

City of Belton, Texas



*Comprehensive Annual Financial Report
for the Fiscal Year Ended
September 30, 2019*



COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY OF BELTON, TEXAS

For the Fiscal Year Ended
September 30, 2019

CITY MANAGER
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Please visit us at our website: www.beltontexas.gov

City of Belton Texas

Year Ended September 30, 2019

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City of Belton

★ *Founded 1850* ★

March 13, 2020

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 (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, 2019.

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, have issued an unmodified ("clean") opinion on the City of Belton's financial statements for the year ended September 30, 2019. 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 Highways 35 and 14, Belton is approximately 65 miles north of Austin and 40 miles south of Waco. The City

currently occupies a land area of 21 square miles and serves an estimated population of 22,532. 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 body in accordance with State law.

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 governmental funds 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.

Local Economy

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. 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. Belton is located at the crossroads of IH-35 and the newly-designated IH-14 (U.S. Highway 190), within 180 miles of every major market in Texas. This location provides easy access to the estimated 450,000 people in the region. Military, government, medical/healthcare services, agricultural/agribusiness, and retail trade are thriving industry sectors in the MSA that continue to be a major economic influence contributing to the growth and prosperity of Belton.

Belton is proud to be the home of the University of Mary Hardin-Baylor (UMHB), a private four-year college with an enrollment of over 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. Belton Independent School District (BISD) is the largest employer in the City. BISD serves 12,000 students on 15 campuses, 9 of which are in the city limits of Belton.

The unemployment rate for the Temple-Killeen-Ft Hood MSA declined to 3.6% from 4.1% one year ago. This is indicative of the strong growth in the local economy. Property values and sales taxes have risen as the development of residential and commercial property continues throughout the area.

Long-Term Financial Planning

The City of Belton Strategic Plan is the City's primary planning document. It outlines the City's vision and goals for the long term. There are six goal categories: governance, public safety, quality of life, economic development, connectivity, and parks/natural beauty. The Strategic Plan focuses on the City of Belton's vision of being the "*Community of Choice in Central Texas, providing an Exceptional Quality of Life.*" Each year, the Plan is reviewed, revised and updated as needs and conditions dictate. The revised plan forms the framework upon which the budget is built. Performance of Strategic Plan initiatives is measured regularly during the year. Additionally, each department measures success and progress by tying both accomplishments for the prior year and goals for the upcoming year to the various Strategic Plan goals and tasks.

The Strategic Plan leads to the development of a Capital Improvements Program (CIP). The CIP lists major projects that are expected within the next five years. It includes cost estimates and funding methods. The City has demonstrated its commitment to the implementation of the Plan by reserving over \$3.2 million towards construction projects at September 30, 2019.

Major Initiatives

A strong, thriving community requires continual investment in its people, facilities, and infrastructure to deliver an exceptional quality of life. A goal in the Strategic Plan, the City of Belton has implemented a street maintenance plan. The plan should elevate the quality of streets and create long-term savings through the systematic use of preventive maintenance. The cost of maintenance and other corrective actions each year are included in the annual budget.

The City has put into action a capital equipment replacement plan and a capital improvements plan. By identifying potential projects and critical machinery today, funds can be accumulated over time to meet future demand. The plans include an analysis of the timing of expenditures and the various sources of funding that may be available. The impact upon future operating budgets should also be considered.

To become a “quality of life” city, a municipality must provide ample opportunities for residents and visitors to retreat from the rigors of daily life by enjoying the outdoors. The City of Belton addressed this by creating a Parks and Recreation Strategic Master Plan. This visionary document guides the development of parks within the city. Priorities over a ten-year period are recognized. Feasibility studies are prepared that envision usage and alliance with other facilities. The result of this master plan is a parks system that is harmonious with its surroundings and enjoyed by all.

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. At September 30, 2019, all operating funds are compliant with this policy.

Awards

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, 2018. This was the thirty-third 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, 2018. 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-seventh consecutive year that the City has received the budget award.

Acknowledgements

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.

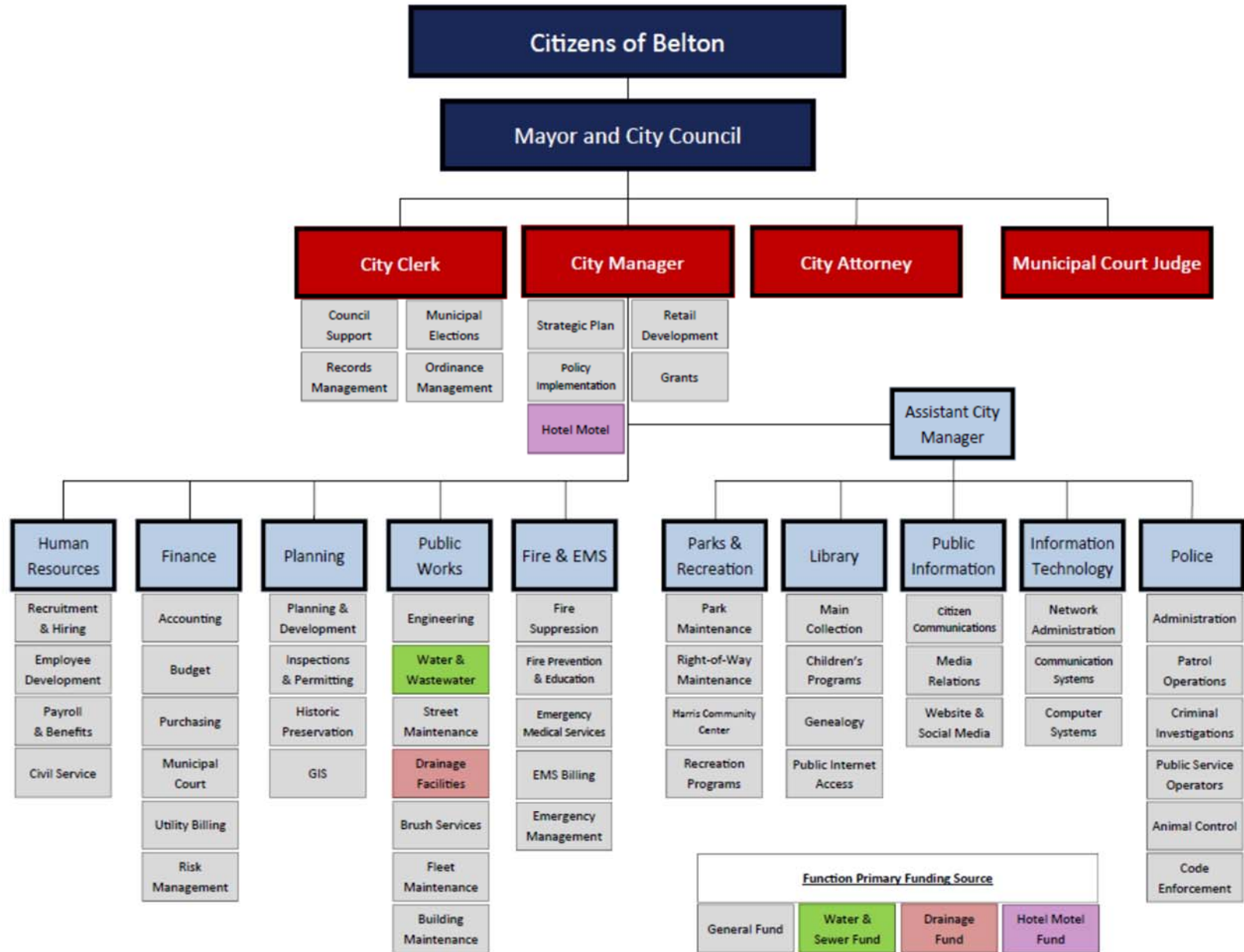
Respectfully submitted,



Sam A. Listi
City Manager



William Michael Rodgers, 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 2020
Wayne Carpenter, Mayor Pro Tem	May 2020
Craig Pearson	May 2021
David K. Leigh	May 2021
Guy O'Banion	May 2020
Dan Kirkley	May 2021
John Holmes	May 2021

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
Interim Fire Chief	Wesley Gilbreath	November 1, 2019
Director of Finance	Mike Rodgers	December 9, 2019
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	Cheryl Maxwell	January 8, 2018
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
for Excellence
in Financial
Reporting

Presented to

City of Belton
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2018

Christopher P. Morill

Executive Director/CEO





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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such 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, 2019, 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 15, the schedules of changes in the City's net pension liability and related ratios and contributions on pages 71 and 72, and the schedule of changes in the City's total OPEB liability and related ratios and contributions on pages 74 and 75 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2020 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

March 13, 2020



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, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i through v of this report.

Financial Highlights

- The assets 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 \$78,591,936 (*net position*). Of this amount, \$15,474,347 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 \$4,285,584, 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 \$11,395,524, an increase of \$1,334,338 in comparison with the prior year. Of this total amount, \$5,057,540 (44.4 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 \$5,882,211, or 45.3 percent of total general fund expenditures.
- The City's total outstanding long-term debt decreased by \$2.1 million 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, Debt Service Fund, TIRZ Capital Projects Fund, and the Chisholm Trail Hike and Bike Phase 2 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 – 68 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 and OPEB benefits to its employees. Required supplementary information can be found on pages 71 - 76 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 77 through 88 of this report.

Government-Wide Overall Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$78,591,936 at the close of the most recent fiscal year.

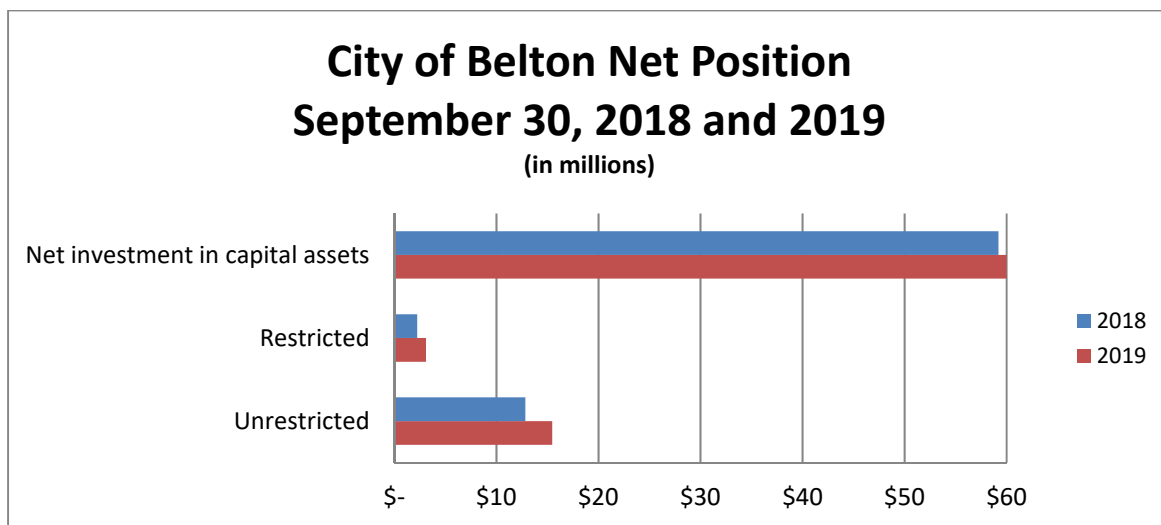
City of Belton Statement of Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 13,184,491	\$ 11,307,355	\$ 17,210,317	\$ 18,342,863	\$ 30,394,808	\$ 29,650,218
Capital assets	40,233,146	40,372,069	46,154,263	44,456,558	86,387,409	84,828,627
Total assets	53,417,637	51,679,424	63,364,580	62,799,421	116,782,217	114,478,845
Total deferred outflows of resources	1,423,980	534,338	276,573	101,949	1,700,553	636,287
Long-term liabilities outstanding	17,721,977	17,127,982	19,807,118	20,498,879	37,529,095	37,626,861
Other liabilities	1,249,241	1,090,846	831,094	1,374,369	2,080,335	2,465,215
Total liabilities	18,971,218	18,218,828	20,638,212	21,873,248	39,609,430	40,092,076
Total deferred inflows of resources	235,637	601,871	45,767	114,833	281,404	716,704
Net position:						
Net investment in capital assets	26,552,859	25,577,477	33,448,863	33,628,880	60,001,722	59,206,357
Restricted	3,115,867	2,245,552	-	-	3,115,867	2,245,552
Unrestricted	5,966,036	5,570,034	9,508,311	7,284,409	15,474,347	12,854,443
Total net position	\$ 35,634,762	\$ 33,393,063	\$ 42,957,174	\$ 40,913,289	\$ 78,591,936	\$ 74,306,352

By far the largest portion of the City's net position (\$60,001,722 or 76.3 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 (\$3,115,867 or 4.0 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance (\$15,474,347 or 19.7 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 \$4,285,584 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental and business-type activities.

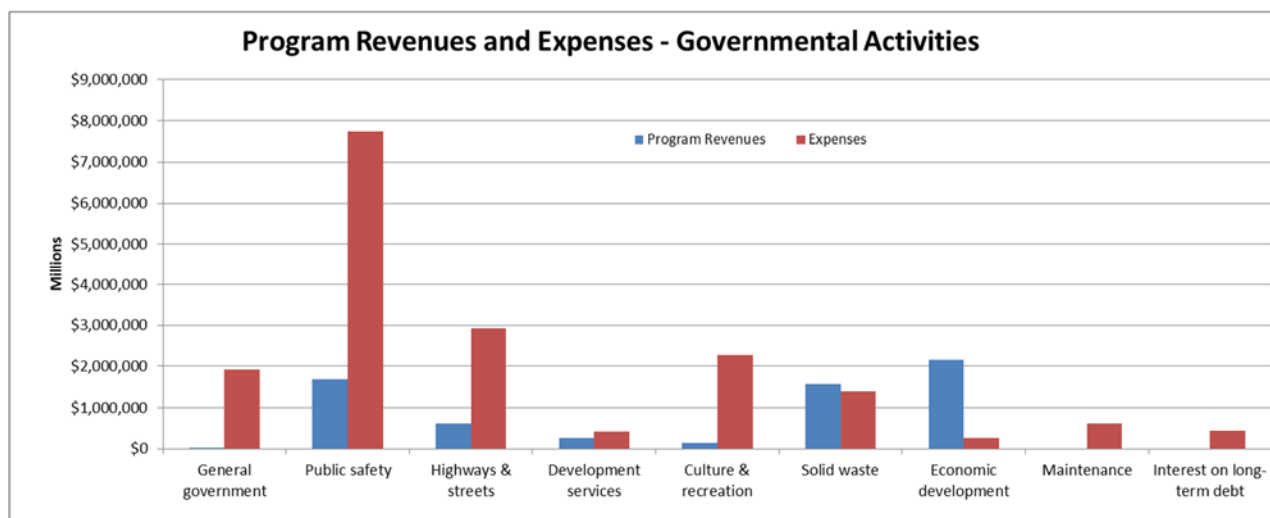
City of Belton's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 3,235,494	\$ 3,018,248	\$ 8,960,040	\$ 8,958,919	\$ 12,195,534	\$ 11,977,167
Operating grants and contributions	1,004,165	935,743	-	-	1,004,165	935,743
Capital grants and contributions	2,186,550	1,960,463	1,104,514	2,404,750	3,291,064	4,365,213
General revenues:						
Property taxes	7,417,023	7,014,638	-	-	7,417,023	7,014,638
Sales taxes	3,573,712	3,510,105	-	-	3,573,712	3,510,105
Franchise taxes	1,252,492	1,248,967	-	-	1,252,492	1,248,967
Other taxes	244,966	208,983	-	-	244,966	208,983
Investment earnings	281,580	168,241	369,904	285,490	651,484	453,731
Gain (loss) on sale of assets	140,266	-	36,007	43,061	176,273	43,061
Other income	312,387	355,287	5,481	2,637	317,868	357,924
Total revenues	19,648,635	18,420,675	10,475,946	11,694,857	30,124,581	30,115,532

City of Belton's Changes in Net Position (continued)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Expenses:						
General government	1,922,535	1,708,939	-	-	1,922,535	1,708,939
Public safety	7,732,691	7,583,124	-	-	7,732,691	7,583,124
Highways and streets	2,931,121	3,048,186	-	-	2,931,121	3,048,186
Planning	420,375	376,194	-	-	420,375	376,194
Culture and recreation	2,263,114	2,231,611	-	-	2,263,114	2,231,611
Solid waste	1,375,670	1,233,457	-	-	1,375,670	1,233,457
Economic development	254,749	20,538	-	-	254,749	20,538
Maintenance	620,433	551,823	-	-	620,433	551,823
Interest and other fiscal charges	444,005	500,946	-	-	444,005	500,946
Water and sewer	-	-	7,399,552	7,292,722	7,399,552	7,292,722
Drainage	-	-	518,216	583,665	518,216	583,665
Total expenses	<u>17,964,693</u>	<u>17,254,818</u>	<u>7,917,768</u>	<u>7,876,387</u>	<u>25,882,461</u>	<u>25,131,205</u>
Changes in net position before transfers	1,683,942	1,165,857	2,558,178	3,818,470	4,242,120	4,984,327
Transfers	<u>557,757</u>	<u>503,778</u>	<u>(514,293)</u>	<u>(503,778)</u>	<u>43,464</u>	<u>-</u>
Changes in net position	<u>2,241,699</u>	<u>1,669,635</u>	<u>2,043,885</u>	<u>3,314,692</u>	<u>4,285,584</u>	<u>4,984,327</u>
Net position, beginning of year	<u>33,393,063</u>	<u>31,723,428</u>	<u>40,913,289</u>	<u>37,598,597</u>	<u>74,306,352</u>	<u>69,322,025</u>
Net position, end of year	<u>\$ 35,634,762</u>	<u>\$ 33,393,063</u>	<u>\$ 42,957,174</u>	<u>\$ 40,913,289</u>	<u>\$ 78,591,936</u>	<u>\$ 74,306,352</u>

Governmental activities. During the current fiscal year, net position for governmental activities increased \$2,241,699 from the prior fiscal year for an ending balance of \$35,634,762. This increase was primarily the result of capital asset contributions and dedications.



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 \$42,957,174. The total increase in net position for business-type activities (Water and Sewer Fund, and Drainage Fund) was \$2,043,885. Key changes year over year included:

- Charges for business-type activities totaled \$8,960,040, an increase of \$1,121 from the prior year. This slight increase is a reflection of lower water consumption which offset an increase in the water, sewer, and drainage rates.

- Expenses for business-type activities totaled \$7,917,768, remaining essentially flat when compared to the prior year.
- Capital grants and contributions from grant agencies and developers amounted to \$1,104,514.

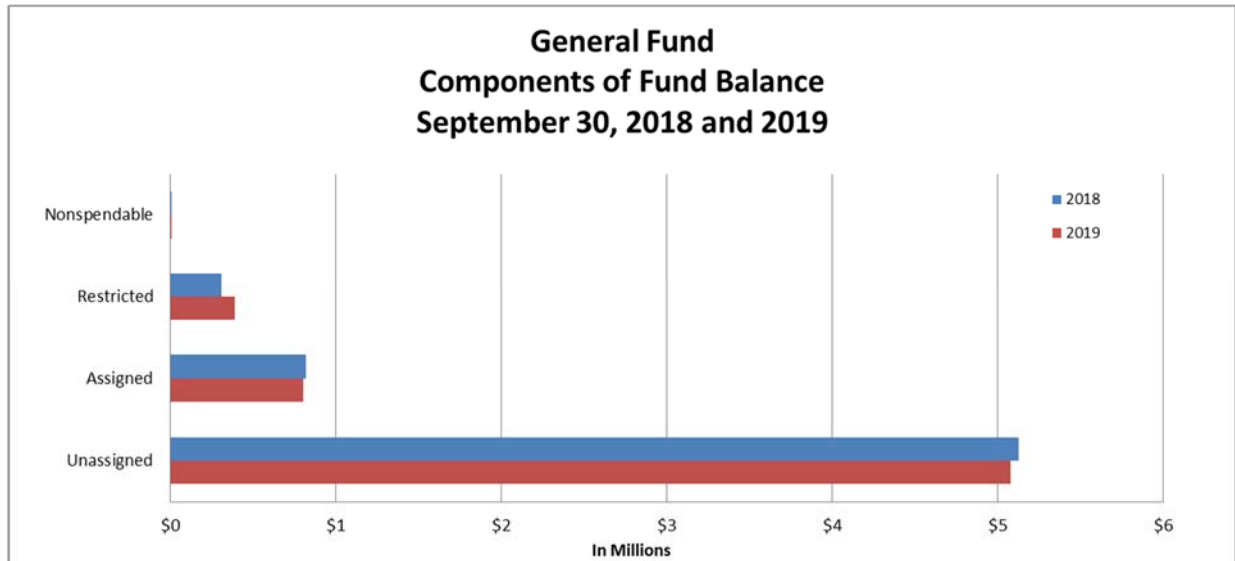
Financial Analysis of the City's Funds

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

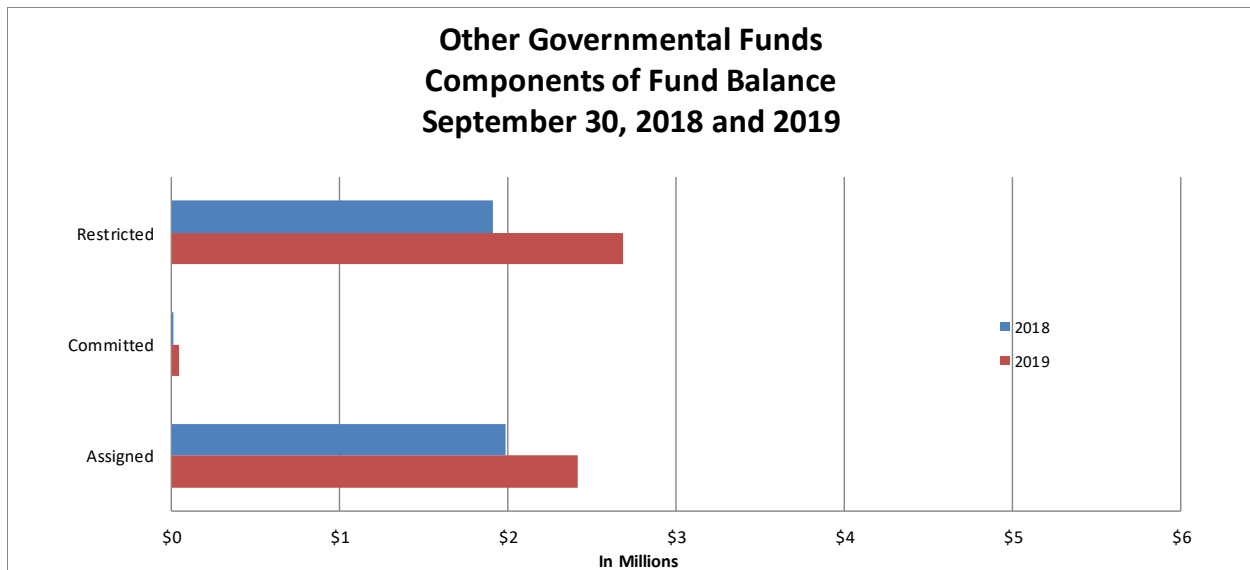
Governmental funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure 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, 2019, the City's governmental funds reported combined ending fund balances of \$11,395,524, an increase of \$1,334,338 in comparison with the prior year. Approximately 44.0 percent (\$5,057,540) of this amount constitutes *unassigned fund balance*, which is available for spending at the City's discretion. The remainder of fund balance is *non-spendable, restricted, committed, or assigned* to indicate that it is:

- 1) Not in spendable form (\$7,392);
- 2) Restricted for particular purposes:
 - a. Debt service (\$236,154);
 - b. Public, educational, or governmental access facilities (\$378,506);
 - c. Public safety training, equipment, and security facilities (\$184,467);
 - d. Cemetery maintenance and improvements (\$3,262);
 - e. Capital projects (\$1,673,625); and
 - f. Economic development (\$590,801).
- 3) Committed for particular purposes:
 - a. Economic development (\$43,650).
- 4) Assigned for particular purposes:
 - a. Future civil service costs (\$759,785);
 - b. Library books and services (\$41,990);
 - c. Youth Advisory Commission (\$2,532); and
 - d. Capital projects and equipment (\$2,415,820)



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 \$5,077,904, while total fund balance increased by \$20,534 to \$6,276,646. 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 budgeted expenditures. Unassigned fund balance represents 34.4 percent of total General Fund budgeted expenditures, while total fund balance represents 42.5 percent of that same amount.



Assigned other governmental funds consist of capital project and capital equipment replacement funds. The balance increased from 2018 to 2019 primarily due to additional funding for capital and street maintenance, 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 and to special events that draw tourists. Contributions surpassed expenditures during the year by \$39,610.

Restricted governmental funds relate to funds restricted to a specific purpose such as bond funds, Tax Increment Reinvestment Zone funds, and hotel occupancy taxes. The fund balance increase from 2018 to 2019 was the result of rising contributions into the Tax Increment Reinvestment Zone fund.

The Debt Service Fund, a major fund, had a decrease in fund balance during the current year of \$70,308, to bring the year-end fund balance to \$236,154. This anticipated decrease was part of the City's long-term tax rate management strategy.

Reported as a major fund in 2019, fund balance in the TIRZ Capital Projects Fund increased by \$626,613 to \$1,667,256. Transfers totaling \$950,000 and interest earnings of \$19,866 exceeded expenditures during the year. The net increase to reserves will be used to fund capital projects in the future.

Chisholm Trail Hike and Bike Phase 2, a major fund in 2019, includes the receipt of grant funds that are used to construct a shared use path in the City. Fund balance declined by \$45,360 to \$33,357 as capital outlay topped intergovernmental revenue and contributions for the year.

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

Net position of the Water and Sewer Fund at the end of the year was \$39,341,103, and the net position of the Drainage Fund amounted to \$3,616,071. The total change in net position was \$1,818,813 and \$225,072, respectively. Notable changes in the Water and Sewer Fund activity include:

- Charges for sales and services totaled \$8,363,409, slightly lower than the prior year. Although water and sewer rates increased, consumption was lower negating the change;
- Operating expenses totaled \$6,881,294, an increase of \$132,874 or 1.9 percent from the prior year. The increase was primarily driven by personnel costs; and
- Capital contributions were \$867,128 for the dedication of water and sewer lines in new subdivisions.

Notable changes in the Drainage Fund activity include:

- An increase in revenue of \$39,843 or 8.8 percent due to an increased number of customers in the current year;
- Operating expenses fell by \$64,709 or 11.3 percent due to lower maintenance costs; and
- There was \$237,386 in capital contributions for the dedication of drainage facilities in new subdivisions.

Budgetary Highlights

Original Budget Compared to Final Budget. Budgeted uses of funds, inclusive of expenditures and transfers out, increased by \$265,000 between the original budget and final General Fund budget. The increase in uses was primarily attributable to additional refuse collection costs

(\$70,000), transfers out to provide additional funding for TDHCA grant housing projects (\$38,000) and to provide funding for the City's long-term tax rate management strategy (\$105,000).

Budgeted sources of funds, inclusive of revenues and other financing sources increased by \$76,500 between the original budget and final budget. The increase in sources was attributable to:

- \$70,000 in additional refuse collection revenues (General Fund); and
- \$6,500 in insurance proceeds (General Fund).

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

<u>Revenue Source</u>	<u>Budgeted Revenues</u>	<u>Actual Revenues</u>	<u>Difference</u>
Taxes	\$ 10,369,472	\$ 10,441,155	\$ 71,683
Charges for services	2,383,100	2,216,311	(166,789)

The overage in tax revenues was caused by strong ad valorem and franchise tax collections that were offset slightly by less than anticipated sales tax collections. Ambulance billings were consistent with expectation, but a larger than expected write-off of uncollectible accounts was experienced as the City adopted a more conservative policy when reserving for ambulance receivables.

Transfers out exceeded budgeted amounts by \$862,547 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, 2019, amounts to \$86,387,409 (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 1.8 percent (a 0.3 percent decrease for governmental activities and a 3.8 percent increase for business-type activities).

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land	\$ 4,745,526	\$ 4,751,226	\$ 285,175	\$ 285,175	\$ 5,030,701	\$ 5,036,401
Buildings	5,367,410	5,720,539	126,844	87,456	5,494,254	5,807,995
Improvements other than buildings	1,609,009	1,811,464	-	-	1,609,009	1,811,464
Machinery and equipment	2,204,179	2,364,936	1,916,737	1,635,791	4,120,916	4,000,727
Infrastructure	23,979,023	25,366,096	37,259,534	35,365,341	61,238,557	60,731,437
Construction in progress	2,327,999	357,808	6,565,973	7,082,795	8,893,972	7,440,603
Total	<u>\$ 40,233,146</u>	<u>\$ 40,372,069</u>	<u>\$ 46,154,263</u>	<u>\$ 44,456,558</u>	<u>\$ 86,387,409</u>	<u>\$ 84,828,627</u>

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

- Work was completed on:
 - SCADA system upgrade;
 - South Belton sewer Phase I;
 - Leon Street water and sewer line replacement; and
 - Sparta Road water pump station.
- Work began/continued on:
 - Central Fire Station renovation;
 - Chisholm Trail Hike and Bike Phase II;
 - Temple-Belton Wastewater Treatment Plan redevelopment;
 - East 24th Street extension to Heritage Park;
 - North Belton waterline;
 - Old Waco Road sewer line replacement; and
 - Shady Lane sewer construction.

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 \$32,319,995, excluding bond premiums. All of this debt is secured by the full faith and credit of the City. Of the total, \$18,721,956 is pledged with 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	
	2019	2018	2019	2018	2019	2018
General obligation bonds	\$ 13,598,039	\$ 14,702,289	-	-	\$ 13,598,039	\$ 14,702,289
Revenue bonds with tax cross-pledge	-	-	18,721,956	19,717,706	18,721,956	19,717,706
Total	<u>\$ 13,598,039</u>	<u>\$ 14,702,289</u>	<u>\$ 18,721,956</u>	<u>\$ 19,717,706</u>	<u>\$ 32,319,995</u>	<u>\$ 34,419,995</u>

The City's total bonded debt decreased by \$2.1 million (6.1 percent) during the current fiscal year. The decrease was due to regularly scheduled principal payments. The City "AA-" rating from Standard & Poor's for general obligation debt was affirmed during the 2018 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 2019 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 2020 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 2020 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. The water and sewer rate study that was adopted by Council during 2015 will fund planned projects, including most notably the design and construction of a new water tower, the expansion of the wastewater treatment plant, and the expansion of sewer services south down the IH-35 corridor.

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, 2019

	Primary Government			Component Unit
	Governmental	Business-type		Belton Economic
	Activities	Activities	Total	Development
				Corporation, Inc.
Assets				
Cash and cash equivalents	\$ 10,567,853	15,967,932	26,535,785	8,573,873
Receivables (net of allowance for uncollectibles)	1,900,996	1,232,771	3,133,767	336,043
Due from other governments	708,250	-	708,250	-
Prepaid items	7,392	7,719	15,111	-
Restricted cash and cash equivalents	-	1,895	1,895	-
Capital assets not being depreciated:				
Land	4,745,526	285,175	5,030,701	903,705
Construction in progress	2,327,999	6,565,973	8,893,972	451,681
Capital assets, net of accumulated depreciation:				
Buildings	5,367,410	126,844	5,494,254	908,316
Improvements other than buildings	1,609,009	-	1,609,009	-
Machinery and equipment	2,204,179	1,916,737	4,120,916	-
Infrastructure	23,979,023	37,259,534	61,238,557	916,167
Total assets	<u>53,417,637</u>	<u>63,364,580</u>	<u>116,782,217</u>	<u>12,089,785</u>
Deferred Outflows of Resources				
Deferred outflows of resources	1,423,980	276,573	1,700,553	32,211
Total deferred outflows of resources	<u>1,423,980</u>	<u>276,573</u>	<u>1,700,553</u>	<u>32,211</u>
Liabilities				
Accounts and retainages payable	734,509	373,382	1,107,891	39,832
Accrued interest payable	73,564	90,457	164,021	-
Other accrued liabilities	422,968	84,880	507,848	36,513
Customer deposits payable	18,200	282,375	300,575	2,200
Noncurrent liabilities:				
Due within one year	1,475,839	1,074,743	2,550,582	-
Due in more than one year	16,246,138	18,732,375	34,978,513	67,489
Total liabilities	<u>18,971,218</u>	<u>20,638,212</u>	<u>39,609,430</u>	<u>146,034</u>
Deferred Inflows of Resources				
Deferred inflows of resources	235,637	45,767	281,404	5,331
Total deferred inflows of resources	<u>235,637</u>	<u>45,767</u>	<u>281,404</u>	<u>5,331</u>
Net Position				
Net investment in capital assets	26,552,859	33,448,863	60,001,722	3,179,869
Restricted for:				
Debt service	265,206	-	265,206	-
Capital projects	1,673,625	-	1,673,625	-
Economic development	590,801	-	590,801	-
Court	42,595	-	42,595	-
Public safety	184,467	-	184,467	-
Public access facilities	355,911	-	355,911	-
Cemetery	3,262	-	3,262	-
Unrestricted	<u>5,966,036</u>	<u>9,508,311</u>	<u>15,474,347</u>	<u>8,790,762</u>
Total net position	<u>\$ 35,634,762</u>	<u>42,957,174</u>	<u>78,591,936</u>	<u>11,970,631</u>

See accompanying notes to financial statements.

City of Belton, Texas
Statement of Activities
For the Fiscal Year Ended
September 30, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 1,922,535	-	4,000	-
Public safety	7,732,691	1,284,306	401,991	-
Highways and streets	2,931,121	-	-	615,024
Planning	420,375	265,243	-	-
Culture and recreation	2,263,114	118,731	24,180	-
Solid waste	1,375,670	1,567,214	-	-
Economic development	254,749	-	573,994	1,571,526
Maintenance	620,433	-	-	-
Interest and other fiscal charges	444,005	-	-	-
Total governmental activities	<u>17,964,693</u>	<u>3,235,494</u>	<u>1,004,165</u>	<u>2,186,550</u>
Business-type activities:				
Water and sewer	7,399,552	8,467,402	-	867,128
Drainage	518,216	492,638	-	237,386
Total business-type activities	<u>7,917,768</u>	<u>8,960,040</u>	<u>-</u>	<u>1,104,514</u>
Total primary government	\$ <u>25,882,461</u>	<u>12,195,534</u>	<u>1,004,165</u>	<u>3,291,064</u>
Component unit:				
Belton Economic Development Corporation, Inc.				
	\$ <u>747,891</u>	<u>54,355</u>	<u>-</u>	<u>-</u>
Total component unit	\$ <u>747,891</u>	<u>54,355</u>	<u>-</u>	<u>-</u>
General revenues:				
Property taxes				
Sales taxes				
Franchise taxes				
Hotel/motel taxes				
Alcoholic beverage taxes				
Unrestricted investment earnings				
Miscellaneous				
Gain on sale of 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.
(1,918,535)		(1,918,535)	
(6,046,394)		(6,046,394)	
(2,316,097)		(2,316,097)	
(155,132)		(155,132)	
(2,120,203)		(2,120,203)	
191,544		191,544	
1,890,771		1,890,771	
(620,433)		(620,433)	
(444,005)		(444,005)	
<u>(11,538,484)</u>		<u>(11,538,484)</u>	
-	1,934,978	1,934,978	
-	211,808	211,808	
-	<u>2,146,786</u>	<u>2,146,786</u>	
<u>(11,538,484)</u>	<u>2,146,786</u>	<u>(9,391,698)</u>	
			<u>(693,536)</u>
			<u>(693,536)</u>
\$ 7,417,023	-	7,417,023	-
3,573,712	-	3,573,712	1,786,856
1,252,492	-	1,252,492	-
189,851	-	189,851	-
55,115	-	55,115	-
281,580	369,904	651,484	174,496
312,387	5,481	317,868	-
140,266	36,007	176,273	357,118
557,757	(514,293)	43,464	(43,464)
<u>13,780,183</u>	<u>(102,901)</u>	<u>13,677,282</u>	<u>2,275,006</u>
2,241,699	2,043,885	4,285,584	1,581,470
<u>33,393,063</u>	<u>40,913,289</u>	<u>74,306,352</u>	<u>10,389,161</u>
\$ <u>35,634,762</u>	<u>42,957,174</u>	<u>78,591,936</u>	<u>11,970,631</u>

City of Belton, Texas
Balance Sheet
Governmental Funds
September 30, 2019

	General	Debt Service	TIRZ Capital Projects	Chisholm Trail Hike and Bike Phase 2	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 5,261,370	236,154	1,743,311	-	3,327,018	10,567,853
Receivables (net of allowance for uncollectibles)	1,817,050	29,052	-	-	54,894	1,900,996
Due from other governments	82,937	-	-	625,313	-	708,250
Due from other funds	556,893	-	-	-	-	556,893
Prepaid items	7,392	-	-	-	-	7,392
Total assets	<u>\$ 7,725,642</u>	<u>265,206</u>	<u>1,743,311</u>	<u>625,313</u>	<u>3,381,912</u>	<u>13,741,384</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Liabilities:						
Accounts and retainages payable	\$ 424,755	-	76,055	51,860	181,839	734,509
Accrued liabilities	421,803	-	-	-	1,165	422,968
Customer deposits payable	18,200	-	-	-	-	18,200
Due to other funds	-	-	-	540,096	16,797	556,893
Total liabilities	<u>864,758</u>	<u>-</u>	<u>76,055</u>	<u>591,956</u>	<u>199,801</u>	<u>1,732,570</u>
Deferred inflows of resources:						
Unavailable revenue	584,238	29,052	-	-	-	613,290
Total deferred inflows of resources	<u>584,238</u>	<u>29,052</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>613,290</u>
Fund balances:						
Nonspendable	7,392	-	-	-	-	7,392
Restricted	387,043	236,154	1,667,256	-	776,362	3,066,815
Committed	-	-	-	-	43,650	43,650
Assigned	804,307	-	-	33,357	2,382,463	3,220,127
Unassigned	5,077,904	-	-	-	(20,364)	5,057,540
Total fund balances	<u>6,276,646</u>	<u>236,154</u>	<u>1,667,256</u>	<u>33,357</u>	<u>3,182,111</u>	<u>11,395,524</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,725,642</u>	<u>265,206</u>	<u>1,743,311</u>	<u>625,313</u>	<u>3,381,912</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						40,233,146
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.						613,290
Long-term liabilities, including bonds payable and the net pension and total OPEB liabilities, are not due and payable in the current period, and therefore, are not reported in the funds.						(16,607,198)
Net position of governmental activities						<u>\$ 35,634,762</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, 2019

	General	Debt Service	TIRZ Capital Projects	Chisholm Trail Hike and Bike Phase 2	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes:						
Ad valorem	\$ 5,559,835	934,987	-	-	901,068	7,395,890
Sales	3,573,712	-	-	-	-	3,573,712
Franchise	1,252,492	-	-	-	-	1,252,492
Hotel/motel	-	-	-	-	189,851	189,851
Alcoholic beverage	55,115	-	-	-	-	55,115
Licenses and permits	265,243	-	-	-	-	265,243
Intergovernmental	367,629	-	-	1,571,526	575,314	2,514,469
Charges for services	2,216,309	-	-	-	-	2,216,309
Fines	360,898	-	-	-	23,763	384,661
Interest	173,020	17,418	19,866	(4,724)	76,000	281,580
Contributions and donations	56,222	-	-	49,711	134,856	240,789
Payments in lieu of taxes	9,118	-	-	-	-	9,118
Miscellaneous	306,857	-	-	-	7,855	314,712
Total revenues	<u>14,196,450</u>	<u>952,405</u>	<u>19,866</u>	<u>1,616,513</u>	<u>1,908,707</u>	<u>18,693,941</u>
Expenditures:						
Current:						
General government	1,681,760	-	-	-	96,066	1,777,826
Public safety	6,792,552	-	-	-	143,503	6,936,055
Highways and streets	765,998	-	-	-	528,286	1,294,284
Planning	377,855	-	-	-	13,500	391,355
Culture and recreation	1,468,294	-	64,141	-	55,503	1,587,938
Solid waste	1,342,432	-	-	-	-	1,342,432
Economic development	-	-	213,117	-	41,632	254,749
Maintenance services	539,006	-	-	-	6,032	545,038
Debt service:						
Principal	-	759,250	-	-	345,000	1,104,250
Interest and fiscal charges	-	413,963	-	-	45,620	459,583
Bond issuance costs	-	-	-	-	-	-
Capital outlay	15,810	-	65,995	1,661,873	665,688	2,409,366
Total expenditures	<u>12,983,707</u>	<u>1,173,213</u>	<u>343,253</u>	<u>1,661,873</u>	<u>1,940,830</u>	<u>18,102,876</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,212,743</u>	<u>(220,808)</u>	<u>(323,387)</u>	<u>(45,360)</u>	<u>(32,123)</u>	<u>591,065</u>
Other financing sources (uses):						
Insurance proceeds	10,817	-	-	-	35,936	46,753
Proceeds from the sale of capital assets	91,670	-	-	-	47,093	138,763
Transfers in	596,069	150,500	950,000	-	1,742,665	3,439,234
Transfers out	(1,890,765)	-	-	-	(990,712)	(2,881,477)
Total other financing sources (uses)	<u>(1,192,209)</u>	<u>150,500</u>	<u>950,000</u>	<u>-</u>	<u>834,982</u>	<u>743,273</u>
Net change in fund balances	20,534	(70,308)	626,613	(45,360)	802,859	1,334,338
Fund balances, beginning of year	<u>6,256,112</u>	<u>306,462</u>	<u>1,040,643</u>	<u>78,717</u>	<u>2,379,252</u>	<u>10,061,186</u>
Fund balances, end of year	<u>\$ 6,276,646</u>	<u>236,154</u>	<u>1,667,256</u>	<u>33,357</u>	<u>3,182,111</u>	<u>11,395,524</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, 2019

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

Net change in fund balances - total governmental funds (Exhibit A-4)	\$ 1,334,338
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 depreciation expense (\$2,938,587) exceeds capital outlays (\$2,844,914) in the current period.	(529,130)
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 (\$435,457) less the net book value of capital assets sold (\$45,250) in the current period.	390,207
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	378,971
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 (\$431,218), less the net effect of change in the total OPEB liability and the related deferred outflows of resources (\$23,969) plus the change in accrued interest payable (\$5,342) plus the change in compensated absences (\$2,763).	(446,992)
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.	<u>1,114,305</u>
Change in net position of governmental activities (Exhibit A-2)	<u>\$ 2,241,699</u>

See accompanying notes to financial statements.

City of Belton, Texas
General Fund
Statement of Revenues, Expenditures, and Changes in
Fund Balances – Budget and Actual – Budgetary Basis
For the Fiscal Year Ended
September 30, 2019

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes:				
Current ad valorem	\$ 5,387,472	5,387,472	5,464,660	77,188
Delinquent ad valorem	55,000	55,000	46,909	(8,091)
Penalty and interest	53,000	53,000	48,266	(4,734)
Total ad valorem	5,495,472	5,495,472	5,559,835	64,363
Sales	3,632,000	3,632,000	3,573,712	(58,288)
Franchise	1,202,000	1,202,000	1,252,493	50,493
Alcoholic beverage	40,000	40,000	55,115	15,115
Total taxes	10,369,472	10,369,472	10,441,155	71,683
Licenses and permits:				
Building	112,200	112,200	124,811	12,611
Electrical	36,000	36,000	37,382	1,382
Plumbing	42,000	42,000	51,651	9,651
Mechanical	15,000	15,000	19,254	4,254
Swimming pool	1,100	1,100	1,090	(10)
Rezoning fees	3,700	3,700	6,100	2,400
Subdivision fees	10,000	10,000	12,305	2,305
Miscellaneous	10,400	10,400	12,650	2,250
Total licenses and permits	230,400	230,400	265,243	34,843
Intergovernmental	354,603	354,603	351,614	(2,989)
Charges for services:				
Ambulance	750,000	750,000	541,807	(208,193)
Parks and recreation	82,800	82,800	107,289	24,489
Brush collection	186,700	186,700	199,597	12,897
Refuse collection	1,293,600	1,363,600	1,367,618	4,018
Total charges for services	2,313,100	2,383,100	2,216,311	(166,789)
Fines:				
Municipal court	194,700	194,700	257,366	62,666
Court fees	81,200	81,200	100,977	19,777
Total fines	275,900	275,900	358,343	82,443
Rental	-	-	100	100
Interest	101,900	101,900	149,957	48,057
Contributions and donations	2,000	2,000	2,000	-
Payments in lieu of taxes	9,400	9,400	9,118	(282)
Miscellaneous	221,900	221,900	307,117	85,217
Total revenues	13,878,675	13,948,675	14,100,958	152,283

(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, 2019

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
Expenditures:				
General government:				
City council	\$ 74,563	74,563	54,206	20,357
City administration	514,562	518,810	498,205	20,605
Finance	532,493	533,357	513,166	20,191
Legal	191,748	191,748	188,659	3,089
Information Technology	197,879	197,879	195,856	2,023
Total general government	<u>1,511,245</u>	<u>1,516,357</u>	<u>1,450,092</u>	<u>66,265</u>
Public safety:				
Police	3,916,113	3,931,603	3,854,724	76,879
Fire	2,899,006	2,879,006	2,607,825	271,181
Total public safety	<u>6,815,119</u>	<u>6,810,609</u>	<u>6,462,549</u>	<u>348,060</u>
Highways and streets	<u>1,014,679</u>	<u>984,679</u>	<u>888,868</u>	<u>95,811</u>
Planning	<u>397,159</u>	<u>397,159</u>	<u>377,850</u>	<u>19,309</u>
Culture and recreation:				
Parks	1,135,083	1,136,062	1,121,312	14,750
Library	318,949	318,949	289,753	29,196
Total culture and recreation	<u>1,454,032</u>	<u>1,455,011</u>	<u>1,411,065</u>	<u>43,946</u>
Solid waste	<u>1,266,139</u>	<u>1,343,191</u>	<u>1,342,433</u>	<u>758</u>
Maintenance services	<u>532,605</u>	<u>542,348</u>	<u>539,001</u>	<u>3,347</u>
Other costs	<u>447,953</u>	<u>416,077</u>	<u>119,179</u>	<u>296,898</u>
Total expenditures	<u>13,438,931</u>	<u>13,465,431</u>	<u>12,591,037</u>	<u>874,394</u>
Excess (deficiency) of revenues over (under) expenditures	<u>439,744</u>	<u>483,244</u>	<u>1,509,921</u>	<u>1,026,677</u>
Other financing sources (uses):				
Insurance proceeds	-	6,500	10,817	4,317
Transfers in	617,000	617,000	596,069	(20,931)
Transfers out	<u>(1,056,718)</u>	<u>(1,295,218)</u>	<u>(2,157,765)</u>	<u>(862,547)</u>
Total other financing sources (uses)	<u>(439,718)</u>	<u>(671,718)</u>	<u>(1,550,879)</u>	<u>(879,161)</u>
Net change in fund balances	26	(188,474)	(40,958)	147,516
Fund balances, beginning of year	<u>5,205,919</u>	<u>5,205,919</u>	<u>5,205,919</u>	<u>-</u>
Fund balances, end of year	<u>\$ 5,205,945</u>	<u>5,017,445</u>	<u>5,164,961</u>	<u>147,516</u>

See accompanying notes to financial statements.

City of Belton, Texas
Statement of Net Position –
Proprietary Funds
September 30, 2019

	Business-type Activities - Enterprise Funds		
	Water and Sewer	Drainage	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 15,492,873	475,059	15,967,932
Receivables (net of allowance for uncollectibles)	1,178,522	54,249	1,232,771
Prepaid items	7,719	-	7,719
Total current assets	16,679,114	529,308	17,208,422
Noncurrent assets:			
Restricted cash and cash equivalents	1,895	-	1,895
Capital assets:			
Land	285,045	130	285,175
Buildings	165,406	-	165,406
Infrastructure	58,366,380	4,117,480	62,483,860
Machinery and equipment	3,123,248	290,527	3,413,775
Construction in progress	6,565,973	-	6,565,973
	68,506,052	4,408,137	72,914,189
Less accumulated depreciation	(25,671,793)	(1,088,133)	(26,759,926)
Total capital assets, net	42,834,259	3,320,004	46,154,263
Total noncurrent assets	42,836,154	3,320,004	46,156,158
Total assets	59,515,268	3,849,312	63,364,580
Deferred Outflows of Resources			
Deferred outflows of resources	250,483	26,090	276,573
Liabilities			
Current liabilities:			
Accounts and retainages payable	371,201	2,181	373,382
Accrued interest payable	89,176	1,281	90,457
Other accrued liabilities	76,801	8,079	84,880
Customer deposits payable	282,375	-	282,375
Compensated absences - current	49,553	3,153	52,706
Revenue bonds payable - current	1,004,450	17,587	1,022,037
Total current liabilities	1,873,556	32,281	1,905,837
Noncurrent liabilities:			
Compensated absences	22,936	2,239	25,175
Net pension liability	472,190	49,180	521,370
Total OPEB liability	52,571	5,488	58,059
Revenue bonds payable	17,961,946	165,825	18,127,771
Total noncurrent liabilities	18,509,643	222,732	18,732,375
Total liabilities	20,383,199	255,013	20,638,212
Deferred Inflows of Resources			
Deferred inflows of resources	41,449	4,318	45,767
Net Position			
Net investment in capital assets	30,312,271	3,136,592	33,448,863
Unrestricted	9,028,832	479,479	9,508,311
Total net position	\$ 39,341,103	3,616,071	42,957,174

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, 2019

	Business-type Activities - Enterprise Funds		
	Water and Sewer	Drainage	Total
Operating revenues:			
Charges for sales and services:			
Water service	\$ 4,725,360	-	4,725,360
Sewer service	3,155,709	-	3,155,709
Storm drainage fees	-	492,638	492,638
Reconnect and late fees	143,921	-	143,921
Tap fees	338,419	-	338,419
Other operating revenue	103,993	-	103,993
Total operating revenues	<u>8,467,402</u>	<u>492,638</u>	<u>8,960,040</u>
Operating expenses:			
Salaries and wages	1,258,169	134,282	1,392,451
Employee benefits	466,353	56,471	522,824
Supplies	102,831	15,787	118,618
Repairs and maintenance	204,598	10,587	215,185
Water, sewage treatment, and other charges	1,915,646	65,077	1,980,723
Depreciation	2,933,697	227,742	3,161,439
Total operating expenses	<u>6,881,294</u>	<u>509,946</u>	<u>7,391,240</u>
Operating income (loss)	<u>1,586,108</u>	<u>(17,308)</u>	<u>1,568,800</u>
Nonoperating revenues (expenses):			
Insurance proceeds	5,481	-	5,481
Gain on sale of capital assets	31,144	4,863	36,007
Interest earnings	361,503	8,401	369,904
Interest expense	(518,258)	(8,270)	(526,528)
Total nonoperating revenues (expenses)	<u>(120,130)</u>	<u>4,994</u>	<u>(115,136)</u>
Income (loss) before contributions and transfers	1,465,978	(12,314)	1,453,664
Capital contributions	867,128	237,386	1,104,514
Transfers in	43,464	-	43,464
Transfers out	(557,757)	-	(557,757)
Change in net position	1,818,813	225,072	2,043,885
Total net position, beginning of year	<u>37,522,290</u>	<u>3,390,999</u>	<u>40,913,289</u>
Total net position, end of year	<u>\$ 39,341,103</u>	<u>3,616,071</u>	<u>42,957,174</u>

See accompanying notes to financial statements.

City of Belton, Texas
Statement of Cash Flows –
Proprietary Funds
For the Fiscal Year Ended
September 30, 2019

	Business-type Activities - Enterprise Funds		
	Water and Sewer	Drainage	Total
Cash flows from operating activities:			
Receipts from customers and users	\$ 8,443,545	534,300	8,977,845
Payments to suppliers	(3,097,925)	(162,069)	(3,259,994)
Payments to employees	(1,265,246)	(138,686)	(1,403,932)
Net cash provided by operating activities	<u>4,080,374</u>	<u>233,545</u>	<u>4,313,919</u>
Cash flows from noncapital financing activities:			
Transfer from other funds	43,464	-	43,464
Transfer to other funds	(557,757)	-	(557,757)
Net cash used in noncapital financing activities	<u>(514,293)</u>	<u>-</u>	<u>(514,293)</u>
Cash flows from capital and related financing activities:			
Purchases and construction of capital assets	(3,731,709)	(23,658)	(3,755,367)
Proceeds from the sale of assets	36,625	5,600	42,225
Principal paid on capital debt	(979,000)	(16,750)	(995,750)
Interest paid on capital debt	(566,992)	(8,387)	(575,379)
Net cash used in capital and related financing activities	<u>(5,241,076)</u>	<u>(43,195)</u>	<u>(5,284,271)</u>
Cash flows from investing activities:			
Interest received	361,503	8,401	369,904
Net cash provided by investing activities	<u>361,503</u>	<u>8,401</u>	<u>369,904</u>
Net increase (decrease) in cash and cash equivalents	(1,313,492)	198,751	(1,114,741)
Cash and cash equivalents, beginning of year	<u>16,808,260</u>	<u>276,308</u>	<u>17,084,568</u>
Cash and cash equivalents, end of year	<u>\$ 15,494,768</u>	<u>475,059</u>	<u>15,969,827</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss)	\$ 1,586,108	(17,308)	1,568,800
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	2,933,697	227,742	3,161,439
Decrease (increase) in receivables	(23,857)	41,662	17,805
Increase in accounts and retainages payable	(575,147)	(31,639)	(606,786)
Increase in other accrued liabilities	32,335	2,970	35,305
Increase in customer deposits payable	32,855	-	32,855
Increase in compensated absences	7,077	4,404	11,481
Increase (decrease) in net pension liability and pension-related deferred outflows and inflows of resources	81,595	6,797	88,392
Increase (decrease) in total OPEB liability and OPEB-related deferred outflows of resources	5,711	(1,083)	4,628
Total adjustments	<u>2,494,266</u>	<u>250,853</u>	<u>2,745,119</u>
Net cash provided by operating activities	<u>\$ 4,080,374</u>	<u>233,545</u>	<u>4,313,919</u>
Noncash capital and related financing activities:			
Contributions of capital assets	<u>\$ 867,128</u>	<u>237,386</u>	<u>1,104,514</u>

See accompanying notes to financial statements.



City of Belton, Texas
Notes to Financial Statements

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City of Belton, Texas
Notes to Financial Statements
September 30, 2019

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

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

The City reports the following major proprietary funds:

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

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

City of Belton, Texas

Notes to Financial Statements
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

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

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

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

D. Budgets and Budgetary Accounting

The City's procedures in establishing the budgetary data reflected in the financial statements are as follows.

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.

Public hearings are held on the proposed budget and on the revised budget, if applicable. Prior to September 28, but no sooner than five days after the final public hearing, the budget is legally enacted through passage of an ordinance. If not accepted and formally approved by the City Council before September 28, the budget as submitted by the City Manager is automatically adopted.

City of Belton, Texas

Notes to Financial Statements
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Budgets and Budgetary Accounting (continued)

The City Manager is authorized to transfer budgeted amounts within departments within any fund and with Council authorization, between departments within any fund during the last three months of the fiscal year. 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.

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.

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.

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. The level of control (level at which expenditures may not exceed budget) is the division level.

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	\$ (40,958)
Activities not included in the General Fund budget	<u>61,492</u>
Net change in fund balance - GAAP basis	<u><u>\$ 20,534</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	\$ 148,612
Nonmajor governmental funds	1,677,437
Water and sewer fund	2,375,350
Drainage fund	<u>33,381</u>
Total primary government	<u>\$ 4,234,780</u>
Discretely present component unit	<u>\$ 341,736</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, 2019.

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. Postemployment Benefits Other than Pensions ("OPEB")

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go plan.

P. 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

City of Belton, Texas

Notes to Financial Statements
(Continued)

I. Summary of Significant Accounting Policies (continued)

P. Compensated Absences (continued)

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.

Q. 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.

R. 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

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

I. Summary of Significant Accounting Policies (continued)

R. Fund Balance (continued)

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.

	General	Debt Service	TIRZ Capital Projects	Chisholm Trail Hike and Bike Phase 2	Other Funds	Totals
Nonspendable:						
Prepaid items	\$ 7,392	-	-	-	-	7,392
Restricted for:						
Court technology and security	-	-	-	-	42,595	42,595
Public safety	47,870	-	-	-	136,597	184,467
Public access facilities	335,911	-	-	-	-	335,911
Cemetery	3,262	-	-	-	-	3,262
Debt service	-	236,154	-	-	-	236,154
Capital projects	-	-	1,667,256	-	6,369	1,673,625
Economic development	-	-	-	-	590,801	590,801
Committed for:						
Economic development	-	-	-	-	43,650	43,650
Assigned for:						
Civil service sick pay and appeals	759,785	-	-	-	-	759,785
Culture and recreation	44,522	-	-	-	-	44,522
Capital projects and equipment	-	-	-	33,357	2,382,463	2,415,820
Unassigned	5,077,904	-	-	-	(20,364)	5,057,540
	<u>\$ 6,276,646</u>	<u>236,154</u>	<u>1,667,256</u>	<u>33,357</u>	<u>3,182,111</u>	<u>11,395,524</u>

S. 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.

City of Belton, Texas

Notes to Financial Statements (Continued)

I. Summary of Significant Accounting Policies (continued)

T. 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, “long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.” The details of this \$16,607,198 difference are as follows:

General obligation bonds	\$ 13,598,039
Premium on general obligation bonds	82,248
Compensated absences	1,058,482
Accrued interest payable	73,564
Net pension liability	2,684,373
Total OPEB liability	298,835
Pension-related deferred outflows of resources	(1,397,300)
Pension-related deferred inflows of resources	208,641
OPEB-related deferred outflows of resources	(26,680)
OPEB-related deferred inflows of resources	26,996
	<u>\$ 16,607,198</u>

II. Deposits and Investments

Investments of the City at September 30, 2019, consist of investments in Texas Local Government Investment Pool (“TexPool”), Texas Local Government Investment Pool Prime (“TexPool Prime”), Texas Short-Term Asset Reserve Program (“TexSTAR”), TexSTAR Local Government Investment Cooperative (“LOGIC”), and Texas Cooperative Liquid Assets Securities System (“Texas CLASS”) of \$6,555,405, \$7,175,906, \$1,025,659, \$7,175,260, and \$7,175,458, 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.

City of Belton, Texas

Notes to Financial Statements (Continued)

II. Deposits and Investments (continued)

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the City will not invest in securities maturing more than two years from the date of purchase, and the composite portfolio will have a weighted average maturity of 365 days or less. The weighted average maturities of TexPool, TexPool Prime, TexSTAR, LOGIC, and Texas CLASS are 34, 32, 22, 49, and 50 days, respectively, as of September 30, 2019.

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. There are no maximum transaction amounts and withdrawals from TexPool and TexPool Prime may be made daily. 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. There are no maximum transaction amounts and withdrawals from TexStar may be made daily. TexSTAR uses amortized cost rather than the fair value to report net position to compute share prices.

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

II. Deposits and Investments (continued)

LOGIC: The Local Government Investment Cooperative (“LOGIC”) was organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and operates under the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. LOGIC’s governing body is a five-member 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. There are no maximum transaction amounts and withdrawals from LOGIC may be made daily. 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. There are no maximum transaction amounts and withdrawals from Texas CLASS may be made daily. 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	\$ 40,118
Carrying amount of deposits	3,174,482
Carrying amount of investments	<u>31,896,953</u>
Total	<u>\$ 35,111,553</u>
Per the statement of net position for the City:	
Cash and cash equivalents	\$ 26,535,785
Restricted cash and cash equivalents	<u>1,895</u>
	26,537,680
Per the statement of net position for the Belton Economic Development Corporation, Inc.:	
Cash and cash equivalents	<u>8,573,873</u>
Total	<u>\$ 35,111,553</u>

City of Belton, Texas

Notes to Financial Statements (Continued)

III. Receivables

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

	General	Debt Service	Enterprise Funds		Nonmajor Governmental Funds	Total
			Water and Sewer	Drainage		
Receivables:						
Taxes	\$ 1,224,229	42,256	-	-	43,299	1,309,784
Water/sewer	-	-	1,215,025	-	-	1,215,025
Storm drainage	-	-	-	72,982	-	72,982
Ambulance	6,638,981	-	-	-	-	6,638,981
Other	337,199	-	-	-	11,595	348,794
	<u>8,200,409</u>	<u>42,256</u>	<u>1,215,025</u>	<u>72,982</u>	<u>54,894</u>	<u>9,585,566</u>
Less:						
Allowance for uncollectibles	<u>6,383,359</u>	<u>13,204</u>	<u>36,503</u>	<u>18,733</u>	<u>-</u>	<u>6,451,799</u>
	<u>\$ 1,817,050</u>	<u>29,052</u>	<u>1,178,522</u>	<u>54,249</u>	<u>54,894</u>	<u>3,133,767</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, 2018, upon which the 2019 fiscal year levy was based, was \$1,119,083,343.

The tax levy of October 2018 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, 2019, at which time a lien attaches for unpaid taxes. Tax collections during the fiscal year ended September 30, 2019, for the fiscal year 2019 levy were 99.0 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, 2019, was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
<i>Governmental activities:</i>				
Capital assets, not being depreciated:				
Land	\$ 4,751,226	-	(5,700)	4,745,526
Construction in progress	357,808	1,970,191	-	2,327,999
Total capital assets not being depreciated	<u>5,109,034</u>	<u>1,970,191</u>	<u>(5,700)</u>	<u>7,073,525</u>
Capital assets, being depreciated:				
Buildings	\$ 9,817,566	7,500	-	9,825,066
Improvements other than buildings	4,037,199	197	-	4,037,396
Machinery and equipment	6,621,231	438,979	(284,923)	6,775,287
Infrastructure	40,048,891	428,047	-	40,476,938
Total capital assets, being depreciated	<u>60,524,887</u>	<u>874,723</u>	<u>(284,923)</u>	<u>61,114,687</u>
Less accumulated depreciation for:				
Buildings	(4,097,027)	(360,629)	-	(4,457,656)
Improvements other than buildings	(2,225,735)	(202,652)	-	(2,428,387)
Machinery and equipment	(4,256,295)	(560,186)	245,373	(4,571,108)
Infrastructure	(14,682,795)	(1,815,120)	-	(16,497,915)
Total accumulated depreciation	<u>(25,261,852)</u>	<u>(2,938,587)</u>	<u>245,373</u>	<u>(27,955,066)</u>
Total capital assets, being depreciated, net	<u>35,263,035</u>	<u>(2,063,864)</u>	<u>(39,550)</u>	<u>33,159,621</u>
	<u>\$ 40,372,069</u>	<u>(93,673)</u>	<u>(45,250)</u>	<u>40,233,146</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	285,175	-		285,175
Construction in progress	7,082,795	3,225,063	(3,741,885)	6,565,973
Total capital assets not being depreciated	<u>7,367,970</u>	<u>3,225,063</u>	<u>(3,741,885)</u>	<u>6,851,148</u>
Capital assets, being depreciated:				
Buildings	116,474	48,932	-	165,406
Machinery and equipment	2,954,963	599,677	(140,865)	3,413,775
Infrastructure	57,755,765	4,728,095	-	62,483,860
Total capital assets being depreciated	<u>60,827,202</u>	<u>5,376,704</u>	<u>(140,865)</u>	<u>66,063,041</u>
Less accumulated depreciation for:				
Buildings	(29,018)	(9,544)	-	(38,562)
Machinery and equipment	(1,319,172)	(317,994)	140,127	(1,497,039)
Infrastructure	(22,390,424)	(2,833,901)	-	(25,224,325)
Total accumulated depreciation	<u>(23,738,614)</u>	<u>(3,161,439)</u>	<u>140,127</u>	<u>(26,759,926)</u>
Total capital assets, being depreciated, net	<u>37,088,588</u>	<u>2,215,265</u>	<u>(738)</u>	<u>39,303,115</u>
	<u>\$ 44,456,558</u>	<u>5,440,328</u>	<u>(3,742,623)</u>	<u>46,154,263</u>

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

Governmental activities:	
General government	\$ 83,274
Public safety	525,751
Highways and streets, including depreciation of general infrastructure assets	1,620,594
Planning	13,566
Culture and recreation	618,301
Solid waste	27,521
Maintenance	<u>49,580</u>
Total depreciation expense - governmental activities	<u>\$ 2,938,587</u>
Business-type activities:	
Water and sewer	\$ 2,933,697
Drainage	<u>227,742</u>
Total depreciation expense - business-type activities	<u>\$ 3,161,439</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, 2019. At year-end, the City's construction commitments for governmental activities are as follows:

<u>Project Title</u>	<u>Expended to Date</u>	<u>Remaining Commitment</u>
Central Fire Station Renovation	\$ 233,827	29,744
Asphalt Hot Box	2,900	29,135
East 24th Street Extension	8,813	564,977
Radios for police department vehicles	5,594	224,036
South Belton Shared Use Path	57,182	184,149
Engineering	448,156	78,131
Chisholm Trail Hike and Bike Phase II	<u>1,571,527</u>	<u>-</u>
Total	<u>\$ 2,327,999</u>	<u>1,110,172</u>

The projects will be financed with available resources.

At September 30, 2019, the City's construction commitments for business-type activities are as follows:

<u>Project Title</u>	<u>Expended to Date</u>	<u>Remaining Commitment</u>
North Belton Water Tank and Tank Line Engineering	\$ 192,497	11,400
North Belton Waterline	789,441	47,633
Shady Lane	5,635	1,096,383
Shady Lane Sewer - Design	161,799	3,901
South Belton Sewer - Design	916,865	895,800
TBRSS Expansion - Preliminary Engineering	372,088	-
TBWWTP Redevelopment Phase I	4,121,214	108,787
Wash Bay	<u>6,434</u>	<u>7,530</u>
Total	<u>\$ 6,565,973</u>	<u>2,171,434</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, 2019, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 918,847	-	(15,142)	903,705
Construction in progress	393,734	57,947	-	451,681
Total capital assets not being depreciated	1,312,581	57,947	(15,142)	1,355,386
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	(313,935)	(39,272)	-	(353,207)
Infrastructure	(1,878,927)	(142,462)	-	(2,021,389)
Total accumulated depreciation	(2,192,862)	(181,734)	-	(2,374,596)
Total capital assets, being depreciated, net	2,006,217	(181,734)	-	1,824,483
	\$ 3,318,798	(123,787)	(15,142)	3,179,869

At September 30, 2019, 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	\$ 212,901	285,000
Avenue D Engineering	238,780	71,221
Total	\$ 451,681	356,221

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)

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, 2019:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 14,702,289	-	(1,104,250)	13,598,039	1,172,963
Premium	92,303	-	(10,055)	82,248	-
Net pension liability	965,862	2,407,750	(689,239)	2,684,373	-
Total OPEB liability	306,283	28,479	(35,927)	298,835	-
Compensated absences	1,061,245	681,224	(683,987)	1,058,482	302,876
	<u>\$ 17,127,982</u>	<u>3,117,453</u>	<u>(2,523,458)</u>	<u>17,721,977</u>	<u>1,475,839</u>
Business-type activities:					
General obligation and revenue bonds	\$ 19,717,706	-	(995,750)	18,721,956	1,022,037
Premium	472,054	-	(44,202)	427,852	-
Net pension liability	184,280	467,644	(130,554)	521,370	-
Total OPEB liability	58,439	5,533	(5,913)	58,059	-
Compensated absences	66,400	64,476	(52,995)	77,881	52,706
	<u>\$ 20,498,879</u>	<u>537,653</u>	<u>(1,229,414)</u>	<u>19,807,118</u>	<u>1,074,743</u>

Pension and OPEB 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, 2019, 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%	\$ 745,000
\$4,500,000 Series 2005 general obligation bonds due in annual installments of \$140,000 to \$275,000 through 2025; interest at 3.54%	1,360,000

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

VI. Long-Term Debt (continued)

\$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%	\$ 813,039
\$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%	5,905,000
\$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%	890,000
\$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%	1,725,000
\$2,185,000 Series 2018 combination tax and revenue certificates of obligation due in annual installments of \$25,000 to \$445,000 through 2030; interest at 5.00%	<u>2,160,000</u>
	<u>\$ 13,598,039</u>

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

<u>Year Ended</u> <u>September 30, 2019</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 1,172,963	419,362
2021	1,226,675	384,061
2022	1,256,675	346,757
2023	1,170,387	307,981
2024	949,100	269,667
2025-2029	5,007,239	889,065
2030-2034	2,750,000	207,488
2035	<u>65,000</u>	<u>1,950</u>
	<u>\$ 13,598,039</u>	<u>2,826,331</u>

Long-term debt of the City's business-type activities at September 30, 2019, is comprised of the following:

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

VI. Long-Term Debt (continued)

\$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%	\$ 1,020,000
\$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%	281,956
\$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%	7,175,000
\$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%	9,230,000
\$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>1,015,000</u>
	<u><u>\$ 18,721,956</u></u>

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

<u>Year Ended</u> <u>September 30, 2019</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 1,022,037	542,739
2021	1,048,325	513,596
2022	1,073,325	483,249
2023	1,124,613	451,736
2024	1,150,900	422,907
2025-2029	5,987,756	1,622,951
2030-2034	5,455,000	779,700
2035-2036	<u>1,860,000</u>	<u>75,750</u>
	<u><u>\$ 18,721,956</u></u>	<u><u>4,892,628</u></u>

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

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

VI. Long-Term Debt (continued)

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, 2019:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Net pension liability	\$ 20,932	54,465	(14,678)	60,719	-
Total OPEB liability	<u>6,638</u>	<u>645</u>	<u>(513)</u>	<u>6,770</u>	<u>-</u>
	<u>\$ 27,570</u>	<u>55,110</u>	<u>(15,191)</u>	<u>67,489</u>	<u>-</u>

VII. Interfund Transfers

Interfund transfers for 2019 are as follows:

		Transfers in			
	General	Debt Service	TIRZ Capital Projects	Other Nonmajor Governmental	Total
Transfers out:					
General	\$ -	150,500	-	1,740,265	1,890,765
Other nonmajor governmental	40,712	-	950,000	-	990,712
Water and sewer	<u>555,357</u>	<u>-</u>	<u>-</u>	<u>2,400</u>	<u>557,757</u>
	<u>\$ 596,069</u>	<u>150,500</u>	<u>950,000</u>	<u>1,742,665</u>	<u>3,439,234</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. In addition, during 2019, the Development Corporation transferred \$43,464 to the Water and Sewer Fund.

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

VIII. Employee Benefits

Pension Plan

Plan Description - The City participates as one of 887 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (“TMRS”). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the “TMRS Act”) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS’s defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (“CAFR”) that can be obtained at www.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, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	86
Inactive employees entitled to but not yet receiving benefits	151
Active employees	170

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.

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

VIII. Employee Benefits (continued)

Pension Plan (continued)

Employees for the City were required to contribute 6.00% of their annual gross earnings during the fiscal year. The contribution rates for the City were 8.06% and 7.75% in calendar years 2019 and 2018, respectively. The City's contributions to TMRS for the year ended September 30, 2019 were \$704,034 and were equal to the required contributions.

Net Pension Liability – The City's net pension liability was measured as of December 31, 2018, 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, 2018 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 Blue Collar Adjustment, 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 Adjustment 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.

The actuarial assumptions used in the December 31, 2018 valuation were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2010 through December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. 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.

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

VIII. Employee Benefits (continued)

Pension Plan (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2019 are summarized in the following table:

	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Domestic Equity	17.5%	4.30%
International Equity	17.5%	6.10%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.39%
Real Return	10.0%	3.78%
Real Estate	10.0%	4.44%
Absolute Return	10.0%	3.56%
Private Equity	<u>5.0%</u>	7.75%
Total	<u><u>100.0%</u></u>	

Discount Rate – The discount rate used to measure the total pension liability was 6.75%. The projection of 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 (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at December 31, 2017	\$ 22,583,844	21,412,770	1,171,074
Changes for the year:			
Service cost	1,052,574	-	1,052,574
Interest	1,532,001	-	1,532,001
Changes in current period benefits including substantively automatic status	115,219	-	115,219
Difference between expected and actual actual experience	(191,864)	-	(191,864)
Contributions - employer	-	642,579	(642,579)
Contributions - employee	-	424,425	(424,425)
Net investment income	-	(641,418)	641,418
Benefit payments, including refunds of employee contributions	(1,058,081)	(1,058,081)	-
Administrative expense	-	(12,396)	12,396
Other changes	-	(648)	648
Net changes	1,449,849	(645,539)	2,095,388
Balance at December 31, 2018	\$ 24,033,693	20,767,231	3,266,462

\$60,719 of the net pension liability of \$3,266,462 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	\$ 6,846,059	3,266,462	359,607

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, 2019, the City recognized pension expense of \$1,233,415 of which \$24,926 is the expense of the Development Corporation.

At September 30, 2019, 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	\$ -	253,882
Difference between projected and actual investment earnings, net	1,105,944	-
Difference in assumption changes	42,480	-
Contributions subsequent to the measurement date	<u>551,873</u>	<u>-</u>
Total	<u>\$ 1,700,297</u>	<u>253,882</u>

The \$551,873 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, 2020. 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>	
2019	\$ 339,360
2020	70,565
2021	94,433
2022	<u>390,184</u>
Total	<u>\$ 894,542</u>

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

VIII. Employee Benefits (continued)

OPEB Plan

Plan Description – The City also participates in a defined benefit group-term life insurance plan administered 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 by adopting an ordinance before November 1 of any year to be effective the following January 1. As the SDBF covers both active and retired members, with no segregation of assets, the SDBF does not meet the definition of a trust under paragraph 4 of Governmental Accounting Standards Board (“GASB”) No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (i.e. no assets are accumulated for OPEB). As such, the SDBF is considered to be a single-employer unfunded OPEB plan with benefit payments treated as being equal to the City’s yearly contributions for retirees.

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. The death benefit for retirees is a fixed amount of \$7,500.

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	61
Inactive employees entitled to but not yet receiving benefits	19
Active employees	170

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 year ended September 30, 2019 were \$14,181 and were equal to the required contributions.

Total OPEB Liability – The City’s total OPEB liability was measured as of December 31, 2018 and the total was determined by an actuarial valuation as of that date.

Actuarial assumptions – The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

City of Belton, Texas

Notes to Financial Statements
(Continued)

VIII. Employee Benefits (continued)

Inflation	2.5% per year
Salary increases	3.5% to 10.5%, including inflation
Discount rate	3.71% (based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2018
Overall payroll growth	3.0% per year
Administrative expenses	All administrative expenses are paid through the TMRS Pension Trust.

Mortality rates for service retirees were based on the RP2000 Combined Mortality Table with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB. For disabled retirees, the RP2000 Combined Mortality Table with Blue Collar Adjustment were used with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for the future mortality improvements subject to the 3% floor.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of the actuarial experience study for the period December 31, 2010 to December 31, 2014.

The changes in the total OPEB liability for the measurement period ending December 31, 2018 was as follows:

	<u>Total OPEB Liability</u>
Balance at December 31, 2017	\$ <u>371,360</u>
Changes for the year:	
Service cost	22,070
Interest on total OPEB liability	12,587
Differences between expected and actual experience	(10,688)
Changes in assumptions or other inputs	(27,421)
Benefit payments **	<u>(4,244)</u>
Net changes	<u>(7,696)</u>
Balance at December 31, 2018	\$ <u><u>363,664</u></u>

** Due to the plan being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contribution for retirees.

City of Belton, Texas

Notes to Financial Statements
(Continued)

VIII. Employee Benefits (continued)

\$6,770 of the total OPEB liability of \$363,664 is the liability of the Development Corporation, the discretely presented component unit. Detailed information regarding the deferred outflows and inflows of resources related to OPEB of the component unit can be found in Note IX.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the City, calculated using the discount rate of 3.71%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.71%) or once percentage point (4.71%) higher than the current rate.

	1% Decrease (2.71%)	Current Rate Assumption (3.71%)	1% Increase (4.71%)
City's total OPEB liability	\$ <u>437,981</u>	<u>363,664</u>	<u>306,431</u>

**OPEB Expense and Deferred Outflows of Resources
and Deferred Inflows of Resources Related to OPEB**

For the year ended September 30, 2019, the City recognized OPEB expense of \$30,399 of which \$814 is the expense of the Development Corporation.

At September 30, 2019, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 21,880	23,639
Differences between expected and actual economic experience, net	-	9,214
Contributions subsequent to the measurement date	<u>10,587</u>	<u>-</u>
Total	\$ <u>32,467</u>	<u>32,853</u>

The \$10,587 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the year ending September 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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

VIII. Employee Benefits (continued)

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

<u>Year Ended December 31,</u>	
2019	\$ (1,089)
2020	(1,089)
2021	(1,089)
2022	(1,089)
2023	(1,089)
Thereafter	<u>(5,528)</u>
Total	<u><u>\$ (10,973)</u></u>

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, 2019:

	<u>Statements of Net Position</u>			<u>Balance Sheet - Governmental Funds</u>	
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Belton Economic Development Corporation, Inc.</u>	<u>General Fund</u>	<u>Debt Service Fund</u>
Deferred outflows of resources:					
Pension - post measurement date contributions	\$ 453,528	88,086	10,259	-	-
Pension - net differences between projected and actual earnings	908,863	176,523	20,558	-	-
Pension - differences in assumption changes	34,909	6,781	790	-	-
OPEB - post measurement date contributions	8,700	1,690	197	-	-
OPEB - differences in assumption changes	<u>17,980</u>	<u>3,493</u>	<u>407</u>	<u>-</u>	<u>-</u>
	<u><u>\$ 1,423,980</u></u>	<u><u>276,573</u></u>	<u><u>32,211</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Deferred inflows of resources:					
Unavailable revenue - property taxes	\$ -	-	-	150,230	29,052
Unavailable revenue - ambulance services	-	-	-	434,008	-
Pension - net differences between expected and actual experience	208,641	40,522	4,719	-	-
OPEB - differences in assumption changes	19,425	3,774	440	-	-
OPEB - net differences between expected and actual experience	<u>7,571</u>	<u>1,471</u>	<u>172</u>	<u>-</u>	<u>-</u>
	<u><u>\$ 235,637</u></u>	<u><u>45,767</u></u>	<u><u>5,331</u></u>	<u><u>584,238</u></u>	<u><u>29,052</u></u>

City of Belton, Texas

Notes to Financial Statements
(Continued)

IX. Deferred Outflows and Inflows of Resources (continued)

Deferred Outflows of Resources. Post-measurement date contributions will be recognized as a reduction of the net pension liability and total OPEB liability in the following fiscal year. The pension-related difference between projected and actual earnings will be recognized in pension expense over five years. The changes in assumptions will be recognized in pension and OPEB expense over 4.66 and 7.25 years, respectively.

Deferred Inflows of Resources. The governmental funds, under the modified accrual basis of accounting, report unavailable revenues from property taxes and ambulance services, which is deferred and recognized as an inflow of resources in the period that the amounts become available. The difference between expected and actual experience will be recognized in pension and OPEB expense over 4.66 years and 7.25 years, respectively. The changes in assumptions will be recognized in OPEB expense over 7.25 years.

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.

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

City of Belton, Texas

Notes to Financial Statements
(Continued)

XI. Commitments and Contingencies (continued)

capital investment, employment or other economic development measures. Commitments made under the agreements total approximately \$2.0 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, 2019, was \$34,475.

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 original agreement remained in effect until all bonds of the District were repaid, which occurred in 2018. The agreement has been extended through the evaluation of plant expansion and related debt repayment. Charges for water under the agreement for the year ended September 30, 2019, were \$902,036.

Finally, the City entered into a tri-party agreement with the City of Temple, Texas (“Temple”) and the Authority, whereby the Authority operates and maintains a wastewater treatment plant for Temple and the City (currently known as the Temple Belton Regional Sewerage System). The City is charged an amount equal to a pro-rata portion of actual expenditures based on its percentage of flow through the plant. The plant is jointly owned by Temple and the City but a separate legal entity was not created. Consequently, Temple and the City each report their proportionate share of capital assets of the plant. The City's expense under the tri-party agreement for the year ended September 30, 2019, was \$423,817.

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.

City of Belton, Texas

Notes to Financial Statements (Continued)

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: Central Texas Housing Consortium, 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, 2019, the City abated ad valorem taxes totaling \$32,511, as detailed below:

- 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 2019 abatement amounted to \$8,471. 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 70% 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 2019 abatement amounted to \$15,689. 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.
- A 70% ad valorem tax abatement on certain improvements to BELLTEC Industries for the construction of a new facility. The fiscal year 2019 abatement amounted to \$8,351. The City may recapture the abated taxes should BELLTEC Industries become delinquent in its payment to the City of any ad valorem taxes not abated or breach any other terms set form in the abatement agreement.

City of Belton, Texas

Notes to Financial Statements
(Continued)

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. 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. 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.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* (issued June 2018) – The objective of this statement is to (1) enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period for both governmental activities and business-type activities and (2) simplify accounting for interest cost incurred before the end of a construction period. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred and as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2019.

GASB Statement No. 90, *Majority Equity Interests – an Amendment of GASB Statements No. 14 and No. 61* (issued August 2018) – The objective of this statement is to clarify accounting and financial reporting requirements for a state and local government's majority equity interests in an organization that remains legally separate after acquisition. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2018.

GASB Statement No. 91, *Conduit Debt Obligations* (issued May 2019) – The objective of this statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2020.

Required Supplementary Information



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

	December 31,				
	2018	2017	2016	2015	2014
Total Pension Liability					
Service cost	\$ 1,052,574	891,715	862,169	826,770	697,959
Interest (on the Total Pension Liability)	1,532,001	1,439,110	1,361,691	1,307,310	1,245,375
Change in benefit terms including substantively automatic status	115,219				
Difference between expected and actual experience	(191,864)	(90,945)	(111,361)	(80,818)	(172,175)
Changes of assumptions	-	-	-	351,416	-
Benefit payments, including refunds of employee contributions	(1,058,081)	(1,060,641)	(900,011)	(950,060)	(951,498)
Net change in Total Pension Liability	1,449,849	1,179,239	1,212,488	1,454,618	819,661
Total Pension Liability - beginning	<u>22,583,844</u>	<u>21,404,605</u>	<u>20,192,117</u>	<u>18,737,499</u>	<u>17,917,838</u>
Total Pension Liability - ending (a)	<u>\$ 24,033,693</u>	<u>22,583,844</u>	<u>21,404,605</u>	<u>20,192,117</u>	<u>18,737,499</u>
Plan Fiduciary Net Position					
Contributions - employer	\$ 642,579	609,271	536,111	561,505	476,627
Contributions - employee	424,425	403,491	391,895	397,104	359,990
Net investment income	(641,418)	2,614,129	1,193,044	26,023	961,087
Benefit payments, including refunds of employee contributions	(1,058,081)	(1,060,641)	(900,011)	(950,060)	(951,498)
Administrative expense	(12,396)	(13,547)	(13,474)	(15,851)	(10,034)
Other	(648)	(686)	(726)	(783)	(825)
Net change in Plan Fiduciary Net Position	(645,539)	2,552,017	1,206,839	17,938	835,347
Plan Fiduciary Net Position - beginning	<u>21,412,770</u>	<u>18,860,753</u>	<u>17,653,914</u>	<u>17,635,976</u>	<u>16,800,629</u>
Plan Fiduciary Net Position - ending (b)	<u>\$ 20,767,231</u>	<u>21,412,770</u>	<u>18,860,753</u>	<u>17,653,914</u>	<u>17,635,976</u>
Net Pension Liability - ending (a) - (b)	\$ 3,266,462	1,171,074	2,543,852	2,538,203	1,101,523
Plan Fiduciary Net Position as a percentage of Total Pension Liability	86.41%	94.81%	88.12%	87.43%	94.12%
Covered payroll	\$ 8,488,498	8,069,816	7,837,901	7,942,074	7,199,806
Net Pension Liability as a percentage of covered payroll	38.48%	14.51%	32.46%	31.96%	15.30%

Note: The City 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	2018	2019
Actuarially Determined Contributions	\$ 527,669	542,064	586,051	636,453	704,034
Contributions in relation to the actuarially determined contributions	<u>527,669</u>	<u>542,064</u>	<u>586,051</u>	<u>636,453</u>	<u>704,034</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered payroll	\$ 7,561,577	7,865,451	7,928,962	8,409,865	8,567,031
Contributions as a percentage of covered payroll	7.0%	6.9%	7.4%	7.6%	8.2%

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	27 years
Asset Valuation Method	10 year smoothed market, 15% soft corridor
Inflation	2.5%
Salary Increases	3.50% to 10.5%, 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.
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Other information	1) Decreased repeating USC from 100% to 50% 2) Increased employee contribution rate from 5% to 6% 3) Increased statutory max to 12.5% due to plan changes
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City of Belton, Texas
Schedule of Changes in Total OPEB Liability and Related Ratios –
Employees’ OPEB Plan
 Last Two Measurement Dates

	December 31,	
	2018	2017
Total OPEB Liability		
Service cost	\$ 22,070	17,754
Interest (on the Total OPEB Liability)	12,587	12,161
Changes in benefit terms including TMRS plan participation	(10,688)	-
Changes in assumptions or other inputs	(27,421)	30,214
Benefit payments**	(4,244)	(3,228)
Net change in Total OPEB Liability	(7,696)	56,901
Total OPEB Liability - beginning	371,360	314,459
Total OPEB Liability - ending (a)	\$ 363,664	371,360
Covered payroll	\$ 8,488,498	8,069,816
Net OPEB Liability as a percentage of covered payroll	4.28%	4.60%

** Due to the plan being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

Note: The City adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective October 1, 2017. Information for years prior to 2017 is not available.

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

	September 30,	
	2018	2019
Actuarially Determined Contributions	\$ 15,105	14,181
Contributions in relation to the actuarially determined contributions	<u>15,105</u>	<u>14,181</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>
Covered payroll	\$ 8,409,865	8,567,031
Contributions as a percentage of covered payroll	0.2%	0.2%

City of Belton, Texas
Schedule of Contributions –
Employees’ OPEB 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

Methods and Assumptions Used to Determine Contribution Rates:

Inflation	2.5%
Salary Increases	3.50% to 10.50%, including inflation
Investment Rate of Return	3.71%
Retirees' share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No.68
Mortality rates-services retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with males rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Mortality rates-disabled retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with males rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.
Other information	There were no benefit changes during the year.

Note: The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period December 31, 2010 to December 31, 2014.

The City adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* , effective October 1, 2017. Information for years prior to 2018 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.

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.

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.

HVAC Replacement Fund: This fund accounts for the systematic replacement of HVAC systems based on condition and usable life. Financing is provided by the transfer of funds from the General Fund.

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, 2019

	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
Assets										
Cash and cash equivalents	\$ 136,597	256,710	304,842	-	42,595	41,114	1,814	783,672	892,960	693,327
Receivables	-	43,299	-	-	-	-	2,000	45,299	-	-
Total assets	\$ 136,597	300,009	304,842	-	42,595	41,114	3,814	828,971	892,960	693,327
Liabilities and Fund Balances										
Liabilities:										
Accounts and retainages payable	\$ -	12,885	-	-	-	-	1,278	14,163	123,170	4,735
Accrued liabilities	-	1,165	-	-	-	-	-	1,165	-	-
Due to other funds	-	-	-	6,965	-	-	-	6,965	-	-
Total liabilities	-	14,050	-	6,965	-	-	1,278	22,293	123,170	4,735
Fund balances:										
Restricted	136,597	285,959	304,842	-	42,595	-	-	769,993	-	-
Committed	-	-	-	-	-	41,114	2,536	43,650	-	-
Assigned	-	-	-	-	-	-	-	-	769,790	688,592
Unassigned	-	-	-	(6,965)	-	-	-	(6,965)	-	-
Total fund balances	136,597	285,959	304,842	(6,965)	42,595	41,114	2,536	806,678	769,790	688,592
Total liabilities and fund balances	\$ 136,597	300,009	304,842	-	42,595	41,114	3,814	828,971	892,960	693,327

See accompanying independent auditor's report.

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

Exhibit C-1

Capital Projects									Total Nonmajor Governmental Funds
Park Donation	Tree Mitigation	Fire Department Equipment Replacement	Police Department Vehicle Replacement	Public Works Capital Equipment	Information Technology Equipment Replacement	HVAC Replacement	Major Street Maintenance	Total	
6,369	48,203	341,736	-	196,892	75,485	47,305	241,069	2,543,346	3,327,018
-	-	4,770	4,825	-	-	-	-	9,595	54,894
<u>6,369</u>	<u>48,203</u>	<u>346,506</u>	<u>4,825</u>	<u>196,892</u>	<u>75,485</u>	<u>47,305</u>	<u>241,069</u>	<u>2,552,941</u>	<u>3,381,912</u>
-	-	1,000	8,392	-	-	5,731	24,648	167,676	181,839
-	-	-	-	-	-	-	-	-	1,165
-	-	-	9,832	-	-	-	-	9,832	16,797
<u>-</u>	<u>-</u>	<u>1,000</u>	<u>18,224</u>	<u>-</u>	<u>-</u>	<u>5,731</u>	<u>24,648</u>	<u>177,508</u>	<u>199,801</u>
6,369	-	-	-	-	-	-	-	6,369	776,362
-	-	-	-	-	-	-	-	-	43,650
-	48,203	345,506	-	196,892	75,485	41,574	216,421	2,382,463	2,382,463
-	-	-	(13,399)	-	-	-	-	(13,399)	(20,364)
<u>6,369</u>	<u>48,203</u>	<u>345,506</u>	<u>(13,399)</u>	<u>196,892</u>	<u>75,485</u>	<u>41,574</u>	<u>216,421</u>	<u>2,375,433</u>	<u>3,182,111</u>
<u>6,369</u>	<u>48,203</u>	<u>346,506</u>	<u>4,825</u>	<u>196,892</u>	<u>75,485</u>	<u>47,305</u>	<u>241,069</u>	<u>2,552,941</u>	<u>3,381,912</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, 2019

	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
Revenues:										
Ad valorem taxes	\$ -	-	901,068	-	-	-	-	901,068	-	-
Hotel/motel taxes	-	189,851	-	-	-	-	-	189,851	-	-
Intergovernmental	-	-	573,994	-	-	-	-	573,994	1,320	-
Fines	-	-	-	13,585	10,178	-	-	23,763	-	-
Interest	3,022	4,920	21,122	(255)	963	432	(45)	30,159	14,496	8,143
Contributions and donations	-	-	-	-	-	-	-	-	114,250	-
Miscellaneous revenue	-	-	-	-	-	-	7,855	7,855	-	-
Total revenues	<u>3,022</u>	<u>194,771</u>	<u>1,496,184</u>	<u>13,330</u>	<u>11,141</u>	<u>432</u>	<u>7,810</u>	<u>1,726,690</u>	<u>130,066</u>	<u>8,143</u>
Expenditures:										
Current:										
General government	-	74,138	-	15,627	912	-	-	90,677	2,618	-
Public safety	-	-	-	-	-	-	-	-	38,845	60,206
Highways and streets	-	-	-	-	-	-	-	-	24,060	4,997
Planning	-	-	-	-	-	-	-	-	13,500	-
Culture and recreation	-	-	-	-	-	-	-	-	17,812	21,827
Economic development	-	-	20,000	-	-	2,400	19,232	41,632	-	-
Maintenance services	-	-	-	-	-	-	-	-	-	3,800
Debt service:										
Principal	-	-	345,000	-	-	-	-	345,000	-	-
Interest and fiscal charges	-	-	45,620	-	-	-	-	45,620	-	-
Bond issuance costs	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	233,827	64,235
Total expenditures	<u>-</u>	<u>74,138</u>	<u>410,620</u>	<u>15,627</u>	<u>912</u>	<u>2,400</u>	<u>19,232</u>	<u>522,929</u>	<u>330,662</u>	<u>155,065</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,022</u>	<u>120,633</u>	<u>1,085,564</u>	<u>(2,297)</u>	<u>10,229</u>	<u>(1,968)</u>	<u>(11,422)</u>	<u>1,203,761</u>	<u>(200,596)</u>	<u>(146,922)</u>
Other financing sources (uses):										
Insurance proceeds	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Proceeds from debt issuance	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	38,000	15,000	53,000	318,692	422,149
Transfers out	-	(15,000)	(986,180)	-	(4,532)	-	-	(1,005,712)	-	(43,150)
Total other financing sources (uses)	<u>-</u>	<u>(15,000)</u>	<u>(986,180)</u>	<u>-</u>	<u>(4,532)</u>	<u>38,000</u>	<u>15,000</u>	<u>(952,712)</u>	<u>318,692</u>	<u>378,999</u>
Net change in fund balances	3,022	105,633	99,384	(2,297)	5,697	36,032	3,578	251,049	118,096	232,077
Fund balances, October 1	<u>133,575</u>	<u>180,326</u>	<u>205,458</u>	<u>(4,668)</u>	<u>36,898</u>	<u>5,082</u>	<u>(1,042)</u>	<u>555,629</u>	<u>651,694</u>	<u>456,515</u>
Fund balances, September 30	\$ <u>136,597</u>	<u>285,959</u>	<u>304,842</u>	<u>(6,965)</u>	<u>42,595</u>	<u>41,114</u>	<u>2,536</u>	<u>806,678</u>	<u>769,790</u>	<u>688,592</u>

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									Total Nonmajor Governmental Funds
Park Donation	Tree Mitigation	Fire Department Equipment Replacement	Police Department Vehicle Replacement	Public Works Capital Equipment	Information Technology Equipment Replacement	HVAC Replacement	Major Street Maintenance	Total	
-	-	-	-	-	-	-	-	-	901,068
-	-	-	-	-	-	-	-	-	189,851
-	-	-	-	-	-	-	-	1,320	575,314
-	-	-	-	-	-	-	-	-	23,763
186	782	7,263	507	3,952	1,015	1,177	8,320	45,841	76,000
5,000	15,606	-	-	-	-	-	-	134,856	134,856
-	-	-	-	-	-	-	-	-	7,855
<u>5,186</u>	<u>16,388</u>	<u>7,263</u>	<u>507</u>	<u>3,952</u>	<u>1,015</u>	<u>1,177</u>	<u>8,320</u>	<u>182,017</u>	<u>1,908,707</u>
-	-	-	-	-	2,771	-	-	5,389	96,066
-	-	-	-	-	44,452	-	-	143,503	143,503
-	-	-	-	-	1,148	-	498,081	528,286	528,286
-	-	-	-	-	-	-	-	13,500	13,500
6,489	6,592	-	-	-	2,783	-	-	55,503	55,503
-	-	-	-	-	-	-	-	-	41,632
-	-	-	-	-	2,232	-	-	6,032	6,032
-	-	-	-	-	-	-	-	-	345,000
-	-	-	-	-	-	-	-	-	45,620
-	-	-	-	-	-	-	-	-	-
-	-	30,980	156,303	174,613	-	5,730	-	665,688	665,688
<u>6,489</u>	<u>6,592</u>	<u>30,980</u>	<u>156,303</u>	<u>174,613</u>	<u>53,386</u>	<u>5,730</u>	<u>498,081</u>	<u>1,417,901</u>	<u>1,940,830</u>
<u>(1,303)</u>	<u>9,796</u>	<u>(23,717)</u>	<u>(155,796)</u>	<u>(170,661)</u>	<u>(52,371)</u>	<u>(4,553)</u>	<u>(489,761)</u>	<u>(1,235,884)</u>	<u>(32,123)</u>
-	-	-	35,936	-	-	-	-	35,936	35,936
-	-	4,770	10,700	30,358	1,265	-	-	47,093	47,093
-	-	-	-	-	-	-	-	-	-
-	2,400	138,682	186,548	244,201	98,293	19,720	332,130	1,762,815	1,815,815
-	-	-	-	-	-	(15,000)	-	(58,150)	(1,063,862)
<u>-</u>	<u>2,400</u>	<u>143,452</u>	<u>233,184</u>	<u>274,559</u>	<u>99,558</u>	<u>4,720</u>	<u>332,130</u>	<u>1,787,694</u>	<u>834,982</u>
(1,303)	12,196	119,735	77,388	103,898	47,187	167	(157,631)	551,810	802,859
<u>7,672</u>	<u>36,007</u>	<u>225,771</u>	<u>(90,787)</u>	<u>92,994</u>	<u>28,298</u>	<u>41,407</u>	<u>374,052</u>	<u>1,823,623</u>	<u>2,379,252</u>
<u>6,369</u>	<u>48,203</u>	<u>345,506</u>	<u>(13,399)</u>	<u>196,892</u>	<u>75,485</u>	<u>41,574</u>	<u>216,421</u>	<u>2,375,433</u>	<u>3,182,111</u>

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, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Hotel/motel taxes	\$ 174,206	174,206	189,851	15,645
Interest	<u>1,327</u>	<u>1,327</u>	<u>4,920</u>	<u>3,593</u>
Total revenues	<u>175,533</u>	<u>175,533</u>	<u>194,771</u>	<u>19,238</u>
Expenditures:				
General government	<u>158,513</u>	<u>158,513</u>	<u>74,138</u>	<u>84,375</u>
Total expenditures	<u>158,513</u>	<u>158,513</u>	<u>74,138</u>	<u>84,375</u>
Excess of revenues over expenditures	<u>17,020</u>	<u>17,020</u>	<u>120,633</u>	<u>103,613</u>
Other financing sources (uses):				
Transfers out	<u>(15,000)</u>	<u>(15,000)</u>	<u>(15,000)</u>	<u>-</u>
Net change in fund balance	2,020	2,020	105,633	103,613
Fund balance, October 1	<u>180,326</u>	<u>180,326</u>	<u>180,326</u>	<u>-</u>
Fund balance, September 30	<u>\$ 182,346</u>	<u>182,346</u>	<u>285,959</u>	<u>103,613</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, 2019

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 922,417	922,417	934,987	12,570
Interest	10,000	10,000	17,418	7,418
Total revenues	<u>932,417</u>	<u>932,417</u>	<u>952,405</u>	<u>19,988</u>
Expenditures:				
Principal	759,250	759,250	759,250	-
Interest and fiscal charges	409,467	409,467	413,963	(4,496)
Bond issuance costs	7,700	7,700	-	7,700
Total expenditures	<u>1,176,417</u>	<u>1,176,417</u>	<u>1,173,213</u>	<u>3,204</u>
Excess of revenues over expenditures	<u>(244,000)</u>	<u>(244,000)</u>	<u>(220,808)</u>	<u>23,192</u>
Other financing sources (uses):				
Proceeds from issuance of debt	-	-	-	-
Transfers in	<u>-</u>	<u>150,500</u>	<u>150,500</u>	<u>-</u>
Net change in fund balance	(244,000)	(93,500)	(70,308)	23,192
Fund balance, October 1	<u>306,462</u>	<u>306,462</u>	<u>306,462</u>	<u>-</u>
Fund balance, September 30	<u>\$ 62,462</u>	<u>212,962</u>	<u>236,154</u>	<u>23,192</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, 2019

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 877,625	877,625	901,068	23,443
Intergovernmental	560,254	560,254	573,994	13,740
Interest	10,550	10,550	21,122	10,572
Total revenues	<u>1,448,429</u>	<u>1,448,429</u>	<u>1,496,184</u>	<u>47,755</u>
Expenditures:				
Current:				
Economic development	50,000	50,000	20,000	30,000
Debt service:				
Principal	345,000	345,000	345,000	-
Interest and fiscal charges	46,305	46,305	45,620	685
Total expenditures	<u>441,305</u>	<u>441,305</u>	<u>410,620</u>	<u>30,685</u>
Excess of revenues over expenditures	<u>1,007,124</u>	<u>1,007,124</u>	<u>1,085,564</u>	<u>78,440</u>
Other financing sources (uses):				
Transfers out	<u>(1,007,111)</u>	<u>(1,007,111)</u>	<u>(986,180)</u>	<u>20,931</u>
Net change in fund balance	13	13	99,384	99,371
Fund balance, October 1	<u>205,458</u>	<u>205,458</u>	<u>205,458</u>	<u>-</u>
Fund balance, September 30	<u>\$ 205,471</u>	<u>205,471</u>	<u>304,842</u>	<u>99,371</u>

See accompanying independent auditor's report.

City of Belton, Texas

Statistical Section

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

Contents	Page
Financial Trends	90
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
Revenue Capacity	100
<i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	
Debt Capacity	105
<i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	114
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	
Operating Information	118
<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)

	2010	2011	2012	2013
Governmental activities				
Net investment in capital assets	\$ 12,714,726	14,748,004	14,506,537	14,681,745
Restricted	1,885,924	1,627,859	1,661,938	2,263,468
Unrestricted	<u>6,445,189</u>	<u>6,457,544</u>	<u>6,957,744</u>	<u>6,747,744</u>
Total governmental activities net position	<u>\$ 21,045,839</u>	<u>22,833,407</u>	<u>23,126,219</u>	<u>23,692,957</u>
Business-type activities				
Net investment in capital assets	\$ 16,942,659	16,962,666	16,439,528	17,681,536
Restricted	438,059	231,106	33,017	193,212
Unrestricted	<u>4,276,077</u>	<u>4,950,372</u>	<u>6,123,639</u>	<u>6,542,549</u>
Total business-type activities net position	<u>\$ 21,656,795</u>	<u>22,144,144</u>	<u>22,596,184</u>	<u>24,417,297</u>
Primary government				
Net investment in capital assets	\$ 29,657,385	31,710,670	30,946,065	32,363,281
Restricted	2,323,983	1,858,965	1,694,955	2,456,680
Unrestricted	<u>10,721,266</u>	<u>11,407,916</u>	<u>13,081,383</u>	<u>13,290,293</u>
Total primary government net position	<u>\$ 42,702,634</u>	<u>44,977,551</u>	<u>45,722,403</u>	<u>48,110,254</u>

Table I

Fiscal Year					
2014	2015	2016	2017	2018	2019
16,461,658	20,253,143	24,492,141	24,735,870	25,577,477	26,552,859
2,701,028	2,846,948	2,300,596	1,123,142	2,245,552	3,115,867
6,963,750	6,462,523	5,385,680	6,115,680	5,570,034	5,966,036
<u>26,126,436</u>	<u>29,562,614</u>	<u>32,178,417</u>	<u>31,974,692</u>	<u>33,393,063</u>	<u>35,634,762</u>
18,121,998	21,325,320	27,592,280	31,298,115	33,628,880	33,448,863
-	-	-	-	-	-
6,334,986	4,941,679	7,176,189	6,348,421	7,284,409	9,508,311
<u>24,456,984</u>	<u>26,266,999</u>	<u>34,768,469</u>	<u>37,646,536</u>	<u>40,913,289</u>	<u>42,957,174</u>
34,583,656	41,578,463	52,084,421	56,033,985	59,206,357	60,001,722
2,701,028	2,846,948	2,300,596	1,123,142	2,245,552	3,115,867
13,298,736	11,404,202	12,561,869	12,464,101	12,854,443	15,474,347
<u>50,583,420</u>	<u>55,829,613</u>	<u>66,946,886</u>	<u>69,621,228</u>	<u>74,306,352</u>	<u>78,591,936</u>

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

	2010	2011	2012	2013
Expenses				
Governmental activities:				
General government	\$ 1,155,582	1,312,897	1,384,187	1,379,902
Public safety	5,240,838	5,513,342	5,646,348	6,081,978
Highways and streets	1,709,400	1,786,877	1,878,313	1,918,580
Planning	426,329	416,266	340,545	389,280
Culture and recreation	1,610,093	1,779,825	1,940,672	1,562,517
Solid waste	872,479	1,024,826	992,345	1,023,909
Economic development	218,463	609,974	456,987	231,829
Maintenance	314,162	343,480	448,480	444,230
Interest	451,091	408,622	387,912	466,056
Total governmental activities expenses	<u>11,998,437</u>	<u>13,196,109</u>	<u>13,475,789</u>	<u>13,498,281</u>
Business-type activities:				
Water and sewer	5,266,330	5,405,274	5,586,624	5,689,098
Drainage	152,197	167,411	207,911	253,212
Total business-type activities expenses	<u>5,418,527</u>	<u>5,572,685</u>	<u>5,794,535</u>	<u>5,942,310</u>
Total primary government expenses	<u>\$ 17,416,964</u>	<u>18,768,794</u>	<u>19,270,324</u>	<u>19,440,591</u>
Program Revenues				
Governmental activities:				
Charges for services:				
Public safety	\$ 1,307,580	1,252,269	1,544,949	1,503,586
Planning	150,787	122,596	163,410	223,636
Culture and recreation	26,823	40,416	43,835	57,923
Solid waste	1,013,460	1,137,155	1,166,276	1,198,447
Operating grants and contributions	631,493	829,734	640,097	645,933
Capital grants and contributions	643,356	1,864,243	805,335	1,113,389
Total governmental activities program revenues	<u>3,773,499</u>	<u>5,246,413</u>	<u>4,363,902</u>	<u>4,742,914</u>
Business-type activities:				
Charges for services:				
Water and sewer	4,960,198	6,033,244	5,833,008	5,914,912
Drainage	342,930	350,856	349,273	360,008
Capital grants and contributions	687,091	730,798	377,895	1,242,591
Total business-type activities program revenues	<u>5,990,219</u>	<u>7,114,898</u>	<u>6,560,176</u>	<u>7,517,511</u>
Total primary government program revenues	<u>\$ 9,763,718</u>	<u>12,361,311</u>	<u>10,924,078</u>	<u>12,260,425</u>
Net (expense)/revenue				
Governmental activities	\$ (8,224,938)	(7,949,696)	(9,111,887)	(8,755,367)
Business-type activities	<u>571,692</u>	<u>1,542,213</u>	<u>765,641</u>	<u>1,575,201</u>
Total primary government net expense	<u>\$ (7,653,246)</u>	<u>(6,407,483)</u>	<u>(8,346,246)</u>	<u>(7,180,166)</u>

Table II

Fiscal Year					
2014	2015	2016	2017	2018	2019
1,542,268	1,534,183	1,689,517	1,717,750	1,708,939	1,922,535
6,274,184	6,513,269	7,542,557	7,270,358	7,583,124	7,732,691
1,979,832	2,176,849	2,092,553	3,595,036	3,048,186	2,931,121
349,526	352,821	346,111	394,218	376,194	420,375
1,700,193	1,873,363	2,174,373	2,288,188	2,231,611	2,263,114
996,945	1,039,691	1,096,528	1,149,978	1,233,457	1,375,670
461,622	180,440	209,272	456,739	20,538	254,749
400,394	398,974	432,894	499,933	551,823	620,433
552,290	540,242	524,277	530,523	500,946	444,005
<u>14,257,254</u>	<u>14,609,832</u>	<u>16,108,082</u>	<u>17,902,723</u>	<u>17,254,818</u>	<u>17,964,693</u>
5,577,444	5,912,553	6,612,667	7,587,275	7,292,722	7,399,552
312,075	280,317	438,375	467,002	583,665	518,216
<u>5,889,519</u>	<u>6,192,870</u>	<u>7,051,042</u>	<u>8,054,277</u>	<u>7,876,387</u>	<u>7,917,768</u>
<u>20,146,773</u>	<u>20,802,702</u>	<u>23,159,124</u>	<u>25,957,000</u>	<u>25,131,205</u>	<u>25,882,461</u>
1,577,432	1,744,958	1,656,931	1,724,140	1,256,344	1,284,306
205,792	188,172	221,395	331,412	249,596	265,243
71,857	76,672	83,249	84,260	100,485	118,731
1,191,335	1,207,841	1,271,762	1,330,093	1,411,823	1,567,214
646,637	747,749	1,044,637	1,031,482	935,743	1,004,165
<u>2,283,115</u>	<u>3,758,025</u>	<u>2,783,748</u>	<u>1,756,063</u>	<u>1,960,463</u>	<u>2,186,550</u>
<u>5,976,168</u>	<u>7,723,417</u>	<u>7,061,722</u>	<u>6,257,450</u>	<u>5,914,454</u>	<u>6,426,209</u>
5,550,825	6,164,279	6,898,744	7,857,459	8,506,124	8,467,402
367,956	360,021	377,991	389,231	452,795	492,638
348,298	1,764,757	8,588,839	3,296,277	2,404,750	1,104,514
<u>6,267,079</u>	<u>8,289,057</u>	<u>15,865,574</u>	<u>11,542,967</u>	<u>11,363,669</u>	<u>10,064,554</u>
<u>12,243,247</u>	<u>16,012,474</u>	<u>22,927,296</u>	<u>17,800,417</u>	<u>17,278,123</u>	<u>16,490,763</u>
(8,281,086)	(6,886,415)	(9,046,360)	(11,645,273)	(11,340,364)	(11,538,484)
<u>377,560</u>	<u>2,096,187</u>	<u>8,814,532</u>	<u>3,488,690</u>	<u>3,487,282</u>	<u>2,146,786</u>
<u>(7,903,526)</u>	<u>(4,790,228)</u>	<u>(231,828)</u>	<u>(8,156,583)</u>	<u>(7,853,082)</u>	<u>(9,391,698)</u>

(continued)

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

	2010	2011	2012	2013
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	\$ 4,655,052	4,791,388	4,954,391	5,257,077
Sales taxes	2,223,209	2,323,032	2,763,063	2,874,792
Franchise taxes	1,038,259	1,110,063	1,062,958	1,075,453
Hotel/motel taxes	151,197	154,071	151,802	162,989
Alcoholic beverage taxes	28,620	29,065	28,868	31,378
Unrestricted investment earnings	22,117	14,386	12,431	11,439
Miscellaneous	91,609	229,790	102,342	130,986
Gain on sale of capital assets	-	3,833	-	6,351
Transfers	545,900	1,081,636	328,844	(228,360)
Total governmental activities	<u>8,755,963</u>	<u>9,737,264</u>	<u>9,404,699</u>	<u>9,322,105</u>
Business-type activities:				
Unrestricted investment earnings	12,635	6,684	6,362	6,189
Miscellaneous	-	1,316	-	-
Gain (loss) on sale of capital assets	-	10,286	-	11,363
Transfers	(545,900)	(1,081,636)	(328,844)	228,360
Total business-type activities	<u>(533,265)</u>	<u>(1,063,350)</u>	<u>(322,482)</u>	<u>245,912</u>
Total primary government	<u>\$ 8,222,698</u>	<u>8,673,914</u>	<u>9,082,217</u>	<u>9,568,017</u>
Change in Net Position				
Governmental activities	\$ 531,025	1,787,568	292,812	566,738
Business-type activities	<u>38,427</u>	<u>478,863</u>	<u>443,159</u>	<u>1,821,113</u>
Total primary government	<u>\$ 569,452</u>	<u>2,266,431</u>	<u>735,971</u>	<u>2,387,851</u>

Table II
(Continued)

Fiscal Year					
2014	2015	2016	2017	2018	2019
5,581,133	5,916,916	6,355,718	6,608,619	7,014,638	7,417,023
3,069,314	3,205,411	3,155,659	3,276,982	3,510,105	3,573,712
1,183,602	1,148,273	1,171,669	1,164,334	1,248,967	1,252,492
177,932	157,454	147,230	167,691	162,032	189,851
40,579	39,204	38,434	40,811	46,951	55,115
13,715	28,003	42,668	113,232	168,241	281,580
88,762	102,773	399,537	276,195	355,287	312,387
191,869	36,937	17,821	(981,302)	-	140,266
367,659	294,516	333,427	774,986	503,778	557,757
<u>10,714,565</u>	<u>10,929,487</u>	<u>11,662,163</u>	<u>11,441,548</u>	<u>13,009,999</u>	<u>13,780,183</u>
5,118	16,624	33,343	149,443	285,490	369,904
-	-	-	-	2,637	5,481
24,668	108,079	(36,600)	14,920	43,061	36,007
<u>(367,659)</u>	<u>(294,516)</u>	<u>(309,805)</u>	<u>(774,986)</u>	<u>(503,778)</u>	<u>(514,293)</u>
<u>(337,873)</u>	<u>(169,813)</u>	<u>(313,062)</u>	<u>(610,623)</u>	<u>(172,590)</u>	<u>(102,901)</u>
<u>10,376,692</u>	<u>10,759,674</u>	<u>11,349,101</u>	<u>10,830,925</u>	<u>12,837,409</u>	<u>13,677,282</u>
2,433,479	4,043,072	2,615,803	(203,725)	1,669,635	2,241,699
<u>39,687</u>	<u>1,926,374</u>	<u>8,501,470</u>	<u>2,878,067</u>	<u>3,314,692</u>	<u>2,043,885</u>
<u>2,473,166</u>	<u>5,969,446</u>	<u>11,117,273</u>	<u>2,674,342</u>	<u>4,984,327</u>	<u>4,285,584</u>

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

	2010	2011	2012	2013
General fund				
Reserved	\$ 95,659	-	-	-
Unreserved, designated	591,114	-	-	-
Nonspendable prepaid expenses	-	4,925	6,102	6,112
Restricted for:				
Public access facilities	-	96,665	124,571	151,474
Public safety	-	25,636	43,355	23,560
Cemetery	-	-	3,077	3,080
Assigned to:				
Civil service sick pay and appeals	-	632,220	711,366	705,931
Other purposes	-	35,466	12,668	10,141
Unreserved/Unassigned	4,475,221	3,989,030	4,538,665	5,127,544
Total general fund	\$ 5,161,994	4,783,942	5,439,804	6,027,842
All other governmental funds				
Reserved	\$ 233,286	-	-	-
Unreserved, reported in:				
Special revenue funds	483,090	-	-	-
Capital projects funds	4,186,898	-	-	-
Restricted for:				
Debt service	-	281,757	269,913	274,764
Capital projects	-	524,116	893,851	7,830,392
Economic development	-	396,908	637,476	1,094,866
Public safety	-	99,887	157,635	75,232
Other purposes	-	14,259	23,280	31,355
Committed to:				
Capital projects	-	1,426,410	435,769	415,864
Economic development	-	5,822	24,696	24,750
Assigned to capital projects	-	1,661,041	1,644,454	784,081
Unassigned	-	(7)	(7)	-
Total all other governmental funds	\$ 4,903,274	4,410,193	4,087,067	10,531,304

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

Table III

Fiscal Year					
2014	2015	2016	2017	2018	2019
-	-	-	-	-	-
-	-	-	-	-	-
7,519	8,169	7,829	4,409	6,699	7,392
177,076	204,307	233,434	264,425	299,494	335,911
20,370	10,894	10,995	10,936	4,693	47,870
3,082	3,106	3,115	3,140	3,189	3,262
722,099	719,391	704,950	824,834	785,547	759,785
17,163	29,511	32,233	35,744	33,658	44,522
4,657,271	4,768,975	5,029,559	5,104,032	5,122,832	5,077,904
<u>5,604,580</u>	<u>5,744,353</u>	<u>6,022,115</u>	<u>6,247,520</u>	<u>6,256,112</u>	<u>6,276,646</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
172,923	132,462	158,685	169,940	306,462	236,154
6,314,205	5,310,080	4,484,401	1,310,998	-	1,673,625
1,596,879	1,826,018	1,192,880	541,585	1,434,099	590,801
137,804	114,421	162,757	68,645	133,575	136,597
36,416	42,959	36,293	37,976	36,898	42,595
-	-	-	-	-	-
20,730	23,859	21,680	7,034	5,082	43,650
1,763,345	1,617,003	1,088,912	1,912,218	1,985,455	2,415,820
-	(1,218)	(4,830)	(584)	(96,497)	(20,364)
<u>10,042,302</u>	<u>9,065,584</u>	<u>7,140,778</u>	<u>4,047,812</u>	<u>3,805,074</u>	<u>5,118,878</u>

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

	2010	2011	2012	2013
Revenues				
Taxes	\$ 8,097,197	8,415,055	8,948,717	9,406,650
Licenses and permits	150,787	122,596	163,410	223,636
Intergovernmental	615,690	1,841,492	1,347,776	1,125,196
Charges for services	2,039,346	2,222,768	2,363,864	2,409,771
Fines	265,143	314,336	362,650	369,793
Rental	9,000	9,000	9,300	9,900
Interest	22,117	14,386	12,432	11,439
Contributions and donations	571,403	544,849	97,656	122,197
Payments in lieu of taxes	5,540	4,646	5,220	6,349
Miscellaneous	94,339	176,129	73,506	107,984
Total revenues	<u>11,870,562</u>	<u>13,665,257</u>	<u>13,384,531</u>	<u>13,792,915</u>
Expenditures				
General government	1,070,111	1,172,554	1,220,853	1,286,946
Public safety	4,949,082	4,934,983	5,220,652	5,848,468
Highways and streets	874,660	896,935	943,953	986,341
Planning	390,325	409,378	330,726	355,265
Culture and recreation	989,906	1,072,806	1,071,969	1,083,562
Solid waste	861,083	1,013,119	978,348	1,009,519
Economic development	187,725	609,915	456,987	231,829
Maintenance	301,741	343,456	339,382	396,470
Debt service				
Principal	520,345	540,345	564,058	584,067
Interest and fiscal charges	454,508	412,176	391,625	378,236
Bond issuance cost	-	-	-	80,000
Capital outlay	<u>2,208,593</u>	<u>4,271,626</u>	<u>1,933,174</u>	<u>1,135,259</u>
Total expenditures	<u>12,808,079</u>	<u>15,677,293</u>	<u>13,451,727</u>	<u>13,375,962</u>
Excess of revenues over (under) expenditures	<u>(937,517)</u>	<u>(2,012,036)</u>	<u>(67,196)</u>	<u>416,953</u>
Other financing sources (uses)				
Insurance proceeds	9,553	42,821	18,332	12,331
Sale of capital assets	13,536	16,446	52,756	6,351
Transfers in	1,506,035	2,196,218	895,629	765,463
Transfers out	(960,135)	(1,114,582)	(566,785)	(993,823)
Issuance of debt	-	-	-	6,825,000
Other uses	-	-	-	-
Total other financing sources (uses)	<u>568,989</u>	<u>1,140,903</u>	<u>399,932</u>	<u>6,615,322</u>
Net change in fund balances	<u>\$ (368,528)</u>	<u>(871,133)</u>	<u>332,736</u>	<u>7,032,275</u>
Debt service as a percentage of noncapital expenditures	9.20%	8.04%	8.16%	8.62%

Table IV

Fiscal Year					
2014	2015	2016	2017	2018	2019
10,051,287	10,467,602	10,878,885	11,259,914	11,969,151	12,467,060
205,792	188,172	221,395	331,412	249,596	265,243
2,630,028	3,308,812	2,523,212	1,122,211	1,155,895	2,514,469
2,434,770	2,526,593	2,589,725	2,743,579	2,692,984	2,216,309
419,299	377,875	389,614	333,039	301,237	384,661
11,800	15,600	14,300	-	-	-
13,715	28,003	44,564	113,232	168,241	281,580
194,298	279,926	406,507	267,036	270,332	240,789
7,515	9,164	9,489	9,532	9,375	9,118
86,003	93,967	385,988	277,542	359,222	314,712
<u>16,054,507</u>	<u>17,295,714</u>	<u>17,463,679</u>	<u>16,457,497</u>	<u>17,176,033</u>	<u>18,693,941</u>
1,460,528	1,475,263	1,588,236	1,598,483	1,665,115	1,777,826
5,963,512	6,278,268	6,492,045	6,521,897	7,030,556	6,936,055
1,029,737	1,061,613	924,047	2,362,584	1,561,526	1,294,284
327,937	337,730	325,475	379,528	360,172	391,355
1,155,054	1,196,792	1,281,494	1,430,633	1,585,759	1,587,938
986,098	1,027,958	1,079,976	1,123,844	1,205,209	1,342,432
461,622	186,379	209,272	456,739	20,538	254,749
391,983	363,981	388,027	452,052	507,201	545,038
629,399	733,112	841,824	906,824	1,010,538	1,104,250
533,035	541,331	533,119	510,588	413,177	459,583
-	15,234	-	35,682	1,527	-
4,672,441	6,366,845	5,841,144	4,439,128	4,790,466	2,409,366
<u>17,611,346</u>	<u>19,584,506</u>	<u>19,504,659</u>	<u>20,217,982</u>	<u>20,151,784</u>	<u>18,102,876</u>
<u>(1,556,839)</u>	<u>(2,288,792)</u>	<u>(2,040,980)</u>	<u>(3,760,485)</u>	<u>(2,975,751)</u>	<u>591,065</u>
99,777	18,601	25,360	49,458	26,065	46,753
177,139	31,775	35,149	18,480	41,186	138,763
2,616,554	1,715,681	1,576,500	2,458,921	2,412,836	3,439,234
(2,248,895)	(1,421,165)	(1,243,073)	(1,683,935)	(1,909,058)	(2,881,477)
-	1,070,000	-	50,000	2,170,576	-
-	36,955	-	-	-	-
<u>644,575</u>	<u>1,451,847</u>	<u>393,936</u>	<u>892,924</u>	<u>2,741,605</u>	<u>743,273</u>
<u>(912,264)</u>	<u>(836,945)</u>	<u>(1,647,044)</u>	<u>(2,867,561)</u>	<u>(234,146)</u>	<u>1,334,338</u>
8.99%	9.76%	10.06%	8.98%	9.27%	9.96%

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
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
2018	7,001,096	3,510,105	1,248,967	162,032	46,951	11,969,151
2019	7,395,890	3,573,712	1,252,492	189,851	55,115	12,467,060

(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>
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	1,257,069,396	70.91
2016	1,194,906,878	140,316,184	389,625,934	945,597,128	0.6598	1,335,223,062	70.82
2017	1,248,553,794	155,840,630	406,696,183	997,698,241	0.6598	1,404,394,424	71.04
2018	1,321,908,127	155,385,438	415,368,611	1,061,924,954	0.6598	1,477,293,565	71.88
2019	1,400,751,130	151,104,575	432,772,362	1,119,083,343	0.6598	1,551,855,705	72.11

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.

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	Bell County WCID #6	
TAX RATES (Per \$100 assessed value)								
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	0.0300	2.5848
2018	0.5545	0.1053	0.6598	0.4511	1.6030	0.0038	0.0300	2.7477
2019	0.5650	0.0948	0.6598	0.4511	1.6030	0.0038	0.0300	2.7477

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	2019			2010		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Turtle Creek Investments	\$ 17,920,685	1	1.60 %	\$ 12,992,057	3	1.80 %
Oncor Electric Delivery	15,836,752	2	1.42	9,951,215	4	1.38
Bekaert Corporation / Wire Rope Ind.	12,677,687	3	1.13	-		
Legacy Landing Group	12,118,600	4	1.08	-		
CMH Manufacturing	12,005,690	5	1.07	-		
Wal-Mart	11,600,921	6	1.04	14,822,941	1	2.05
HEB Grocery Company	11,106,414	7	0.99	3,670,192	10	0.51
Stratasys Direct Manufacturing	10,733,785	8	0.96	-		
River Springs at Barge Ranch, LP	10,187,337	9	0.91	-		
Chappell Hill Equity III	10,097,862	10	0.90	5,906,656	5	0.82
Fleetwood Homes of Texas	-		-	13,476,840	2	1.86
JSJ Seating Corporation	-		-	4,548,684	6	0.63
Tarco of Texas	-		-	4,027,230	7	0.56
Custom Printing II Ltd.	-		-	3,842,310	8	0.53
Southwestern Bell Telephone Co.	-		-	3,792,728	9	0.52
Totals	\$ <u>124,285,733</u>		<u>11.11 %</u>	\$ <u>77,030,853</u>		<u>10.66 %</u>

Source: Bell County Appraisal District

Table IX

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

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2010	4,733,777	4,629,436	97.80	74,658	4,704,094	99.37
2011	4,873,734	4,755,548	97.58	71,349	4,826,897	99.04
2012	5,012,276	4,915,146	98.06	70,541	4,985,687	99.47
2013	5,234,142	5,124,859	97.91	84,477	5,209,336	99.53
2014	5,508,036	5,426,284	98.52	63,223	5,489,507	99.66
2015	5,904,297	5,780,783	97.91	69,325	5,850,108	99.08
2016	6,239,069	6,213,465	99.59	47,914	6,261,379	100.36
2017	6,582,814	6,493,885	98.65	44,635	6,538,520	99.33
2018	7,007,073	6,881,333	98.21	36,773	6,918,106	98.73
2019	7,383,713	7,282,464	98.63	-	7,282,464	98.63

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 Par	Bonds Premium	Certificates of Obligation Par	Certificates of Obligation Premium	General Obligation Bonds Par	Bonds Premium	Certificates of Obligation Par	Certificates of Obligation Premium	Capital Leases			
2010	5,355,000	-	5,027,458	-	1,725,450	-	5,342,542	-	74,499	17,524,949	4.61	841
2011	5,050,000	-	4,792,113	-	1,476,650	-	5,107,887	-	37,854	16,464,504	4.25	790
2012	4,706,630	-	4,571,425	-	1,219,000	-	4,861,945	-	-	15,359,000	3.88	737
2013	4,415,000	-	11,103,988	-	956,350	-	4,606,012	-	-	21,081,350	4.84	1,011
2014	4,060,000	-	10,829,588	-	682,800	-	4,315,409	-	-	19,887,797	4.88	954
2015	3,695,000	-	11,531,476	36,955	406,300	-	12,603,518	296,853	-	28,570,102	6.68	1,370
2016	3,220,000	-	11,064,651	33,297	126,850	-	11,945,343	267,819	-	26,657,960	6.26	1,152
2017	2,930,000	-	10,597,826	30,429	1,350,000	-	19,324,168	517,240	-	34,749,663	6.91	1,502
2018	2,525,000	-	12,177,289	92,303	1,180,000	-	18,537,706	472,054	-	34,984,352	6.92	1,461
2019	2,105,000	-	11,493,039	82,248	1,105,000	-	17,616,956	427,852	-	32,830,095	5.82	1,312

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

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

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

Fiscal Year	General Obligation Bonds	Certificates of Obligation	Total	Less: Amounts Available in Debt Service Fund	Total	Percentage of Taxable Value (1) of Property	Per Capita (2)
2010	5,355,000	5,027,458	10,382,458	233,286	10,149,172	1.48	557
2011	5,050,000	4,792,113	9,842,113	281,757	9,560,356	1.28	514
2012	4,706,630	4,571,425	9,278,055	269,913	9,008,142	1.18	475
2013	4,415,000	11,103,988	15,518,988	274,764	15,244,224	1.92	789
2014	4,060,000	10,829,588	14,889,588	172,667	14,716,921	1.76	743
2015	3,695,000	11,568,431	15,263,431	132,462	15,130,969	1.70	737
2016	3,320,000	11,098,038	14,418,038	152,425	14,265,613	1.51	672
2017	2,930,000	10,597,827	13,527,827	169,940	13,357,887	1.34	615
2018	2,525,000	12,269,592	14,794,592	306,462	14,488,130	1.36	656
2019	2,105,000	11,575,287	13,680,287	236,154	13,444,133	1.20	597

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, 2019

<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>13,680,287</u> (1)	100.00 %	\$ <u>13,680,287</u>
Total direct	<u>13,680,287</u>		<u>13,680,287</u>
Overlapping:			
Belton Economic Development Corp.	-	100.00	-
Belton Independent School District	241,814,996	35.46	85,747,598
Bell County	<u>118,205,000</u>	6.02	<u>7,115,941</u>
Total overlapping	<u>360,019,996</u>		<u>92,863,539</u>
Total direct and overlapping debt	\$ <u><u>373,700,283</u></u>		\$ <u><u>106,543,826</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 \$19,149,808 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, 2019

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 2019 tax roll	\$ 1,119,083,343
Limit on amount designated for debt service	<u>1.50%</u>
Legal debt limit	\$ <u>16,786,250</u>
Actual amount expended for general obligation debt service during the year ended September 30, 2019	\$ <u>1,173,213</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
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
2018	8,958,919	4,340,736	4,618,183	959,462	602,937	1,562,399	2.96
2019	8,960,040	4,229,801	4,730,239	995,750	575,379	1,571,129	3.01

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 expenses do not include amortization or depreciation.

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Operating and Nonoperating Revenue:				
Water and Sewer System	\$ 4,928,573	6,000,318	5,795,849	5,877,848
Miscellaneous	31,625	32,926	37,159	37,064
Interest	<u>11,452</u>	<u>6,212</u>	<u>5,995</u>	<u>5,747</u>
Total	<u>\$ 4,971,650</u>	<u>6,039,456</u>	<u>5,839,003</u>	<u>5,920,659</u>
Operating Expense:				
Water and Sewer System (1)	<u>\$ 3,326,903</u>	<u>3,460,787</u>	<u>3,621,282</u>	<u>3,709,426</u>

(1) Excludes depreciation expense

Table XV

Fiscal Year					
<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
5,509,407	6,091,702	6,835,792	7,783,829	8,428,213	8,363,409
41,418	72,577	62,952	73,630	77,911	103,993
<u>4,522</u>	<u>15,458</u>	<u>31,245</u>	<u>145,006</u>	<u>280,776</u>	<u>361,503</u>
<u>5,555,347</u>	<u>6,179,737</u>	<u>6,929,989</u>	<u>8,002,465</u>	<u>8,786,900</u>	<u>8,828,905</u>
<u>3,752,620</u>	<u>3,982,815</u>	<u>4,081,368</u>	<u>4,270,249</u>	<u>3,978,863</u>	<u>3,947,597</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
Belle Oaks Apartments	Multi-Family Housing
Legacy Landing	Multi-Family Housing
Belton Housing Authority	Multi-Family Housing
Riversprings at Barge Ranch	Multi-Family Housing
Colonial Crossing Apartments	Multi-Family Housing
Montrose II Apartments	Multi-Family Housing
Bell County Expo Center	Exposition Center
Walmart Stores	Retail Store
College View Apartments	Multi-Family Housing
Totals	

Source: Finance Department, City of Belton, Texas

Table XVI

2019			2010		
Annual Sales	Rank	Percentage of Total Sales	Annual Sales	Rank	Percentage of Total Sales
\$ 686,520	1	14.53 %	\$ 184,136	1	6.22 %
391,758	2	8.29	88,334	2	2.99
215,323	3	4.56	84,447	3	2.85
176,516	4	3.74	75,432	4	2.55
118,890	5	2.52	48,594	5	1.64
94,552	6	2.00	-	-	-
90,153	7	1.91	37,728	7	1.27
86,514	8	1.83	-	-	-
74,734	9	1.58	-	-	-
56,946	10	1.21	27,412	8	0.93
-		-	25,018	9	0.85
-		-	18,537	10	0.63
-		-	39,983	6	1.35
<u>\$ 1,991,906</u>		<u>42.17 %</u>	<u>\$ 629,621</u>		<u>21.28 %</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>	
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 @	490,913,174	23,141 #	29	10,854	4.8	^
2017	21,721 @	502,645,661	23,141 #	36	11,530	4.3	^
2018	22,078 @	528,591,476	23,942 #	28	11,876	4.0	^
2018	22,532 @	563,998,492	25,031 #	28	12,187	3.6	**

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>2019</u>		<u>2010</u>	
<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>
Belton Independent School District	2,081	1	1,342	1
Bell County	1,161	2	1,074	2
University of Mary Hardin Baylor	671	3	377	4
TruMH (a Clayton Homes Co)	460	4	282	5
HEB Grocery	359	5	115	12
CGI	268	6	-	
Wolff Construction	253	7	-	
Wal-Mart	246	8	400	3
Cedar Crest Hospital & Clinic	245	9	150	9
United Parcel Service	212	10	120	11
Custom Printing	-		225	6
Belco Manufacturing	-		160	7
City of Belton	-		150	8
Central Texas Council of Governments	-		125	10
Total	<u>5,956</u>		<u>4,520</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	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government	14	15	16	18	18	19	16	15	15	15
Public safety:										
Police:										
Officers	29	29	30	32	32	35	35	35	35	36
Civilians	9	9	10	10	10	11	11	12	13	12
Fire:										
Firefighters and officers	32	32	32	32	32	33	33	33	33	33
Civilians	1	1	1	1	1	1	2	2	2	2
Highways and streets	10	9	9	9	9	9	9	8	8	8
Planning	6	6	4	4.5	4.5	4.5	4.5	6.5	6.5	6.5
Culture and recreation	16	17	17	17	17	17	18	19	19	19
Solid waste	1	1	1	1	1	1	1	1	1	1
Maintenance	7	7	7	8	8	8	7	9	9	9
Water and sewer	20	21	21	21	22	22	24	23	25	25
Economic development	3	3	2	2	2	2	2.5	2.5	2.5	2.5
Drainage	2	2	2	2	2	2	3	3	3	3
Total	<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>168.5</u>	<u>171.5</u>	<u>171.5</u>

Source: Finance Department, City of Belton, Texas

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

Function	2010	2011	2012	2013
Police:				
Citations issued	4,050	3,019	3,248	2,930
Alarms responded to	1,100	1,222	1,202	1,100
Disturbance calls	1,150	692	692	720
Inspections *	-	-	-	-
Compliance *	-	-	-	-
Citations issued *	-	-	-	-
Fire:				
Fires	101	162	66	113
Inspections	505	271	355	143
Investigations	20	31	53	27
Highways and streets:				
Signs erected	900	910	304	492
Planning:				
Permits issued	1,438	1,532	1,297	806
Inspections	1,668	2,205	2,200	2,372
Abatement of junk vehicle	356	211	-	-
Abatement of weedy lots	2,129	1,164	-	-
Dilapidated structures	16	4	-	-
Culture and recreation:				
Library circulation	49,242	58,415	61,670	65,072
Maintenance:				
Work orders completed	1,150	1,854	1,367	1,398
Water:				
New connections	106	93	166	94
Water main breaks	26	22	31	27
Average daily water consumption (millions of gallons)	2.00	2.66	3.06	2.93
Sewer:				
Average daily sewage treatment (millions of gallons)	1.46	1.18	1.31	1.32

Sources: Various city departments.

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

* Beginning in fiscal year 2018, Code Enforcement began a new compliance-encouraged approach to addressing properties in violation. Therefore, the appropriate metrics have been adjusted and data prior to fiscal year 2018 is not available.

Table XX

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
3,400	3,500	3,410	2,510	2,675	3,150
1,350	1,050	1,300	1,101	925	1,100
800	825	685	699	500	610
-	-	-	-	1,831	2,012
-	-	-	-	2,012	2,012
-	-	-	-	3	10
123	130	67	127	81	99
165	175	200	249	235	99
43	50	45	13	21	35
460	496	580	254	275	400
1,725	1,210	1,360	2,518	2,541	2,489
3,760	2,290	2,640	4,842	4,837	4,982
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
86,624	88,694	83,869	84,607	90,076	87,023
2,758	1,476	2,406	2,803	2,658	1,469
175	150	204	270	335	385
35	15	17	10	18	15
3.09	2.78	2.91	3.06	3.09	2.69
1.53	1.77	1.86	1.53	1.27	1.73

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

Function	2010	2011	2012	2013
Public safety:				
Police:				
Stations	1	1	1	1
Substations	1	1	1	1
Patrol units	12	14	14	14
Fire stations	2	2	2	2
Highways and streets:				
Streets (miles)	119	119	121	122
Culture and recreation:				
Parks acreage	189	189	189	194
Playgrounds	16	16	16	17
Ball fields	14	14	14	14
Trails (miles)	4	4	4	5
Water:				
Service connections	5,663	5,785	5,902	6,065
Water mains (miles)	116	116	117	119
Water pump stations	2	2	2	2
Fire hydrants	840	840	843	870
Plant capacity (millions of gallons)	7	7	7	7
Sewer:				
Service connections	4,245	4,245	4,351	4,358
Sanitary sewers (miles)	107	108	130	133
Number of lift stations	16	15	16	15
Treatment plant capacity (millions of gallons)	3	3	3	3

Sources: Various city departments.

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

Table XXI

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
1	1	1	1	1	1
1	1	1	1	1	1
15	15	17	17	20	21
2	2	2	2	2	2
106	107	109	111	115	115
194	174	177	186	275	349
15	18	18	18	18	18
15	15	15	15	15	15
7	7	4	4	4	5
6,105	6,387	6,324	6,596	6,885	7,729
121	144	146	152	156	160
2	2	2	2	2	2
890	1,016	1,043	1,098	1,138	1,188
8	8	8	8	8	8
4,782	4,750	4,843	5,068	5,332	5,702
134	135	149	112	114	118
17	18	18	17	17	17
3	3	3	3	3	3

