

City of Belton, Texas



*Comprehensive Annual Financial Report
for the Fiscal Year Ending
September 30, 2017*



City of Belton Texas

Year Ended September 30, 2017

Table of Contents

	<u>Exhibit/Table</u>	<u>Page Number</u>
Introductory Section		
Letter of Transmittal		i – vi
Organization Chart		vii
Principal Officials		viii
GFOA Certificate of Achievement for Excellence in Financial Reporting		ix
Financial Section		
Independent Auditor’s Report		1
Management’s Discussion and Analysis		5
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Position	A – 1	19
Statement of Activities	A – 2	20
Fund Financial Statements:		
Balance Sheet – Governmental Funds	A – 3	22
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	A – 4	23
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	A – 5	24
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budgetary Basis - General Fund	A – 6	25
Statement of Net Position – Proprietary Funds	A – 7	27

City of Belton Texas

Year Ended September 30, 2017

Table of Contents

	<u>Exhibit/Table</u>	<u>Page Number</u>
Financial Section (continued)		
Basic Financial Statements: (continued)		
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	A – 8	28
Statement of Cash Flows – Proprietary Funds	A – 9	29
Notes to Financial Statements		31
Required Supplementary Information:		
Schedule of Changes in the City’s Net Pension Liability And Related Ratios – Employees’ Pension Plan	B – 1	70
Schedule of Contributions – Employees’ Pension Plan	B – 2	71
Combining and Individual Fund Statements and Schedules:		
Nonmajor Governmental Funds:		
Combining Balance Sheet – Nonmajor Governmental Funds	C – 1	78
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds	C – 2	80
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Budgetary Basis – Hotel/Motel Tax Fund	C – 3	82
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Budgetary Basis – Debt Service Fund	C – 4	83
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Budgetary Basis – TIRZ Fund	C – 5	84
Enterprise Funds:		
Schedule of Revenue and Expenses – Budget and Actual – Budgetary Basis – Water and Sewer Fund	D – 1	86

City of Belton Texas

Year Ended September 30, 2017

Table of Contents

	<u>Exhibit/Table</u>	<u>Page Number</u>
Financial Section (continued)		
Combining and Individual Fund Statements and Schedules: (continued)		
Enterprise Funds: (continued)		
Schedule of Expenses by Department – Budget and Actual – Budgetary Basis – Water and Sewer Fund	D – 2	87
Schedule of Cash Receipts and Disbursements of Restricted Cash and Cash Equivalents for Project Construction – Water and Sewer Fund	D – 3	88
Schedule of Revenue and Expenses – Budget and Actual – Budgetary Basis - Drainage Fund	D – 4	89
Schedule of Cash Receipts and Disbursements of Restricted Cash and Cash Equivalents for Project Construction – Drainage Fund	D – 5	90
Statistical Section		
Net Position by Component	I	92
Changes in Net Position	II	94
Fund Balances of Governmental Funds	III	98
Changes in Fund Balances of Governmental Funds	IV	100
General Governmental Tax Revenues by Source	V	102
Assessed Value and Estimated Actual Value of Taxable Property	VI	103
Property Tax Rates and Tax Levies – Direct and Overlapping Governments	VII	104
Principal Property Taxpayers	VIII	105
Property Tax Levies and Collections	IX	106

City of Belton Texas

Year Ended September 30, 2017

Table of Contents

	<u>Exhibit/Table</u>	<u>Page Number</u>
Statistical Section (continued)		
Ratios of Outstanding Debt by Type	X	107
Ratios of General Bonded Debt Outstanding	XI	108
Direct and Overlapping Governmental Activities Debt – General Obligation Bonds	XII	109
Computation of Maximum Debt Margin	XIII	110
Pledged Revenue Coverage	XIV	111
Water and Sewer System Condensed Statement of Operations	XV	112
Top Ten Water Customers	XVI	114
Demographic and Economic Statistics	XVII	116
Principal Employers	XVIII	117
Full-Time Equivalent City Government Employees by Function	XIX	119
Operating Indicators by Function	XX	120
Capital Asset Statistics by Function	XXI	122



City of Belton

~ Founded 1850 ~

March 8, 2018

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, 2017.

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, 2017. 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 2015, Wire Rope Industries USA made an additional investment of \$3.5 million in equipment at their location in the Park.

In 2017, the Belton Economic Development Corporation secured TCEQ and EPA lien releases for the former Rockwool property located along 6th Street/Taylor's Valley Road in Belton, and is actively marketing the property 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 256 jobs to date, with another anticipated 144 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, and the Sue & Frank Mayborn Performing Arts Center.

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 2017 included Napa Auto Parts, Whimsies Boutique, Popeye’s, Star Tec Builders (selling pre-fab storage buildings on FM 93), an addition to Park Place Manor, renovation of McDonald’s and an addition of a permanent storage building, renovation of Burger King, and an addition to the Belton Small Animal Clinic. The Bell County Equestrian addition is still under way as is the UMHB Freshman Residence Hall. Cochran, Blair and Potts completed a major interior remodel as well. Several interior finish-out projects are still underway in 2018 at the Commerce Drive Complex, including J-Neely’s Burrito Bar, Maedgen’s Construction Company office and the second floor office spaces that will be leased out. Downtown, the Bold Republic Brewing Company will see changes in 2018 after starting the permit process in 2017.

Multi-family developments during 2017 include Colonial Crossing apartments, River Springs apartments, and Southwood Hills Phase I. Single family residential developments included Liberty Valley III, Bella Rose, Three Creeks, Dawson Ranch Phase VI, and Highland Estates Phase III.

Long-term financial planning. In 2013, 2015 and 2016, 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, enhancements to Yettie Polk Park, construction of Jeff Hamilton Park near South Belton Middle School, and sidewalks on South Wall Street. Remaining projects to be completed in fiscal year 2018 are the

police department remodel, 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 were 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>

In October 2016, the City issued \$9.585 million in certificates of obligation. The issue 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 were funded by the 2016 certificates of obligations issued:

South Belton Sewer Service Construction	\$ 5,000,000
Shady Lane Parallel Sewer Line Construction	1,000,000
North Belton Water Tank Construction	<u>3,585,000</u>
Total	\$ <u>9,585,000</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 and fire 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 approved the uses of General Fund fund balance to supplement the Preventative Street Maintenance Plan (\$240,000); Hotel-Motel Fund fund balance to assist in the funding of the Master Signage Plan (\$52,904); TIRZ Fund fund balance to provide for additional Façade Grants (\$30,000), the Preventative Street Maintenance Plan (\$162,210) and additional Retail Development Studies (\$10,000); BEDC Fund fund balance to purchase a new building for office space (\$178,000) and the establishment of the BEDC Capital Projects Fund (\$4,100,000); and Water and Sewer Fund fund balance to supplement the funding for of Phase I of the Temple-Belton Wastewater Treatment Plant (\$1,222,241).

Awards and Acknowledgements

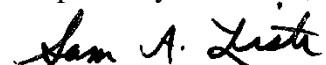
The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Belton, Texas, for its comprehensive annual financial report ("CAFR") for the fiscal year ended September 30, 2016. This was the thirty-first 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, 2016. 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-fifth 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.

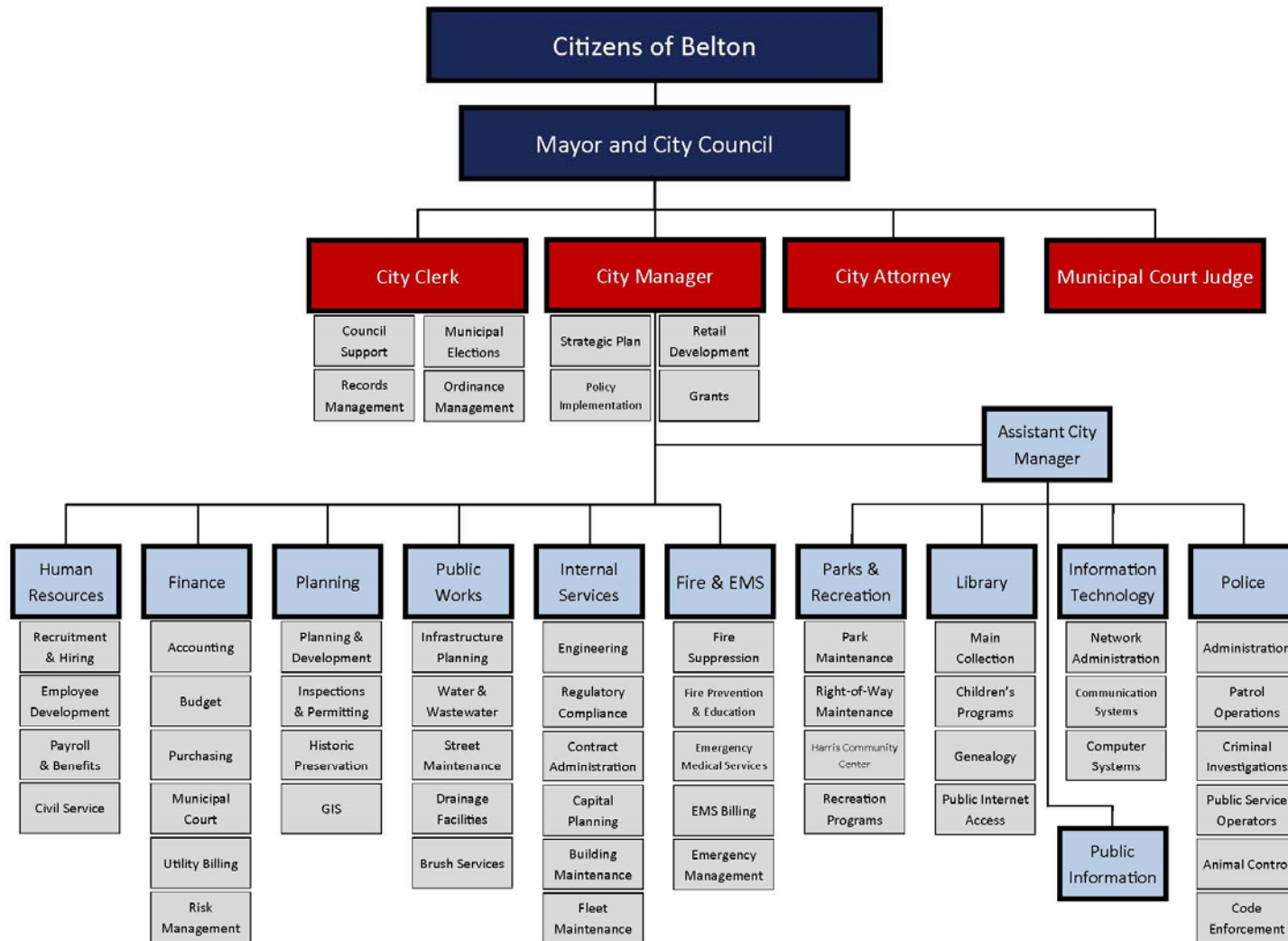
Respectfully submitted,



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
Craig Pearson, Mayor Pro Tem	May 2019
David K. Leigh	May 2019
Guy O'Banion	May 2018
Paul Sanderford	May 2018
Dan Kirkley	May 2019
John Holmes	May 2019

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 Public Works & 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
Grants & Special Projects Coordinator	Bob Van Til	June 26, 2017
Public Information Officer	Paul Romer	November 1, 2012
Executive Director, Belton Economic Development Corporation	Cynthia Hernandez	September 27, 2011



Government Finance Officers Association

**Certificate of
Achievement
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**City of Belton
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2016

Christopher P. Morill

Executive Director/CEO





JAYNES REITMEIER BOYD & THERRELL, P.C.
Certified Public Accountants
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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, 2017, 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. 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 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, 2017, 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 70 and 71 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.

Other Information (continued)

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.

March 8, 2018



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, 2017. 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 \$69,621,228 (*net position*). Of this amount, \$12,464,101 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 \$2,674,342, 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 \$10,295,332, a decrease of \$2,867,561 in comparison with the prior year. Of this total amount, \$5,103,448 (49.6 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 \$5,964,610, or 48.5 percent of total general fund expenditures.
- The City's total outstanding long-term debt increased by \$7,748,150 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 and the Debt Service 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 – 66 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 70 - 72 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 75 through 90 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 \$69,621,228 at the close of the most recent fiscal year.

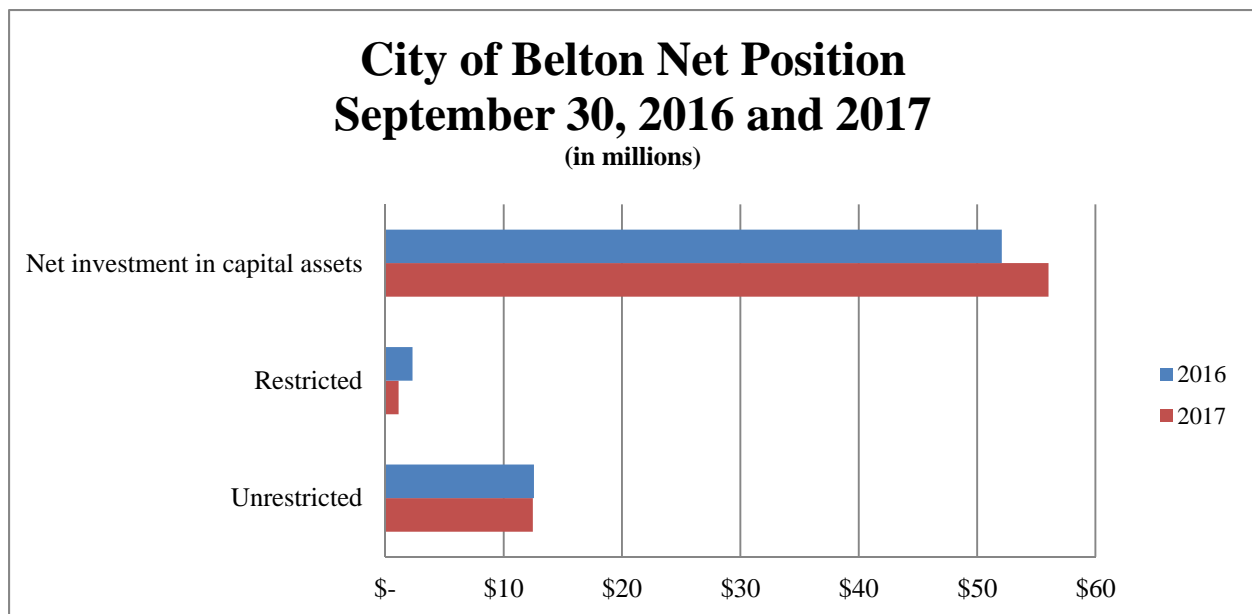
City of Belton Statement of Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 11,828,344	\$ 15,522,126	\$ 20,738,850	\$ 11,096,209	\$ 32,567,194	\$ 26,618,335
Capital assets	36,983,128	34,909,611	39,111,420	36,985,174	76,094,548	71,894,785
Total assets	48,811,472	50,431,737	59,850,270	48,081,383	108,661,742	98,513,120
Total deferred outflows of resources	1,215,869	1,473,987	227,934	283,171	1,443,803	1,757,158
Long-term liabilities outstanding	16,751,964	16,314,331	21,645,194	11,886,766	38,397,158	28,201,097
Other liabilities	1,142,408	3,281,928	756,802	1,684,591	1,899,210	4,966,519
Total liabilities	17,894,372	19,596,259	22,401,996	13,571,357	40,296,368	33,167,616
Total deferred inflows of resources	158,277	131,048	29,672	24,728	187,949	155,776
Net position:						
Net investment in capital assets	24,735,870	24,492,141	31,298,115	27,592,280	56,033,985	52,084,421
Restricted	1,123,142	2,300,596	-	-	1,123,142	2,300,596
Unrestricted	6,115,680	5,385,680	6,348,421	7,176,189	12,464,101	12,561,869
Total net position	\$ 31,974,692	\$ 32,178,417	\$ 37,646,536	\$ 34,768,469	\$ 69,621,228	\$ 66,946,886

By far the largest portion of the City's net position (\$56,033,985 or 80.5 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (\$1,123,142 or 1.6 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance (\$12,464,101 or 17.9 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.

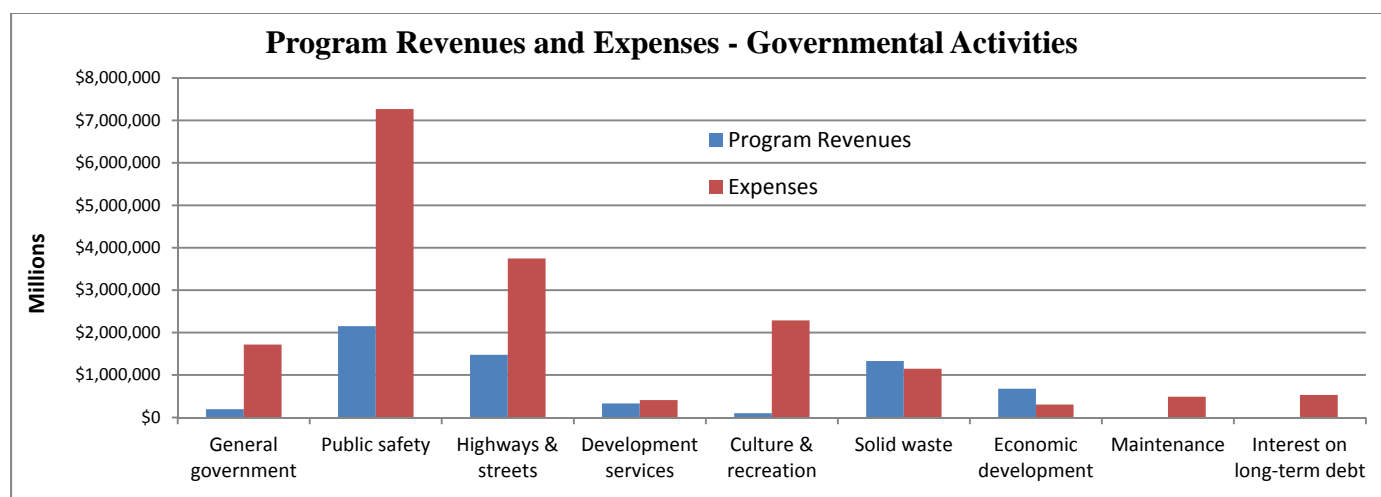


The City's total net position increased \$2,674,342 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental and business-type activities.

City of Belton's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 3,469,905	\$ 3,233,337	\$ 8,246,690	\$ 7,276,735	\$ 11,716,595	\$ 10,510,072
Operating grants and contributions	1,031,482	1,044,637	-	-	1,031,482	1,044,637
Capital grants and contributions	1,756,063	2,783,748	3,296,277	8,588,839	5,052,340	11,372,587
General revenues:						
Property taxes	6,608,619	6,355,718	-	-	6,608,619	6,355,718
Sales taxes	3,276,982	3,155,659	-	-	3,276,982	3,155,659
Franchise taxes	1,164,334	1,171,669	-	-	1,164,334	1,171,669
Other taxes	208,502	185,664	-	-	208,502	185,664
Investment earnings	113,232	42,668	149,443	33,343	262,675	76,011
Gain (loss) on sale of assets	(981,302)	17,821	14,920	(36,600)	(966,382)	(18,779)
Other income	276,195	399,537	-	-	276,195	399,537
Total revenues	16,924,012	18,390,458	11,707,330	15,862,317	28,631,342	34,252,775
Expenses:						
General government	1,717,750	1,689,517	-	-	1,717,750	1,689,517
Public safety	7,270,358	7,542,557	-	-	7,270,358	7,542,557
Highways and streets	3,595,036	2,092,553	-	-	3,595,036	2,092,553
Development services	394,218	346,111	-	-	394,218	346,111
Culture and recreation	2,288,188	2,174,373	-	-	2,288,188	2,174,373
Solid waste	1,149,978	1,096,528	-	-	1,149,978	1,096,528
Economic development	456,739	209,272	-	-	456,739	209,272
Maintenance	499,933	432,894	-	-	499,933	432,894
Interest on long-term debt	530,523	524,277	-	-	530,523	524,277
Water and sewer	-	-	7,587,275	6,612,667	7,587,275	6,612,667
Drainage	-	-	467,002	438,375	467,002	438,375
Total expenses	17,902,723	16,108,082	8,054,277	7,051,042	25,957,000	23,159,124
Changes in net assets before transfers	(978,711)	2,282,376	3,653,053	8,811,275	2,674,342	11,093,651
Transfers	774,986	333,427	(774,986)	(309,805)	-	23,622
Changes in net position	(203,725)	2,615,803	2,878,067	8,501,470	2,674,342	11,117,273
Net position - October 1	32,178,417	29,562,614	34,768,469	26,266,999	66,946,886	55,829,613
Net position - September 30	\$ 31,974,692	\$ 32,178,417	\$ 37,646,536	\$ 34,768,469	\$ 69,621,228	\$ 66,946,886

Governmental activities. During the current fiscal year, net position for governmental activities decreased \$203,725 from the prior fiscal year for an ending balance of \$31,974,692. This decrease was primarily the result of depreciation and the use of cash to retire long-term liabilities.



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 \$37,646,536. The total increase in net position for business-type activities (Water and Sewer Fund, and Drainage Fund) was \$2,878,067. Key changes year over year included:

- Charges for business-type activities totaled \$8,246,690, an increase of \$969,955 or 13.3 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 \$8,054,277, an increase of \$1,003,235 or 14.2 percent compared to the previous year primarily due to an increase in depreciation expense; and
- Capital grants and contributions from grant agencies and developers amounted to \$3,296,277.

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.

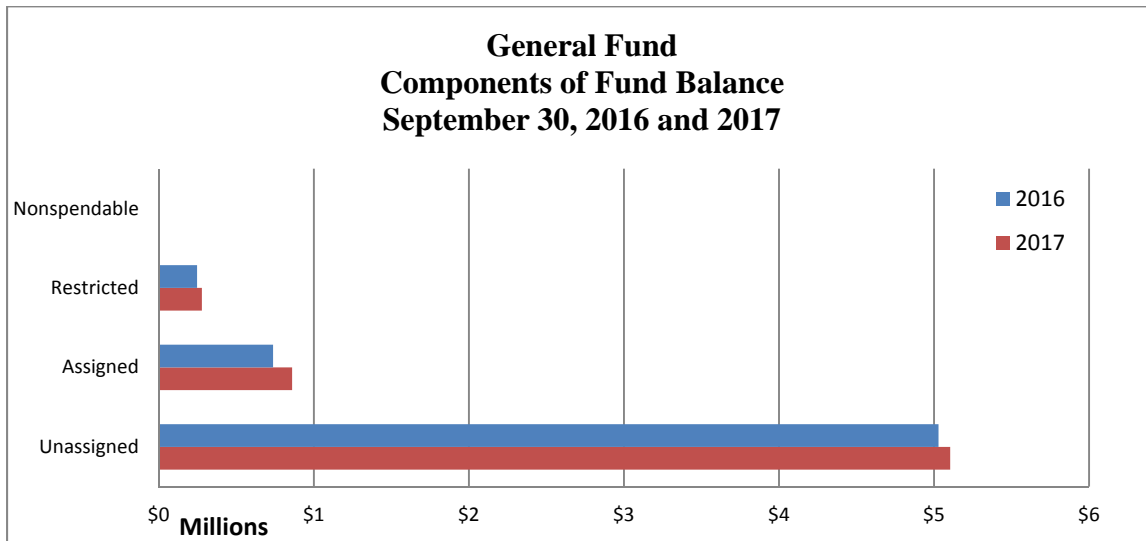
Governmental funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure 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, 2017, the City's governmental funds reported combined ending fund balances of \$10,295,332, a decrease of \$2,867,561 in comparison with the prior year. Approximately 49.6 percent (\$5,103,448) 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 (\$4,409);
- 2) Restricted for particular purposes:
 - a. Debt service (\$169,940);
 - b. Public, educational, or governmental access facilities (\$264,425);
 - c. Public safety training, equipment, and security facilities (\$117,557);
 - d. Cemetery maintenance and improvements (\$3,140); and
 - e. Capital projects and economic development (\$1,852,583).
- 3) Committed for particular purposes:
 - a. Economic development (\$7,034).

4) Assigned for particular purposes:

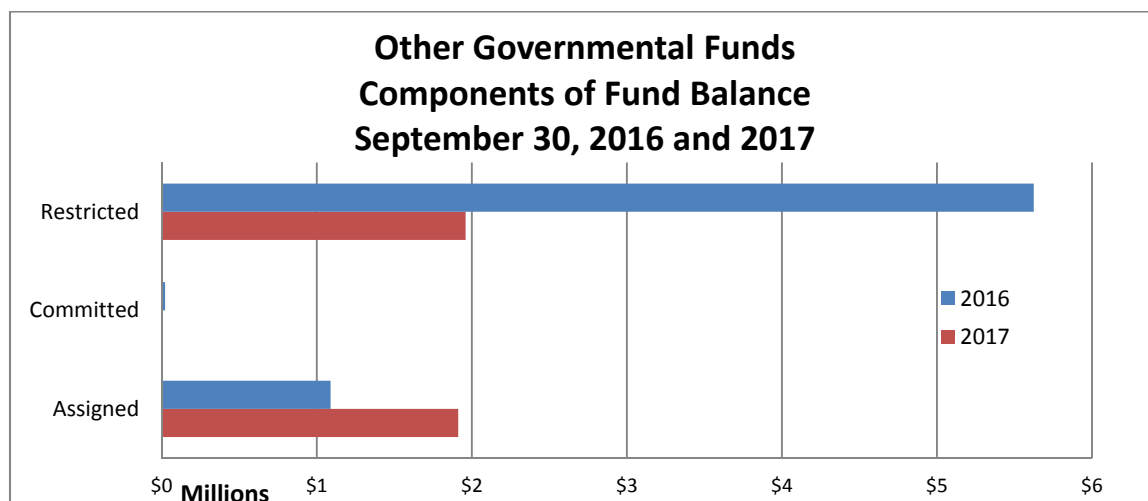
- a. Future civil service costs (\$824,834);
- b. Library books and services(\$32,978);
- c. Youth Advisory Commission (\$2,766); and
- d. Capital projects and equipment (\$1,912,218)



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 \$5,104,032, while total fund balance increased to \$6,247,520. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents 41.5 percent of total General Fund expenditures, while total fund balance represents 50.8 percent of that same amount.

The fund balance of the City's General Fund increased by \$225,405 during the current fiscal year. The net increase was due to:

- Stronger than anticipated revenues; and
- Growth in the reserves assigned to future civil service costs due to funding outpacing expenditures.



Assigned other governmental funds consist of capital project and capital equipment replacement funds. The balance increased from 2016 to 2017 primarily due to the funding of capital equipment replacement funds and the establishment of the major street maintenance fund, offset by the expenditure of capital project dollars on assigned projects.

Committed other governmental funds consist of the City funding dedicated to projects under the Texas Department of Housing and Community Affairs home replacement program. Replacement home activity during the year resulted in a decrease in fund balance to \$7,034.

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 2016 to 2017 was primarily due to the expenditure of bond proceeds in accordance with their designated use.

The Debt Service Fund, a major fund, had an increase in fund balance during the current year of \$11,255, to bring the year-end fund balance to \$169,940. This increase resulted from stronger than anticipated ad valorem tax collections.

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 \$34,629,889, and the net position of the Drainage Fund amounted to \$3,016,647. The total change in net position was \$2,711,077 and \$166,990, respectively. Notable changes in the Water and Sewer Fund activity include:

- Charges for business-type activities totaled \$7,857,459, an increase of \$958,715 or 13.9 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 \$7,020,775, an increase of \$777,783 or 12.5 percent from the prior year. The increase was primarily driven by increased depreciation; and
- Capital contributions were \$2,803,876. The contributions related to the dedication of water and sewer lines in the Three Creeks, Creekside Estates Liberty Park, Highland Estates, Dawson Ranch, and River Place subdivisions.

Notable changes in the Drainage Fund activity include:

- An increase in revenue of \$11,240 or 3.0 percent due to an increased number of customers in the current year;
- An increase in operating expenses of \$29,853 or 7.0 percent. The increases were primarily driven by salaries and wages and benefits, as personnel vacancies from the prior year were filled, and depreciation; and
- There was \$492,401 in capital contributions during the current year, related to the dedication of drainage facilities in the Creekside Estates Liberty Park, Highland Estates, Dawson Ranch, and River Place subdivisions.

General Fund Budgetary Highlights

Original Budget Compared to Final Budget. Budgeted uses of funds, inclusive of expenditures and transfers out, increased by \$285,600 between the original budget and final budget. The increase in uses was primarily attributable to provide additional funding for street maintenance (\$240,000) as well as additional maintenance funds as a result of insurance proceeds (\$25,600), and additional refuse collection costs (\$20,000).

Budgeted sources of funds, inclusive of revenues and other financing sources increased by \$45,600 between the original budget and final budget. The increase in sources was primarily attributable to:

- \$20,000 in additional refuse collection revenues, and
- \$25,600 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	\$ 9,112,327	\$ 9,289,312	\$ 176,985
Licenses and permits	203,900	331,412	127,512
Charges for services	2,611,800	2,743,579	131,779

The overage in tax revenues was caused by strong ad valorem, sales 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 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.

A review of actual expenditures compared to appropriations in the final budget shows no significant variances. Transfers out exceeded budgeted amounts by \$305,734 due to increased funding of capital initiatives across multiple departments.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business type activities as of September 30, 2017, amounts to \$76,094,548 (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 5.8 percent (a 5.9 percent increase for governmental activities and a 5.7 percent increase for business-type activities).

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

	Governmental Activities		Business-Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Land	\$ 2,594,527	\$ 2,486,662	\$ 369,801	\$ 368,601	\$ 2,964,328	\$ 2,855,263
Buildings	5,451,289	5,772,576	84,590	72,048	5,535,879	5,844,624
Improvements other than buildings	2,002,452	1,850,479	-	-	2,002,452	1,850,479
Machinery and equipment	2,178,833	1,984,042	1,625,842	1,461,756	3,804,675	3,445,798
Infrastructure	21,376,154	15,064,196	34,873,311	33,495,543	56,249,465	48,559,739
Construction in progress	3,379,873	7,751,656	2,157,876	1,587,226	5,537,749	9,338,882
Total	<u>\$ 36,983,128</u>	<u>\$ 34,909,611</u>	<u>\$ 39,111,420</u>	<u>\$ 36,985,174</u>	<u>\$ 76,094,548</u>	<u>\$ 71,894,785</u>

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

- Work was completed on:
 - MLK/9th Avenue extension;
 - Sparta Road repavement;
 - Master Signage Plan;
 - North Main & River Fair intersection improvements;
 - Chisholm Trail Hike and Bike trail extension;
 - MLK/9th Avenue utility relocation;
 - Public Works portable building retrofit; and
 - Connell Street drainage improvements.
- Work began/continued on:
 - Sparta Road expansion and reconstruction;
 - South Main sidewalk extension and water line relocation;
 - Police Department remodel;
 - Chisholm Trail Hike and Bike phase II trail extension;
 - 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 \$34,204,995, all of which is backed by the full faith and credit of the City. In addition, \$20,677,168 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	
	2017	2016	2017	2016	2017	2016
General obligation bonds	\$ 13,527,827	\$ 14,384,652	-	-	\$ 13,527,827	\$ 14,384,652
Revenue bonds with tax cross-pledge	-	-	20,677,168	12,072,193	20,677,168	12,072,193
Total	<u>\$ 13,527,827</u>	<u>\$ 14,384,652</u>	<u>\$ 20,677,168</u>	<u>\$ 12,072,193</u>	<u>\$ 34,204,995</u>	<u>\$ 26,456,845</u>

The City's total bonded debt increased by \$7,748,150 (29.3 percent) during the current fiscal year. The increase was due to the issuance of \$9,585,000 in certificates of obligations supported by water and sewer revenues offset by regularly scheduled principal payments. The City "AA-" rating from Standard & Poor's for general obligation debt was affirmed during the 2016 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 2017 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 2018 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 2018 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 2017, fund balance (budgetary basis) in the General Fund is \$5,108,101. The City Council has stipulated that the General Fund maintain three months operating expenditures as a minimum of undesignated reserves, which currently equates to \$3.34 million. It is intended that the available fund balance beyond the minimum be used for non-recurring capital outlay and projects, and not for financing of on-going operational costs. For fiscal year 2018, 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, 2017

	Primary Government			Component Unit
	Governmental	Business-type		Belton Economic
	Activities	Activities	Total	Development
				Corporation, Inc.
Assets				
Cash and cash equivalents	\$ 9,818,737	19,508,885	29,327,622	6,658,912
Receivables (net of allowance for uncollectibles)	1,776,850	1,220,351	2,997,201	298,199
Due from other governments	228,348	-	228,348	-
Prepaid items	4,409	7,719	12,128	-
Restricted cash and cash equivalents	-	1,895	1,895	-
Capital assets not being depreciated:				
Land	2,594,527	369,801	2,964,328	877,834
Construction in progress	3,379,873	2,157,876	5,537,749	226,360
Capital assets, net of accumulated depreciation:				
Buildings	5,451,289	84,590	5,535,879	986,999
Improvements other than buildings	2,002,452	-	2,002,452	-
Machinery and equipment	2,178,834	1,625,842	3,804,676	-
Infrastructure	21,376,153	34,873,311	56,249,464	1,206,846
Total assets	48,811,472	59,850,270	108,661,742	10,255,150
Deferred Outflows of Resources				
Deferred outflows of resources	1,215,869	227,934	1,443,803	27,345
Total deferred outflows of resources	1,215,869	227,934	1,443,803	27,345
Liabilities				
Accounts and retainages payable	822,640	379,178	1,201,818	226,918
Accrued interest payable	69,051	99,547	168,598	-
Other accrued liabilities	229,792	44,727	274,519	32,361
Customer deposits payable	20,925	233,350	254,275	2,200
Noncurrent liabilities:				
Due within one year	1,372,979	997,553	2,370,532	-
Due in more than one year	15,378,985	20,647,641	36,026,626	47,283
Total liabilities	17,894,372	22,401,996	40,296,368	308,762
Deferred Inflows of Resources				
Deferred inflows of resources	158,277	29,672	187,949	3,560
Total deferred inflows of resources	158,277	29,672	187,949	3,560
Net Position				
Net investment in capital assets	24,735,870	31,298,115	56,033,985	3,298,039
Restricted for:				
Debt service	196,435	-	196,435	-
Economic development	534,568	-	534,568	-
Court	37,976	-	37,976	-
Public safety	79,581	-	79,581	-
Public access facilities	264,425	-	264,425	-
Cemetery	3,140	-	3,140	-
Capital projects and equipment	7,017	-	7,017	-
Unrestricted	6,115,680	6,348,421	12,464,101	6,672,134
Total net position	\$ 31,974,692	37,646,536	69,621,228	9,970,173

See accompanying notes to financial statements.

City of Belton, Texas
Statement of Activities
For the Fiscal Year Ended
September 30, 2017

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 1,717,750	-	194,000	-
Public safety	7,270,358	1,724,140	358,790	68,212
Highways and streets	3,595,036	-	-	1,476,361
Planning	394,218	331,412	-	-
Culture and recreation	2,288,188	84,260	14,316	-
Solid waste	1,149,978	1,330,093	-	-
Economic development	456,739	-	464,376	211,490
Maintenance	499,933	-	-	-
Interest and other fiscal charges	530,523	-	-	-
Total governmental activities	<u>17,902,723</u>	<u>3,469,905</u>	<u>1,031,482</u>	<u>1,756,063</u>
Business-type activities:				
Water and sewer	7,587,275	7,857,459	-	2,803,876
Drainage	467,002	389,231	-	492,401
Total business-type activities	<u>8,054,277</u>	<u>8,246,690</u>	<u>-</u>	<u>3,296,277</u>
Total primary government	<u>\$ 25,957,000</u>	<u>11,716,595</u>	<u>1,031,482</u>	<u>5,052,340</u>
Component unit:				
Belton Economic				
Development Corporation, Inc.	\$ 804,344	44,215	-	-
Total component unit	<u>\$ 804,344</u>	<u>44,215</u>	<u>-</u>	<u>-</u>
General revenues:				
Property taxes				
Sales taxes				
Franchise taxes				
Hotel/motel taxes				
Alcoholic beverage taxes				
Unrestricted investment earnings				
Miscellaneous				
Gain (loss) on sale of 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.
(1,523,750)		(1,523,750)	
(5,119,216)		(5,119,216)	
(2,118,675)		(2,118,675)	
(62,806)		(62,806)	
(2,189,612)		(2,189,612)	
180,115		180,115	
219,127		219,127	
(499,933)		(499,933)	
(530,523)		(530,523)	
<u>(11,645,273)</u>		<u>(11,645,273)</u>	
-	3,074,060	3,074,060	
-	414,630	414,630	
<u>-</u>	<u>3,488,690</u>	<u>3,488,690</u>	
<u>(11,645,273)</u>	<u>3,488,690</u>	<u>(8,156,583)</u>	
			<u>(760,129)</u>
			<u>(760,129)</u>
6,608,619	-	6,608,619	-
3,276,982	-	3,276,982	1,638,491
1,164,334	-	1,164,334	-
167,691	-	167,691	-
40,811	-	40,811	-
113,232	149,443	262,675	52,967
276,195	-	276,195	-
(981,302)	14,920	(966,382)	-
774,986	(774,986)	-	-
<u>11,441,548</u>	<u>(610,623)</u>	<u>10,830,925</u>	<u>1,691,458</u>
(203,725)	2,878,067	2,674,342	931,329
<u>32,178,417</u>	<u>34,768,469</u>	<u>66,946,886</u>	<u>9,038,844</u>
<u>31,974,692</u>	<u>37,646,536</u>	<u>69,621,228</u>	<u>9,970,173</u>

City of Belton, Texas
Balance Sheet
Governmental Funds
September 30, 2017

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 5,498,215	170,495	4,150,027	9,818,737
Receivables (net of allowance for uncollectibles)	1,713,522	26,495	36,833	1,776,850
Due from other governments	199,758	-	28,590	228,348
Due from other funds	11,800	-	-	11,800
Prepaid items	4,409	-	-	4,409
Total assets	<u>\$ 7,427,704</u>	<u>196,990</u>	<u>4,215,450</u>	<u>11,840,144</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities:				
Accounts and retainages payable	\$ 496,886	555	325,198	822,639
Accrued liabilities	229,212	-	580	229,792
Customer deposits payable	20,925	-	-	20,925
Due to other funds	-	-	11,800	11,800
Total liabilities	<u>747,023</u>	<u>555</u>	<u>337,578</u>	<u>1,085,156</u>
Deferred inflows of resources:				
Unavailable revenue	433,161	26,495	-	459,656
Total deferred inflows of resources	<u>433,161</u>	<u>26,495</u>	<u>-</u>	<u>459,656</u>
Fund balances:				
Nonspendable	4,409	-	-	4,409
Restricted	278,501	169,940	1,959,204	2,407,645
Committed	-	-	7,034	7,034
Assigned	860,578	-	1,912,218	2,772,796
Unassigned	5,104,032	-	(584)	5,103,448
Total fund balances	<u>6,247,520</u>	<u>169,940</u>	<u>3,877,872</u>	<u>10,295,332</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,427,704</u>	<u>196,990</u>	<u>4,215,450</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				36,983,128
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.				459,656
Long-term liabilities, including bonds payable and the net pension liability, are not due and payable in the current period, and therefore, are reported in the funds.				<u>(15,763,424)</u>
Net position of governmental activities				<u>\$ 31,974,692</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, 2017

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes:				
Ad valorem	\$ 4,807,185	1,074,342	728,569	6,610,096
Sales	3,276,982	-	-	3,276,982
Franchise	1,164,334	-	-	1,164,334
Hotel/motel	-	-	167,691	167,691
Alcoholic beverage	40,811	-	-	40,811
Licenses and permits	331,412	-	-	331,412
Intergovernmental	426,858	-	695,353	1,122,211
Charges for services	2,743,579	-	-	2,743,579
Fines	314,189	-	18,850	333,039
Interest	61,681	5,780	45,771	113,232
Contributions and donations	12,560	-	254,476	267,036
Payments in lieu of taxes	9,532	-	-	9,532
Miscellaneous	243,445	-	34,097	277,542
Total revenues	<u>13,432,568</u>	<u>1,080,122</u>	<u>1,944,807</u>	<u>16,457,497</u>
Expenditures:				
Current:				
General government	1,510,233	-	88,250	1,598,483
Public safety	6,485,596	-	36,301	6,521,897
Highways and streets	935,356	-	1,427,228	2,362,584
Planning	375,071	-	4,457	379,528
Culture and recreation	1,357,934	-	72,699	1,430,633
Solid waste	1,123,844	-	-	1,123,844
Economic development	-	-	456,739	456,739
Maintenance services	440,884	-	11,168	452,052
Debt service:				
Principal	-	646,824	260,000	906,824
Interest and fiscal charges	-	428,238	82,350	510,588
Bond issuance costs	-	23,805	11,877	35,682
Capital outlay	79,322	-	4,359,806	4,439,128
Total expenditures	<u>12,308,240</u>	<u>1,098,867</u>	<u>6,810,875</u>	<u>20,217,982</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,124,328</u>	<u>(18,745)</u>	<u>(4,866,068)</u>	<u>(3,760,485)</u>
Other financing sources (uses):				
Insurance proceeds	28,778	-	20,680	49,458
Proceeds from the sale of capital assets	2,430	-	16,050	18,480
Proceeds from issuance of debt	-	30,000	20,000	50,000
Transfers in	530,792	-	1,928,129	2,458,921
Transfers out	(1,460,923)	-	(223,012)	(1,683,935)
Total other financing sources (uses)	<u>(898,923)</u>	<u>30,000</u>	<u>1,761,847</u>	<u>892,924</u>
Net change in fund balances	225,405	11,255	(3,104,221)	(2,867,561)
Fund balances, beginning of year	<u>6,022,115</u>	<u>158,685</u>	<u>6,982,093</u>	<u>13,162,893</u>
Fund balances, end of year	<u>\$ 6,247,520</u>	<u>169,940</u>	<u>3,877,872</u>	<u>10,295,332</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, 2017

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)	\$ (2,867,561)
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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 (\$4,439,128) exceed depreciation expense (\$2,714,669) in the current period.

1,724,459

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 (\$1,398,298) less the net book value of capital assets sold (\$1,049,240) in the current period.

349,058

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

49,519

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 (\$289,608) plus the change in accrued interest payable (\$12,878) less the change in compensated absences (\$42,163).

(318,893)

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 of new debt issued less principal repayments and bond premium amortization in the current year.

859,693

Change in net position of governmental activities (Exhibit A-2)	\$ <u><u>(203,725)</u></u>
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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, 2017

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes:				
Current ad valorem	\$ 4,639,303	4,639,303	4,712,713	73,410
Delinquent ad valorem	57,000	57,000	47,595	(9,405)
Penalty and interest	55,000	55,000	46,877	(8,123)
Total ad valorem	4,751,303	4,751,303	4,807,185	55,882
Sales	3,193,024	3,193,024	3,276,982	83,958
Franchise	1,130,000	1,130,000	1,164,334	34,334
Alcoholic beverage	38,000	38,000	40,811	2,811
Total taxes	9,112,327	9,112,327	9,289,312	176,985
Licenses and permits:				
Building	94,600	94,600	154,779	60,179
Electrical	31,600	31,600	57,832	26,232
Plumbing	30,800	30,800	47,938	17,138
Mechanical	18,700	18,700	42,399	23,699
Swimming pool	900	900	1,090	190
Rezoning fees	7,500	7,500	4,850	(2,650)
Subdivision fees	8,400	8,400	9,974	1,574
Miscellaneous	11,400	11,400	12,550	1,150
Total licenses and permits	203,900	203,900	331,412	127,512
Intergovernmental	326,551	326,551	354,588	28,037
Charges for services:				
Ambulance	1,230,000	1,230,000	1,340,105	110,105
Parks and recreation	55,300	55,300	73,381	18,081
Brush collection	176,000	176,000	178,107	2,107
Refuse collection	1,130,500	1,150,500	1,151,986	1,486
Total charges for services	2,591,800	2,611,800	2,743,579	131,779
Fines:				
Municipal court	245,300	245,300	219,992	(25,308)
Court fees	113,600	113,600	91,167	(22,433)
Total fines	358,900	358,900	311,159	(47,741)
Rental	-	-	-	-
Interest	21,000	21,000	54,152	33,152
Contributions and donations	2,000	2,000	2,000	-
Payments in lieu of taxes	9,500	9,500	9,532	32
Miscellaneous	252,300	252,300	203,268	(49,032)
Total revenues	12,878,278	12,898,278	13,299,002	400,724

(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, 2017

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
Expenditures:				
General government:				
City council	\$ 72,467	73,467	73,246	221
City administration	886,358	610,973	606,247	4,726
TIRZ	-	-	-	-
Finance	495,570	493,158	478,571	14,587
Legal	178,116	184,516	176,493	8,023
Information Technology	165,336	170,622	170,673	(51)
Total general government	<u>1,797,847</u>	<u>1,532,736</u>	<u>1,505,230</u>	<u>27,506</u>
Public safety:				
Police	3,724,247	3,749,597	3,660,982	88,615
Fire	<u>2,758,950</u>	<u>2,758,950</u>	<u>2,700,968</u>	<u>57,982</u>
Total public safety	<u>6,483,197</u>	<u>6,508,547</u>	<u>6,361,950</u>	<u>146,597</u>
Highways and streets	<u>1,129,378</u>	<u>1,004,378</u>	<u>946,466</u>	<u>57,912</u>
Planning	<u>398,867</u>	<u>399,040</u>	<u>375,071</u>	<u>23,969</u>
Culture and recreation:				
Parks	1,051,374	1,054,374	1,013,939	40,435
Library	<u>299,496</u>	<u>299,916</u>	<u>291,791</u>	<u>8,125</u>
Total culture and recreation	<u>1,350,870</u>	<u>1,354,290</u>	<u>1,305,730</u>	<u>48,560</u>
Solid waste	<u>1,100,771</u>	<u>1,124,547</u>	<u>1,123,844</u>	<u>703</u>
Maintenance services	<u>441,978</u>	<u>443,469</u>	<u>440,884</u>	<u>2,585</u>
Total expenditures	<u>12,702,908</u>	<u>12,367,007</u>	<u>12,059,175</u>	<u>307,832</u>
Excess (deficiency) of revenues over (under) expenditures	<u>175,370</u>	<u>531,271</u>	<u>1,239,827</u>	<u>708,556</u>
Other financing sources (uses):				
Insurance proceeds	-	25,600	28,778	3,178
Proceeds from the sale of capital assets	-	-	833	833
Transfers in	526,814	526,814	530,792	3,978
Transfers out	<u>(802,173)</u>	<u>(1,423,674)</u>	<u>(1,729,408)</u>	<u>(305,734)</u>
Total other financing sources (uses)	<u>(275,359)</u>	<u>(871,260)</u>	<u>(1,169,005)</u>	<u>(297,745)</u>
Net change in fund balances	(99,989)	(339,989)	70,822	410,811
Fund balances, beginning of year	<u>5,037,279</u>	<u>5,037,279</u>	<u>5,037,279</u>	<u>-</u>
Fund balances, end of year	<u>\$ 4,937,290</u>	<u>4,697,290</u>	<u>5,108,101</u>	<u>410,811</u>

See accompanying notes to financial statements.

City of Belton, Texas
Statement of Net Position –
Proprietary Funds
September 30, 2017

	Business-type Activities - Enterprise Funds		
	Water and Sewer	Drainage	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 19,140,844	368,041	19,508,885
Receivables (net of allowance for uncollectibles)	1,176,639	43,712	1,220,351
Prepaid items	7,719	-	7,719
Total current assets	<u>20,325,202</u>	<u>411,753</u>	<u>20,736,955</u>
Noncurrent assets:			
Restricted cash and cash equivalents	1,895	-	1,895
Capital assets:			
Land	369,671	130	369,801
Buildings	104,793	-	104,793
Infrastructure	51,198,055	3,410,635	54,608,690
Machinery and equipment	2,559,983	254,009	2,813,992
Construction in progress	2,157,876	-	2,157,876
	<u>56,390,378</u>	<u>3,664,774</u>	<u>60,055,152</u>
Less accumulated depreciation	(20,140,494)	(803,238)	(20,943,732)
Total capital assets, net	<u>36,249,884</u>	<u>2,861,536</u>	<u>39,111,420</u>
Total noncurrent assets	<u>36,251,779</u>	<u>2,861,536</u>	<u>39,113,315</u>
Total assets	<u>56,576,981</u>	<u>3,273,289</u>	<u>59,850,270</u>
Deferred Outflows of Resources			
Deferred outflows of resources	<u>199,745</u>	<u>28,189</u>	<u>227,934</u>
Liabilities			
Current liabilities:			
Accounts and retainages payable	368,622	10,556	379,178
Accrued interest payable	98,038	1,509	99,547
Other accrued liabilities	40,856	3,871	44,727
Customer deposits payable	233,350	-	233,350
Compensated absences - current	38,091	-	38,091
Revenue bonds payable - current	943,550	15,912	959,462
Total current liabilities	<u>1,722,507</u>	<u>31,848</u>	<u>1,754,355</u>
Noncurrent liabilities:			
Compensated absences	18,155	410	18,565
Net pension liability	345,391	48,741	394,132
Revenue bonds payable	20,034,782	200,162	20,234,944
Total noncurrent liabilities	<u>20,398,328</u>	<u>249,313</u>	<u>20,647,641</u>
Total liabilities	<u>22,120,835</u>	<u>281,161</u>	<u>22,401,996</u>
Deferred Inflows of Resources			
Deferred inflows of resources	<u>26,002</u>	<u>3,670</u>	<u>29,672</u>
Net Position			
Net investment in capital assets	28,652,653	2,645,462	31,298,115
Unrestricted	<u>5,977,236</u>	<u>371,185</u>	<u>6,348,421</u>
Total net position	<u>\$ 34,629,889</u>	<u>3,016,647</u>	<u>37,646,536</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, 2017

	Business-type Activities - Enterprise Funds		
	Water and Sewer	Drainage	Total
Operating revenues:			
Charges for sales and services:			
Water service	\$ 4,557,170	-	4,557,170
Sewer service	2,827,928	-	2,827,928
Storm drainage fees	-	389,231	389,231
Reconnect and late fees	136,227	-	136,227
Tap fees	262,504	-	262,504
Other operating revenue	73,630	-	73,630
Total operating revenues	<u>7,857,459</u>	<u>389,231</u>	<u>8,246,690</u>
Operating expenses:			
Salaries and wages	1,074,684	144,943	1,219,627
Employee benefits	347,577	54,181	401,758
Supplies	84,712	13,385	98,097
Repairs and maintenance	209,798	30,891	240,689
Water, sewage treatment, and other charges	2,553,478	50,289	2,603,767
Depreciation	2,750,526	164,222	2,914,748
Total operating expenses	<u>7,020,775</u>	<u>457,911</u>	<u>7,478,686</u>
Operating income (loss)	<u>836,684</u>	<u>(68,680)</u>	<u>768,004</u>
Nonoperating revenues (expenses):			
Gain on sale of capital assets	14,920	-	14,920
Interest earnings	145,006	4,437	149,443
Interest expense	(561,462)	(9,091)	(570,553)
Amortization expense	(5,038)	-	(5,038)
Total nonoperating revenues (expenses)	<u>(406,574)</u>	<u>(4,654)</u>	<u>(411,228)</u>
Income before contributions and transfers	430,110	(73,334)	356,776
Capital contributions	2,803,876	492,401	3,296,277
Transfers in	140,599	-	140,599
Transfers out	<u>(663,508)</u>	<u>(252,077)</u>	<u>(915,585)</u>
Change in net position	2,711,077	166,990	2,878,067
Total net position, beginning of year	<u>31,918,812</u>	<u>2,849,657</u>	<u>34,768,469</u>
Total net position, end of year	<u>\$ 34,629,889</u>	<u>3,016,647</u>	<u>37,646,536</u>

See accompanying notes to financial statements.

City of Belton, Texas
Statement of Cash Flows –
Proprietary Funds
For the Fiscal Year Ended
September 30, 2017

	Business-type Activities - Enterprise Funds		
	Water and Sewer	Drainage	Total
Cash flows from operating activities:			
Receipts from customers and users	\$ 7,490,151	385,331	7,875,482
Payments to suppliers	(3,216,281)	(149,967)	(3,366,248)
Payments to employees	(1,082,197)	(138,626)	(1,220,823)
Net cash provided by operating activities	<u>3,191,673</u>	<u>96,738</u>	<u>3,288,411</u>
Cash flows from noncapital financing activities:			
Transfer from other funds	2,774,642	617,606	3,392,248
Transfer to other funds	(3,297,551)	(869,683)	(4,167,234)
Net cash used in noncapital financing activities	<u>(522,909)</u>	<u>(252,077)</u>	<u>(774,986)</u>
Cash flows from capital and related financing activities:			
Purchases and construction of capital assets	(1,745,637)	(14,000)	(1,759,637)
Proceeds from the sale of assets	14,920	-	14,920
Principal paid on capital debt	(984,950)	(15,075)	(1,000,025)
Proceeds from capital debt	9,891,633	-	9,891,633
Interest paid on capital debt	(543,494)	(9,752)	(553,246)
Net cash provided by (used in) capital and related financing activities	<u>6,632,472</u>	<u>(38,827)</u>	<u>6,593,645</u>
Cash flows from investing activities:			
Interest received	145,006	4,437	149,443
Net cash provided by investing activities	<u>145,006</u>	<u>4,437</u>	<u>149,443</u>
Net increase (decrease) in cash and cash equivalents	9,446,242	(189,729)	9,256,513
Cash and cash equivalents, beginning of year	<u>9,696,497</u>	<u>557,770</u>	<u>10,254,267</u>
Cash and cash equivalents, end of year (loss)	<u>\$ 19,142,739</u>	<u>368,041</u>	<u>19,510,780</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss)	\$ 836,684	(68,680)	768,004
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	2,750,526	164,222	2,914,748
Gain on sale of capital assets	14,920	-	14,920
Increase in receivables	(382,228)	(3,900)	(386,128)
Increase (decrease) in accounts and retainages payable	(112,642)	3,647	(108,995)
Increase in other accrued liabilities	3,861	(777)	3,084
Increase in customer deposits payable	28,220	-	28,220
Increase (decrease) in compensated absences	7,513	(6,317)	1,196
Increase in net pension liability and pension-related deferred outflows and inflows of resources	44,819	8,543	53,362
Total adjustments	<u>2,354,989</u>	<u>165,418</u>	<u>2,520,407</u>
Net cash provided by operating activities	<u>\$ 3,191,673</u>	<u>96,738</u>	<u>3,288,411</u>
Noncash capital and related financing activities:			
Contributions of capital assets	<u>\$ 2,803,876</u>	<u>492,401</u>	<u>3,296,277</u>

See accompanying notes to financial statements.



City of Belton, Texas
Notes to Financial Statements

	<u>Page</u>
I. Summary of Significant Accounting Policies	33
II. Deposits and Investments	44
III. Receivables	46
IV. Property Taxes	47
V. Capital Assets	48
VI. Long-Term Debt	51
VII. Interfund Transfers	55
VIII. Employee Benefits	55
IX. Deferred Outflows and Inflows of Resources	61
X. Risk Management	62
XI. Commitments and Contingencies	63
XII. Related Organizations	64
XIII. Tax Abatements	64
XIV. Authoritative Pronouncements Not Yet Effective	65



City of Belton, Texas
Notes to Financial Statements
September 30, 2017

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 and judgments,

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)

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 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.

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

City of Belton, Texas

Notes to Financial Statements
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

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

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

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.
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.

City of Belton, Texas

Notes to Financial Statements
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Budgets and Budgetary Accounting (continued)

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	\$ 70,822
Activities not included in the General Fund budget	<u>154,583</u>
Net change in fund balance - GAAP basis	<u><u>\$ 225,405</u></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	\$ 20,202
Nonmajor governmental funds	1,179,610
Water and sewer fund	251,782
Drainage fund	<u>1,500</u>
Total primary government	<u>\$ 1,453,094</u>
Discretely present component unit	<u>\$ 16,798</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" (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

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

I. Summary of Significant Accounting Policies (continued)

G. Receivables and Payables (continued)

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, 2017.

H. Inventory

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

I. Restricted Assets

Proceeds related to the Texas Community Block Development Grant program (CDBG) are classified as restricted assets on the balance sheet because their use is limited to projects approved under CDBG guidelines.

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 acquisition value at the date of donation.

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

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

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

I. Summary of Significant Accounting Policies (continued)

J. Capital Assets (continued)

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.

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

City of Belton, Texas

Notes to Financial Statements
(Continued)

I. Summary of Significant Accounting Policies (continued)

M. Fund Balance Flow Assumptions (continued)

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

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

I. Summary of Significant Accounting Policies (continued)

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. Bond issuance costs are expensed as incurred.

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

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)

	General	Debt Service	Other Funds	Totals
Nonspendable:				
Prepaid items	\$ 4,409	-	-	4,409
Restricted for:				
Court technology and security	-	-	37,976	37,976
Public safety	10,936	-	68,645	79,581
Public access facilities	264,425	-	-	264,425
Cemetery	3,140	-	-	3,140
Debt service	-	169,940	-	169,940
Capital projects and equipment	-	-	1,310,998	1,310,998
Economic development	-	-	541,585	541,585
Committed for:				
Economic development	-	-	7,034	7,034
Assigned for:				
Civil service sick pay and appeals	824,834	-	-	824,834
Culture and recreation	35,744	-	-	35,744
Capital projects and equipment	-	-	1,912,218	1,912,218
Unassigned	5,104,032	-	(584)	5,103,448
	<u>\$ 6,247,520</u>	<u>169,940</u>	<u>3,877,872</u>	<u>10,295,332</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 explains

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 \$15,763,424 difference are as follows:

General obligation bonds	\$ 13,527,827
Premium on general obligation bonds	30,429
Compensated absences	1,091,271
Accrued interest payable	69,052
Net pension liability	2,102,437
Pension-related deferred outflows of resources	(1,215,869)
Pension-related deferred inflows of resources	<u>158,277</u>
	<u>\$ 15,763,424</u>

II. Deposits and Investments

Investments of the City at September 30, 2017, 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 \$630,356, \$7,071,593, \$4,100,447, \$7,081,153, and \$7,072,771, 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 37, 51, 29, 42, and 53 days, respectively, as of September 30, 2017.

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 counterparty, 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 fair 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 fair 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

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

II. Deposits and Investments (continued)

Government Code, and operates under the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. LOGIC's governing body is a five-member Board of Directors comprised of employees, officers or elected officials of participant 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 fair 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 fair 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	\$ 4,967
Carrying amount of deposits	10,027,142
Carrying amount of investments	<u>25,956,320</u>
Total	<u>\$ 35,988,429</u>
Per the statement of net position for the City:	
Cash and cash equivalents	\$ 25,812,755
Restricted cash and cash equivalents	<u>3,516,762</u>
	29,329,517
Per the statement of net position for the Belton Economic Development Corporation, Inc.:	
Cash and cash equivalents	<u>6,658,912</u>
Total	<u>\$ 35,988,429</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		Nonmajor	
	General	Debt Service	Water and Sewer	Drainage	Governmental Funds	Total
Receivables:						
Taxes	\$ 1,088,342	40,304	-	-	36,701	1,165,347
Water/sewer	-	-	1,191,704	-	-	1,191,704
Storm drainage	-	-	-	60,273	-	60,273
Ambulance	5,544,777	-	-	-	-	5,544,777
Other	458,168	-	-	-	132	458,300
	<u>7,091,287</u>	<u>40,304</u>	<u>1,191,704</u>	<u>60,273</u>	<u>36,833</u>	<u>8,420,401</u>
Less:						
Allowance for uncollectibles	<u>5,377,765</u>	<u>13,809</u>	<u>15,065</u>	<u>16,561</u>	<u>-</u>	<u>5,423,200</u>
	<u>\$ 1,713,522</u>	<u>26,495</u>	<u>1,176,639</u>	<u>43,712</u>	<u>36,833</u>	<u>2,997,201</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, 2016, upon which the 2017 fiscal year levy was based, was \$997,698,241.

The tax levy of October 2016 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, 2017, at which time a lien attaches for unpaid taxes. Tax collections during the fiscal year ended September 30, 2017, for the fiscal year 2017 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 established

City of Belton, Texas

Notes to Financial Statements
(Continued)

IV. Property Taxes (continued)

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, 2017, was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
<i>Governmental activities:</i>				
Capital assets, not being depreciated:				
Land	\$ 2,486,662	107,865	-	2,594,527
Construction in progress	7,751,656	3,345,833	(7,717,616)	3,379,873
Total capital assets not being depreciated	<u>10,238,318</u>	<u>3,453,698</u>	<u>(7,717,616)</u>	<u>5,974,400</u>
Capital assets, being depreciated:				
Buildings	\$ 9,163,997	32,682	-	9,196,679
Improvements other than buildings	3,691,185	370,966	(37,500)	4,024,651
Machinery and equipment	5,636,938	726,004	(223,521)	6,139,421
Infrastructure	26,784,319	8,971,692	(1,219,512)	34,536,499
Total capital assets, being depreciated	<u>45,276,439</u>	<u>10,101,344</u>	<u>(1,480,533)</u>	<u>53,897,250</u>
Less accumulated depreciation for:				
Buildings	(3,391,421)	(353,969)	-	(3,745,390)
Improvements other than buildings	(1,840,706)	(199,868)	18,375	(2,022,199)
Machinery and equipment	(3,652,895)	(515,215)	207,523	(3,960,587)
Infrastructure	(11,720,124)	(1,645,617)	205,395	(13,160,346)
Total accumulated depreciation	<u>(20,605,146)</u>	<u>(2,714,669)</u>	<u>431,293</u>	<u>(22,888,522)</u>
Total capital assets, being depreciated, net	<u>24,671,293</u>	<u>7,386,675</u>	<u>(1,049,240)</u>	<u>31,008,728</u>
	<u>\$ 34,909,611</u>	<u>10,840,373</u>	<u>(8,766,856)</u>	<u>36,983,128</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	368,601	1,200	-	369,801
Construction in progress	1,587,226	1,230,136	(659,486)	2,157,876
Total capital assets not being depreciated	1,955,827	1,231,336	(659,486)	2,527,677
Capital assets, being depreciated:				
Buildings	84,528	20,265	-	104,793
Machinery and equipment	2,486,294	423,143	(95,445)	2,813,992
Infrastructure	51,433,307	4,025,736	(850,353)	54,608,690
Total capital assets being depreciated	54,004,129	4,469,144	(945,798)	57,527,475
Less accumulated depreciation for:				
Buildings	(12,480)	(7,723)	-	(20,203)
Machinery and equipment	(1,024,538)	(259,057)	95,445	(1,188,150)
Infrastructure	(17,937,764)	(2,647,968)	850,353	(19,735,379)
Total accumulated depreciation	(18,974,782)	(2,914,748)	945,798	(20,943,732)
Total capital assets, being depreciated, net	35,029,347	1,554,396	-	36,583,743
	<u>\$ 36,985,174</u>	<u>2,785,732</u>	<u>(659,486)</u>	<u>39,111,420</u>

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

Governmental activities:	
General government	\$ 79,415
Public safety	514,449
Highways and streets, including depreciation of general infrastructure assets	1,226,975
Planning	11,316
Culture and recreation	825,419
Solid waste	23,238
Maintenance	33,857
Total depreciation expense - governmental activities	<u>\$ 2,714,669</u>
Business-type activities:	
Water and sewer	\$ 2,750,526
Drainage	164,222
Total depreciation expense - business-type activities	<u>\$ 2,914,748</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, 2017. At year-end, the City's construction commitments for governmental activities are as follows:

Project Title	Expended to Date	Remaining Commitment
Sparta/Commerce Engineering and ROW	\$ 341,903	15,406
Sparta/Commerce Construction	1,898,092	1,155,873
Sidewalks - S Main	91,508	376,995
South Main Water Line and Sidewalks	134,546	32,889
TIRZ Street Improvements	303,232	22,041
PD Renovation	490,704	122,948
Chisholm Trail Hike & Bike Phase II	119,888	364,918
Total	<u>\$ 3,379,873</u>	<u>2,091,070</u>

The projects will be financed with available resources.

At September 30, 2017, the City's construction commitments for business-type activities are as follows:

Project Title	Expended to Date	Remaining Commitment
SCADA Sytem Upgrade	\$ 7,611	2,254
Wireless Tower Installation	975	3,884
N Belton Water Tank Engineering	58,166	75,297
N Belton Water Tank Line Engineering	20,142	50,158
Sparta Road Pump Station	6,187	11,885
S. Main Water (Ave C to J)	579,792	117,096
TBWWTP Redevelopment Phase I	991,633	392,092
South Belton Sewer - Design	493,370	61,241
Total	<u>\$ 2,157,876</u>	<u>713,907</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, 2017, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 877,834	-	-	877,834
Construction in progress	-	226,360	-	226,360
Total capital assets not being depreciated	877,834	226,360	-	1,104,194
Capital assets, being depreciated:				
Buildings	1,261,523	-	-	1,261,523
Infrastructure	2,937,556	-	-	2,937,556
Total capital assets being depreciated	4,199,079	-	-	4,199,079
Less accumulated depreciation for:				
Buildings	(235,113)	(39,411)	-	(274,524)
Infrastructure	(1,582,493)	(148,217)	-	(1,730,710)
Total accumulated depreciation	(1,817,606)	(187,628)	-	(2,005,234)
Total capital assets, being depreciated, net	2,381,473	(187,628)	-	2,193,845
	<u>\$ 3,259,307</u>	<u>38,732</u>	<u>-</u>	<u>3,298,039</u>

At September 30, 2017, the City's construction commitments for the discretely presented component unit are as follows:

Project Title	Expended to Date	Remaining Commitment
Building 117 N East Street	\$ 175,310	250,000
Avenue D Engineering	51,050	256,950
Total	<u>\$ 226,360</u>	<u>506,950</u>

The projects will be financed with available resources.

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

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

VI. Long-Term Debt (continued)

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, 2017:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 14,384,652	2,270,000	(3,126,825)	13,527,827	1,010,538
Premium	33,297	-	(2,868)	30,429	-
Net pension liability	2,098,176	540,933	(536,672)	2,102,437	-
Compensated absences	1,049,108	604,324	(562,161)	1,091,271	362,441
	<u>\$ 17,565,233</u>	<u>3,415,257</u>	<u>(4,228,526)</u>	<u>16,751,964</u>	<u>1,372,979</u>
Business-type activities:					
General obligation and revenue bonds	\$ 12,072,193	10,935,000	(2,330,025)	20,677,168	959,462
Premium	267,819	286,635	(37,214)	517,240	-
Net pension liability	395,913	101,406	(103,187)	394,132	-
Compensated absences	55,460	51,667	(50,473)	56,654	38,091
	<u>\$ 12,791,385</u>	<u>11,374,708</u>	<u>(2,520,899)</u>	<u>21,645,194</u>	<u>997,553</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, 2017, 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%	\$ 1,065,000
\$4,500,000 Series 2005 general obligation bonds due in annual installments of \$140,000 to \$275,000 through 2025; interest at 3.54%	1,865,000
\$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%	957,827

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

VI. Long-Term Debt (continued)

\$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%	\$ 6,390,000
\$1,070,000 Series 2015 combination tax and revenue certificates of obligation due in annual installments of \$45,000 to \$65,000 through 2035; interest at 2.77%	980,000
\$2,270,000 Series 2017 general obligation refunding certificates of obligation due in annual installments of \$135,000 to \$175,000 through 2027; interest at 4.13%	<u>2,270,000</u>
	<u>\$ 13,527,827</u>

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

<u>Year Ended</u> <u>September 30, 2017</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 1,010,538	408,150
2019	1,079,251	379,404
2020	1,142,963	348,062
2021	1,196,675	314,261
2022	1,226,675	278,457
2023-2027	4,369,062	910,721
2028-2032	2,787,663	365,625
2033-2037	<u>715,000</u>	<u>27,705</u>
	<u>\$ 13,527,827</u>	<u>3,032,385</u>

Long-term debt of the City's business-type activities at September 30, 2017, 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%	\$ 1,650,000
\$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%	332,168

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%	\$ 7,900,000
\$9,585,000 Series 2016 combination tax and revenue certificates of obligation due in annual installments of \$85,000 to \$665,000 through 2036; interest at 3.00%	9,445,000
\$1,350,000 Series 2017 general obligation refunding certificates of obligation due in annual installments of \$105,000 to \$170,000 through 2027; interest at 4.13%	<u>1,350,000</u>
	<u>\$ 20,677,168</u>

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

<u>Year Ended</u> <u>September 30, 2017</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 959,462	597,279
2019	995,750	570,638
2020	1,022,037	542,739
2021	1,048,325	513,596
2022	1,073,325	483,249
2023-2027	5,915,938	1,957,829
2028-2032	5,522,331	1,104,665
2033-2037	<u>4,140,000</u>	<u>290,550</u>
	<u>\$ 20,677,168</u>	<u>6,060,545</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, 2017:

City of Belton, Texas

Notes to Financial Statements
(Continued)

VI. Long-Term Debt (continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
General obligation bonds	\$ 88,154	-	(88,154)	-	-
Net pension liability	44,114	15,229	(12,060)	47,283	-
	<u>\$ 132,268</u>	<u>15,229</u>	<u>(100,214)</u>	<u>47,283</u>	<u>-</u>

VII. Interfund Transfers

Interfund transfers for 2017 are as follows:

	<u>Transfers in</u>			
	<u>General</u>	<u>Water and Sewer</u>	<u>Other Nonmajor Governmental</u>	<u>Total</u>
Transfers out:				
General	\$ -	-	1,460,923	1,460,923
Other nonmajor governmental	82,413	140,599	-	223,012
Water and sewer	448,379	-	215,129	663,508
Drainage	-	-	252,077	252,077
	<u>\$ 530,792</u>	<u>140,599</u>	<u>1,928,129</u>	<u>2,347,443</u>

Transfers are used to: (1) move revenues from the fund responsible for collecting them to the fund responsible for expending them as required by statute or budget; and (2) move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

VIII. Employee Benefits

Pension Plan

Plan Description - The City participates as one of 872 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

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

VIII. Employee Benefits (continued)

Pension Plan (continued)

and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report ("CAFR") that can be obtained at www.tmrs.com.

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, 2016 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	80
Inactive employees entitled to but not yet receiving benefits	128
Active employees	164

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 (EAN) 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 7.71% and 7.01% in calendar years 2017 and 2016, respectively. The City's contributions to TMRS for the year ended September 30, 2017 were \$586,051 and were equal to the required contributions.

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

VIII. Employee Benefits (continued)

Pension Plan (continued)

Net Pension Liability – The City’s net pension liability was measured as of December 31, 2016, 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, 2016 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%. Based on the size of the City, rates are multiplied by an additional factor of 100%. 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 set-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.

Actuarial assumptions used in the December 31, 2016 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 (EAN) actuarial cost method. Assumptions are reviewed annually. 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

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

VIII. Employee Benefits (continued)

Pension Plan (continued)

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). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2017 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%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	4.15%
Real Return	10.0%	4.15%
Real Estate	10.0%	4.75%
Absolute Return	10.0%	4.00%
Private Equity	<u>5.0%</u>	7.75%
Total	<u>100.0%</u>	

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.

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

VIII. Employee Benefits (continued)

Pension Plan (continued)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at December 31, 2015	\$ 20,192,117	17,653,914	2,538,203
Changes for the year:			
Service cost	862,169	-	862,169
Interest	1,361,691	-	1,361,691
Difference between expected and actual experience	(111,361)	-	(111,361)
Contributions - employer	-	536,111	(536,111)
Contributions - employee	-	391,895	(391,895)
Net investment income	-	1,193,044	(1,193,044)
Benefit payments, including refunds of employee contributions	(900,011)	(900,011)	-
Administrative expense	-	(13,474)	13,474
Other changes	-	(726)	726
Net changes	1,212,488	1,206,839	5,649
Balance at December 31, 2016	\$ 21,404,605	18,860,753	2,543,852

\$47,283 of the net pension liability of \$2,543,852 is the liability of the Development Corporation, the discretely presented component unit. Detailed information regarding the deferred outflows and inflows of resources related to pensions of the component unit can be found in Note IX.

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

	1% Decrease (5.75%)	Current Rate Assumption (6.75%)	1% Increase (7.75%)
City's net pension liability	\$ 5,798,393	2,543,852	(87,265)

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.tmrs.com.

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**

For the year ended September 30, 2017, the City recognized pension expense of \$936,662.

At September 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ -	190,385
Difference between projected and actual investment earnings	811,081	1,124
Difference in assumption changes	196,948	-
Contributions subsequent to the measurement date	<u>463,119</u>	<u>-</u>
Total	<u>\$ 1,471,148</u>	<u>191,509</u>

The \$463,119 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, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	
2018	\$ 282,136
2019	301,713
2020	250,733
2021	<u>(18,062)</u>
Total	<u>\$ 816,520</u>

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

VIII. Employee Benefits (continued)

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, 2017, 2016 and 2015, were \$12,689, \$13,501, and \$13,578, 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, 2017:

	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:					
Pension - post measurement date contributions	\$ 382,757	71,754	8,608	-	-
Pension - net differences between projected and actual earnings	670,340	125,665	15,076	-	-
Pension - differences in assumption changes	162,772	30,515	3,661	-	-
	<u>\$ 1,215,869</u>	<u>227,934</u>	<u>27,345</u>	<u>-</u>	<u>-</u>

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 inflows of resources:					
Unavailable revenue - property taxes	\$ -	-	-	433,161	26,495
Pension - net differences between projected and actual earnings	928	175	21	-	-
Pension - net differences between expected and actual experience	157,349	29,497	3,539	-	-
	<u>\$ 158,277</u>	<u>29,672</u>	<u>3,560</u>	<u>433,161</u>	<u>26,495</u>

Deferred Outflows of Resources. 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 four years and three 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 projected and actual earnings and expected and actual experience will be recognized in pension expense over four years and the average of the expected remaining service lives of all active employees, respectively.

X. Risk Management

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

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

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 \$2.5 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, 2017, was \$33,800.

Also, the City has entered into a long-term agreement to purchase water from Bell County Water Control and Improvement District No. 1 (the “District”). The District serves six civilian resale customers (cities and water districts) and the Fort Hood Military Reservation. Under the agreement, the City pays its proportionate share of fixed capital costs (debt service) and operating costs (purchasing, producing, treating and delivering water) of the District. Consequently, the price of the water will vary over the term of the agreement. In addition to capital and operating costs, the contract with the District requires the City to pay for water rights, both for water currently being used (election use water) and for rights to future water (option water). The cost of option water is paid whether or not the City actually withdraws the full amount of water to which it is entitled. The cost of both election use and option water may be adjusted annually each year based on changes in the consumer price index. The agreement remains in effect until all bonds of the District are repaid, currently 2018. Charges for water under the agreement for the year ended September 30, 2017, were \$1,412,639.

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

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

XI. Commitments and Contingencies (continued)

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, 2017, was \$373,099.

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. Tax Abatements

The City enters into ad valorem tax abatement agreements with businesses pursuant to its Tax Abatement Policy and Texas Tax Code Chapter 311, Texas Tax Code Chapter 312, Texas Local Government Code Chapter 380 and Section 52-a of the State Constitution of Texas. Under its policy, the City may grant ad valorem tax abatements up to 100% of a business's ad valorem tax bill for the purpose of the promotion of high quality commercial and industrial development in all parts of the City, and an ongoing improvement of the quality of life of its citizens.

For the fiscal year ended September 30, 2017, the City abated ad valorem taxes totaling \$58,595, as detailed below:

- A 40 % ad valorem tax abatement on certain improvements to Associated Supply Company, Inc. for the construction of a new facility and the creation of 12 – 30 permanent jobs. The fiscal year 2017 abatement amounted to \$2,511. The City may recapture the abated taxes should Associated Supply Company, Inc. become delinquent in its payment to the City of any ad valorem taxes not abated or breach any other terms set forth in the abatement agreement.
- A 100 % ad valorem tax abatement on certain improvements to CGI Technologies, Inc. for the construction of a new facility. The fiscal year 2017 abatement amounted to \$23,981. The City may recapture the abated taxes should CGI Technologies, Inc. become delinquent in its payment to the City of any ad valorem taxes not abated or breach any other terms set forth in the abatement agreement.

City of Belton, Texas

Notes to Financial Statements
(Continued)

XIII. Tax Abatements (continued)

- A 100% ad valorem tax abatement on certain improvements to CMH Manufacturing, Inc. for the modernization/expansion of a new facility and the creation of 175 permanent jobs for a total of 385 permanent jobs. The fiscal year 2017 abatement amounted to \$8,328. The City may recapture the abated taxes should CMH Manufacturing, Inc. become delinquent in its payment to the City of any ad valorem taxes not abated, fall below the 175 additional permanent job threshold for an extended period of time or breach any other terms set forth in the abatement agreement.
- A 100 % ad valorem tax abatement on certain equipment to Wire Rope Industries USA, Inc. for the purchase and installation of new equipment and the creation of 4 permanent jobs for a total of 22 permanent jobs. The fiscal year 2017 abatement amounted to \$23,775. The City may recapture the abated taxes should Wire Rope Industries USA, Inc. become delinquent in its payment to the City of any ad valorem taxes not abated, fall below 18 permanent jobs for an extended period of time or breach any other terms set forth in the abatement agreement.

XIV. Authoritative Pronouncements Not Yet Effective

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

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (issued June 2015) – the objective of this statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (“OPEB”) and to improve information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2017.

GASB Statement No. 83, Certain Asset Retirement Obligations (issued November 2016) – the objective of this statement is to enhance comparability of financial statements among governments by establishing uniform criteria for governments to recognize and measure certain asset retirement obligations, including obligations that may not have been previously reported. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2018.

City of Belton, Texas

Notes to Financial Statements
(Continued)

XIV. Authoritative Pronouncements Not Yet Effective (continued)

GASB Statement No. 84, *Fiduciary Activities* (issued January 2017) – the objective of this statement is to enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2018.

GASB Statement No. 85, *Omnibus 2017* (issued March 2017) - the objective of this statement is to address practice issues that have been identified during implementation and application of certain GASB statements. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits). The requirements of this statement are effective for financial statements for periods beginning after June 15, 2017.

GASB Statement No. 86, *Certain Debt Extinguishment Issues* (issued May 2017) – the objective of this statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. The statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2017.

GASB Statement No. 87, *Leases* (issued June 2017) – the objective of this statement is to increase the usefulness of governments' financial statements by requiring reporting of certain lease liabilities that currently are not reported. It will enhance comparability of financial statements among governments by requiring lessees and lessors to report leases under a single model. The statement will also require notes to financial statements related to the timing, significance, and purpose of a government's leasing arrangements. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2019.



Required Supplementary Information



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

	December 31,		
	2016	2015	2014
Total Pension Liability			
Service cost	\$ 862,169	826,770	697,959
Interest (on the Total Pension Liability)	1,361,691	1,307,310	1,245,375
Difference between expected and actual experience	(111,361)	(80,818)	(172,175)
Changes of assumptions	-	351,416	-
Benefit payments, including refunds of employee contributions	(900,011)	(950,060)	(951,498)
Net change in Total Pension Liability	1,212,488	1,454,618	819,661
Total Pension Liability - beginning	20,192,117	18,737,499	17,917,838
Total Pension Liability - ending (a)	<u>\$ 21,404,605</u>	<u>20,192,117</u>	<u>18,737,499</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 536,111	561,505	476,627
Contributions - employee	391,895	397,104	359,990
Net investment income	1,193,044	26,023	961,087
Benefit payments, including refunds of employee contributions	(900,011)	(950,060)	(951,498)
Administrative expense	(13,474)	(15,851)	(10,034)
Other	(726)	(783)	(825)
Net change in Plan Fiduciary Net Position	1,206,839	17,938	835,347
Plan Fiduciary Net Position - beginning	17,653,914	17,635,976	16,800,629
Plan Fiduciary Net Position - ending (b)	<u>\$ 18,860,753</u>	<u>17,653,914</u>	<u>17,635,976</u>
Net Pension Liability - ending (a) - (b)	\$ 2,543,852	2,538,203	1,101,523
Plan Fiduciary Net Position as a percentage of Total Pension Liability	88.12%	87.43%	94.12%
Covered payroll	\$ 7,837,901	7,942,074	7,199,806
Net Pension Liability as a percentage of covered payroll	32.46%	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	2017
Actuarially Determined Contributions	\$ 527,669	542,064	586,051
Contributions in relation to the actuarially determined contributions	<u>527,669</u>	<u>542,064</u>	<u>586,051</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>
Covered payroll	\$ 7,561,577	7,865,451	7,928,962
Contributions as a percentage of covered payroll	7.0%	6.9%	7.4%

City of Belton, Texas
Schedule of Contributions –
Employees’ Pension Plan
(continued)

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
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Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of payroll, Closed
Remaining Amortization Period	29 years
Asset Valuation Method	10 year smoothed market, 15% soft corridor
Inflation	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
Mortality	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.
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.

Special Events Fund: This fund is used to account for events hosted by the City and funded in whole or in part by hotel occupancy tax with the intent to increase overnight tourism.

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.

Tree Mitigation Fund: This fund accounts for fees paid by developers for the removal of the City's heritage trees. Expenditures are made in accordance with the City's tree mitigation code.

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.

Major Street Maintenance Fund: This fund accounts for the repavement and improvement street projects under the City's preventative maintenance program.

City of Belton, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2017

	Special Revenue													
	Greathouse Public Trust	Hotel/ Motel Tax	TIRZ	Court Technology	Court Security	TDHCA Home Grants	Special Events	Total	General Capital Projects	General Capital Equipment	Park Donation	Tree Mitigation	2013 Certificates of Obligation- TIRZ	9th Avenue Extension
Assets														
Cash and cash equivalents	\$ 68,645	70,950	177,468	9	38,167	18,834	1,600	375,673	247,657	525,266	7,078	40,131	1,344,645	-
Receivables	-	36,701	-	-	-	-	-	36,701	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	11,900	-	11,900	-	-	-	-	-	-
Total assets	<u>\$ 68,645</u>	<u>107,651</u>	<u>177,468</u>	<u>9</u>	<u>38,167</u>	<u>30,734</u>	<u>1,600</u>	<u>424,274</u>	<u>247,657</u>	<u>525,266</u>	<u>7,078</u>	<u>40,131</u>	<u>1,344,645</u>	<u>-</u>
Liabilities and Fund Balances														
Liabilities:														
Accounts and retainages payable	\$ -	8,309	427	-	200	11,900	2,184	23,020	9,478	7,540	61	-	182,574	-
Accrued liabilities	-	580	-	-	-	-	-	580	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	11,800	-	11,800	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>8,889</u>	<u>427</u>	<u>-</u>	<u>200</u>	<u>23,700</u>	<u>2,184</u>	<u>35,400</u>	<u>9,478</u>	<u>7,540</u>	<u>61</u>	<u>-</u>	<u>182,574</u>	<u>-</u>
Fund balances:														
Restricted	68,645	98,762	177,041	9	37,967	-	-	382,424	-	-	7,017	-	1,162,071	-
Committed	-	-	-	-	-	7,034	-	7,034	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	238,179	517,726	-	40,131	-	-
Unassigned	-	-	-	-	-	-	(584)	(584)	-	-	-	-	-	-
Total fund balances	<u>68,645</u>	<u>98,762</u>	<u>177,041</u>	<u>9</u>	<u>37,967</u>	<u>7,034</u>	<u>(584)</u>	<u>388,874</u>	<u>238,179</u>	<u>517,726</u>	<u>7,017</u>	<u>40,131</u>	<u>1,162,071</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 68,645</u>	<u>107,651</u>	<u>177,468</u>	<u>9</u>	<u>38,167</u>	<u>30,734</u>	<u>1,600</u>	<u>424,274</u>	<u>247,657</u>	<u>525,266</u>	<u>7,078</u>	<u>40,131</u>	<u>1,344,645</u>	<u>-</u>

City of Belton, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
(continued)

Exhibit C-1

Capital Projects														Total Nonmajor Governmental Funds
TIRZ Capital Projects	Nolan Creek	2013 Certificates of Obligation	Chisholm Trail	Fire Department Equipment Replacement	9th Avenue	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	Major Street Maintenance	Total	
246,505	800	169,705	-	86,363	-	71,191	52,166	84,141	41,828	42,860	250,854	563,164	3,774,354	4,150,027
-	-	-	-	132	-	-	-	-	-	-	-	-	132	36,833
16,690	-	-	-	-	-	-	-	-	-	-	-	-	16,690	28,590
<u>263,195</u>	<u>800</u>	<u>169,705</u>	<u>-</u>	<u>86,495</u>	<u>-</u>	<u>71,191</u>	<u>52,166</u>	<u>84,141</u>	<u>41,828</u>	<u>42,860</u>	<u>250,854</u>	<u>563,164</u>	<u>3,791,176</u>	<u>4,215,450</u>
4,430	800	20,778	-	-	-	71,191	-	-	-	-	5,326	-	302,178	325,198
-	-	-	-	-	-	-	-	-	-	-	-	-	-	580
-	-	-	-	-	-	-	-	-	-	-	-	-	-	11,800
<u>4,430</u>	<u>800</u>	<u>20,778</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>71,191</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,326</u>	<u>-</u>	<u>302,178</u>	<u>337,578</u>
258,765	-	148,927	-	-	-	-	-	-	-	-	-	-	1,576,780	1,959,204
-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,034
-	-	-	-	86,495	-	-	52,166	84,141	41,828	42,860	245,528	563,164	1,912,218	1,912,218
-	-	-	-	-	-	-	-	-	-	-	-	-	-	(584)
<u>258,765</u>	<u>-</u>	<u>148,927</u>	<u>-</u>	<u>86,495</u>	<u>-</u>	<u>-</u>	<u>52,166</u>	<u>84,141</u>	<u>41,828</u>	<u>42,860</u>	<u>245,528</u>	<u>563,164</u>	<u>3,488,998</u>	<u>3,877,872</u>
<u>263,195</u>	<u>800</u>	<u>169,705</u>	<u>-</u>	<u>86,495</u>	<u>-</u>	<u>71,191</u>	<u>52,166</u>	<u>84,141</u>	<u>41,828</u>	<u>42,860</u>	<u>250,854</u>	<u>563,164</u>	<u>3,791,176</u>	<u>4,215,450</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, 2017

	Special Revenue													
	Greathouse Public Trust	Hotel/ Motel Tax	TIRZ	Court Technology	Court Security	TDHCA Home Grants	Special Events	Total	General Capital Projects	General Capital Equipment	Park Donation	Tree Mitigation	2013 Certificates of Obligation - TIRZ	9th Avenue Extension
Revenues:														
Ad valorem taxes	\$ -	-	728,569	-	-	-	-	728,569	-	-	-	-	-	-
Hotel/motel taxes	-	167,691	-	-	-	-	-	167,691	-	-	-	-	-	-
Intergovernmental	-	-	464,376	-	-	194,800	-	659,176	-	-	-	-	-	-
Fines	-	-	-	10,780	8,070	-	-	18,850	-	-	-	-	-	-
Interest	175	460	5,409	(93)	333	158	(3)	6,439	2,114	2,814	91	169	16,508	1,009
Contributions and donations	-	-	-	-	-	-	-	-	24,550	-	5,900	-	190,000	-
Miscellaneous revenue	-	15,206	-	-	-	17,591	1,000	33,797	-	-	-	-	-	-
Total revenues	175	183,357	1,198,354	10,687	8,403	212,549	997	1,614,522	26,664	2,814	5,991	169	206,508	1,009
Expenditures:														
Current:														
General government	-	54,232	-	14,238	1,586	-	-	70,056	5,659	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	7,508	17,689	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-	-	-	-	-	-	157
Planning	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	55,990	3,370	77	166	-	-
Economic development	-	41,529	40,000	-	-	208,986	12,971	303,486	-	-	-	-	-	-
Maintenance services	-	-	-	-	-	-	-	-	-	11,168	-	-	-	-
Debt service:														
Principal	-	-	260,000	-	-	-	-	260,000	-	-	-	-	-	-
Interest and fiscal charges	-	-	82,350	-	-	-	-	82,350	-	-	-	-	-	-
Bond issuance costs	-	-	11,877	-	-	-	-	11,877	-	-	-	-	-	-
Capital outlay	158,114	-	-	-	-	18,209	-	176,323	132,630	68,282	18,000	-	2,039,987	24,359
Total expenditures	158,114	95,761	394,227	14,238	1,586	227,195	12,971	904,092	201,787	100,509	18,077	166	2,039,987	24,516
Excess (deficiency) of revenues over (under) expenditures	(157,939)	87,596	804,127	(3,551)	6,817	(14,646)	(11,974)	710,430	(175,123)	(97,695)	(12,086)	3	(1,833,479)	(23,507)
Other financing sources (uses):														
Insurance proceeds	-	-	-	-	-	-	-	-	20,680	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	110	-	-	-	-
Proceeds from debt issuance	-	-	20,000	-	-	-	-	20,000	-	-	-	-	-	-
Transfers in	63,827	-	-	8,390	-	-	11,390	83,607	88,649	206,187	-	40,128	873,121	-
Transfers out	-	(64,294)	(956,658)	-	(5,143)	-	-	(1,026,095)	(40,128)	-	-	-	-	(202,316)
Total other financing sources (uses)	63,827	(64,294)	(936,658)	8,390	(5,143)	-	11,390	(922,488)	69,201	206,297	-	40,128	873,121	(202,316)
Net change in fund balances	(94,112)	23,302	(132,531)	4,839	1,674	(14,646)	(584)	(212,058)	(105,922)	108,602	(12,086)	40,131	(960,358)	(225,823)
Fund balances, October 1	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
Fund balances, September 30	\$ 68,645	98,762	177,041	9	37,967	7,034	(584)	388,874	238,179	517,726	7,017	40,131	1,162,071	-

See accompanying independent auditor's report.

City of Belton, Texas
Combining Statement of Revenues, Expenditures,
And Change in Fund Balance
Nonmajor Governmental Funds
(continued)

Capital Projects														
TIRZ Capital Projects	Nolan Creek	2013 Certificates of Obligation	Chisholm Trail	Fire Department Equipment Replacement	9th Avenue	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	Major Street Maintenance	Total	Total Nonmajor Governmental Funds
-	-	-	-	-	-	-	-	-	-	-	-	-	-	728,569
-	-	-	-	-	-	-	-	-	-	-	-	-	-	167,691
16,690	-	-	-	-	19,487	-	-	-	-	-	-	-	36,177	695,353
-	-	-	-	-	-	-	-	-	-	-	-	-	-	18,850
5,054	9	3,823	(1,069)	224	25	3,167	(374)	(33)	284	271	2,596	2,650	39,332	45,771
-	-	-	-	-	-	4,026	-	-	-	-	30,000	-	254,476	254,476
-	-	300	-	-	-	-	-	-	-	-	-	-	300	34,097
21,744	9	4,123	(1,069)	224	19,512	7,193	(374)	(33)	284	271	32,596	2,650	330,285	1,944,807
-	-	-	-	-	-	-	-	-	12,535	-	-	-	18,194	88,250
-	-	200	-	-	-	-	-	-	10,904	-	-	-	36,301	36,301
-	-	-	-	-	-	587,329	-	-	-	-	-	839,742	1,427,228	1,427,228
-	-	-	-	-	-	-	-	-	4,457	-	-	-	4,457	4,457
5,231	2,163	-	-	-	-	-	-	-	4,452	-	1,250	-	72,699	72,699
153,253	-	-	-	-	-	-	-	-	-	-	-	-	153,253	456,739
-	-	-	-	-	-	-	-	-	-	-	-	-	11,168	11,168
-	-	-	-	-	-	-	-	-	-	-	-	-	-	260,000
-	-	-	-	-	-	-	-	-	-	-	-	-	-	82,350
-	-	-	-	-	-	-	-	-	-	-	-	-	-	11,877
586,808	0	645,975	-	67,269	25,901	-	190,039	231,191	-	7,520	102,157	43,365	4,183,483	4,359,806
745,292	2,163	646,175	-	67,269	25,901	587,329	190,039	231,191	32,348	7,520	103,407	883,107	5,906,783	6,810,875
(723,548)	(2,154)	(642,052)	(1,069)	(67,045)	(6,389)	(580,136)	(190,413)	(231,224)	(32,064)	(7,249)	(70,811)	(880,457)	(5,576,498)	(4,866,068)
-	-	-	-	-	-	-	-	-	-	-	-	-	20,680	20,680
-	-	-	-	1,130	-	-	7,425	7,385	-	-	-	-	16,050	16,050
-	-	-	-	-	-	-	-	-	-	-	-	-	-	20,000
770,082	-	30,000	171,920	135,705	-	-	210,471	232,650	30,145	20,375	-	1,443,621	4,253,054	4,336,661
(576,514)	(476)	-	-	-	(245,422)	(540,593)	-	-	-	-	-	-	(1,605,449)	(2,631,544)
193,568	(476)	30,000	171,920	136,835	(245,422)	(540,593)	217,896	240,035	30,145	20,375	-	1,443,621	2,684,335	1,761,847
(529,980)	(2,630)	(612,052)	170,851	69,790	(251,811)	(1,120,729)	27,483	8,811	(1,919)	13,126	(70,811)	563,164	(2,892,163)	(3,104,221)
788,745	2,630	760,979	(170,851)	16,705	251,811	1,120,729	24,683	75,330	43,747	29,734	316,339	-	6,381,161	6,982,093
258,765	-	148,927	-	86,495	-	-	52,166	84,141	41,828	42,860	245,528	563,164	3,488,998	3,877,872

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, 2017

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget
	<u>Original</u>	<u>Final</u>		
Revenues:				
Hotel/motel taxes	\$ 154,900	154,900	167,691	12,791
Interest	100	100	460	360
Miscellaneous	-	-	15,206	15,206
Total revenues	<u>155,000</u>	<u>155,000</u>	<u>183,357</u>	<u>28,357</u>
Expenditures:				
General government	-	-	54,232	(54,232)
Economic development	<u>155,000</u>	<u>207,904</u>	<u>41,529</u>	<u>166,375</u>
Total expenditures	<u>155,000</u>	<u>207,904</u>	<u>95,761</u>	<u>112,143</u>
Excess of revenues over expenditures	<u>-</u>	<u>(52,904)</u>	<u>87,596</u>	<u>140,500</u>
Other financing sources (uses):				
Transfers out	<u>-</u>	<u>-</u>	<u>(64,294)</u>	<u>64,294</u>
Net change in fund balance	-	(52,904)	23,302	76,206
Fund balance, October 1	<u>75,460</u>	<u>75,460</u>	<u>75,460</u>	<u>-</u>
Fund balance, September 30	<u>\$ 75,460</u>	<u>22,556</u>	<u>98,762</u>	<u>76,206</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, 2017

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 1,067,353	1,067,353	1,074,342	6,989
Interest	1,500	1,500	5,780	4,280
Total revenues	<u>1,068,853</u>	<u>1,068,853</u>	<u>1,080,122</u>	<u>11,269</u>
Expenditures:				
Principal	646,825	646,825	646,824	1
Interest and fiscal charges	422,028	422,028	428,238	(6,210)
Bond issuance costs	-	30,000	23,805	6,195
Total expenditures	<u>1,068,853</u>	<u>1,098,853</u>	<u>1,098,867</u>	<u>(14)</u>
Excess of revenues over expenditures	<u>-</u>	<u>(30,000)</u>	<u>(18,745)</u>	<u>11,255</u>
Other financing sources (uses):				
Proceeds from issuance of debt	<u>-</u>	<u>30,000</u>	<u>30,000</u>	<u>-</u>
Net change in fund balance	-	-	11,255	11,255
Fund balance, October 1	<u>158,685</u>	<u>158,685</u>	<u>158,685</u>	<u>-</u>
Fund balance, September 30	<u>\$ 158,685</u>	<u>158,685</u>	<u>169,940</u>	<u>11,255</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, 2017

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 708,762	708,762	728,569	19,807
Intergovernmental	440,919	440,919	464,376	23,457
Interest	1,875	1,875	5,409	3,534
Total revenues	<u>1,151,556</u>	<u>1,151,556</u>	<u>1,198,354</u>	<u>46,798</u>
Expenditures:				
Current:				
Economic development	50,000	252,210	40,000	212,210
Debt service:				
Principal	260,000	260,000	260,000	-
Interest and fiscal charges	80,491	80,491	82,350	(1,859)
Bond issuance costs	-	20,000	11,877	8,123
Total expenditures	<u>390,491</u>	<u>612,701</u>	<u>394,227</u>	<u>218,474</u>
Excess of revenues over expenditures	<u>761,065</u>	<u>538,855</u>	<u>804,127</u>	<u>265,272</u>
Other financing sources (uses):				
Proceeds from debt issuance	-	20,000	20,000	-
Transfers out	<u>(761,065)</u>	<u>(761,065)</u>	<u>(956,658)</u>	<u>(195,593)</u>
Net change in fund balance	-	(202,210)	(132,531)	69,679
Fund balance, October 1	<u>309,572</u>	<u>309,572</u>	<u>309,572</u>	-
Fund balance, September 30	<u>\$ 309,572</u>	<u>107,362</u>	<u>177,041</u>	<u>69,679</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, 2017

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget
Operating revenue:				
Water service	\$ 4,174,198	4,174,198	4,557,170	382,972
Sewer service	2,744,358	2,744,358	2,827,928	83,570
Reconnect and late fees	116,000	116,000	136,227	20,227
Tap fees	130,000	205,000	262,504	57,504
Other	31,600	31,600	72,587	40,987
Total operating revenue	<u>7,196,156</u>	<u>7,271,156</u>	<u>7,856,416</u>	<u>585,260</u>
Operating expenses:				
Salaries and wages	1,118,992	1,096,931	1,057,946	38,985
Employee benefits	322,998	325,059	311,982	13,077
Supplies	93,283	95,172	84,711	10,461
Repairs and maintenance	237,249	235,368	208,196	27,172
Water, sewage treatment, and other charges	2,506,474	2,553,422	2,255,415	298,007
Capital outlay	124,000	199,000	120,872	78,128
Total operating expenses	<u>4,402,996</u>	<u>4,504,952</u>	<u>4,039,122</u>	<u>465,830</u>
Operating income	<u>2,793,160</u>	<u>2,766,204</u>	<u>3,817,294</u>	<u>1,051,090</u>
Nonoperating revenue (expenses):				
Interest revenue	14,000	14,000	50,919	36,919
Bond proceeds	-	30,000	30,000	-
Developer/Owner Contributions	-	-	15,760	15,760
Payments to fiduciary for debt service	(1,567,730)	(1,570,774)	(1,557,752)	13,022
Transfers out	<u>(1,239,015)</u>	<u>(2,461,256)</u>	<u>(2,483,072)</u>	<u>(21,816)</u>
Total nonoperating revenue (expenses)	<u>(2,792,745)</u>	<u>(3,988,030)</u>	<u>(3,944,145)</u>	<u>43,885</u>
Net income (loss)	<u>\$ 415</u>	<u>(1,221,826)</u>	<u>(126,851)</u>	<u>1,094,975</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, 2017

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget
Administration:				
Salaries and wages	\$ 605,077	\$ 584,077	\$ 578,108	5,969
Employee benefits	150,455	150,455	156,548	(6,093)
Supplies	26,646	22,851	22,033	818
Repairs and maintenance	55,959	60,454	58,892	1,562
Other charges	219,006	265,262	168,522	96,740
Capital outlay	-	-	-	-
Debt service	1,567,730	1,570,774	1,557,752	13,022
Transfers	10,089	10,089	10,089	-
Total administration	<u>2,634,962</u>	<u>2,663,962</u>	<u>2,551,944</u>	<u>112,018</u>
Water:				
Salaries and wages	329,914	329,463	292,250	37,213
Employee benefits	110,269	110,720	96,662	14,058
Supplies	28,080	32,764	35,339	(2,575)
Repairs and maintenance	117,100	115,724	111,480	4,244
Other charges	84,154	84,846	85,393	(547)
Cost of water	1,502,918	1,502,918	1,484,367	18,551
Capital outlay	87,000	164,150	120,872	43,278
Transfers	558,327	558,327	580,143	(21,816)
Total water	<u>2,817,762</u>	<u>2,898,912</u>	<u>2,806,506</u>	<u>92,406</u>
Sanitary sewage gathering system:				
Salaries and wages	146,295	145,685	150,838	(5,153)
Employee benefits	49,672	51,282	46,247	5,035
Supplies	28,421	29,421	23,680	5,741
Repairs and maintenance	41,850	36,850	18,510	18,340
Other charges	6,671	6,671	5,117	1,554
Capital outlay	9,000	6,850	-	6,850
Transfers	668,077	668,077	668,077	-
Total sanitary sewage gathering system	<u>949,986</u>	<u>944,836</u>	<u>912,469</u>	<u>32,367</u>
Sewage treatment and disposal:				
Salaries and wages	37,706	37,706	36,750	956
Employee benefits	12,602	12,602	12,525	77
Supplies	10,136	10,136	3,659	6,477
Repairs and maintenance	22,340	22,340	19,314	3,026
Other charges	39,162	39,162	41,403	(2,241)
Charges for sewage treatment	654,563	654,563	470,613	183,950
Capital outlay	28,000	28,000	-	28,000
Transfers	2,522	1,224,763	1,224,763	-
Total sewage treatment and disposal	<u>807,031</u>	<u>2,029,272</u>	<u>1,809,027</u>	<u>220,245</u>
	<u>\$ 7,209,741</u>	<u>8,536,982</u>	<u>8,079,946</u>	<u>457,036</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, 2017

	<u>Bond Proceeds</u>	<u>Capital Projects</u>	<u>Grant Proceeds</u>	<u>Total</u>
Balance, October 1	\$ 2,780,802	1,441,824	1,963	4,224,589
Receipts:				
Proceeds from issuance of debt	9,867,277	-	-	9,867,277
Transfers from other funds	1,222,241	953,051	-	2,175,292
Sale of City property	-	14,920	-	14,920
Interest income	87,139	6,947	-	94,086
Total receipts	<u>11,176,657</u>	<u>974,918</u>	<u>-</u>	<u>12,151,575</u>
Disbursements:				
Special projects	-	113,603	69	113,672
Bond issuance costs	166,690	-	-	166,690
Capital outlay	541,484	1,084,121	-	1,625,605
Transfers to other funds	<u>-</u>	<u>215,129</u>	<u>-</u>	<u>215,129</u>
Total disbursements	<u>708,174</u>	<u>1,412,853</u>	<u>69</u>	<u>2,121,096</u>
Balance, September 30	\$ <u><u>13,249,285</u></u>	<u><u>1,003,889</u></u>	<u><u>1,894</u></u>	<u><u>14,255,068</u></u>

See accompanying independent auditor's report.

City of Belton, Texas
Drainage Fund
Schedule of Revenue and Expenses –
Budget and Actual – Budgetary Basis
For the Fiscal Year Ended
September 30, 2017

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget
Operating revenue:				
Storm drainage fee	\$ 384,000	384,000	389,231	5,231
Total operating revenue	<u>384,000</u>	<u>384,000</u>	<u>389,231</u>	<u>5,231</u>
Operating expenses:				
Salaries and wages	156,601	156,601	149,283	7,318
Employee benefits	43,458	43,458	47,615	(4,157)
Supplies	15,580	15,080	13,386	1,694
Repairs and maintenance	30,435	39,435	30,890	(8,545)
Other charges	17,437	8,937	3,077	5,860
Total operating expenses	<u>263,511</u>	<u>263,511</u>	<u>244,251</u>	<u>19,260</u>
Operating income	<u>120,489</u>	<u>120,489</u>	<u>144,980</u>	<u>24,491</u>
Nonoperating revenue (expenses):				
Interest revenue	800	800	2,581	1,781
Payments to fiduciary for debt service	(25,062)	(25,062)	(25,095)	(33)
Transfers out	(96,000)	(96,000)	(96,000)	-
Total nonoperating revenue (expenses)	<u>(120,262)</u>	<u>(120,262)</u>	<u>(118,514)</u>	<u>1,748</u>
Net income (loss)	<u>\$ 227</u>	<u>227</u>	<u>26,466</u>	<u>26,239</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, 2017

	<u>Capital Projects</u>	<u>Total</u>
Balance, October 1	\$ 318,974	318,974
Receipts:		
Transactions from operating cash	96,000	96,000
Interest income	<u>1,856</u>	<u>1,856</u>
Total receipts	<u>97,856</u>	<u>97,856</u>
Disbursements:		
Special projects	46,946	46,946
Capital outlay	14,000	14,000
Transfers out	<u>252,077</u>	<u>252,077</u>
Total disbursements	<u>313,023</u>	<u>313,023</u>
Balance, September 30	<u>\$ 103,807</u>	<u>103,807</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	92
<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	102
<i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	
Debt Capacity	107
<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	116
<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	119
<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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Governmental activities				
Net investment in capital				
assets	\$ 10,933,815	12,587,025	12,714,726	14,748,004
Restricted	1,345,488	2,163,662	1,885,924	1,627,859
Unrestricted	<u>8,963,260</u>	<u>5,764,127</u>	<u>6,445,189</u>	<u>6,457,544</u>
Total governmental activities				
net position	<u>\$ 21,242,563</u>	<u>20,514,814</u>	<u>21,045,839</u>	<u>22,833,407</u>
Business-type activities				
Net investment in capital				
assets	\$ 14,406,422	17,596,575	16,942,659	16,962,666
Restricted	-	909,824	438,059	231,106
Unrestricted	<u>4,636,575</u>	<u>3,111,969</u>	<u>4,276,077</u>	<u>4,950,372</u>
Total business-type activities				
net position	<u>\$ 19,042,997</u>	<u>21,618,368</u>	<u>21,656,795</u>	<u>22,144,144</u>
Primary government				
Net investment in capital				
assets	\$ 25,340,237	30,183,600	29,657,385	31,710,670
Restricted	1,345,488	3,073,486	2,323,983	1,858,965
Unrestricted	<u>13,599,835</u>	<u>8,876,096</u>	<u>10,721,266</u>	<u>11,407,916</u>
Total primary government				
net position	<u>\$ 40,285,560</u>	<u>42,133,182</u>	<u>42,702,634</u>	<u>44,977,551</u>

Table I

Fiscal Year					
2012	2013	2014	2015	2016	2017
14,506,537	14,681,745	16,461,658	20,253,143	24,492,141	24,735,870
1,661,938	2,263,468	2,701,028	2,846,948	2,300,596	1,123,142
6,957,744	6,747,744	6,963,750	6,462,523	5,385,680	6,115,680
<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>	<u>31,974,692</u>
16,439,528	17,681,536	18,121,998	21,325,320	27,592,280	31,298,115
33,017	193,212	-	-	-	-
6,123,639	6,542,549	6,334,986	4,941,679	7,176,189	6,348,421
<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>	<u>37,646,536</u>
30,946,065	32,363,281	34,583,656	41,578,463	52,084,421	56,033,985
1,694,955	2,456,680	2,701,028	2,846,948	2,300,596	1,123,142
13,081,383	13,290,293	13,298,736	11,404,202	12,561,869	12,464,101
<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>	<u>69,621,228</u>

(continued)

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

	2008	2009	2010	2011
Expenses				
Governmental activities:				
General government	\$ 898,581	1,083,294	1,155,582	1,312,897
Public safety	4,707,210	4,767,516	5,240,838	5,513,342
Highways and streets	1,713,940	2,044,341	1,709,400	1,786,877
Planning	450,248	416,116	426,329	416,266
Culture and recreation	1,457,177	1,566,358	1,610,093	1,779,825
Solid waste	734,724	767,769	872,479	1,024,826
Economic development	187,144	521,490	218,463	609,974
Maintenance	295,254	322,557	314,162	343,480
Interest	421,903	439,280	451,091	408,622
Total governmental activities expenses	<u>10,866,181</u>	<u>11,928,721</u>	<u>11,998,437</u>	<u>13,196,109</u>
Business-type activities:				
Water and sewer	4,508,443	4,735,194	5,266,330	5,405,274
Drainage	36,456	72,372	152,197	167,411
Total business-type activities expenses	<u>4,508,443</u>	<u>4,807,566</u>	<u>5,418,527</u>	<u>5,572,685</u>
Total primary government expenses	<u>\$ 15,374,624</u>	<u>16,736,287</u>	<u>17,416,964</u>	<u>18,768,794</u>
Program Revenues				
Governmental activities:				
Charges for services:				
Public safety	\$ 1,273,551	1,297,267	1,307,580	1,252,269
Planning	129,943	132,353	150,787	122,596
Culture and recreation	-	-	26,823	40,416
Solid waste	806,446	839,311	1,013,460	1,137,155
Operating grants and contributions	275,047	294,691	631,493	829,734
Capital grants and contributions	180,517	957,519	643,356	1,864,243
Total governmental activities program revenues	<u>2,665,504</u>	<u>3,521,141</u>	<u>3,773,499</u>	<u>5,246,413</u>
Business-type activities:				
Charges for services:				
Water and sewer	4,657,551	5,304,072	4,960,198	6,033,244
Drainage	222,107	333,178	342,930	350,856
Capital grants and contributions	104,623	1,290,398	687,091	730,798
Total business-type activities program revenues	<u>4,984,281</u>	<u>6,927,648</u>	<u>5,990,219</u>	<u>7,114,898</u>
Total primary government program revenues	<u>\$ 7,649,785</u>	<u>10,448,789</u>	<u>9,763,718</u>	<u>12,361,311</u>
Net (expense)/revenue				
Governmental activities	\$ (8,200,677)	(8,407,580)	(8,224,938)	(7,949,696)
Business-type activities	<u>445,306</u>	<u>2,120,082</u>	<u>571,692</u>	<u>1,550,699</u>
Total primary government net expense	<u>\$ (7,755,371)</u>	<u>(6,287,498)</u>	<u>(7,653,246)</u>	<u>(6,398,997)</u>

Table II

Fiscal Year					
2012	2013	2014	2015	2016	2017
1,384,187	1,379,902	1,542,268	1,534,183	1,689,517	1,717,750
5,646,348	6,081,978	6,274,184	6,513,269	7,542,557	7,270,358
1,878,313	1,918,580	1,979,832	2,176,849	2,092,553	3,595,036
340,545	389,280	349,526	352,821	346,111	394,218
1,940,672	1,562,517	1,700,193	1,873,363	2,174,373	2,288,188
992,345	1,023,909	996,945	1,039,691	1,096,528	1,149,978
456,987	231,829	461,622	180,440	209,272	456,739
448,480	444,230	400,394	398,974	432,894	499,933
387,912	466,056	552,290	540,242	524,277	530,523
13,475,789	13,498,281	14,257,254	14,609,832	16,108,082	17,902,723
5,586,624	5,689,098	5,577,444	5,912,553	6,612,667	7,587,275
207,911	253,212	312,075	280,317	438,375	467,002
5,794,535	5,942,310	5,889,519	6,192,870	7,051,042	8,054,277
19,270,324	19,440,591	20,146,773	20,802,702	23,159,124	25,957,000
1,544,949	1,503,586	1,577,432	1,744,958	1,656,931	1,724,140
163,410	223,636	205,792	188,172	221,395	331,412
43,835	57,923	71,857	76,672	83,249	84,260
1,166,276	1,198,447	1,191,335	1,207,841	1,271,762	1,330,093
640,097	645,933	646,637	747,749	1,044,637	1,031,482
805,335	1,113,389	2,283,115	3,758,025	2,783,748	1,756,063
4,363,902	4,742,914	5,976,168	7,723,417	7,061,722	6,257,450
5,833,008	5,914,912	5,550,825	6,164,279	6,898,744	7,857,459
349,273	360,008	367,956	360,021	377,991	389,231
377,895	1,242,591	348,298	1,764,757	8,588,839	3,296,277
6,560,176	7,517,511	6,267,079	8,289,057	15,865,574	11,542,967
10,924,078	12,260,425	12,243,247	16,012,474	22,927,296	17,800,417
(9,111,887)	(8,755,367)	(8,281,086)	(6,886,415)	(9,046,360)	(11,645,273)
774,522	1,575,201	377,560	2,096,187	8,814,532	3,488,690
(8,337,365)	(7,180,166)	(7,903,526)	(4,790,228)	(231,828)	(8,156,583)

(continued)

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

	2008	2009	2010	2011
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	\$ 4,080,884	4,494,474	4,655,052	4,791,388
Sales taxes	2,170,770	2,178,236	2,223,209	2,323,032
Franchise taxes	1,008,428	1,028,577	1,038,259	1,110,063
Hotel/motel taxes	177,646	151,765	151,197	154,071
Alcoholic beverage taxes	12,633	23,529	28,620	29,065
Unrestricted investment earnings	364,677	98,506	22,117	14,386
Miscellaneous	278,504	122,250	91,609	229,790
Gain on sale of capital assets	-	4,326	-	3,833
Transfers	(141,019)	(421,832)	545,900	1,081,636
Total governmental activities	<u>7,952,523</u>	<u>7,679,831</u>	<u>8,755,963</u>	<u>9,737,264</u>
Business-type activities:				
Unrestricted investment earnings	111,409	33,457	12,635	6,684
Miscellaneous	-	-	-	1,316
Gain (loss) on sale of capital assets	-	-	-	10,286
Transfers	396,019	421,832	(545,900)	(1,081,636)
Total business-type activities	<u>507,428</u>	<u>455,289</u>	<u>(533,265)</u>	<u>(1,063,350)</u>
Total primary government	<u>\$ 8,459,951</u>	<u>8,135,120</u>	<u>8,222,698</u>	<u>8,673,914</u>
Change in Net Position				
Governmental activities	\$ (248,154)	(727,749)	531,025	1,787,568
Business-type activities	<u>952,734</u>	<u>2,575,371</u>	<u>38,427</u>	<u>487,349</u>
Total primary government	<u>\$ 704,580</u>	<u>1,847,622</u>	<u>569,452</u>	<u>2,274,917</u>

(continued)

Table II
(Continued)

Fiscal Year					
2012	2013	2014	2015	2016	2017
4,954,391	5,257,077	5,581,133	5,916,916	6,355,718	6,608,619
2,763,063	2,874,792	3,069,314	3,205,411	3,155,659	3,276,982
1,062,958	1,075,453	1,183,602	1,148,273	1,171,669	1,164,334
151,802	162,989	177,932	157,454	147,230	167,691
28,868	31,378	40,579	39,204	38,434	40,811
12,431	11,439	13,715	28,003	42,668	113,232
102,342	130,986	88,762	102,773	399,537	276,195
-	6,351	191,869	36,937	17,821	(981,302)
328,844	(228,360)	367,659	294,516	333,427	774,986
9,404,699	9,322,105	10,714,565	10,929,487	11,662,163	11,441,548
6,362	6,189	5,118	16,624	33,343	149,443
-	-	-	-	-	-
-	11,363	24,668	108,079	(36,600)	14,920
(328,844)	228,360	(367,659)	(294,516)	(309,805)	(774,986)
(322,482)	245,912	(337,873)	(169,813)	(313,062)	(610,623)
9,082,217	9,568,017	10,376,692	10,759,674	11,349,101	10,830,925
292,812	566,738	2,433,479	4,043,072	2,615,803	(203,725)
452,040	1,821,113	39,687	1,926,374	8,501,470	2,878,067
744,852	2,387,851	2,473,166	5,969,446	11,117,273	2,674,342

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General fund				
Reserved	\$ 14,783	40,857	95,659	-
Unreserved, designated	504,405	558,885	591,114	-
Nonspendable prepaid expenses	-	-	-	4,925
Restricted for:				
Public access facilities	-	-	-	96,665
Public safety	-	-	-	25,636
Cemetery	-	-	-	-
Assigned to:				
Civil service sick pay and appeals	-	-	-	632,220
Other purposes	-	-	-	35,466
Unreserved/Unassigned	<u>3,722,852</u>	<u>4,007,365</u>	<u>4,475,221</u>	<u>3,989,030</u>
Total general fund	<u>\$ 4,242,040</u>	<u>4,607,107</u>	<u>5,161,994</u>	<u>4,783,942</u>
All other governmental funds				
Reserved	\$ 168,444	206,456	233,286	-
Unreserved, reported in:				
Special revenue funds	532,616	534,159	483,090	-
Capital projects funds	6,299,642	5,086,074	4,186,898	-
Restricted for:				
Debt service	-	-	-	281,757
Capital projects	-	-	-	524,116
Economic development	-	-	-	396,908
Public safety	-	-	-	99,887
Other purposes	-	-	-	14,259
Committed to:				
Capital projects	-	-	-	1,426,410
Economic development	-	-	-	5,822
Assigned to capital projects	-	-	-	1,661,041
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7)</u>
Total all other governmental funds	<u>\$ 7,000,702</u>	<u>5,826,689</u>	<u>4,903,274</u>	<u>4,410,193</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					
2012	2013	2014	2015	2016	2017
-	-	-	-	-	-
-	-	-	-	-	-
6,102	6,112	7,519	8,169	7,829	4,409
124,571	151,474	177,076	204,307	233,434	264,425
43,355	23,560	20,370	10,894	10,995	10,936
3,077	3,080	3,082	3,106	3,115	3,140
711,366	705,931	722,099	719,391	704,950	824,834
12,668	10,141	17,163	29,511	32,233	35,744
4,538,665	5,127,544	4,657,271	4,768,975	5,029,559	5,104,032
5,439,804	6,027,842	5,604,580	5,744,353	6,022,115	6,247,520
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
269,913	274,764	172,923	132,462	158,685	169,940
893,851	7,830,392	6,314,205	5,310,080	4,484,401	1,310,998
637,476	1,094,866	1,596,879	1,826,018	1,192,880	541,585
157,635	75,232	137,804	114,421	162,757	68,645
23,280	31,355	36,416	42,959	36,293	37,976
435,769	415,864	-	-	-	-
24,696	24,750	20,730	23,859	21,680	7,034
1,644,454	784,081	1,763,345	1,617,003	1,088,912	1,912,218
(7)	-	-	(1,218)	(4,830)	(584)
4,087,067	10,531,304	10,042,302	9,065,584	7,140,778	4,047,812

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

	2008	2009	2010	2011
Revenues				
Taxes	\$ 7,424,082	7,874,666	8,097,197	8,415,055
Licenses and permits	129,943	132,353	150,787	122,596
Intergovernmental	342,302	591,139	615,690	1,841,492
Charges for services	1,712,363	1,789,522	2,039,346	2,222,768
Fines	363,060	384,936	265,143	314,336
Rental	9,000	11,400	9,000	9,000
Interest	364,677	98,506	22,117	14,386
Contributions and donations	113,262	499,822	571,403	544,849
Payments in lieu of taxes	4,201	4,855	5,540	4,646
Miscellaneous	221,558	105,313	94,339	176,129
Total revenues	<u>10,684,448</u>	<u>11,492,512</u>	<u>11,870,562</u>	<u>13,665,257</u>
Expenditures				
General government	877,023	1,051,967	1,070,111	1,172,554
Public safety	4,553,429	4,575,968	4,949,082	4,934,983
Highways and streets	861,999	1,151,697	874,660	896,935
Planning	435,020	403,582	390,325	409,378
Culture and recreation	897,662	991,191	989,906	1,072,806
Solid waste	734,724	767,769	861,083	1,013,119
Economic development	187,144	521,490	187,725	609,915
Maintenance	284,312	305,203	301,741	343,456
Debt service				
Principal	458,370	509,057	520,345	540,345
Interest and fiscal charges	389,682	448,477	454,508	412,176
Bond issuance cost				
Capital outlay	2,125,018	1,885,289	2,208,593	4,271,626
Total expenditures	<u>11,804,383</u>	<u>12,611,690</u>	<u>12,808,079</u>	<u>15,677,293</u>
Excess of revenues over (under) expenditures	<u>(1,119,935)</u>	<u>(1,119,178)</u>	<u>(937,517)</u>	<u>(2,012,036)</u>
Other financing sources (uses)				
Insurance proceeds	43,745	682	9,553	42,821
Sale of capital assets	12,145	25,550	13,536	16,446
Transfers in	1,056,406	2,265,486	1,506,035	2,196,218
Transfers out	(555,406)	(1,981,486)	(960,135)	(1,114,582)
Issuance of debt	1,485,000	-	-	-
Payments to escrow agents	(28,359)	-	-	-
Other uses	-	-	-	-
Total other financing sources (uses)	<u>2,013,531</u>	<u>310,232</u>	<u>568,989</u>	<u>1,140,903</u>
Net change in fund balances	<u>\$ 893,596</u>	<u>(808,946)</u>	<u>(368,528)</u>	<u>(871,133)</u>
Debt service as a percentage of noncapital expenditures	8.98%	9.11%	9.20%	8.04%

Table IV

Fiscal Year					
2012	2013	2014	2015	2016	2017
8,948,717	9,406,650	10,051,287	10,467,602	10,878,885	11,259,914
163,410	223,636	205,792	188,172	221,395	331,412
1,347,776	1,125,196	2,630,028	3,308,812	2,523,212	1,122,211
2,363,864	2,409,771	2,434,770	2,526,593	2,589,725	2,743,579
362,650	369,793	419,299	377,875	389,614	333,039
9,300	9,900	11,800	15,600	14,300	-
12,432	11,439	13,715	28,003	44,564	113,232
97,656	122,197	194,298	279,926	406,507	267,036
5,220	6,349	7,515	9,164	9,489	9,532
73,506	107,984	86,003	93,967	385,988	277,542
<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>	<u>16,457,497</u>
1,220,853	1,286,946	1,460,528	1,475,263	1,588,236	1,598,483
5,220,652	5,848,468	5,963,512	6,278,268	6,492,045	6,521,897
943,953	986,341	1,029,737	1,061,613	924,047	2,362,584
330,726	355,265	327,937	337,730	325,475	379,528
1,071,969	1,083,562	1,155,054	1,196,792	1,281,494	1,430,633
978,348	1,009,519	986,098	1,027,958	1,079,976	1,123,844
456,987	231,829	461,622	186,379	209,272	456,739
339,382	396,470	391,983	363,981	388,027	452,052
564,058	584,067	629,399	733,112	841,824	906,824
391,625	378,236	533,035	541,331	533,119	510,588
	80,000		15,234	-	35,682
<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>4,439,128</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>20,217,982</u>
<u>(67,196)</u>	<u>416,953</u>	<u>(1,556,839)</u>	<u>(2,288,792)</u>	<u>(2,040,980)</u>	<u>(3,760,485)</u>
18,332	12,331	99,777	18,601	25,360	49,458
52,756	6,351	177,139	31,775	35,149	18,480
895,629	765,463	2,616,554	1,715,681	1,576,500	2,458,921
(566,785)	(993,823)	(2,248,895)	(1,421,165)	(1,243,073)	(1,683,935)
-	6,825,000	-	1,070,000	-	50,000
-	-	-	-	-	-
-	-	-	36,955	-	-
<u>399,932</u>	<u>6,615,322</u>	<u>644,575</u>	<u>1,451,847</u>	<u>393,936</u>	<u>892,924</u>
<u>332,736</u>	<u>7,032,275</u>	<u>(912,264)</u>	<u>(836,945)</u>	<u>(1,647,044)</u>	<u>(2,867,561)</u>
8.16%	8.62%	8.99%	9.76%	10.06%	8.98%

Table V

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

Fiscal Year	Property Tax (1)	Sales Tax	Franchise Tax	Hotel/Motel Occupancy Tax	Alcoholic Beverage Tax	Total
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
2017	6,610,096	3,276,982	1,164,334	167,691	40,811	11,259,914

(1) Includes penalty and interest on delinquent taxes

Table VI

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>
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
2016	1,248,553,794	155,840,630	406,696,183	997,698,241	0.6598	1,404,394,424	71.04

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			Total Direct and Overlapping Rates
Fiscal Year	Operating Rate	Debt Service Rate	Total Rate	Bell County	Belton I.S.D.	Clear Water Underground Water Cons. District	
TAX RATES (Per \$100 assessed value)							
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
2017	0.5393	0.1205	0.6598	0.4511	1.4400	0.0039	2.5548

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	2017			2008		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Turtle Creek Investments	\$ 17,441,164	1	1.75 %	\$ 9,386,152	2	1.50 %
Oncor Electric Delivery	13,896,424	2	1.39	9,174,686	3	1.46
Wal-Mart	12,689,124	3	1.27	15,257,749	1	2.43
Bekaert Corporation / Wire Rope Ind.	12,661,130	4	1.27	-		
HEB Grocery Company	12,512,494	5	1.25	3,707,900	9	0.64
CMH Manufacturing	11,924,883	6	1.20	-		
Legacy Landing Group	11,794,880	7	1.18	-		
Stratasys Direct Manufacturing	9,845,568	8	0.99	-		
River Springs at Barge Ranch, LP	8,082,988	9	0.81	-		
Chappell Hill Equity III	7,055,880	10	0.71	5,763,168	5	0.92
Tarco of Texas	-		-	21,905	8	0.59
Fleetwood Homes of Texas	-		-	7,336,076	4	1.17
Southwestern Bell Telephone Co.	-		-	5,170,641	6	0.82
JSJ Seating Corporation	-		-	4,823,313	7	0.77
Custom Printing II Ltd.	-		-	3,521,597	10	0.56
Totals	\$ 117,904,535		11.82 %	\$ 64,163,187		10.86 %

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	
			Percentage			Percentage
		Amount	of Levy		Amount	of Levy
2008	4,110,551	4,023,508	97.88	69,925	4,093,433	99.58
2009	4,549,528	4,455,311	97.93	69,313	4,524,624	99.45
2010	4,733,777	4,629,436	97.80	73,962	4,703,398	99.36
2011	4,873,734	4,755,548	97.58	70,816	4,826,364	99.03
2012	5,012,276	4,915,146	98.06	69,403	4,984,549	99.45
2013	5,234,142	5,124,859	97.91	82,933	5,207,792	99.50
2014	5,508,036	5,426,284	98.52	58,980	5,485,264	99.59
2015	5,904,297	5,780,783	97.91	63,706	5,844,489	98.99
2016	6,239,069	6,213,465	99.59	33,727	6,247,192	100.13
2017	6,582,814	6,493,885	98.65	-	6,493,885	98.65

Source: Finance Department, City of Belton, Texas

Table X

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

Fiscal Year	Governmental Activities		Business-Type Activities			Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds		General Obligation Bonds with Revenue Pledge		Capital Leases			
	Par	Premium	Par	Premium				
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
2017	13,527,827	30,429	20,677,168	517,240	-	34,204,995	6.97	1,478

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>
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
2017	13,527,827	169,940	13,357,887	1.34	615

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.

(3) Debt that is fully supported by revenue derived from service fees, such as water and sewer charges, are excluded from this table. Data pertaining to business-type debt can be found in Table X.

Table XII

City of Belton, Texas
Direct and Overlapping Governmental Activities Debt
General Obligation Bonds
September 30, 2017

<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>13,527,827</u> (1)	100.00 %	\$ <u>13,527,827</u>
Total direct	<u>13,527,827</u>		<u>13,527,827</u>
Overlapping:			
Belton Economic Development Corp.	-	100.00	-
Belton Independent School District	235,174,996	37.16	87,391,029
Bell County	<u>127,695,000</u>	6.95	<u>8,874,803</u>
Total overlapping	<u>362,869,996</u>		<u>96,265,832</u>
Total direct and overlapping debt	\$ <u><u>376,397,823</u></u>		\$ <u><u>109,793,659</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 \$20,677,168 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, 2017

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 2017 tax roll	\$ 997,698,241
Limit on amount designated for debt service	<u>1.50%</u>
Legal debt limit	<u>\$ 14,965,474</u>
Actual amount expended for general obligation debt service during the year ended September 30, 2017	<u>\$ 1,453,094</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
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
2017	8,396,133	4,563,938	3,832,195	1,000,025	553,246	1,553,271	2.47

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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Operating and Nonoperating				
Revenue:				
Water and Sewer System	\$ 4,635,948	5,275,863	4,928,573	6,000,318
Miscellaneous	21,603	28,209	31,625	32,926
Interest	<u>109,993</u>	<u>30,220</u>	<u>11,452</u>	<u>6,212</u>
Total	<u>\$ 4,767,544</u>	<u>5,334,292</u>	<u>4,971,650</u>	<u>6,039,456</u>
Operating Expense:				
Water and Sewer System (1)	<u>\$ 3,224,696</u>	<u>3,399,581</u>	<u>3,326,903</u>	<u>3,460,787</u>

(1) Excludes depreciation expense

Table XV

Fiscal Year					
<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
5,795,849	5,877,848	5,509,407	6,091,702	6,835,792	7,783,829
37,159	37,064	41,418	72,577	62,952	73,630
<u>5,995</u>	<u>5,747</u>	<u>4,522</u>	<u>15,458</u>	<u>31,245</u>	<u>145,006</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>8,002,465</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>	<u>4,270,249</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
Belle Oaks Apartments	Multi-Family Housing
Legacy Landing	Multi-Family Housing
Riversprings at Barge Ranch	Multi-Family Housing
Montrose II Apartments	Multi-Family Housing
Cefco Convenience Stores	Retail Store
College View Apartments	Multi-Family Housing
Bell County Expo Center	Exposition Center
Walmart Stores	Retail Store
Totals	

Source: Finance Department, City of Belton, Texas

Table XVI

2017			2008		
Annual Sales	Rank	Percentage of Total Sales	Annual Sales	Rank	Percentage of Total Sales
\$ 694,332	1	15.24 %	\$ 273,562	1	9.92 %
345,549	2	7.58	150,782	2	5.47
235,367	3	5.16	149,480	3	5.42
159,553	4	3.5	47,854	8	1.74
93,765	5	2.06	103,098	4	3.74
87,357	6	1.92	80,212	6	2.91
76,438	7	1.68	-		-
56,279	8	1.23	-		-
55,182	9	1.21	49,309	7	1.79
45,763	10	1	-		-
-		-	87,879	5	3.19
-		-	34,689	10	1.26
-		-	35,358	9	1.28
<u>\$ 1,849,585</u>		<u>40.58 %</u>	<u>\$ 1,012,223</u>		<u>36.72 %</u>

Table XVII

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

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income**</u>	<u>Per Capita Income</u>	<u>Median Age #</u>	<u>School Enrollment *</u>	<u>Unemployment Rate **</u>	
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	^
2017	21,721 @	502,645,661	23,141 #	36	11,530	4.3	^

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>2017</u>		<u>2008</u>	
<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>
Belton Independent School District	1,730	1	1,313	1
Bell County	1,166	2	1,150	2
PSC (formerly James Construction Group)	700	3	-	
University of Mary Hardin Baylor	653	4	361	4
TruMH (a Clayton Homes Co)	400	5	-	
HEB Grocery	325	6	-	
Wal-Mart	323	7	375	3
CGI	270	8	-	
Wolff Construction	200	9	-	
Cedar Crest Hospital & Clinic	198	10	150	9
Custom Printing	-		225	6
Fleetwood Homes of Texas	-		250	5
United Parcel Service	-		169	7
Belco Manufacturing	-		163	8
Superior Chaircraft	-		140	10
Total	<u>5,965</u>		<u>4,296</u>	

Source: Belton Economic Development Corporation.



Table XIX

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

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General government	13	14	14	15	16	18	18	19	16	15
Public safety:										
Police:										
Officers	28	28	29	29	30	32	32	35	35	35
Civilians	9	9	9	9	10	10	10	11	11	12
Fire:										
Firefighters and officers	26	26	32	32	32	32	32	33	33	33
Civilians	1	1	1	1	1	1	1	1	2	2
Highways and streets	11	11	10	9	9	9	9	9	9	8
Planning	6	6	6	6	4	4.5	4.5	4.5	4.5	6.5
Culture and recreation	16	16	16	17	17	17	17	17	18	19
Solid waste	-	-	1	1	1	1	1	1	1	1
Maintenance	6	7	7	7	7	8	8	8	7	9
Water and sewer	20	19	20	21	21	21	22	22	24	23
Economic development	2	3	3	3	2	2	2	2	2.5	2.5
Drainage	-	1	2	2	2	2	2	2	3	3
Total	<u>138</u>	<u>141</u>	<u>150</u>	<u>152</u>	<u>152</u>	<u>158</u>	<u>158.5</u>	<u>164.5</u>	<u>166.0</u>	<u>169.0</u>

Source: Finance Department, City of Belton, Texas

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

Function	2008	2009	2010	2011
Police:				
Citations issued	3,954	4,085	4,050	3,019
Alarms responded to	924	1,029	1,100	1,222
Disturbance calls	1,187	1,359	1,150	692
Animal control citations issued	-	37	24	15
Abatement of junk vehicle	-	-	-	-
Abatement of weedy lots	-	-	-	-
Dilapidated structures	-	-	-	-
Fire:				
Fires	105	147	101	162
Inspections	480	499	505	271
Investigations	22	16	20	31
Highways and streets:				
Signs erected	121	925	900	910
Planning:				
Permits issued	1,462	1,414	1,438	1,532
Inspections	2,549	2,436	1,668	2,205
Abatement of junk vehicle	328	302	356	211
Abatement of weedy lots	1,527	1,339	2,129	1,164
Dilapidated structures	20	15	16	4
Culture and recreation:				
Library circulation	37,194	46,631	49,242	58,415
Maintenance:				
Work orders completed	1,370	1,640	1,150	1,854
Water:				
New connections	145	109	106	93
Water main breaks	4	16	26	22
Average daily water consumption (millions of gallons)	2.45	2.51	2.00	2.66
Sewer:				
Average daily sewage treatment (millions of gallons)	1.13	1.12	1.46	1.18

Sources: Various city departments.

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

Table XX

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
3,248	2,930	3,400	3,500	3,410	2,510
1,202	1,100	1,350	1,050	1,300	1,101
692	720	800	825	685	699
19	33	1	10	32	-
367	225	284	325	550	606
940	890	1,055	1,210	1,300	829
7	4	7	11	13	-
66	113	123	130	67	127
355	143	165	175	200	249
53	27	43	50	45	13
304	492	460	496	580	254
1,297	806	1,725	1,210	1,360	2,518
2,200	2,372	3,760	2,290	2,640	4,842
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
61,670	65,072	86,624	88,694	83,869	84,607
1,367	1,398	2,758	1,476	2,406	2,803
166	94	175	150	204	270
31	27	35	15	17	10
3.06	2.93	3.09	2.78	2.91	3.06
1.31	1.32	1.53	1.77	1.86	1.53

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

Function	2008	2009	2010	2011
Public safety:				
Police:				
Stations	1	1	1	1
Patrol units	12	12	12	14
Fire stations	2	2	2	2
Highways and streets:				
Streets (miles)	116	118	119	119
Culture and recreation:				
Parks acreage	184	184	189	189
Playgrounds	16	16	16	16
Ball fields	14	14	14	14
Sports courts	11	11	11	11
Pavilions	6	6	7	7
Amphitheaters	1	1	1	1
Trails (miles)	4	4	4	4
Water:				
Service connections	5,355	5,464	5,663	5,785
Water mains (miles)	114	115	116	116
Water pump stations	2	2	2	2
Fire hydrants	742	752	840	840
Plant capacity	7	7	7	7
(millions of gallons)				
Sewer:				
Service connections	4,115	4,192	4,245	4,245
Sanitary sewers (miles)	104	106	107	108
Number of lift stations	17	17	16	15
Treatment plant capacity	3	3	3	3
(millions of gallons)				

Sources: Various city departments.

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

Table XXI

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
1	1	1	1	1	1
14	14	15	15	17	17
2	2	2	2	2	2
121	122	106	107	109	111
189	194	194	174	177	186
16	17	15	18	18	18
14	14	15	15	15	23
11	11	15	18	9	9
7	7	7	7	7	7
1	1	1	1	1	1
4	5	7	7	4	4
5,902	6,065	6,105	6,387	6,324	6,596
117	119	121	144	146	152
2	2	2	2	2	2
843	870	890	1,016	1,043	1,098
7	7	8	8	8	8
4,351	4,358	4,782	4,750	4,843	5,068
130	133	134	135	149	112
16	15	17	18	18	17
3	3	3	3	3	3

