salaries and wages	134,747	138,907	130,116	8,791
Employee benefits	52,425	48,265	39,067	9,198
Supplies	48,689	47,389	37,531	9,858
Repairs and maintenance	45,960	47,260	33,729	13,531
Other charges	6,909	6,909	3,646	3,263
Capital outlay	5,000	-	-	-
Transfers	299,252	304,252	304,252	-
Total sanitary sewage gathering system	<u>592,982</u>	<u>592,982</u>	<u>548,341</u>	<u>44,641</u>
Sewage treatment and disposal:				
Salaries and wages	35,492	35,492	36,361	(869)
Employee benefits	11,680	11,680	11,146	534
Supplies	12,897	12,897	4,534	8,363
Repairs and maintenance	24,095	31,095	24,628	6,467
Other charges	33,727	37,827	40,452	(2,625)
Charges for sewage treatment	532,468	532,468	630,961	(98,493)
Capital outlay	13,600	3,000	-	3,000
Total sewage treatment and disposal	<u>663,959</u>	<u>664,459</u>	<u>748,082</u>	<u>(83,623)</u>
	<u>\$ 6,353,749</u>	<u>6,558,590</u>	<u>6,561,258</u>	<u>(2,668)</u>

See accompanying independent auditor's report.

City of Belton, Texas
Water and Sewer Fund
Schedule of Cash Receipts and Disbursements of Restricted
Cash and Cash Equivalents for Project Construction
For the Fiscal Year Ended
September 30, 2016

	<u>Bond Proceeds</u>	<u>Capital Projects</u>	<u>Grant Proceeds</u>	<u>Total</u>
Balance, October 1	\$ 6,251,860	794,362	243,550	7,289,772
Receipts:				
Proceeds from issuance of debt	560	-	-	560
Transfers from other funds	-	782,989	-	782,989
Grant receipts	-	-	439,533	439,533
Interest income	12,722	2,422	293	15,437
Total receipts	<u>13,282</u>	<u>785,411</u>	<u>439,826</u>	<u>1,238,519</u>
Disbursements:				
Special projects	1,138	20,166	46	21,350
Bond issuance costs	-	-	-	-
Capital outlay	3,483,202	120,116	484,578	4,087,896
Transfers to other funds	<u>-</u>	<u>-</u>	<u>196,789</u>	<u>196,789</u>
Total disbursements	<u>3,484,340</u>	<u>140,282</u>	<u>681,413</u>	<u>4,306,035</u>
Balance, September 30	\$ <u>2,780,802</u>	<u>1,439,491</u>	<u>1,963</u>	<u>4,222,256</u>

See accompanying independent auditor's report.

City of Belton, Texas
Drainage Fund
Schedule of Revenue and Expenses –
Budget and Actual – Budgetary Basis
For the Fiscal Year Ended
September 30, 2016

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget
Operating revenue:				
Storm drainage fee	\$ 371,600	382,600	377,991	(4,609)
Total operating revenue	<u>371,600</u>	<u>382,600</u>	<u>377,991</u>	<u>(4,609)</u>
Operating expenses:				
Salaries and wages	123,258	151,738	132,627	19,111
Employee benefits	79,659	51,179	40,337	10,842
Supplies	19,491	12,541	13,170	(629)
Repairs and maintenance	25,364	36,694	31,669	(5,025)
Other charges	13,161	19,781	19,329	452
Total operating expenses	<u>260,933</u>	<u>271,933</u>	<u>237,132</u>	<u>34,801</u>
Operating income	<u>110,667</u>	<u>110,667</u>	<u>140,859</u>	<u>30,192</u>
Nonoperating revenue (expenses):				
Interest revenue	400	400	930	530
Payments to fiduciary for debt service	(25,709)	(25,709)	(25,694)	15
Transfers out	<u>(80,000)</u>	<u>(80,000)</u>	<u>(110,000)</u>	<u>(30,000)</u>
Total nonoperating revenue (expenses)	<u>(105,309)</u>	<u>(105,309)</u>	<u>(134,764)</u>	<u>(29,455)</u>
Net income (loss)	<u>\$ 5,358</u>	<u>5,358</u>	<u>6,095</u>	<u>737</u>

See accompanying independent auditor's report.

City of Belton, Texas
Drainage Fund
Schedule of Cash Receipts and Disbursements of Restricted
Cash and Cash Equivalents for Project Construction
For the Fiscal Year Ended
September 30, 2016

	<u>Capital Projects</u>	<u>Total</u>
Balance, October 1	\$ <u>647,481</u>	<u>647,481</u>
Receipts:		
Transactions from operating cash	160,000	160,000
Interest income	<u>1,170</u>	<u>1,170</u>
Total receipts	<u>161,170</u>	<u>161,170</u>
Disbursements:		
Special projects	33,904	33,904
Capital outlay	<u>455,773</u>	<u>455,773</u>
Total disbursements	<u>489,677</u>	<u>489,677</u>
Balance, September 30	\$ <u><u>318,974</u></u>	<u><u>318,974</u></u>

See accompanying independent auditor's report.

City of Belton, Texas

Statistical Section

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

Contents	Page
Financial Trends	90
<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>	
Revenue Capacity	101
<i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	
Debt Capacity	105
<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>	
Demographic and Economic Information	114
<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>	
Operating Information	117
<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>	

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

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Governmental activities				
Net investment in capital				
assets	\$ 11,074,215	10,933,815	12,587,025	12,714,726
Restricted	742,489	1,345,488	2,163,662	1,885,924
Unrestricted	<u>9,674,013</u>	<u>8,963,260</u>	<u>5,764,127</u>	<u>6,445,189</u>
Total governmental activities				
net position	<u>\$ 21,490,717</u>	<u>21,242,563</u>	<u>20,514,814</u>	<u>21,045,839</u>
Business-type activities				
Net investment in capital				
assets	\$ 14,637,860	14,406,422	17,596,575	16,942,659
Restricted	-	-	909,824	438,059
Unrestricted	<u>3,452,403</u>	<u>4,636,575</u>	<u>3,111,969</u>	<u>4,276,077</u>
Total business-type activities				
net position	<u>\$ 18,090,263</u>	<u>19,042,997</u>	<u>21,618,368</u>	<u>21,656,795</u>
Primary government				
Net investment in capital				
assets	\$ 25,712,075	25,340,237	30,183,600	29,657,385
Restricted	742,489	1,345,488	3,073,486	2,323,983
Unrestricted	<u>13,126,416</u>	<u>13,599,835</u>	<u>8,876,096</u>	<u>10,721,266</u>
Total primary government				
net position	<u>\$ 39,580,980</u>	<u>40,285,560</u>	<u>42,133,182</u>	<u>42,702,634</u>

Table I

Fiscal Year					
2011	2012	2013	2014	2015	2016
14,748,004	14,506,537	14,681,745	16,461,658	20,253,143	24,492,141
1,627,859	1,661,938	2,263,468	2,701,028	2,846,948	2,300,596
6,457,544	6,957,744	6,747,744	6,963,750	6,462,523	5,385,680
<u>22,833,407</u>	<u>23,126,219</u>	<u>23,692,957</u>	<u>26,126,436</u>	<u>29,562,614</u>	<u>32,178,417</u>
16,962,666	16,439,528	17,681,536	18,121,998	21,325,320	27,592,280
231,106	33,017	193,212	-	-	-
4,950,372	6,123,639	6,542,549	6,334,986	4,941,679	7,176,189
<u>22,144,144</u>	<u>22,596,184</u>	<u>24,417,297</u>	<u>24,456,984</u>	<u>26,266,999</u>	<u>34,768,469</u>
31,710,670	30,946,065	32,363,281	34,583,656	41,578,463	52,084,421
1,858,965	1,694,955	2,456,680	2,701,028	2,846,948	2,300,596
11,407,916	13,081,383	13,290,293	13,298,736	11,404,202	12,561,869
<u>44,977,551</u>	<u>45,722,403</u>	<u>48,110,254</u>	<u>50,583,420</u>	<u>55,829,613</u>	<u>66,946,886</u>

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Expenses				
Governmental activities:				
General government	\$ 796,507	898,581	1,083,294	1,155,582
Public safety	4,365,643	4,707,210	4,767,516	5,240,838
Highways and streets	1,419,572	1,713,940	2,044,341	1,709,400
Planning	346,087	450,248	416,116	426,329
Culture and recreation	1,299,129	1,457,177	1,566,358	1,610,093
Solid waste	717,398	734,724	767,769	872,479
Economic development	117,828	187,144	521,490	218,463
Maintenance	265,857	295,254	322,557	314,162
Interest	327,339	421,903	439,280	451,091
Total governmental activities expenses	<u>9,655,360</u>	<u>10,866,181</u>	<u>11,928,721</u>	<u>11,998,437</u>
Business-type activities:				
Water and sewer	4,072,535	4,508,443	4,735,194	5,266,330
Drainage	-	36,456	72,372	152,197
Total business-type activities expenses	<u>4,072,535</u>	<u>4,544,899</u>	<u>4,807,566</u>	<u>5,418,527</u>
Total primary government expenses	<u>\$ 13,727,895</u>	<u>15,411,080</u>	<u>16,736,287</u>	<u>17,416,964</u>
Program Revenues				
Governmental activities:				
Charges for services:				
Public safety	\$ 1,126,432	1,273,551	1,297,267	1,307,580
Planning	162,914	129,943	132,353	150,787
Culture and recreation	-	-	-	26,823
Solid waste	757,531	806,446	839,311	1,013,460
Operating grants and contributions	274,889	275,047	294,691	631,493
Capital grants and contributions	2,041,342	180,517	957,519	643,356
Total governmental activities program revenues	<u>4,363,108</u>	<u>2,665,504</u>	<u>3,521,141</u>	<u>3,773,499</u>
Business-type activities:				
Charges for services:				
Water and sewer	3,985,697	4,657,551	5,304,072	4,960,198
Drainage	-	222,107	333,178	342,930
Capital grants and contributions	1,038,513	104,623	1,290,398	687,091
Total business-type activities program revenues	<u>5,024,210</u>	<u>4,984,281</u>	<u>6,927,648</u>	<u>5,990,219</u>
Total primary government program revenues	<u>\$ 9,387,318</u>	<u>7,649,785</u>	<u>10,448,789</u>	<u>9,763,718</u>
Net (expense)/revenue				
Governmental activities	\$ (5,292,252)	(8,200,677)	(8,407,580)	(8,224,938)
Business-type activities	<u>955,147</u>	<u>445,306</u>	<u>2,120,082</u>	<u>571,692</u>
Total primary government net expense	<u>\$ (4,337,105)</u>	<u>(7,755,371)</u>	<u>(6,287,498)</u>	<u>(7,653,246)</u>

Table II

Fiscal Year					
2011	2012	2013	2014	2015	2016
1,312,897	1,384,187	1,379,902	1,542,268	1,534,183	1,689,517
5,513,342	5,646,348	6,081,978	6,274,184	6,513,269	7,542,557
1,786,877	1,878,313	1,918,580	1,979,832	2,176,849	2,092,553
416,266	340,545	389,280	349,526	352,821	346,111
1,779,825	1,940,672	1,562,517	1,700,193	1,873,363	2,174,373
1,024,826	992,345	1,023,909	996,945	1,039,691	1,096,528
609,974	456,987	231,829	461,622	180,440	209,272
343,480	448,480	444,230	400,394	398,974	432,894
408,622	387,912	466,056	552,290	540,242	524,277
<u>13,196,109</u>	<u>13,475,789</u>	<u>13,498,281</u>	<u>14,257,254</u>	<u>14,609,832</u>	<u>16,108,082</u>
5,405,274	5,586,624	5,689,098	5,577,444	5,912,553	6,612,667
167,411	207,911	253,212	312,075	280,317	438,375
<u>5,572,685</u>	<u>5,794,535</u>	<u>5,942,310</u>	<u>5,889,519</u>	<u>6,192,870</u>	<u>7,051,042</u>
<u>18,768,794</u>	<u>19,270,324</u>	<u>19,440,591</u>	<u>20,146,773</u>	<u>20,802,702</u>	<u>23,159,124</u>
1,252,269	1,544,949	1,503,586	1,577,432	1,744,958	1,656,931
122,596	163,410	223,636	205,792	188,172	221,395
40,416	43,835	57,923	71,857	76,672	83,249
1,137,155	1,166,276	1,198,447	1,191,335	1,207,841	1,271,762
829,734	640,097	645,933	646,637	747,749	1,044,637
1,864,243	805,335	1,113,389	2,283,115	3,758,025	2,783,748
<u>5,246,413</u>	<u>4,363,902</u>	<u>4,742,914</u>	<u>5,976,168</u>	<u>7,723,417</u>	<u>7,061,722</u>
6,033,244	5,833,008	5,914,912	5,550,825	6,164,279	6,898,744
350,856	349,273	360,008	367,956	360,021	377,991
730,798	377,895	1,242,591	348,298	1,764,757	8,588,839
<u>7,114,898</u>	<u>6,560,176</u>	<u>7,517,511</u>	<u>6,267,079</u>	<u>8,289,057</u>	<u>15,865,574</u>
<u>12,361,311</u>	<u>10,924,078</u>	<u>12,260,425</u>	<u>12,243,247</u>	<u>16,012,474</u>	<u>22,927,296</u>
(7,949,696)	(9,111,887)	(8,755,367)	(8,281,086)	(6,886,415)	(9,046,360)
<u>1,550,699</u>	<u>774,522</u>	<u>1,575,201</u>	<u>377,560</u>	<u>2,096,187</u>	<u>8,814,532</u>
<u>(6,398,997)</u>	<u>(8,337,365)</u>	<u>(7,180,166)</u>	<u>(7,903,526)</u>	<u>(4,790,228)</u>	<u>(231,828)</u>

(Continued)

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	\$ 3,810,255	4,080,884	4,494,474	4,655,052
Sales taxes	1,987,095	2,170,770	2,178,236	2,223,209
Franchise taxes	928,508	1,008,428	1,028,577	1,038,259
Hotel/motel taxes	163,749	177,646	151,765	151,197
Alcoholic beverage taxes	9,859	12,633	23,529	28,620
Unrestricted investment earnings	407,083	364,677	98,506	22,117
Miscellaneous	119,256	278,504	122,250	91,609
Gain on sale of capital assets	21,132	-	4,326	-
Transfers	246,000	(141,019)	(421,832)	545,900
Total governmental activities	<u>7,692,937</u>	<u>7,952,523</u>	<u>7,679,831</u>	<u>8,755,963</u>
Business-type activities:				
Unrestricted investment earnings	119,046	111,409	33,457	12,635
Miscellaneous	-	-	-	-
Gain (loss) on sale of capital assets	-	-	-	-
Transfers	(246,000)	396,019	421,832	(545,900)
Total business-type activities	<u>(126,954)</u>	<u>507,428</u>	<u>455,289</u>	<u>(533,265)</u>
Total primary government	<u>\$ 7,565,983</u>	<u>8,459,951</u>	<u>8,135,120</u>	<u>8,222,698</u>
Change in Net Position				
Governmental activities	\$ 2,400,685	(248,154)	(727,749)	531,025
Business-type activities	<u>828,193</u>	<u>952,734</u>	<u>2,575,371</u>	<u>38,427</u>
Total primary government	<u>\$ 3,228,878</u>	<u>704,580</u>	<u>1,847,622</u>	<u>569,452</u>

Table II
(Continued)

Fiscal Year					
2011	2012	2013	2014	2015	2016
4,791,388	4,954,391	5,257,077	5,581,133	5,916,916	6,355,718
2,323,032	2,763,063	2,874,792	3,069,314	3,205,411	3,155,659
1,110,063	1,062,958	1,075,453	1,183,602	1,148,273	1,171,669
154,071	151,802	162,989	177,932	157,454	147,230
29,065	28,868	31,378	40,579	39,204	38,434
14,386	12,431	11,439	13,715	28,003	42,668
229,790	102,342	130,986	88,762	102,773	399,537
3,833	-	6,351	191,869	36,937	17,821
1,081,636	328,844	(228,360)	367,659	294,516	333,427
9,737,264	9,404,699	9,322,105	10,714,565	10,929,487	11,662,163
6,684	6,362	6,189	5,118	16,624	33,343
1,316	-	-	-	-	-
10,286	-	11,363	24,668	108,079	(36,600)
(1,081,636)	(328,844)	228,360	(367,659)	(294,516)	(309,805)
(1,063,350)	(322,482)	245,912	(337,873)	(169,813)	(313,062)
8,673,914	9,082,217	9,568,017	10,376,692	10,759,674	11,349,101
1,787,568	292,812	566,738	2,433,479	4,043,072	2,615,803
487,349	452,040	1,821,113	39,687	1,926,374	8,501,470
2,274,917	744,852	2,387,851	2,473,166	5,969,446	11,117,273

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General fund				
Reserved	\$ -	14,783	40,857	95,659
Unreserved, designated	463,626	504,405	558,885	591,114
Nonspendable prepaid expenses	-	-	-	-
Restricted for:				
Public access facilities	-	-	-	-
Public safety	-	-	-	-
Cemetery	-	-	-	-
Assigned to:				
Civil service sick pay and appeals	-	-	-	-
Other purposes	-	-	-	-
Unreserved/Unassigned	<u>3,536,554</u>	<u>3,722,852</u>	<u>4,007,365</u>	<u>4,475,221</u>
Total general fund	<u>\$ 4,000,180</u>	<u>4,242,040</u>	<u>4,607,107</u>	<u>5,161,994</u>
All other governmental funds				
Reserved	\$ 117,140	168,444	206,456	233,286
Unreserved, reported in:				
Special revenue funds	625,813	532,616	534,159	483,090
Capital projects funds	5,526,120	6,299,642	5,086,074	4,186,898
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>\$ 6,269,073</u>	<u>7,000,702</u>	<u>5,826,689</u>	<u>4,903,274</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					
2011	2012	2013	2014	2015	2016
-	-	-	-	-	-
-	-	-	-	-	-
4,925	6,102	6,112	7,519	8,169	7,829
96,665	124,571	151,474	177,076	204,307	233,434
25,636	43,355	23,560	20,370	10,894	10,995
-	3,077	3,080	3,082	3,106	3,115
632,220	711,366	705,931	722,099	719,391	704,950
35,466	12,668	10,141	17,163	29,511	32,233
3,989,030	4,538,665	5,127,544	4,657,271	4,768,975	5,029,559
<u>4,783,942</u>	<u>5,439,804</u>	<u>6,027,842</u>	<u>5,604,580</u>	<u>5,744,353</u>	<u>6,022,115</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
281,757	269,913	274,764	172,923	132,462	158,685
524,116	893,851	7,830,392	6,314,205	5,310,080	4,484,401
396,908	637,476	1,094,866	1,596,879	1,826,018	1,192,880
99,887	157,635	75,232	137,804	114,421	162,757
14,259	23,280	31,355	36,416	42,959	36,293
1,426,410	435,769	415,864	-	-	-
5,822	24,696	24,750	20,730	23,859	21,680
1,661,041	1,644,454	784,081	1,763,345	1,617,003	1,088,912
(7)	(7)	-	-	(1,218)	(4,830)
<u>4,410,193</u>	<u>4,087,067</u>	<u>10,531,304</u>	<u>10,042,302</u>	<u>9,065,584</u>	<u>7,140,778</u>

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Revenues				
Taxes	\$ 6,820,214	7,424,082	7,874,666	8,097,197
Licenses and permits	162,914	129,943	132,353	150,787
Intergovernmental	500,057	342,302	591,139	615,690
Charges for services	1,559,209	1,712,363	1,789,522	2,039,346
Fines	287,180	363,060	384,936	265,143
Rental	3,000	9,000	11,400	9,000
Interest	407,083	364,677	98,506	22,117
Contributions and donations	208,558	113,262	499,822	571,403
Payments in lieu of taxes	3,276	4,201	4,855	5,540
Miscellaneous	95,874	221,558	105,313	94,339
Total revenues	<u>10,047,365</u>	<u>10,684,448</u>	<u>11,492,512</u>	<u>11,870,562</u>
Expenditures				
General government	797,183	877,023	1,051,967	1,070,111
Public safety	4,232,039	4,553,429	4,575,968	4,949,082
Highways and streets	687,365	861,999	1,151,697	874,660
Planning	337,046	435,020	403,582	390,325
Culture and recreation	809,258	897,662	991,191	989,906
Solid waste	717,398	734,724	767,769	861,083
Economic development	117,828	187,144	521,490	187,725
Maintenance	250,138	284,312	305,203	301,741
Debt service				
Principal	353,370	458,370	509,057	520,345
Interest and fiscal charges	263,575	389,682	448,477	454,508
Bond issuance cost				
Capital outlay	2,050,969	2,125,018	1,885,289	2,208,593
Total expenditures	<u>10,616,169</u>	<u>11,804,383</u>	<u>12,611,690</u>	<u>12,808,079</u>
Excess of revenues over (under) expenditures	<u>(568,804)</u>	<u>(1,119,935)</u>	<u>(1,119,178)</u>	<u>(937,517)</u>
Other financing sources (uses)				
Insurance proceeds	17,106	43,745	682	9,553
Sale of capital assets	24,205	12,145	25,550	13,536
Transfers in	1,081,464	1,056,406	2,265,486	1,506,035
Transfers out	(835,464)	(555,406)	(1,981,486)	(960,135)
Issuance of debt	3,945,000	1,485,000	-	-
Payments to escrow agents	(45,000)	(28,359)	-	-
Other uses	-	-	-	-
Total other financing sources (uses)	<u>4,187,311</u>	<u>2,013,531</u>	<u>310,232</u>	<u>568,989</u>
Net change in fund balances	<u>\$ 3,618,507</u>	<u>893,596</u>	<u>(808,946)</u>	<u>(368,528)</u>
Debt service as a percentage of noncapital expenditures	7.36%	8.98%	9.11%	9.20%

Table IV

Fiscal Year					
2011	2012	2013	2014	2015	2016
8,415,055	8,948,717	9,406,650	10,051,287	10,467,602	10,878,885
122,596	163,410	223,636	205,792	188,172	221,395
1,841,492	1,347,776	1,125,196	2,630,028	3,308,812	2,523,212
2,222,768	2,363,864	2,409,771	2,434,770	2,526,593	2,589,725
314,336	362,650	369,793	419,299	377,875	389,614
9,000	9,300	9,900	11,800	15,600	14,300
14,386	12,432	11,439	13,715	28,003	44,564
544,849	97,656	122,197	194,298	279,926	406,507
4,646	5,220	6,349	7,515	9,164	9,489
176,129	73,506	107,984	86,003	93,967	385,988
<u>13,665,257</u>	<u>13,384,531</u>	<u>13,792,915</u>	<u>16,054,507</u>	<u>17,295,714</u>	<u>17,463,679</u>
1,172,554	1,220,853	1,286,946	1,460,528	1,475,263	1,588,236
4,934,983	5,220,652	5,848,468	5,963,512	6,278,268	6,492,045
896,935	943,953	986,341	1,029,737	1,061,613	924,047
409,378	330,726	355,265	327,937	337,730	325,475
1,072,806	1,071,969	1,083,562	1,155,054	1,196,792	1,281,494
1,013,119	978,348	1,009,519	986,098	1,027,958	1,079,976
609,915	456,987	231,829	461,622	186,379	209,272
343,456	339,382	396,470	391,983	363,981	388,027
540,345	564,058	584,067	629,399	733,112	841,824
412,176	391,625	378,236	533,035	541,331	533,119
		80,000		15,234	-
<u>4,271,626</u>	<u>1,933,174</u>	<u>1,135,259</u>	<u>4,672,441</u>	<u>6,366,845</u>	<u>5,841,144</u>
<u>15,677,293</u>	<u>13,451,727</u>	<u>13,375,962</u>	<u>17,611,346</u>	<u>19,584,506</u>	<u>19,504,659</u>
<u>(2,012,036)</u>	<u>(67,196)</u>	<u>416,953</u>	<u>(1,556,839)</u>	<u>(2,288,792)</u>	<u>(2,040,980)</u>
42,821	18,332	12,331	99,777	18,601	25,360
16,446	52,756	6,351	177,139	31,775	35,149
2,196,218	895,629	765,463	2,616,554	1,715,681	1,576,500
(1,114,582)	(566,785)	(993,823)	(2,248,895)	(1,421,165)	(1,243,073)
-	-	6,825,000	-	1,070,000	-
-	-	-	-	-	-
-	-	-	-	36,955	-
<u>1,140,903</u>	<u>399,932</u>	<u>6,615,322</u>	<u>644,575</u>	<u>1,451,847</u>	<u>393,936</u>
<u>(871,133)</u>	<u>332,736</u>	<u>7,032,275</u>	<u>(912,264)</u>	<u>(836,945)</u>	<u>(1,647,044)</u>
8.04%	8.16%	8.62%	8.99%	9.76%	10.06%

Table V

City of Belton, Texas
General Governmental Tax Revenues By Source
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)

<u>Fiscal Year</u>	<u>Property Tax (1)</u>	<u>Sales Tax</u>	<u>Franchise Tax</u>	<u>Hotel/Motel Occupancy Tax</u>	<u>Alcoholic Beverage Tax</u>	<u>Total</u>
2007	\$ 3,731,003	1,987,095	928,508	163,749	9,859	6,820,214
2008	4,054,605	2,170,770	1,008,428	177,646	12,633	7,424,082
2009	4,492,559	2,178,236	1,028,577	151,765	23,529	7,874,666
2010	4,655,912	2,223,209	1,038,259	151,197	28,620	8,097,197
2011	4,798,824	2,323,032	1,110,063	154,071	29,065	8,415,055
2012	4,942,026	2,763,063	1,062,958	151,802	28,868	8,948,717
2013	5,262,038	2,874,792	1,075,453	162,989	31,378	9,406,650
2014	5,579,766	3,069,314	1,183,601	177,932	40,579	10,051,193
2015	5,917,260	3,205,411	1,148,273	157,454	39,204	10,467,602
2016	6,365,893	3,155,659	1,171,669	147,230	38,434	10,878,885

(1) Includes penalty and interest on delinquent taxes

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

<u>Fiscal Year</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Less: Tax Exempt Real Property</u>	<u>Total Taxable Assessed Value (1)</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Value</u>	<u>Assessed Value as a Percentage of Actual Value</u>
2007	\$ 652,059,373	97,845,476	180,391,394	569,513,455	0.6550	749,904,849	75.94
2008	720,502,875	102,090,376	195,028,176	627,565,075	0.6550	822,593,251	76.29
2009	776,426,292	109,116,917	190,958,759	694,584,450	0.6550	885,543,209	78.44
2010	856,135,785	113,872,404	247,294,087	722,714,102	0.6550	970,008,189	74.51
2011	889,165,112	111,080,240	256,163,778	744,081,574	0.6550	1,000,245,352	74.39
2012	939,902,073	116,782,078	290,281,154	766,402,997	0.6540	1,056,684,151	72.53
2013	994,174,474	118,978,673	319,861,069	793,292,078	0.6598	1,113,153,147	71.27
2014	1,049,244,023	126,395,393	339,741,389	835,898,027	0.6598	1,175,639,416	71.10
2015	1,121,372,112	135,697,284	365,720,828	891,348,568	0.6598	1,266,774,275	70.36
2016	1,194,906,878	140,316,184	389,625,934	945,597,128	0.6598	1,335,223,062	70.82

Source: Bell County Appraisal District

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

Table VII

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

	City of Belton			Overlapping Rates			
Fiscal Year	Operating Rate	Debt Service Rate	Total Rate	Bell County	Belton I.S.D.	Clear Water Underground Water Cons. District	Total Direct and Overlapping Rates
TAX RATES (Per \$100 assessed value)							
2007	0.5456	0.1094	0.6550	0.4110	1.6685	0.0040	2.7385
2008	0.5377	0.1173	0.6550	0.4090	1.2870	0.0040	2.3550
2009	0.5394	0.1156	0.6550	0.4074	1.4110	0.0040	2.4774
2010	0.5360	0.1190	0.6550	0.4054	1.4110	0.0040	2.4754
2011	0.5397	0.1153	0.6550	0.4119	1.4210	0.0040	2.4919
2012	0.5405	0.1135	0.6540	0.4395	1.4060	0.0040	2.5035
2013	0.5488	0.1110	0.6598	0.4511	1.5210	0.0040	2.6359
2014	0.5488	0.1110	0.6598	0.4511	1.4500	0.0040	2.5649
2015	0.5425	0.1173	0.6598	0.4511	1.4400	0.0040	2.5549
2016	0.5332	0.1266	0.6598	0.4511	1.4400	0.0040	2.5549

Source: Bell County Appraisal District

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

Table VIII

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

Taxpayer	2016			2007		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Turtle Creek Investments	\$ 14,574,595	1	1.54 %	\$ 7,016,205	4	1.23 %
HEB Grocery Company	14,042,881	2	1.49	3,661,686	9	0.64
Wal-Mart	13,797,531	3	1.46	15,649,291	1	2.75
Oncor Electric Delivery	13,191,710	4	1.40	8,720,125	2	1.53
Bekaert Corporation / Wire Rope Ind.	11,671,909	5	1.23	-		
Legacy Landing Group	11,503,513	6	1.22	-		
CMH Manufacturing	8,628,970	7	0.91	-		
River Springs at Barge Ranch LP	7,842,031	8	0.83	-		
Chappell Hill Equity III	7,026,338	9	0.74	5,432,303	5	0.95
Airgas USA LLC, Central Division	6,454,421	10	0.68	-		
Tarco of Texas	-		-	3,554,920	10	0.62
Fleetwood Homes of Texas	-		-	7,569,686	3	1.33
Southwestern Bell Telephone Co.	-		-	4,897,488	6	0.86
JSJ Seating Corporation	-		-	4,766,035	7	0.84
Custom Printing II Ltd.	-		-	4,525,426	8	0.79
Totals	\$ 108,733,899		11.50 %	\$ 65,793,165		11.54 %

Source: Bell County Appraisal District

Table IX

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

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007	3,730,314	3,647,857	97.79	65,832	3,713,689	99.55
2008	4,110,551	4,023,508	97.88	69,392	4,092,900	99.57
2009	4,549,528	4,455,311	97.93	68,053	4,523,364	99.42
2010	4,733,777	4,629,436	97.80	72,040	4,701,476	99.32
2011	4,873,734	4,755,548	97.58	67,036	4,822,584	98.95
2012	5,012,276	4,915,146	98.06	63,194	4,978,340	99.32
2013	5,234,142	5,124,859	97.91	73,035	5,197,894	99.31
2014	5,508,036	5,426,284	98.52	40,912	5,467,196	99.26
2015	5,904,297	5,780,783	97.91	51,776	5,832,559	98.78
2016	6,239,069	6,213,465	99.59	-	6,213,465	99.59

Source: Finance Department, City of Belton, Texas

Table X

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

	Activities		Business-Type Activities					
	General Obligation Bonds		General Obligation Bonds with Revenue Pledge		Capital	Total	Percentage	
Fiscal						Primary	of Personal	Per
Year	Par	Premium	Par	Premium	Leases	Government	Income (1)	Capita (1)
2007	10,385,230	-	7,803,505	-	-	18,188,735	5.74	1,085
2008	11,411,860	-	7,926,204	-	-	19,338,064	5.74	1,123
2009	10,902,803	-	7,489,597	-	109,974	18,502,374	5.21	1,053
2010	10,382,458	-	7,067,992	-	74,499	17,524,949	4.61	962
2011	9,842,113	-	6,584,537	-	37,854	16,464,504	4.25	885
2012	9,278,055	-	6,080,945	-	-	15,359,000	3.88	809
2013	15,518,988	-	5,562,362	-	-	21,081,350	4.84	1,092
2014	14,889,589	-	4,998,209	-	-	19,887,798	4.88	1,004
2015	15,226,477	36,955	13,009,818	296,853	-	28,236,295	6.66	1,366
2016	14,384,652	33,297	12,072,193	267,819	-	26,456,845	6.21	1,273

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

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less: Amounts Available in Debt Service Fund</u>	<u>Total</u>	<u>Percentage of Taxable Value (1) of Property</u>	<u>Per Capita (2)</u>
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
2012	9,278,055	269,913	9,008,142	1.18	475
2013	15,518,988	274,764	15,244,224	1.92	789
2014	14,889,588	172,667	14,716,921	1.76	743
2015	15,263,431	132,462	15,130,969	1.70	737
2016	14,418,038	152,425	14,265,613	1.51	672

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, 2016

<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>14,418,038</u> (1)	100.00 %	\$ <u>14,418,038</u>
Total direct	<u>14,418,038</u>		<u>14,418,038</u>
Overlapping:			
Belton Economic Development Corp.	88,154	100.00	88,154
Belton Independent School District	123,057,000	37.16	45,727,981
Bell County	<u>127,275,000</u>	6.95	<u>8,845,613</u>
Total overlapping	<u>250,420,154</u>		<u>54,661,748</u>
Total direct and overlapping debt	\$ <u><u>264,838,192</u></u>		\$ <u><u>69,079,786</u></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) Excluded from the debt outstanding is \$12,428,168 of enterprise fund bonds, which are paid from enterprise revenues and backed by the full faith and credit of the City

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

City of Belton, Texas
Computation of Maximum Debt Margin
September 30, 2016

The City of Belton has no legal debt limit established by its charter or ordinances. Article XI, Section 5, of the Texas Constitution is applicable to the City and limits the maximum ad valorem tax rate to \$2.50 per \$100 Assessed Valuation (for all City purposes). The City operates under a Home Rule Charter that limits its tax rate to \$1.90 per \$100 Assessed Valuation for all City purposes. Administratively, the Attorney General of the State of Texas will permit allocation of \$1.50 of the maximum tax rate for general obligation debt service.

Assessed value, fiscal year 2016 tax roll	\$ 945,597,128
Limit on amount designated for debt service	<u>1.50%</u>
Legal debt limit	\$ <u>14,183,957</u>
Actual amount expended for general obligation debt service during the year ended September 30, 2016	\$ <u>1,374,943</u>

Table XIV

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

Fiscal Year	Gross Operating Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service			
				Principal	Interest	Total	Coverage
2007	4,104,743	2,874,206	1,230,537	558,322	295,083	853,405	1.44
2008	4,991,067	3,240,356	1,750,711	392,301	329,112	721,413	2.43
2009	5,670,707	3,429,668	2,241,039	436,607	333,210	769,817	2.91
2010	5,315,763	3,411,263	1,904,500	507,203	288,286	795,489	2.39
2011	6,390,784	3,557,957	2,832,827	520,100	275,263	795,363	3.56
2012	6,188,643	3,747,788	2,440,855	503,592	254,718	758,310	3.22
2013	6,281,109	3,868,827	2,412,282	518,583	237,980	756,563	3.19
2014	5,923,899	3,960,108	1,963,791	564,150	220,573	784,723	2.50
2015	6,540,924	4,129,183	2,411,741	583,388	254,731	838,119	2.88
2016	7,310,078	4,369,003	2,941,075	937,625	403,991	1,341,616	2.19

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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Operating and Nonoperating Revenue:				
Water and Sewer System	\$ 3,962,341	4,635,948	5,275,863	4,928,573
Miscellaneous	23,356	21,603	28,209	31,625
Interest	<u>119,046</u>	<u>109,993</u>	<u>30,220</u>	<u>11,452</u>
Total	<u>\$ 4,104,743</u>	<u>4,767,544</u>	<u>5,334,292</u>	<u>4,971,650</u>
Operating Expense:				
Water and Sewer System (1)	<u>\$ 2,874,206</u>	<u>3,224,696</u>	<u>3,399,581</u>	<u>3,326,903</u>

(1) Excludes depreciation expense

Table XV

Fiscal Year					
<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
6,000,318	5,795,849	5,877,848	5,509,407	6,091,702	6,835,792
32,926	37,159	37,064	41,418	72,577	62,952
<u>6,212</u>	<u>5,995</u>	<u>5,747</u>	<u>4,522</u>	<u>15,458</u>	<u>31,245</u>
<u>6,039,456</u>	<u>5,839,003</u>	<u>5,920,659</u>	<u>5,555,347</u>	<u>6,179,737</u>	<u>6,929,989</u>
<u>3,460,787</u>	<u>3,621,282</u>	<u>3,709,426</u>	<u>3,752,620</u>	<u>3,982,815</u>	<u>4,081,368</u>

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

Customer	Customer Type
University of Mary Hardin Baylor	Higher Education
Bell County	County Government
Belton ISD	Public Education
Turtle Creek Village	Multi-Family Housing
Belton Housing Authority	Multi-Family Housing
Legacy Landing	Multi-Family Housing
Belle Oaks Apartments	Multi-Family Housing
Riversprings at Barge Ranch	Multi-Family Housing
Ratliff Ready Mix	Commercial
Montrose II Apartments	Multi-Family Housing
College View Apartments	Multi-Family Housing
Bell County Expo Center	Exposition Center
Garcar Properties	Multi-Family Housing
Walmart Stores	Retail Store
Totals	

Table XVI

2016			2007		
Annual Sales	Rank	Percentage of Total Sales	Annual Sales	Rank	Percentage of Total Sales
\$ 495,628	1	12.3 %	\$ 225,926	1	9.85 %
141,840	2	3.52	137,536	2	6.00
126,364	3	3.14	109,745	3	4.79
95,586	4	2.37	40,785	7	1.78
52,405	5	1.3	99,498	4	4.34
45,335	6	1.12	-		-
43,977	7	1.09	-		-
43,835	8	1.09	-		-
38,797	9	0.96	-		-
33,954	10	0.84	47,005	6	2.05
-		-	69,898	5	3.05
-		-	27,540	10	1.20
-		-	32,127	8	1.40
-		-	28,819	9	1.26
<hr/>			<hr/>		
\$ 1,117,721		27.73 %	\$ 818,879		35.72 %

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>
2007	16,761 @	316,699,095	18,895 @	28	7,995	4.6 %
2008	17,227 @	336,701,715	19,545 @	28	8,314	4.6
2009	17,578 @	354,987,710	20,195 @	28	8,476	6.1
2010	18,216 #	379,748,952	20,847 #	29	9,278	7.3
2011	18,600 @	387,754,200	20,847 #	29	9,500	8.0
2012	18,981 @	395,696,907	20,847 #	29	9,560	6.8
2013	19,314 @	402,638,958	20,847 #	29	9,932	7.0
2014	19,809 @	412,958,223	20,847 #	29	10,343	6.0
2015	20,517 @	427,717,899	20,847 #	29	10,845	4.8
2016	21,214 @	442,248,258	20,847 #	29	10,854	4.8

Data Sources:

* Belton Independent School District

** Texas Workforce Commission

@ City of Belton

U.S. Census Bureau

^ Bureau of Labor Statistics

Table XVIII

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

	<u>2016</u>		<u>2007</u>	
<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>
Belton Independent School District	1,700	1	1,200	1
Bell County	1,137	2	1,003	2
University of Mary Hardin Baylor	485	3	570	3
PSC (formerly James Construction Group)	600	4	-	
HEB Grocery	325	5	-	
Wal-Mart	323	6	373	4
TruMH (a Clayton Homes Co)	241	7	-	
CGI	228	8	-	
Cedar Crest Hospital & Clinic	198	9	145	7
Custom Printing	170	10	225	5
Fleetwood Homes of Texas	-		145	6
Superior Chaircraft	-		140	8
City of Belton	-		134	9
Central Texas Council of Governments	-		132	10
Total	<u>5,407</u>		<u>4,067</u>	

Source: Belton Economic Development Corporation.



Table XIX

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

<u>Function</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General government	13	13	14	14	15	16	18	18	19	16
Public safety:										
Police:										
Officers	28	28	28	29	29	30	32	32	35	35
Civilians	9	9	9	9	9	10	10	10	11	11
Fire:										
Firefighters and officers	26	26	26	32	32	32	32	32	33	33
Civilians	1	1	1	1	1	1	1	1	1	2
Highways and streets	11	11	11	10	9	9	9	9	9	9
Planning	5	6	6	6	6	4	4.5	4.5	4.5	4.5
Culture and recreation	16	16	16	16	17	17	17	17	17	18
Solid waste	-	-	-	1	1	1	1	1	1	1
Maintenance	6	6	7	7	7	7	8	8	8	7
Water and sewer	20	20	19	20	21	21	21	22	22	24
Economic development	2	2	3	3	3	2	2	2	2	2.5
Drainage	-	-	1	2	2	2	2	2	2	3
Total	<u>137</u>	<u>138</u>	<u>141</u>	<u>150</u>	<u>152</u>	<u>152</u>	<u>157.5</u>	<u>158.5</u>	<u>164.5</u>	<u>166.0</u>

Source: Finance Department, City of Belton, Texas

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

Function	2007	2008	2009	2010
Police:				
Citations issued	4,307	3,954	4,085	4,050
Alarms responded to	898	924	1,029	1,100
Disturbance calls	640	1,187	1,359	1,150
Animal control citations issued	-	-	37	24
Abatement of junk vehicle	-	-	-	-
Abatement of weedy lots	-	-	-	-
Dilapidated structures	-	-	-	-
Fire:				
Fires	123	105	147	101
Inspections	460	480	499	505
Investigations	28	22	16	20
Highways and streets:				
Signs erected	90	121	925	900
Planning:				
Permits issued	1,413	1,462	1,414	1,438
Inspections	2,848	2,549	2,436	1,668
Abatement of junk vehicle	384	328	302	356
Abatement of weedy lots	1,651	1,527	1,339	2,129
Dilapidated structures	30	20	15	16
Culture and recreation:				
Library circulation	38,878	37,194	46,631	49,242
Maintenance:				
Work orders completed	1,390	1,370	1,640	1,150
Water:				
New connections	159	145	109	106
Water main breaks	6	4	16	26
Average daily water consumption (millions of gallons)	1.61	2.45	2.51	2.00
Sewer:				
Average daily sewage treatment (millions of gallons)	1.56	1.13	1.12	1.46

Sources: Various city departments.

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

Table XX

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
3,019	3,248	2,930	3,400	3,500	3,410
1,222	1,202	1,100	1,350	1,050	1,300
692	692	720	800	825	685
15	19	33	1	10	32
-	367	225	284	325	550
-	940	890	1,055	1,210	1,300
-	7	4	7	11	13
162	66	113	123	130	67
271	355	143	165	175	200
31	53	27	43	50	45
910	304	492	460	496	580
1,532	1,297	806	1,725	1,210	1,360
2,205	2,200	2,372	3,760	2,290	2,640
211	-	-	-	-	-
1,164	-	-	-	-	-
4	-	-	-	-	-
58,415	61,670	65,072	86,624	88,694	83,869
1,854	1,367	1,398	2,758	1,476	2,406
93	166	94	175	150	204
22	31	27	35	15	17
2.66	3.06	2.93	3.09	2.78	2.91
1.18	1.31	1.32	1.53	1.77	1.86

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

Function	2007	2008	2009	2010
Public safety:				
Police:				
Stations	1	1	1	1
Patrol units	12	12	12	12
Fire stations	2	2	2	2
Highways and streets:				
Streets (miles)	115	116	118	119
Culture and recreation:				
Parks acreage	177	184	184	189
Playgrounds	14	16	16	16
Ball fields	14	14	14	14
Sports courts	8	11	11	11
Pavilions	6	6	6	7
Amphitheaters	1	1	1	1
Trails (miles)	4	4	4	4
Water:				
Service connections	5,210	5,355	5,464	5,663
Water mains (miles)	112	114	115	116
Water pump stations	2	2	2	2
Fire hydrants	702	742	752	840
Plant capacity (millions of gallons)	7	7	7	7
Sewer:				
Service connections	4,016	4,115	4,192	4,245
Sanitary sewers (miles)	103	104	106	107
Number of lift stations	17	17	17	16
Treatment plant capacity (millions of gallons)	3	3	3	3

Sources: Various city departments.

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

Table XXI

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
1	1	1	1	1	1
14	14	14	15	15	17
2	2	2	2	2	2
119	121	122	106	107	109
189	189	194	194	174	177
16	16	17	15	18	18
14	14	14	15	15	15
11	11	11	15	18	9
7	7	7	7	7	7
1	1	1	1	1	1
4	4	5	7	7	4
5,785	5,902	6,065	6,105	6,387	6,324
116	117	119	121	144	146
2	2	2	2	2	2
840	843	870	890	1,016	1,043
7	7	7	8	8	8
4,245	4,351	4,358	4,782	4,750	4,843
108	130	133	134	135	149
15	16	15	17	18	18
3	3	3	3	3	3

