

City of Belton, Texas



*Comprehensive Annual Financial Report
for the Fiscal Year Ending
September 30, 2018*



City of Belton Texas

Year Ended September 30, 2018

Table of Contents

	<u>Exhibit/Table</u>	<u>Page Number</u>
Introductory Section		
Letter of Transmittal		i – vi
Organization Chart		vii
Principal Officials		viii
GFOA Certificate of Achievement for Excellence in Financial Reporting		ix
Financial Section		
Independent Auditor’s Report		1
Management’s Discussion and Analysis		5
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Position	A – 1	19
Statement of Activities	A – 2	21
Fund Financial Statements:		
Balance Sheet – Governmental Funds	A – 3	22
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	A – 4	23
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	A – 5	24
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budgetary Basis - General Fund	A – 6	25
Statement of Net Position – Proprietary Funds	A – 7	27

City of Belton Texas

Year Ended September 30, 2018

Table of Contents

	<u>Exhibit/Table</u>	<u>Page Number</u>
Financial Section (continued)		
Basic Financial Statements: (continued)		
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	A – 8	28
Statement of Cash Flows – Proprietary Funds	A – 9	29
Notes to Financial Statements		31
Required Supplementary Information:		
Schedule of Changes in the City’s Net Pension Liability and Related Ratios – Employees’ Pension Plan	B – 1	73
Schedule of Contributions – Employees’ Pension Plan	B – 2	74
Schedule of Changes in the City’s Total OPEB Liability and Related Ratios – Employees’ OPEB Plan	B – 3	76
Schedule of Contributions – Employees’ OPEB Plan	B – 4	77
Combining and Individual Fund Statements and Schedules:		
Nonmajor Governmental Funds:		
Combining Balance Sheet – Nonmajor Governmental Funds	C – 1	84
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds	C – 2	86
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Budgetary Basis – Hotel/Motel Tax Fund	C – 3	88
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Budgetary Basis – Debt Service Fund	C – 4	89
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Budgetary Basis – TIRZ Fund	C – 5	90

City of Belton Texas

Year Ended September 30, 2018

Table of Contents

	<u>Exhibit/Table</u>	<u>Page Number</u>
Financial Section (continued)		
Combining and Individual Fund Statements and Schedules: (continued)		
Enterprise Funds:		
Schedule of Revenue and Expenses – Budget and Actual – Budgetary Basis – Water and Sewer Fund	D – 1	92
Schedule of Expenses by Department – Budget and Actual – Budgetary Basis – Water and Sewer Fund	D – 2	93
Schedule of Cash Receipts and Disbursements of Restricted Cash and Cash Equivalents for Project Construction – Water and Sewer Fund	D – 3	94
Schedule of Revenue and Expenses – Budget and Actual – Budgetary Basis - Drainage Fund	D – 4	95
Schedule of Cash Receipts and Disbursements of Restricted Cash and Cash Equivalents for Project Construction – Drainage Fund	D – 5	96
Statistical Section		
Net Position by Component	I	98
Changes in Net Position	II	100
Fund Balances of Governmental Funds	III	104
Changes in Fund Balances of Governmental Funds	IV	106
General Governmental Tax Revenues by Source	V	108
Assessed Value and Estimated Actual Value of Taxable Property	VI	109
Property Tax Rates and Tax Levies – Direct and Overlapping Governments	VII	110
Principal Property Taxpayers	VIII	111
Property Tax Levies and Collections	IX	112

City of Belton Texas

Year Ended September 30, 2018

Table of Contents

	<u>Exhibit/Table</u>	<u>Page Number</u>
Statistical Section (continued)		
Ratios of Outstanding Debt by Type	X	113
Ratios of General Bonded Debt Outstanding	XI	114
Direct and Overlapping Governmental Activities Debt – General Obligation Bonds	XII	115
Computation of Maximum Debt Margin	XIII	116
Pledged Revenue Coverage	XIV	117
Water and Sewer System Condensed Statement of Operations	XV	118
Top Ten Water Customers	XVI	120
Demographic and Economic Statistics	XVII	122
Principal Employers	XVIII	123
Full-Time Equivalent City Government Employees by Function	XIX	125
Operating Indicators by Function	XX	126
Capital Asset Statistics by Function	XXI	128



City of Belton

~ Founded 1850 ~

March 20, 2019

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

The City Charter and state statutes require that the City of Belton (the “City”) publish, at the close of each fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles (“GAAP”) and audited in accordance with generally accepted auditing standards by a firm of licensed Certified Public Accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Belton, Texas, for the fiscal year ended September 30, 2018.

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

Jaynes, Reitmeier, Boyd & Therrell, P.C., Certified Public Accountants, has issued an unmodified (“clean”) opinion on the City of Belton’s financial statements for the year ended September 30, 2018. The independent auditor’s report is located at the front of the financial section of this report.

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

Profile of the City

The City of Belton was founded in 1850 and chartered in 1852. On July 13, 1877, Belton was incorporated by the Texas Legislature. Located in Central Texas on Interstate Highway 35, Belton is approximately 65 miles north of Austin and 40 miles south of Waco. The City currently occupies a land area of 21 square miles and serves an estimated population of 21,721. Belton is the county seat of Bell County and is a governmental, agricultural, and commercial center in the area. Two large lakes, Belton Lake and Stillhouse Hollow Lake, are located adjacent to Belton within five minutes driving time from downtown. These lakes offer excellent fishing, camping, and water sports with 168 miles of shoreline.

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

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

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

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

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

Budget-to-actual comparisons are provided in this report for governmental and enterprise 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. For other funds with appropriated annual budgets, this comparison is presented in the D Exhibits of this report.

Factors Affecting Financial Condition

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

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

The Temple-Killeen-Ft Hood MSA is in the center of the rapidly growing high-tech corridor between Austin and the Dallas/Fort Worth area. Belton is located at the crossroads of Interstate Highway 35 ("IH-35") and the newly designated Interstate Highway 14 (previously U.S. Highway 190, "IH-14"), within 180 miles of every major market in Texas. The Texas Department of Transportation ("TxDOT") continues to expand IH-35 through Central Texas. In this particular MSA, there is a commitment of \$2.6 billion dollars in construction projects anticipated to be completed by 2020. The intersection of IH-14 and IH-35, located within Belton city limits, was one of the projects renovated with the insertion of a flyover to provide a seamless connection to the Killeen-Ft Hood area via IH-14.

Area Development published Leading Locations for 2017. Some 394 MSAs were ranked based on their performance in four key categories: "Prime Workforce", "Economic Strength", "Year-Over-Year Growth", and "Five-Year Growth." The Killeen-Temple MSA ranked 64th, 262nd, 220th, and 184th, respectively. Overall, the MSA ranked 189th in the nation and 2nd among mid-sized markets in Texas.

In fiscal year-end 2011, the Belton Economic Development Corporation ("BEDC") expanded Arbor Drive through the Belton Business Park, opening up additional areas for development and job opportunity. In 2013, several new businesses were completed in the Park, and others began construction. Scott & White Healthcare opened its 7,644 square foot Pediatric Clinic and a 14,406 square foot Family Practice Clinic, valued at \$1.5 million and \$2.7 million respectively. Nearby, Creekside Terrace Nursing and Rehabilitation Center, a 53,000 square foot facility, opened in 2014 and was an estimated \$4 million investment. This expansion maintained 65 jobs and created an additional 30 jobs in Belton. In 2015, Wire Rope Industries USA made an additional investment of \$3.5 million in equipment at their location in the Park.

In 2017, the BEDC secured TCEQ and EPA lien releases for the former Rockwool property located along 6th Street/Taylor's Valley Road in Belton, and is actively marketing the property for future industrial development.

CGI, Inc., an international information technology management and business process services company with over 125 offices worldwide, constructed a \$5 million facility and created 275 jobs to date, with another anticipated 125 jobs still to be created.

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

Belton Independent School District (“BISD”) is the largest employer in the City, with 1,735 employees. BISD serves over 11,800 students on 15 campuses, 9 of which are in the city limits of Belton. The newest Belton campus, Chisholm Trail Elementary School, opened its doors in the Fall of 2014 and was a \$13 million project.

New commercial development in Belton during 2018 included Murphy USA gas station, Pro Star Rentals, TexMix Concrete, UMHB’s Lord Hall, and the Bell County Equestrian Center. Work also began on Family Dollar, Public Safety Operations Center, I-35 RV Park, Lake Road convenience store, Tractor Supply Company, Reinforcing Steel Supply Company, Texas First Rentals, Today’s Car Wash, Cedar Crest Cottage 5, Sendero Shooting Range, and UMHB’s Hardy Hall addition and Field House for soccer and tennis.

Multi-family developments during 2018 included the Midtown 6-plexes, South Wall duplexes and Southwood Hills Phase II duplexes. Single family residential developments included the Bluff at Dunns Canyon, Sendero Estates, Liberty Valley Phase IV and Three Creeks Phase III.

Long-Term Financial Planning. In 2013, 2015, 2016, and 2018, the City took the opportunity to issue additional bonds without an ad valorem tax rate increase. This was made possible by growth in the tax base and adjustments in water and sewer utility rates.

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

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

The City issued \$6.825 million in certificates of obligation in September 2013. CIP-identified priorities that have been completed with the bond funds include the purchase of a new fire engine pumper, widening of Wheat Road, addition of sidewalks along Wheat Road and Avenue D, construction of a fifth baseball field and special needs playground at Heritage Park, enhancements to Yettie Polk Park, construction of Jeff Hamilton Park near South Belton Middle School, and sidewalks on South Wall Street. The final projects were completed in fiscal year 2018.

In April 2015, the City issued \$9.665 million in certificates of obligation. \$1.070 million is tax-supported debt with the intended use of replenishing 2013 certificates of obligation streets and sidewalks funding that was reallocated to fund the additional costs of the police department expansion and remodel. The remaining \$8.595 million is backed by the full faith and credit of the

City, but serviced by water and sewer utility revenues. The following water and sewer projects were funded by the 2015 certificates of obligation issued:

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

In October 2016, the City issued \$9.585 million in certificates of obligation. The issue is backed by the full faith and credit of the City, but serviced by water and sewer utility revenues. The following water and sewer projects were funded by the 2016 certificates of obligations issued:

South Belton Sewer Service Construction	\$ 5,000,000
Shady Lane Parallel Sewer Line Construction	1,000,000
North Belton Water Tank Construction	<u>3,585,000</u>
Total	\$ <u>9,585,000</u>

In June 2018, the City issued \$2.185 million in certificates of obligation to fund the purchase of approximately eighty-five acres adjacent to the City's existing Heritage Park. Following the acquisition, the City and County's Tax Increment Reinvestment Zone ("TIRZ") was expanded to encompass the newly acquired property and existing Heritage Park. The TIRZ will serve as the primary funding source for the infrastructure improvements needed to connect the existing Heritage Park with the new property. The City intends to apply for a \$500,000 Texas Parks and Wildlife Park Grant to fund new recreational features in the park.

Major Initiatives

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

Sustainability continued as a key theme for the City during 2018 with a focus on street maintenance and the City's capital equipment needs. The City Council voted to implement years one and two of the five-year street maintenance plan developed by Lee Engineering, utilizing bond funds originally included in the 2013 certificates of obligation that were reallocated to the police station expansion project, and then replenished by the 2015 certificates of obligation. The five-year plan is designed to systematically maintain or improve the roadway conditions throughout Belton in a manner that is cost effective and geographically neutral. The City Council also authorized the creation of capital equipment replacement funds with a long-term plan to replace and grow the City's police and fire fleet as well as its public works vehicle and equipment fleets, HVAC units, and technology equipment in a manner that addresses the operational needs of these departments and is financially sustainable.

Relevant Financial Policies

The City's adopted fund balance policy requires the maintenance of reserves equal to three months of operating expenditures plus any fund-supported debt service. Balances in excess of this reserve requirement can be directed by City Council towards capital improvements. During the year, City Council approved the use of General Fund fund balance to supplement the Preventative Street Maintenance Plan (\$150,000), cover unbudgeted HVAC expenditures at the Central Fire Station (\$50,000), and implement a tax rate management strategy (\$200,000). Further, Council approved the use of BEDC Fund fund balance to purchase land adjacent to the existing Business Park (\$43,000) and to fund economic development oriented infrastructure capital projects (\$1,694,500).

Awards and Acknowledgements

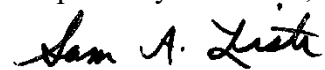
The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Belton, Texas, for its comprehensive annual financial report ("CAFR") for the fiscal year ended September 30, 2017. This was the thirty-second 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, 2017. 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-sixth consecutive year that the City has received the budget award.

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

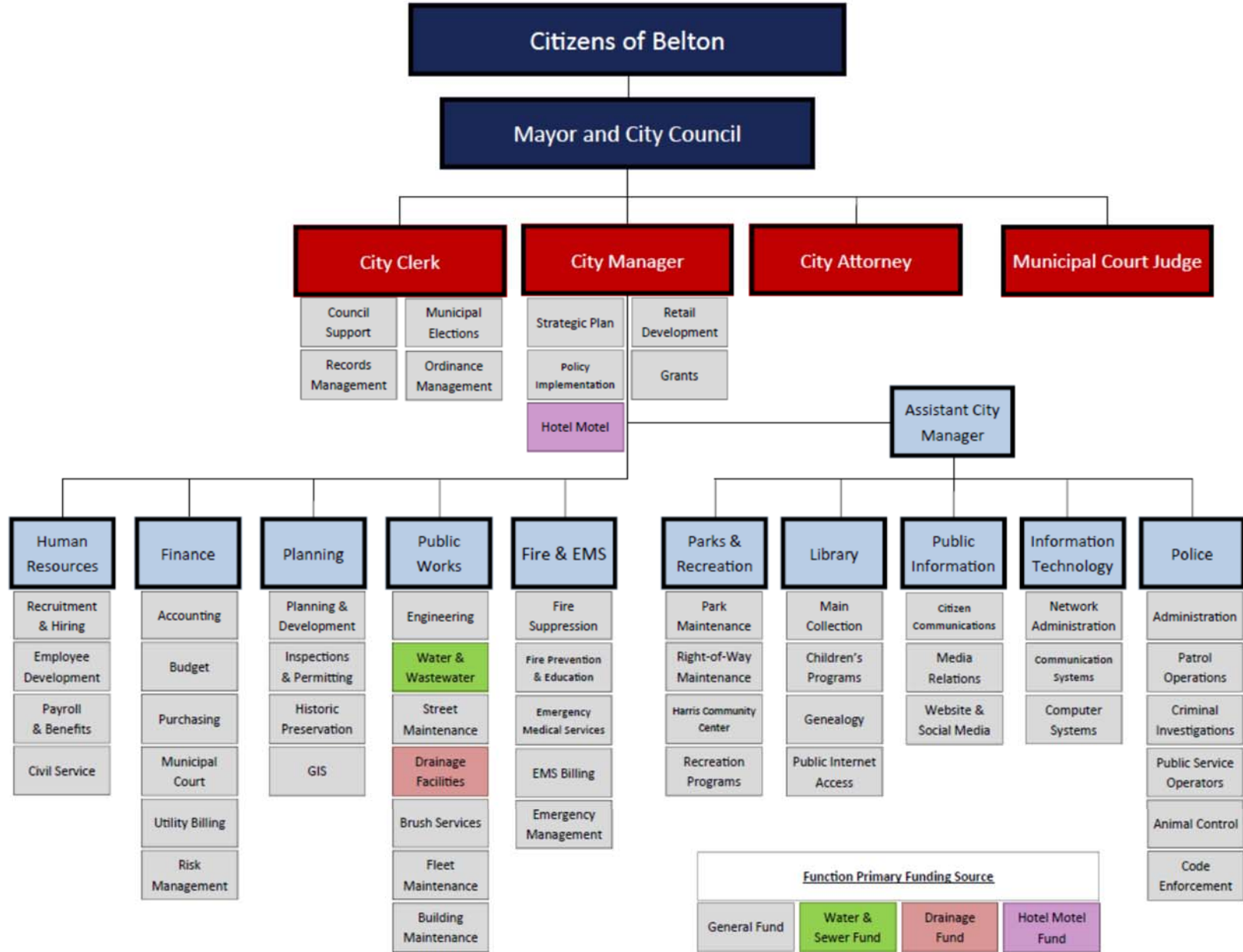
Respectfully submitted,



Sam A. Listi
City Manager



Brandon Bozon, CPA
Director of Finance



CITY OF BELTON

ELECTED OFFICIALS

CITY COUNCIL

Two-Year Terms

<u>NAME</u>	<u>TERM EXPIRES</u>
Marion Grayson, Mayor	May 2020
Craig Pearson, Mayor Pro Tem	May 2019
Wayne Carpenter	May 2020
David K. Leigh	May 2019
Guy O'Banion	May 2020
Dan Kirkley	May 2019
John Holmes	May 2019

APPOINTED OFFICIALS

CITY ADMINISTRATION

<u>POSITION</u>	<u>NAME</u>	<u>DATE APPOINTED</u>
City Manager	Sam Listi	March 12, 2001
City Attorney	John Messer	September 1, 1978
City Clerk	Amy Casey	June 29, 2015
Assistant City Manager/Police Chief	Gene Ellis	April 20, 2009
Fire Chief	Bruce Pritchard	July 28, 2015
Director of Finance	Brandon Bozon	March 31, 2014
Director of Human Resources	Charlotte Walker	October 1, 2010
Director of Public Works & City Engineer	Angellia Points	February 1, 2016
Director of IT	Chris Brown	April 18, 2016
Director of Library Services	Kim Kroll	October 2, 2000
Director of Parks and Recreation	Matt Bates	October 1, 2014
Director of Planning	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, 2017

Christopher P. Morill

Executive Director/CEO





JAYNES REITMEIER BOYD & THERRELL, P.C.
Certified Public Accountants
5400 Bosque Blvd., Ste. 600 | Waco, TX 76710
P.O. Box 7616 | Waco, TX 76714
Main 254.776.4190 | Fax 254.776.8489 | jrbt.com

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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Belton, Texas as of September 30, 2018, 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.

Change in Accounting Principle

As discussed in Note XIV to the financial statements, effective October 1, 2017, the City adopted new accounting guidance, Governmental Accounting Standards Board (“GASB”) No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis on pages 5 through 16, the schedules of changes in the City’s net pension liability and related ratios and contributions on pages 73 and 74, and the schedule of changes in the City’s total OPEB liability and related ratios and contributions on pages 76 and 77 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Information (continued)

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

March 20, 2019



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, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i through vi of this report.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$74,306,352 (*net position*). Of this amount, \$12,854,443 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 \$4,984,327, primarily due to grants and contributions from third parties.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$10,061,186, a decrease of \$234,146 in comparison with the prior year. Of this total amount, \$5,026,335 (50.0 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 \$5,942,037, or 46.2 percent of total general fund expenditures.
- The City's total outstanding long-term debt increased by \$215,000 during the current fiscal year.
- The City adopted the provisions of Governmental Accounting Standards Board ("GASB") No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* effective October 1, 2017. GASB 75 provides new requirements for accounting for other postemployment benefit plans ("OPEB"), including the recognition of an OPEB liability in the statement of net position and reporting OPEB contributions subsequent to the measurement date as deferred outflows of resources. It was not practical for the City to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to OPEB at October 1, 2017; consequently, beginning balances for deferred outflows and inflows of resources related to OPEB (except for deferred outflows of resources related to contributions made after the measurement date) were not reported. The City recognized a cumulative effect of change in accounting principles to recognize its OPEB liability and related deferred outflows for contributions subsequent to the measurement date, which reduced total unrestricted net position at October 1, 2017 by \$299,203.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes to the financial statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31 – 69 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 73 - 78 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 84 through 96 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 \$74,306,352 at the close of the most recent fiscal year.

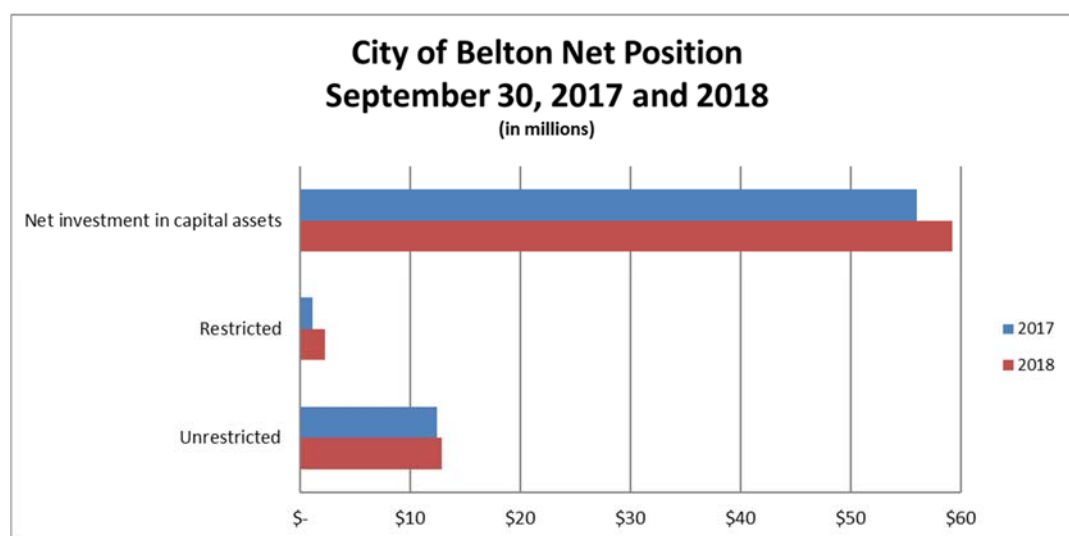
City of Belton Statement of Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 11,307,355	\$ 11,828,344	\$ 18,342,863	\$ 20,738,850	\$ 29,650,218	\$ 32,567,194
Capital assets	40,372,069	36,983,128	44,456,558	39,111,420	84,828,627	76,094,548
Total assets	51,679,424	48,811,472	62,799,421	59,850,270	114,478,845	108,661,742
Total deferred outflows of resources	534,338	1,214,941	101,949	227,759	636,287	1,442,700
Long-term liabilities outstanding	17,127,982	16,751,964	20,498,879	21,645,194	37,626,861	38,397,158
Other liabilities	1,090,846	1,142,408	1,374,369	756,802	2,465,215	1,899,210
Total liabilities	18,218,828	17,894,372	21,873,248	22,401,996	40,092,076	40,296,368
Total deferred inflows of resources	601,871	157,349	114,833	29,497	716,704	186,846
Net position:						
Net investment in capital assets	25,577,477	24,735,870	33,628,880	31,298,115	59,206,357	56,033,985
Restricted	2,245,552	1,123,142	-	-	2,245,552	1,123,142
Unrestricted	5,570,034	6,115,680	7,284,409	6,348,421	12,854,443	12,464,101
Total net position	\$ 33,393,063	\$ 31,974,692	\$ 40,913,289	\$ 37,646,536	\$ 74,306,352	\$ 69,621,228

By far the largest portion of the City's net position (\$59,206,357 or 79.7 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (\$2,245,552 or 3.0 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance (\$12,854,443 or 17.3 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.

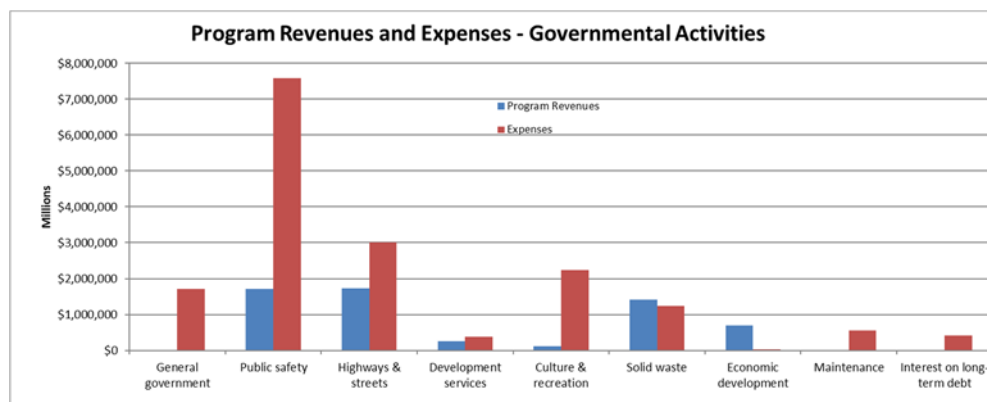


The City's total net position increased \$4,685,124 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental and business-type activities.

City of Belton's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 3,018,248	\$ 3,469,905	\$ 8,958,919	\$ 8,246,690	\$ 11,977,167	\$ 11,716,595
Operating grants and contributions	935,743	1,031,482	-	-	935,743	1,031,482
Capital grants and contributions	1,960,463	1,756,063	2,404,750	3,296,277	4,365,213	5,052,340
General revenues:						
Property taxes	7,014,638	6,608,619	-	-	7,014,638	6,608,619
Sales taxes	3,510,105	3,276,982	-	-	3,510,105	3,276,982
Franchise taxes	1,248,967	1,164,334	-	-	1,248,967	1,164,334
Other taxes	208,983	208,502	-	-	208,983	208,502
Investment earnings	168,241	113,232	285,490	149,443	453,731	262,675
Gain (loss) on sale of assets	-	(981,302)	43,061	14,920	43,061	(966,382)
Other income	355,287	276,195	2,637	-	357,924	276,195
Total revenues	18,420,675	16,924,012	11,694,857	11,707,330	30,115,532	28,631,342
Expenses:						
General government	1,708,939	1,717,750	-	-	1,708,939	1,717,750
Public safety	7,583,124	7,270,358	-	-	7,583,124	7,270,358
Highways and streets	3,048,186	3,595,036	-	-	3,048,186	3,595,036
Planning	376,194	394,218	-	-	376,194	394,218
Culture and recreation	2,231,611	2,288,188	-	-	2,231,611	2,288,188
Solid waste	1,233,457	1,149,978	-	-	1,233,457	1,149,978
Economic development	20,538	456,739	-	-	20,538	456,739
Maintenance	551,823	499,933	-	-	551,823	499,933
Interest and other fiscal charge	500,946	530,523	-	-	500,946	530,523
Water and sewer	-	-	7,292,722	7,587,275	7,292,722	7,587,275
Drainage	-	-	583,665	467,002	583,665	467,002
Total expenses	17,254,818	17,902,723	7,876,387	8,054,277	25,131,205	25,957,000
Changes in net position before transfers	1,165,857	(978,711)	3,818,470	3,653,053	4,984,327	2,674,342
Transfers	503,778	774,986	(503,778)	(774,986)	-	-
Changes in net position	1,669,635	(203,725)	3,314,692	2,878,067	4,984,327	2,674,342
Net position, beginning of year as previously reported	31,974,692	32,178,417	37,646,536	34,768,469	69,621,228	66,946,886
Cumulative effect of change in accounting principle	(251,264)	-	(47,939)	-	(299,203)	-
Net position, beginning of year as restated	31,723,428	32,178,417	37,598,597	34,768,469	69,322,025	66,946,886
Net position, end of year	\$ 33,393,063	\$ 31,974,692	\$ 40,913,289	\$ 37,646,536	\$ 74,306,352	\$ 69,621,228

Governmental activities. During the current fiscal year, net position for governmental activities increased \$1,669,635 from the prior fiscal year for an ending balance of \$33,393,063. 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 \$40,913,289. The total increase in net position for business-type activities (Water and Sewer Fund, and Drainage Fund) was \$3,314,692. Key changes year over year included:

- Charges for business-type activities totaled \$8,958,919, an increase of \$712,229 or 8.6 percent from the prior year. This increase is a reflection of increased water consumption compared to the previous year, as well as an increase in the water, sewer, and drainage rates;
- Expenses for business-type activities totaled \$7,876,387, a decrease of \$177,890 or 2.2 percent compared to the previous year primarily due to a decrease in water purchase costs related to the servicing of the City's share of the bonds issued by the Bell County Water Control and Improvement District #1; and
- Capital grants and contributions from grant agencies and developers amounted to \$2,404,750.

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.

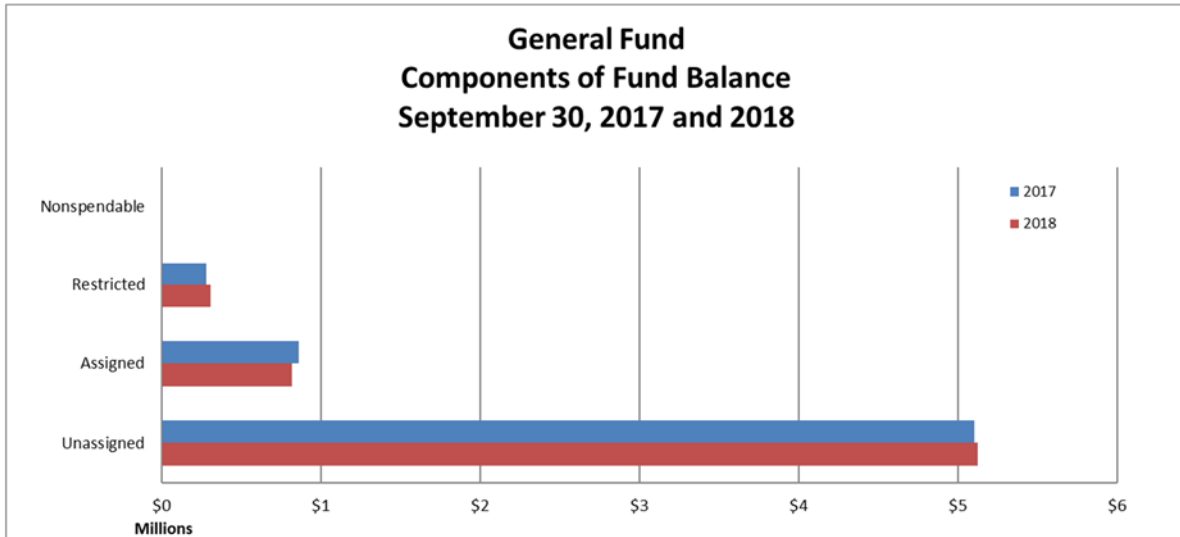
Governmental funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure 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, 2018, the City's governmental funds reported combined ending fund balances of \$10,061,186, a decrease of \$234,146 in comparison with the prior year. Approximately 50.0 percent (\$5,026,335) 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:

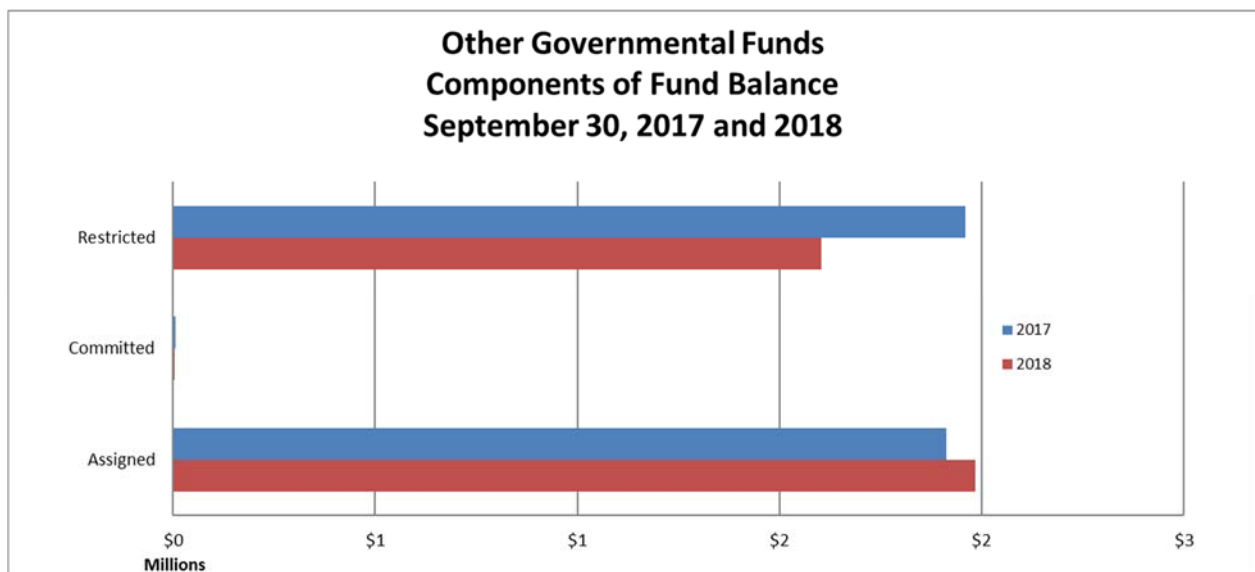
- 1) Not in spendable form (\$6,699);
- 2) Restricted for particular purposes:
 - a. Debt service (\$306,462);
 - b. Public, educational, or governmental access facilities (\$299,494);
 - c. Public safety training, equipment, and security facilities (\$175,166);
 - d. Cemetery maintenance and improvements (\$3,189); and
 - e. Economic development (\$1,434,099).
- 3) Committed for particular purposes:
 - a. Economic development (\$5,082).

4) Assigned for particular purposes:

- a. Future civil service costs (\$785,547);
- b. Library books and services(\$31,009);
- c. Youth Advisory Commission (\$2,649); and
- d. Capital projects and equipment (\$1,985,455)



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 \$5,122,832, while total fund balance increased by \$8,592 to \$6,256,112. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents 39.8 percent of total General Fund expenditures, while total fund balance represents 48.6 percent of that same amount.



Assigned other governmental funds consist of capital project and capital equipment replacement funds. The balance increased from 2017 to 2018 primarily due to the funding of capital equipment replacement funds and the establishment of the major street maintenance fund, offset by the expenditure of capital project dollars on assigned projects.

Committed other governmental funds consist of the City funding dedicated to projects under the Texas Department of Housing and Community Affairs home replacement program. Replacement home activity during the year resulted in a decrease in fund balance to \$5,082.

Restricted governmental funds relate to funds restricted to a specific purpose such as bond funds, Tax Increment Reinvestment Zone funds, and donations. The fund balance decrease from 2017 to 2018 was primarily due to the expenditure of bond proceeds in accordance with their designated use.

The Debt Service Fund, a major fund, had an increase in fund balance during the current year of \$136,522, to bring the year-end fund balance to \$306,462. This increase resulted from a transfer from the General Fund as part of the City's long-term tax rate management strategy.

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 \$37,522,290, and the net position of the Drainage Fund amounted to \$3,390,999. The total change in net position was \$2,935,243 and \$379,449, respectively. Notable changes in the Water and Sewer Fund activity include:

- Charges for sales and services totaled \$8,428,213, an increase of \$958,715 or 7.3 percent from the prior year. This increase is a reflection of increased water consumption compared to the previous year as well as an increase in the water and sewer rates;
- Operating expenses totaled \$6,748,420, a decrease of \$272,355 or 3.9 percent from the prior year. The decrease was primarily driven by a decrease in water purchase costs related to the servicing of the City's share of the bonds issued by the Bell County Water Control and Improvement District #1; and
- Capital contributions were \$1,935,291. The contributions related to the dedication of water and sewer lines in the Liberty Valley, Sendero Estates, and Three Creeks subdivisions.

Notable changes in the Drainage Fund activity include:

- An increase in revenue of \$63,564 or 16.3 percent due to an increased number of customers in the current year and an increase in the residential drainage fee;
- An increase in operating expenses of \$116,744 or 7.0 percent. The increases were primarily driven by increases in engineering due to studies conducted during the year and depreciation; and
- There was \$469,459 in capital contributions during the current year, related to the dedication of drainage facilities in the Liberty Valley and Sendero Estates subdivisions.

Budgetary Highlights

Original Budget Compared to Final Budget. Budgeted uses of funds, inclusive of expenditures and transfers out, increased by \$450,000 between the original budget and final General Fund budget. The increase in uses was primarily attributable to additional funding for fire department HVAC maintenance (\$50,000), additional refuse collection costs (\$50,000), and transfers out to provide additional funding for street maintenance (\$150,000) and to provide funding for the City's long-term tax rate management strategy (\$200,000). Amendments were also made to the BEDC budget to allow for additional expenditures to cover the cost of land (\$43,000) and a transfer out to provide additional funding for long-term economic development infrastructure projects (\$1,694,500).

Budgeted sources of funds, inclusive of revenues and other financing sources increased by \$250,000 between the original budget and final budget. The increase in sources was attributable to:

- \$50,000 in additional refuse collection revenues (General Fund); and
- \$200,000 in transfers in (Debt Service 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	\$ 9,706,619	\$ 10,009,336	\$ 299,717
Charges for services	2,677,900	2,692,984	(34,916)
Fines	349,200	280,794	(68,406)

The overage in tax revenues was caused by strong ad valorem, sales and franchise tax collections that surpassed budget expectations. Court fines and fees decreased due to a reduction in the number of citations written during the year. 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 \$186,232 due to increased funding of capital initiatives across multiple departments, including Police (\$48,829), Fire (\$63,000), and Highways and Streets (\$31,900) among others.

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, 2018, amounts to \$84,828,627 (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 11.5 percent (a 9.2 percent increase for governmental activities and a 13.7 percent increase for business-type activities).

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

	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Land	\$ 4,751,226	\$ 2,594,527	\$ 285,175	\$ 369,801	\$ 5,036,401	\$ 2,964,328
Buildings	5,720,539	5,451,289	87,456	84,590	5,807,995	5,535,879
Improvements other than buildings	1,811,464	2,002,452	-	-	1,811,464	2,002,452
Machinery and equipment	2,364,936	2,178,833	1,635,791	1,625,842	4,000,727	3,804,675
Infrastructure	25,366,096	21,376,154	35,365,341	34,873,311	60,731,437	56,249,465
Construction in progress	357,808	3,379,873	7,082,795	2,157,876	7,440,603	5,537,749
Total	<u>\$ 40,372,069</u>	<u>\$ 36,983,128</u>	<u>\$ 44,456,558</u>	<u>\$ 39,111,420</u>	<u>\$ 84,828,627</u>	<u>\$ 76,094,548</u>

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

- Work was completed on:
 - Sparta Road expansion and reconstruction;
 - South Main sidewalk extension and water line relocation;
 - Police Department remodel; and
 - Wireless Tower (AMI) installation.
- Work began/continued on:
 - Chisholm Trail Hike and Bike phase II trail extension;
 - Temple-Belton Wastewater Treatment Plant redevelopment;
 - North Belton elevated water storage tank;
 - I-35 sewer line extension;
 - BEDC office building renovation; and
 - Avenue D extension.

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

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$34,419,995, all of which is backed by the full faith and credit of the City. In addition, \$19,717,706 of this amount is also backed with a pledge of water and sewer revenue and storm water drainage revenue.

City of Belton's Outstanding Debt

General Obligation and Revenue Bonds

	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
General obligation bonds	\$ 14,702,289	\$ 13,527,827	-	-	\$ 14,702,289	\$ 13,527,827
Revenue bonds with tax cross-pledge	-	-	19,717,706	20,677,168	19,717,706	20,677,168
Total	<u>\$ 14,702,289</u>	<u>\$ 13,527,827</u>	<u>\$ 19,717,706</u>	<u>\$ 20,677,168</u>	<u>\$ 34,419,995</u>	<u>\$ 34,204,995</u>

The City's total bonded debt increased by \$215,000 (0.6 percent) during the current fiscal year. The increase was due to the issuance of \$2,185,000 in certificates of obligations to fund the acquisition of land adjacent to the City's existing Heritage Park and offset by 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 2018 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 2019 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 2019 budget was based on sustaining operating levels, while meeting the demands of a growing community. The ad valorem tax rate was maintained at the current rate of \$0.6598 per \$100 of assessed valuation to fund increases in recurring expenditure obligations. A water and sewer rate study was completed and adopted by Council during FY 2015, and will include future rate increases to fund planned projects, including most notably the 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. Previous rate increases from the rate study funded the transition to automated water metering and the Nolan Creek trunk sewer line replacement.

At the end of fiscal year 2018, fund balance (budgetary basis) in the General Fund is \$5,205,919. The City Council has stipulated that the General Fund maintain three months operating expenditures as a minimum of undesignated reserves, which currently equates to \$3.42 million. It is intended that the available fund balance beyond the minimum be used for non-recurring capital outlay and projects, and not for financing of on-going operational costs. For fiscal year 2019, fund balance in all budgeted funds is projected to remain at adequate levels to provide for unexpected decreases in revenues plus extraordinary unbudgeted expenditures.

Requests for Information

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

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

Basic Financial Statements



City of Belton, Texas
Statement of Net Position
September 30, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Belton Economic Development Corporation, Inc.
Assets				
Cash and cash equivalents	\$ 9,418,150	17,082,673	26,500,823	6,858,933
Receivables (net of allowance for uncollectibles)	1,522,673	1,250,576	2,773,249	309,604
Due from other governments	359,833	-	359,833	-
Prepaid items	6,699	7,719	14,418	-
Restricted cash and cash equivalents	-	1,895	1,895	-
Capital assets not being depreciated:				
Land	4,751,226	285,175	5,036,401	918,847
Construction in progress	357,808	7,082,795	7,440,603	393,734
Capital assets, net of accumulated depreciation:				
Buildings	5,720,539	87,456	5,807,995	947,588
Improvements other than buildings	1,811,464	-	1,811,464	-
Machinery and equipment	2,364,936	1,635,791	4,000,727	-
Infrastructure	25,366,096	35,365,341	60,731,437	1,058,629
Total assets	<u>51,679,424</u>	<u>62,799,421</u>	<u>114,478,845</u>	<u>10,487,335</u>
Deferred Outflows of Resources				
Deferred outflows of resources	534,338	101,949	636,287	11,580
Total deferred outflows of resources	<u>534,338</u>	<u>101,949</u>	<u>636,287</u>	<u>11,580</u>
Liabilities				
Accounts and retainages payable	749,194	980,168	1,729,362	34,353
Accrued interest payable	78,996	95,106	174,102	-
Other accrued liabilities	247,636	49,575	297,211	32,587
Customer deposits payable	15,020	249,520	264,540	2,200
Noncurrent liabilities:				
Due within one year	794,971	1,041,017	1,835,988	-
Due in more than one year	16,333,011	19,457,862	35,790,873	27,570
Total liabilities	<u>18,218,828</u>	<u>21,873,248</u>	<u>40,092,076</u>	<u>96,710</u>
Deferred Inflows of Resources				
Deferred inflows of resources	601,871	114,833	716,704	13,044
Total deferred inflows of resources	<u>601,871</u>	<u>114,833</u>	<u>716,704</u>	<u>13,044</u>
Net Position				
Net investment in capital assets	25,577,477	33,628,880	59,206,357	3,318,798
Restricted for:				
Debt service	333,694	-	333,694	-
Economic development	1,434,009	-	1,434,009	-
Court	36,898	-	36,898	-
Public safety	138,268	-	138,268	-
Public access facilities	299,494	-	299,494	-
Cemetery	3,189	-	3,189	-
Unrestricted	<u>5,570,034</u>	<u>7,284,409</u>	<u>12,854,443</u>	<u>7,070,363</u>
Total net position	<u>\$ 33,393,063</u>	<u>40,913,289</u>	<u>74,306,352</u>	<u>10,389,161</u>

See accompanying notes to financial statements.

City of Belton, Texas
Statement of Activities
For the Fiscal Year Ended
September 30, 2018

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 1,708,939	-	2,000	-
Public safety	7,583,124	1,256,344	406,857	52,911
Highways and streets	3,048,186	-	-	1,724,242
Planning	376,194	249,596	-	-
Culture and recreation	2,231,611	100,485	12,819	-
Solid waste	1,233,457	1,411,823	-	-
Economic development	20,538	-	514,067	183,310
Maintenance	551,823	-	-	-
Interest and other fiscal charges	500,946	-	-	-
Total governmental activities	17,254,818	3,018,248	935,743	1,960,463
Business-type activities:				
Water and sewer	7,292,722	8,506,124	-	1,935,291
Drainage	583,665	452,795	-	469,459
Total business-type activities	7,876,387	8,958,919	-	2,404,750
Total primary government	\$ 25,131,205	11,977,167	935,743	4,365,213
Component unit:				
Belton Economic				
Development Corporation, Inc.	\$ 1,488,732	52,156	-	-
Total component unit	\$ 1,488,732	52,156	-	-

General revenues:

Property taxes

Sales taxes

Franchise taxes

Hotel/motel taxes

Alcoholic beverage taxes

Unrestricted investment earnings

Miscellaneous

Gain (loss) on sale of assets

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning of year as previously reported

Cumulative effect of change in accounting principle

Net position, beginning of year as restated

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.
(1,706,939)		(1,706,939)	
(5,867,012)		(5,867,012)	
(1,323,944)		(1,323,944)	
(126,598)		(126,598)	
(2,118,307)		(2,118,307)	
178,366		178,366	
676,839		676,839	
(551,823)		(551,823)	
(500,946)		(500,946)	
<u>(11,340,364)</u>		<u>(11,340,364)</u>	
-	3,148,693	3,148,693	
-	338,589	338,589	
-	3,487,282	3,487,282	
<u>(11,340,364)</u>	<u>3,487,282</u>	<u>(7,853,082)</u>	
			<u>(1,436,576)</u>
			<u>(1,436,576)</u>
\$ 7,014,638	-	7,014,638	-
3,510,105	-	3,510,105	1,755,053
1,248,967	-	1,248,967	-
162,032	-	162,032	-
46,951	-	46,951	-
168,241	285,490	453,731	105,957
355,287	2,637	357,924	-
-	43,061	43,061	-
503,778	(503,778)	-	-
<u>13,009,999</u>	<u>(172,590)</u>	<u>12,837,409</u>	<u>1,861,010</u>
1,669,635	3,314,692	4,984,327	424,434
31,974,692	37,646,536	69,621,228	9,970,173
<u>(251,264)</u>	<u>(47,939)</u>	<u>(299,203)</u>	<u>(5,446)</u>
<u>31,723,428</u>	<u>37,598,597</u>	<u>69,322,025</u>	<u>9,964,727</u>
<u>\$ 33,393,063</u>	<u>40,913,289</u>	<u>74,306,352</u>	<u>10,389,161</u>

City of Belton, Texas
Balance Sheet
Governmental Funds
September 30, 2018

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 5,463,632	306,462	3,648,056	9,418,150
Receivables (net of allowance for uncollectibles)	1,385,479	27,233	109,961	1,522,673
Due from other governments	359,833	-	-	359,833
Due from other funds	18,698	-	-	18,698
Prepaid items	6,699	-	-	6,699
Total assets	<u>\$ 7,234,341</u>	<u>333,695</u>	<u>3,758,017</u>	<u>11,326,053</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities:				
Accounts and retainages payable	\$ 509,111	-	240,083	749,194
Accrued liabilities	247,012	-	624	247,636
Customer deposits payable	15,020	-	-	15,020
Due to other funds	-	-	18,698	18,698
Total liabilities	<u>771,143</u>	<u>-</u>	<u>259,405</u>	<u>1,030,548</u>
Deferred inflows of resources:				
Unavailable revenue	207,086	27,233	-	234,319
Total deferred inflows of resources	<u>207,086</u>	<u>27,233</u>	<u>-</u>	<u>234,319</u>
Fund balances:				
Nonspendable	6,699	-	-	6,699
Restricted	307,376	306,462	1,604,572	2,218,410
Committed	-	-	5,082	5,082
Assigned	819,205	-	1,985,455	2,804,660
Unassigned	5,122,832	-	(96,497)	5,026,335
Total fund balances	<u>6,256,112</u>	<u>306,462</u>	<u>3,498,612</u>	<u>10,061,186</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,234,341</u>	<u>333,695</u>	<u>3,758,017</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				40,372,069
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.				234,319
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.				(17,274,511)
Net position of governmental activities				<u>\$ 33,393,063</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, 2018

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes:				
Ad valorem	\$ 5,203,313	990,961	806,822	7,001,096
Sales	3,510,105	-	-	3,510,105
Franchise	1,248,967	-	-	1,248,967
Hotel/motel	-	-	162,032	162,032
Alcoholic beverage	46,951	-	-	46,951
Licenses and permits	249,596	-	-	249,596
Intergovernmental	423,125	-	732,770	1,155,895
Charges for services	2,692,984	-	-	2,692,984
Fines	283,137	-	18,100	301,237
Interest	110,872	10,380	46,989	168,241
Contributions and donations	11,069	-	259,263	270,332
Payments in lieu of taxes	9,375	-	-	9,375
Miscellaneous	358,822	-	400	359,222
Total revenues	<u>14,148,316</u>	<u>1,001,341</u>	<u>2,026,376</u>	<u>17,176,033</u>
Expenditures:				
Current:				
General government	1,554,767	-	110,348	1,665,115
Public safety	6,881,472	-	149,084	7,030,556
Highways and streets	897,622	-	663,904	1,561,526
Planning	357,122	-	3,050	360,172
Culture and recreation	1,434,597	-	151,162	1,585,759
Solid waste	1,205,209	-	-	1,205,209
Economic development	-	-	20,538	20,538
Maintenance services	502,981	-	4,220	507,201
Debt service:				
Principal	-	705,538	305,000	1,010,538
Interest and fiscal charges	-	361,121	52,056	413,177
Bond issuance costs	-	(658)	2,185	1,527
Capital outlay	30,094	-	4,760,372	4,790,466
Total expenditures	<u>12,863,864</u>	<u>1,066,001</u>	<u>6,221,919</u>	<u>20,151,784</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,284,452</u>	<u>(64,660)</u>	<u>(4,195,543)</u>	<u>(2,975,751)</u>
Other financing sources (uses):				
Insurance proceeds	22,821	-	3,244	26,065
Proceeds from the sale of capital assets	2,833	-	38,353	41,186
Issuance of debt	-	1,182	2,169,394	2,170,576
Transfers in	555,661	200,000	1,657,175	2,412,836
Transfers out	<u>(1,857,175)</u>	<u>-</u>	<u>(51,883)</u>	<u>(1,909,058)</u>
Total other financing sources (uses)	<u>(1,275,860)</u>	<u>201,182</u>	<u>3,816,283</u>	<u>2,741,605</u>
Net change in fund balances	8,592	136,522	(379,260)	(234,146)
Fund balances, beginning of year	<u>6,247,520</u>	<u>169,940</u>	<u>3,877,872</u>	<u>10,295,332</u>
Fund balances, end of year	<u>\$ 6,256,112</u>	<u>306,462</u>	<u>3,498,612</u>	<u>10,061,186</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, 2018

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)	\$ (234,146)
--	--------------

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$4,790,466) exceed depreciation expense (\$2,768,859) in the current period.

2,021,607

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, donations, etc.) is to increase net position. This is capital assets contributed (\$1,469,979) less the net book value of capital assets sold (\$102,645) in the current period.

1,367,334

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

(225,336)

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 (\$19,651), less the net effect of change in the total OPEB liability and the related deferred outflows of resources (\$23,918) less the change in accrued interest payable (\$9,945) plus the change in compensated absences (\$30,026).

(23,488)

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.

(1,236,336)

Change in net position of governmental activities (Exhibit A-2)	\$ <u>1,669,635</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, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes:				
Current ad valorem	\$ 5,029,819	5,029,819	5,105,092	75,273
Delinquent ad valorem	59,800	59,800	47,031	(12,769)
Penalty and interest	54,400	54,400	51,190	(3,210)
Total ad valorem	5,144,019	5,144,019	5,203,313	59,294
Sales	3,370,000	3,370,000	3,510,105	140,105
Franchise	1,157,100	1,157,100	1,248,967	91,867
Alcoholic beverage	38,500	38,500	46,951	8,451
Total taxes	9,709,619	9,709,619	10,009,336	299,717
Licenses and permits:				
Building	112,200	112,200	119,128	6,928
Electrical	34,900	34,900	38,100	3,200
Plumbing	36,400	36,400	48,991	12,591
Mechanical	18,200	18,200	16,325	(1,875)
Swimming pool	1,100	1,100	1,040	(60)
Rezoning fees	5,700	5,700	3,100	(2,600)
Subdivision fees	8,500	8,500	12,062	3,562
Miscellaneous	11,400	11,400	10,850	(550)
Total licenses and permits	228,400	228,400	249,596	21,196
Intergovernmental	352,807	352,807	365,804	12,997
Charges for services:				
Ambulance	1,250,000	1,250,000	1,193,986	(56,014)
Parks and recreation	68,900	68,900	87,175	18,275
Brush collection	182,300	182,300	183,661	1,361
Refuse collection	1,176,700	1,226,700	1,228,162	1,462
Total charges for services	2,677,900	2,727,900	2,692,984	(34,916)
Fines:				
Municipal court	244,500	244,500	200,816	(43,684)
Court fees	104,700	104,700	79,978	(24,722)
Total fines	349,200	349,200	280,794	(68,406)
Rental	-	-	100	100
Interest	65,000	65,000	95,673	30,673
Contributions and donations	2,000	2,000	-	(2,000)
Payments in lieu of taxes	9,500	9,500	9,375	(125)
Miscellaneous	187,700	187,700	311,657	123,957
Total revenues	13,582,126	13,632,126	14,015,319	383,193

(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, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
Expenditures:				
General government:				
City council	\$ 74,604	94,317	92,795	1,522
City administration	888,955	627,686	595,036	32,650
Finance	510,903	513,917	506,868	7,049
Legal	177,993	179,681	179,681	-
Information Technology	174,713	174,867	174,867	-
Total general government	<u>1,827,168</u>	<u>1,590,468</u>	<u>1,549,247</u>	<u>41,221</u>
Public safety:				
Police	3,905,618	3,905,618	3,773,443	132,175
Fire	2,873,060	2,884,682	2,821,145	63,537
Total public safety	<u>6,778,678</u>	<u>6,790,300</u>	<u>6,594,588</u>	<u>195,712</u>
Highways and streets	<u>954,604</u>	<u>929,679</u>	<u>897,622</u>	<u>32,057</u>
Planning	<u>391,000</u>	<u>376,000</u>	<u>357,122</u>	<u>18,878</u>
Culture and recreation:				
Parks	1,081,037	1,086,690	1,076,682	10,008
Library	308,436	308,436	304,139	4,297
Total culture and recreation	<u>1,389,473</u>	<u>1,395,126</u>	<u>1,380,821</u>	<u>14,305</u>
Solid waste	<u>1,154,190</u>	<u>1,207,259</u>	<u>1,205,209</u>	<u>2,050</u>
Maintenance services	<u>515,826</u>	<u>515,870</u>	<u>509,549</u>	<u>6,321</u>
Total expenditures	<u>13,010,939</u>	<u>12,804,702</u>	<u>12,494,158</u>	<u>310,544</u>
Excess (deficiency) of revenues over (under) expenditures	<u>571,187</u>	<u>827,424</u>	<u>1,521,161</u>	<u>693,737</u>
Other financing sources (uses):				
Insurance proceeds	-	-	22,821	22,821
Transfers in	575,307	575,307	542,662	(32,645)
Transfers out	<u>(1,146,357)</u>	<u>(1,802,594)</u>	<u>(1,988,826)</u>	<u>(186,232)</u>
Total other financing sources (uses)	<u>(571,050)</u>	<u>(1,227,287)</u>	<u>(1,423,343)</u>	<u>(196,056)</u>
Net change in fund balances	137	(399,863)	97,818	497,681
Fund balances, beginning of year	<u>5,108,101</u>	<u>5,108,101</u>	<u>5,108,101</u>	<u>-</u>
Fund balances, end of year	<u>\$ 5,108,238</u>	<u>4,708,238</u>	<u>5,205,919</u>	<u>497,681</u>

See accompanying notes to financial statements.

City of Belton, Texas
Statement of Net Position –
Proprietary Funds
September 30, 2018

	Business-type Activities - Enterprise Funds		
	Water and Sewer	Drainage	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 16,806,365	276,308	17,082,673
Receivables (net of allowance for uncollectibles)	1,154,665	95,911	1,250,576
Prepaid items	7,719	-	7,719
Total current assets	<u>17,968,749</u>	<u>372,219</u>	<u>18,340,968</u>
Noncurrent assets:			
Restricted cash and cash equivalents	1,895	-	1,895
Capital assets:			
Land	285,045	130	285,175
Buildings	116,474	-	116,474
Infrastructure	53,875,672	3,880,094	57,755,766
Machinery and equipment	2,682,416	281,613	2,964,029
Construction in progress	7,082,795	-	7,082,795
	<u>64,042,402</u>	<u>4,161,837</u>	<u>68,204,239</u>
Less accumulated depreciation	<u>(22,873,283)</u>	<u>(874,398)</u>	<u>(23,747,681)</u>
Total capital assets, net	<u>41,169,119</u>	<u>3,287,439</u>	<u>44,456,558</u>
Total noncurrent assets	<u>41,171,014</u>	<u>3,287,439</u>	<u>44,458,453</u>
Total assets	<u>59,139,763</u>	<u>3,659,658</u>	<u>62,799,421</u>
Deferred Outflows of Resources			
Deferred outflows of resources	<u>91,109</u>	<u>10,840</u>	<u>101,949</u>
Liabilities			
Current liabilities:			
Accounts and retainages payable	946,348	33,820	980,168
Accrued interest payable	93,708	1,398	95,106
Other accrued liabilities	44,466	5,109	49,575
Customer deposits payable	249,520	-	249,520
Compensated absences - current	45,267	-	45,267
Revenue bonds payable - current	979,000	16,750	995,750
Total current liabilities	<u>2,358,309</u>	<u>57,077</u>	<u>2,415,386</u>
Noncurrent liabilities:			
Compensated absences	20,145	988	21,133
Net pension liability	164,687	19,593	184,280
Total OPEB liability	52,219	6,220	58,439
Revenue bonds payable	19,010,598	183,412	19,194,010
Total noncurrent liabilities	<u>19,247,649</u>	<u>210,213</u>	<u>19,457,862</u>
Total liabilities	<u>21,605,958</u>	<u>267,290</u>	<u>21,873,248</u>
Deferred Inflows of Resources			
Deferred inflows of resources	<u>102,624</u>	<u>12,209</u>	<u>114,833</u>
Net Position			
Net investment in capital assets	30,541,603	3,087,277	33,628,880
Unrestricted	<u>6,980,687</u>	<u>303,722</u>	<u>7,284,409</u>
Total net position	<u>\$ 37,522,290</u>	<u>3,390,999</u>	<u>40,913,289</u>

See accompanying notes to financial statements.

City of Belton, Texas
Statement of Revenues, Expenses, and Changes in Net Position –
Proprietary Funds
For the Fiscal Year Ended
September 30, 2018

	Business-type Activities - Enterprise Funds		
	Water and Sewer	Drainage	Total
Operating revenues:			
Charges for sales and services:			
Water service	\$ 4,907,703	-	4,907,703
Sewer service	3,087,121	-	3,087,121
Storm drainage fees	-	452,742	452,742
Reconnect and late fees	144,860	-	144,860
Tap fees	288,529	-	288,529
Other operating revenue	77,911	53	77,964
Total operating revenues	<u>8,506,124</u>	<u>452,795</u>	<u>8,958,919</u>
Operating expenses:			
Salaries and wages	1,186,882	140,722	1,327,604
Employee benefits	368,336	50,761	419,097
Supplies	113,729	21,683	135,412
Repairs and maintenance	192,317	22,029	214,346
Water, sewage treatment, and other charges	2,117,599	126,678	2,244,277
Depreciation	2,769,557	212,782	2,982,339
Total operating expenses	<u>6,748,420</u>	<u>574,655</u>	<u>7,323,075</u>
Operating income (loss)	<u>1,757,704</u>	<u>(121,860)</u>	<u>1,635,844</u>
Nonoperating revenues (expenses):			
Insurance proceeds	2,637	-	2,637
Gain on sale of capital assets	6,915	36,146	43,061
Interest earnings	280,776	4,714	285,490
Interest expense	(544,302)	(9,010)	(553,312)
Total nonoperating revenues (expenses)	<u>(253,974)</u>	<u>31,850</u>	<u>(222,124)</u>
Income (loss) before contributions and transfers	1,503,730	(90,010)	1,413,720
Capital contributions	1,935,291	469,459	2,404,750
Transfers out	<u>(503,778)</u>	<u>-</u>	<u>(503,778)</u>
Change in net position	2,935,243	379,449	3,314,692
Total net position, beginning of year, as previously reported	34,629,889	3,016,647	37,646,536
Cumulative effect of change in accounting principle	<u>(42,842)</u>	<u>(5,097)</u>	<u>(47,939)</u>
Total net position, beginning of year, as restated	<u>34,587,047</u>	<u>3,011,550</u>	<u>37,598,597</u>
Total net position, end of year	<u>\$ 37,522,290</u>	<u>3,390,999</u>	<u>40,913,289</u>

See accompanying notes to financial statements.

City of Belton, Texas
Statement of Cash Flows –
Proprietary Funds
For the Fiscal Year Ended
September 30, 2018

	Business-type Activities - Enterprise Funds		
	Water and Sewer	Drainage	Total
Cash flows from operating activities:			
Receipts from customers and users	\$ 8,528,098	400,596	8,928,694
Payments to suppliers	(2,162,212)	(197,630)	(2,359,842)
Payments to employees	(1,196,048)	(141,300)	(1,337,348)
Net cash provided by operating activities	<u>5,169,838</u>	<u>61,666</u>	<u>5,231,504</u>
Cash flows from noncapital financing activities:			
Transfer from other funds	2,765,183	113,500	2,878,683
Transfer to other funds	(3,268,961)	(113,500)	(3,382,461)
Net cash used in noncapital financing activities	<u>(503,778)</u>	<u>-</u>	<u>(503,778)</u>
Cash flows from capital and related financing activities:			
Purchases and construction of capital assets	(5,838,130)	(176,682)	(6,014,812)
Proceeds from the sale of assets	94,181	43,602	137,783
Principal paid on capital debt	(943,550)	(15,912)	(959,462)
Interest paid on capital debt	(593,816)	(9,121)	(602,937)
Net cash used in capital and related financing activities	<u>(7,281,315)</u>	<u>(158,113)</u>	<u>(7,439,428)</u>
Cash flows from investing activities:			
Interest received	280,776	4,714	285,490
Net cash provided by investing activities	<u>280,776</u>	<u>4,714</u>	<u>285,490</u>
Net decrease in cash and cash equivalents	(2,334,479)	(91,733)	(2,426,212)
Cash and cash equivalents, beginning of year	<u>19,142,739</u>	<u>368,041</u>	<u>19,510,780</u>
Cash and cash equivalents, end of year	<u>\$ 16,808,260</u>	<u>276,308</u>	<u>17,084,568</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss)	\$ 1,757,704	(121,860)	1,635,844
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	2,769,557	212,782	2,982,339
Decrease (increase) in receivables	21,974	(52,199)	(30,225)
Increase in accounts and retainages payable	577,726	23,264	600,990
Increase in other accrued liabilities	3,610	1,238	4,848
Increase in customer deposits payable	16,170	-	16,170
Increase in compensated absences	9,166	578	9,744
Increase (decrease) in net pension liability and pension-related deferred outflows and inflows of resources	9,857	(2,628)	7,229
Increase in total OPEB liability and OPEB-related deferred outflows of resources	4,074	491	4,565
Total adjustments	<u>3,412,134</u>	<u>183,526</u>	<u>3,595,660</u>
Net cash provided by operating activities	<u>\$ 5,169,838</u>	<u>61,666</u>	<u>5,231,504</u>
Noncash capital and related financing activities:			
Contributions of capital assets	<u>\$ 1,935,291</u>	<u>469,459</u>	<u>2,404,750</u>

See accompanying notes to financial statements.



City of Belton, Texas
Notes to Financial Statements

	<u>Page</u>
I. Summary of Significant Accounting Policies	33
II. Deposits and Investments	44
III. Receivables	47
IV. Property Taxes	47
V. Capital Assets	48
VI. Long-Term Debt	51
VII. Interfund Transfers	55
VIII. Employee Benefits	56
IX. Deferred Outflows and Inflows of Resources	64
X. Risk Management	65
XI. Commitments and Contingencies	65
XII. Related Organizations	66
XIII. Tax Abatements	66
XIV. Change in Accounting Principle	67
XV. Authoritative Pronouncements Not Yet Effective	68



City of Belton, Texas
Notes to Financial Statements
September 30, 2018

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

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

B. Government-Wide and Fund Financial Statements

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

City of Belton, Texas

Notes to Financial Statements
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

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

City of Belton, Texas

Notes to Financial Statements
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

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

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

The City reports the following major governmental funds:

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

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

The City reports the following major proprietary funds:

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

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

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

City of Belton, Texas

Notes to Financial Statements
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

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

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

D. Budgets and Budgetary Accounting

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

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

City of Belton, Texas

Notes to Financial Statements
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Budgets and Budgetary Accounting (continued)

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

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

Net change in fund balance - budgetary basis	\$ 97,818
Activities not included in the General Fund budget	<u>(89,226)</u>
Net change in fund balance - GAAP basis	<u>\$ 8,592</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	\$ 3,500
Nonmajor governmental funds	206,853
Water and sewer fund	2,438,289
Drainage fund	<u>26,465</u>
Total primary government	<u>\$ 2,675,107</u>
Discretely present component unit	<u>\$ 93,846</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, 2018.

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	Other Funds	Totals
Nonspendable:				
Prepaid items	\$ 6,699	-	-	6,699
Restricted for:				
Court technology and security	-	-	36,898	36,898
Public safety	4,693	-	133,575	138,268
Public access facilities	299,494	-	-	299,494
Cemetery	3,189	-	-	3,189
Debt service	-	306,462	-	306,462
Economic development	-	-	1,434,099	1,434,099
Committed for:				
Economic development	-	-	5,082	5,082
Assigned for:				
Civil service sick pay and appeals	785,547	-	-	785,547
Culture and recreation	33,658	-	-	33,658
Capital projects and equipment	-	-	1,985,455	1,985,455
Unassigned	5,122,832	-	(96,497)	5,026,335
	<u>\$ 6,256,112</u>	<u>306,462</u>	<u>3,498,612</u>	<u>10,061,186</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 \$17,274,511 difference are as follows:

General obligation bonds	\$ 14,702,289
Premium on general obligation bonds	92,303
Compensated absences	1,061,245
Accrued interest payable	78,996
Net pension liability	965,862
Total OPEB liability	306,283
Pension-related deferred outflows of resources	(503,237)
Pension-related deferred inflows of resources	601,871
OPEB-related deferred outflows of resources	<u>(31,101)</u>
	<u>\$ 17,274,511</u>

II. Deposits and Investments

Investments of the City at September 30, 2018, consist of investments in Texas Local Government Investment Pool (“TexPool”), in Texas Local Government Investment Pool Prime (“TexPool Prime”), in Texas Short-Term Asset Reserve Program (“TexSTAR”), in TexSTAR Local Government Investment Cooperative (“LOGIC”), and in Texas Cooperative Liquid Assets Securities System (“Texas CLASS”) of \$799,788, \$7,198,436, \$1,002,266, \$7,208,645, and \$7,202,375, 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 28, 37, 30, 34, and 22 days, respectively, as of September 30, 2018.

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	\$ 44,551
Carrying amount of deposits	9,905,590
Carrying amount of investments	<u>23,411,510</u>
Total	<u>\$ 33,361,651</u>
Per the statement of net position for the City:	
Cash and cash equivalents	\$ 26,500,823
Restricted cash and cash equivalents	<u>1,895</u>
	26,502,718
Per the statement of net position for the Belton Economic Development Corporation, Inc.:	
Cash and cash equivalents	<u>6,858,933</u>
Total	<u>\$ 33,361,651</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:

			Enterprise Funds		Nonmajor	
	General	Debt Service	Water and Sewer	Drainage	Governmental Funds	Total
Receivables:						
Taxes	\$ 1,156,210	41,343	-	-	38,385	1,235,938
Water/sewer	-	-	1,188,653	-	-	1,188,653
Storm drainage	-	-	-	113,714	-	113,714
Ambulance	5,894,358	-	-	-	-	5,894,358
Other	337,951	-	-	-	71,576	409,527
	<u>7,388,519</u>	<u>41,343</u>	<u>1,188,653</u>	<u>113,714</u>	<u>109,961</u>	<u>8,842,190</u>
Less:						
Allowance for uncollectibles	<u>6,003,040</u>	<u>14,110</u>	<u>33,988</u>	<u>17,803</u>	<u>-</u>	<u>6,068,941</u>
	<u>\$ 1,385,479</u>	<u>27,233</u>	<u>1,154,665</u>	<u>95,911</u>	<u>109,961</u>	<u>2,773,249</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, 2017, upon which the 2018 fiscal year levy was based, was \$1,061,924,954.

The tax levy of October 2017 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, 2018, at which time a lien attaches for unpaid taxes. Tax collections during the fiscal year ended September 30, 2018, for the fiscal year 2018 levy were 98.9 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, 2018, was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
<i>Governmental activities:</i>				
Capital assets, not being depreciated:				
Land	\$ 2,594,527	2,156,699	-	4,751,226
Construction in progress	3,379,873	1,813,409	(4,835,474)	357,808
Total capital assets not being depreciated	5,974,400	3,970,108	(4,835,474)	5,109,034
Capital assets, being depreciated:				
Buildings	\$ 9,196,679	627,504	(6,617)	9,817,566
Improvements other than buildings	4,024,651	35,228	(22,680)	4,037,199
Machinery and equipment	6,139,421	723,475	(241,665)	6,621,231
Infrastructure	34,536,499	5,739,604	(227,212)	40,048,891
Total capital assets, being depreciated	53,897,250	7,125,811	(498,174)	60,524,887
Less accumulated depreciation for:				
Buildings	(3,745,390)	(355,938)	4,301	(4,097,027)
Improvements other than buildings	(2,022,199)	(214,140)	10,604	(2,225,735)
Machinery and equipment	(3,960,587)	(537,373)	241,665	(4,256,295)
Infrastructure	(13,160,346)	(1,661,408)	138,959	(14,682,795)
Total accumulated depreciation	(22,888,522)	(2,768,859)	395,529	(25,261,852)
Total capital assets, being depreciated, net	31,008,728	4,356,952	(102,645)	35,263,035
	\$ 36,983,128	8,327,060	(4,938,119)	40,372,069

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	369,801	-	(84,626)	285,175
Construction in progress	2,157,876	5,630,581	(705,662)	7,082,795
Total capital assets not being depreciated	<u>2,527,677</u>	<u>5,630,581</u>	<u>(790,288)</u>	<u>7,367,970</u>
Capital assets, being depreciated:				
Buildings	104,793	11,681	-	116,474
Machinery and equipment	2,813,992	335,882	(194,911)	2,954,963
Infrastructure	54,608,690	3,147,075	-	57,755,765
Total capital assets being depreciated	<u>57,527,475</u>	<u>3,494,638</u>	<u>(194,911)</u>	<u>60,827,202</u>
Less accumulated depreciation for:				
Buildings	(20,203)	(8,815)	-	(29,018)
Machinery and equipment	(1,188,150)	(272,646)	141,624	(1,319,172)
Infrastructure	(19,735,379)	(2,700,878)	45,833	(22,390,424)
Total accumulated depreciation	<u>(20,943,732)</u>	<u>(2,982,339)</u>	<u>187,457</u>	<u>(23,738,614)</u>
Total capital assets, being depreciated, net	<u>36,583,743</u>	<u>512,299</u>	<u>(7,454)</u>	<u>37,088,588</u>
	<u>\$ 39,111,420</u>	<u>6,142,880</u>	<u>(797,742)</u>	<u>44,456,558</u>

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

Governmental activities:	
General government	\$ 84,159
Public safety	513,751
Highways and streets, including depreciation of general infrastructure assets	1,450,923
Planning	13,374
Culture and recreation	637,682
Solid waste	28,392
Maintenance	<u>40,578</u>
Total depreciation expense - governmental activities	<u>\$ 2,768,859</u>
Business-type activities:	
Water and sewer	\$ 2,769,557
Drainage	<u>212,782</u>
Total depreciation expense - business-type activities	<u>\$ 2,982,339</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, 2018. At year-end, the City's construction commitments for governmental activities are as follows:

Project Title	Expended to Date	Remaining Commitment
Engineering	\$ 357,808	168,475
Total	\$ 357,808	168,475

The projects will be financed with available resources.

At September 30, 2018, the City's construction commitments for business-type activities are as follows:

Project Title	Expended to Date	Remaining Commitment
TBWWTP Redevelopment- Preliminary Engineering Phase I	\$ 372,088	-
TBWWTP Redevelopment Phase I	3,043,891	1,141,221
SCADA System Upgrade	232,256	46,720
N Belton Water Tank Engineering	117,068	16,400
N Belton Water Tank Line Engineering	50,290	2,010
Sparta Road Pump Station	184,920	16,913
Leon Street Water Line	195,211	22,781
Leon Street Sewer Line	162,434	23,282
Shady Lane Sewer - Design	81,298	84,402
South Belton Sewer	2,603,241	523,230
South Belton Sewer Ph II - Design	40,098	402,067
Total	\$ 7,082,795	2,279,026

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, 2018, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 877,834	41,013	-	918,847
Construction in progress	226,360	167,374	-	393,734
Total capital assets not being depreciated	1,104,194	208,387	-	1,312,581
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	(274,524)	(39,411)	-	(313,935)
Infrastructure	(1,730,710)	(148,217)	-	(1,878,927)
Total accumulated depreciation	(2,005,234)	(187,628)	-	(2,192,862)
Total capital assets, being depreciated, net	2,193,845	(187,628)	-	2,006,217
	<u>\$ 3,298,039</u>	<u>20,759</u>	<u>-</u>	<u>3,318,798</u>

At September 30, 2018, 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	\$ 177,140	240,000
Avenue D Engineering	216,594	93,406
Total	<u>\$ 393,734</u>	<u>333,406</u>

The projects will be financed with available resources.

VI. Long-Term Debt

The City issues general obligation bonds and combination tax and revenue certificates of obligation to provide funds for the acquisition and construction of major capital facilities for both governmental and business-type activities. The amount of this debt that is reported

City of Belton, Texas

Notes to Financial Statements (Continued)

VI. Long-Term Debt (continued)

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, 2018:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 13,527,827	2,185,000	(1,010,538)	14,702,289	475,000
Premium	30,429	64,645	(2,771)	92,303	-
Net pension liability	2,102,437	551,212	(1,687,787)	965,862	-
Total OPEB liability	259,355 *	49,591	(2,663)	306,283	-
Compensated absences	1,091,271	638,986	(669,012)	1,061,245	319,971
	<u>\$ 17,011,319</u>	<u>3,489,434</u>	<u>(3,372,771)</u>	<u>17,127,982</u>	<u>794,971</u>
Business-type activities:					
General obligation and revenue bonds	\$ 20,677,168	-	(959,462)	19,717,706	995,750
Premium	517,240	-	(45,186)	472,054	-
Net pension liability	394,132	105,167	(315,019)	184,280	-
Total OPEB liability	49,483 *	9,463	(507)	58,439	-
Compensated absences	56,654	60,559	(50,813)	66,400	45,267
	<u>\$ 21,694,677</u>	<u>175,189</u>	<u>(1,370,987)</u>	<u>20,498,879</u>	<u>1,041,017</u>

* As noted in Note XIV to the financial statements, the City adopted the provision of GASB 75 effective October 1, 2017, which resulted in a restatement of the beginning liability of \$259,355 for governmental activities and \$49,483 for business-type activities at October 1, 2017.

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, 2018, 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%	\$ 910,000
---	------------

\$4,500,000 Series 2005 general obligation bonds due in annual installments of \$140,000 to \$275,000 through 2025; interest at 3.54%	1,615,000
---	-----------

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%	\$ 887,289
\$6,825,000 Series 2013 combination tax and revenue certificates of obligation due in annual installments of \$20,000 to \$520,000 through 2033; interest at 3.08%	6,170,000
\$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%	935,000
\$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%	2,000,000
\$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>2,185,000</u>
	<u><u>\$ 14,702,289</u></u>

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

<u>Year Ended</u> <u>September 30, 2018</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 475,000	297,654
2020	1,154,250	439,967
2021	1,197,963	405,616
2022	1,231,675	369,383
2023	1,151,675	331,581
2024-2028	5,619,062	1,107,688
2029-2033	3,742,664	322,964
2034-2038	<u>130,000</u>	<u>5,850</u>
	<u><u>\$ 14,702,289</u></u>	<u><u>3,280,703</u></u>

Long-term debt of the City's business-type activities at September 30, 2018, 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%	\$ 1,330,000
\$515,000 Series 2008 combination tax and revenue certificates of obligation due in annual installments of \$20,600 to \$37,337 through 2028; interest at 4.19%	307,706
\$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%	7,540,000
\$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%	9,360,000
\$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>1,180,000</u>
	<u>\$ 19,717,706</u>

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

Year Ended September 30, 2018	Principal	Interest
2019	\$ 995,750	570,638
2020	1,022,037	542,739
2021	1,048,325	513,596
2022	1,073,325	483,249
2023	1,124,613	451,736
2024-2028	6,138,656	1,796,408
2029-2033	5,295,000	938,550
2034-2038	<u>3,020,000</u>	<u>166,350</u>
	<u>\$ 19,717,706</u>	<u>5,463,266</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, 2018:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Net pension liability	\$ 47,283	11,946	(38,297)	20,932	-
Total OPEB liability	5,621 *	1,075	(58)	6,638	-
	<u>\$ 52,904</u>	<u>13,021</u>	<u>(38,355)</u>	<u>27,570</u>	<u>-</u>

* As noted in Note XIV to the financial statements, the City adopted the provision of GASB 75 effective October 1, 2017, which resulted in a restatement of the beginning liability of \$5,621 at October 1, 2017.

VII. Interfund Transfers

Interfund transfers for 2018 are as follows:

	Transfers in			
	General	Debt Service	Other Nonmajor Governmental	Total
Transfers out:				
General	\$ -	200,000	1,657,175	1,857,175
Other nonmajor governmental	51,883	-	-	51,883
Water and sewer	503,778	-	-	503,778
	<u>\$ 555,661</u>	<u>200,000</u>	<u>1,657,175</u>	<u>2,412,836</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.

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

VIII. Employee Benefits

Pension Plan

Plan Description - The City participates as one of 883 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, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	83
Inactive employees entitled to but not yet receiving benefits	136
Active employees	174

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 5.00% of their annual gross earnings during the fiscal year. The contribution rates for the City were 7.75% and 7.71% in calendar years 2018 and 2017, respectively. The City's contributions to TMRS for the year ended September 30, 2018 were \$636,453 and were equal to the required contributions.

Net Pension Liability – The City's net pension liability was measured as of December 31, 2017, 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, 2017 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, 2017 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 2018 are summarized in the following table:

	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.90%
Real Return	10.0%	3.80%
Real Estate	10.0%	4.50%
Absolute Return	10.0%	3.75%
Private Equity	<u>5.0%</u>	7.50%
Total	<u><u>100.0%</u></u>	

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

City of Belton, Texas

Notes to Financial Statements
(Continued)

VIII. Employee Benefits (continued)

Pension Plan (continued)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at December 31, 2016	\$ 21,404,605	18,860,753	2,543,852
Changes for the year:			
Service cost	891,715	-	891,715
Interest	1,439,110	-	1,439,110
Difference between expected and actual experience	(90,945)	-	(90,945)
Contributions - employer	-	609,271	(609,271)
Contributions - employee	-	403,491	(403,491)
Net investment income	-	2,614,129	(2,614,129)
Benefit payments, including refunds of employee contributions	(1,060,641)	(1,060,641)	-
Administrative expense	-	(13,547)	13,547
Other changes	-	(686)	686
Net changes	1,179,239	2,552,017	(1,372,778)
Balance at December 31, 2017	\$ 22,583,844	21,412,770	1,171,074

\$20,932 of the net pension liability of \$1,171,074 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	\$ 4,603,692	1,171,074	(1,603,140)

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, 2018, the City recognized pension expense of \$636,453.

At September 30, 2018, 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	\$ -	182,473
Difference between projected and actual investment earnings, net	-	547,275
Difference in assumption changes	119,714	-
Contributions subsequent to the measurement date	<u>490,443</u>	<u>-</u>
Total	<u>\$ 610,157</u>	<u>729,748</u>

The \$490,443 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, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	
2018	\$ 14,157
2019	(36,823)
2020	(305,618)
2021	<u>(281,750)</u>
Total	<u>\$ (610,034)</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, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	59
Inactive employees entitled to but not yet receiving benefits	20
Active employees	174

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, 2018 were \$15,105 and were equal to the required contributions.

Total OPEB Liability – The City’s total OPEB liability was measured as of December 31, 2017 and the total was determined by an actuarial valuation as of that date.

Actuarial assumptions – The total OPEB liability in the December 31, 2017 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	3.31% (based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2017
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, 2017 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, 2017 was as follows:

	<u>Total OPEB Liability</u>
Balance at December 31, 2016	\$ <u>314,459</u>
Changes for the year:	
Service cost	17,754
Interest on total OPEB liability	12,161
Changes in assumptions or other inputs	30,214
Benefit payments **	<u>(3,228)</u>
Net changes	<u>56,901</u>
Balance at December 31, 2017	\$ <u><u>371,360</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 contributions for retirees.

City of Belton, Texas

Notes to Financial Statements
(Continued)

VIII. Employee Benefits (continued)

\$6,638 of the total OPEB liability of \$371,360 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 3.31%, 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 (2.31%) or once percentage point (4.31%) higher than the current rate.

	1% Decrease (2.31%)	Current Rate Assumption (3.31%)	1% Increase (4.31%)
City's total OPEB liability	\$ <u>450,351</u>	<u>371,360</u>	<u>311,213</u>

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

For the year ended September 30, 2018, the City recognized OPEB expense of \$34,082.

At September 30, 2018, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources
Changes in assumptions	\$ 26,048
Contributions subsequent to the measurement date	<u>11,662</u>
Total	\$ <u>37,710</u>

There were no deferred inflows of resources related to OPEB at September 30, 2018.

The \$11,662 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, 2019. Other amounts reported as deferred outflows 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>	
2018	\$ 4,167
2019	4,167
2020	4,167
2021	4,167
2022	4,167
Thereafter	<u>5,213</u>
Total	\$ <u>26,048</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, 2018:

	<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	\$ 404,501	77,176	8,766	-	-
Pension - differences in assumption changes	98,736	18,838	2,140	-	-
OPEB - post measurement date contributions	9,619	1,835	208	-	-
OPEB - differences in assumption changes	<u>21,482</u>	<u>4,100</u>	<u>466</u>	<u>-</u>	<u>-</u>
	\$ <u>534,338</u>	<u>101,949</u>	<u>11,580</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:					
Unavailable revenue - property taxes	\$ -	-	-	207,086	27,233
Pension - net differences between projected and actual earnings	451,374	86,119	9,782	-	-
Pension - net differences between expected and actual experience	<u>150,497</u>	<u>28,714</u>	<u>3,262</u>	<u>-</u>	<u>-</u>
	\$ <u>601,871</u>	<u>114,833</u>	<u>13,044</u>	<u>207,086</u>	<u>27,233</u>

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 changes in assumptions will be recognized in pension and OPEB expense over one and five years, respectively.

City of Belton, Texas

Notes to Financial Statements (Continued)

IX. **Deferred Outflows and Inflows of Resources** (continued)

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

X. **Risk Management**

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

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

XI. **Commitments and Contingencies**

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantors cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

The Development Corporation has entered into several economic development agreements with business that will provide financial incentives to the businesses based on specific capital investment, employment or other economic development measures. Commitments made under the agreements total approximately \$2.1 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

City of Belton, Texas

Notes to Financial Statements (Continued)

XI. Commitments and Contingencies (continued)

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, 2018, was \$34,125.

Also, the City has entered into a long-term agreement to purchase water from Bell County Water Control and Improvement District No. 1 (the "District"). The District serves six civilian resale customers (cities and water districts) and the Fort Hood Military Reservation. Under the agreement, the City pays its proportionate share of fixed capital costs (debt service) and operating costs (purchasing, producing, treating and delivering water) of the District. Consequently, the price of the water will vary over the term of the agreement. In addition to capital and operating costs, the contract with the District requires the City to pay for water rights, both for water currently being used (election use water) and for rights to future water (option water). The cost of option water is paid whether or not the City actually withdraws the full amount of water to which it is entitled. The cost of both election use and option water may be adjusted annually each year based on changes in the consumer price index. The agreement remains in effect until all bonds of the District are repaid, currently 2018. Charges for water under the agreement for the year ended September 30, 2018, were \$1,074,179.

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, 2018, was \$414,583.

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

XII. Related Organizations

The following entities are related organizations to which the City appoints board members but for which the City has no significant financial accountability: 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

City of Belton, Texas

Notes to Financial Statements (Continued)

XIII. Tax Abatements (continued)

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, 2018, the City abated ad valorem taxes totaling \$50,853, as detailed below:

- A 100 % ad valorem tax abatement on certain improvements to CGI Technologies, Inc. for the construction of a new facility. The fiscal year 2018 abatement amounted to \$23,926. The City may recapture the abated taxes should CGI Technologies, Inc. become delinquent in its payment to the City of any ad valorem taxes not abated or breach any other terms set forth in the abatement agreement.
- 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 2018 abatement amounted to \$8,334. 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.
- An 80 % 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 2018 abatement amounted to \$18,593. The City may recapture the abated taxes should Wire Rope Industries USA, Inc. become delinquent in its payment to the City of any ad valorem taxes not abated, fall below 18 permanent jobs for an extended period of time or breach any other terms set forth in the abatement agreement.

XIV. Change in Accounting Principle

The City adopted the provisions of Governmental Accounting Standards Board ("GASB") No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* effective October 1, 2017. GASB 75 provides new requirements for accounting for other postemployment benefit plans ("OPEB"), including the recognition of an OPEB liability in the statement of net position and reporting OPEB contributions subsequent to the measurement date as deferred outflows of resources. It was not practical for the City to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to OPEB at October 1, 2017; consequently, beginning balances for deferred outflows and inflows of resources related to OPEB (except for deferred outflows of resources related to contributions made after the measurement date) were not reported. The City recognized a cumulative effect of change in accounting principle to recognize its

City of Belton, Texas

Notes to Financial Statements (Continued)

XIV. Change in Accounting Principle (continued)

OPEB liability and related deferred outflows for contributions subsequent to the measurement date, which reduced unrestricted net position at October 1, 2017 for governmental activities by \$251,264, for business-type activities by \$47,939 and for the Development Corporation by \$5,446.

XV. 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. 83, *Certain Asset Retirement Obligations* (issued November 2016) – the objective of this statement is to enhance comparability of financial statements among governments by establishing uniform criteria for governments to recognize and measure certain asset retirement obligations, including obligations that may not have been previously reported. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2018.

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. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements* (issued April 2018) – The objective of this statement is to clarify which liabilities governments should include in their note disclosures related to debt. This statement requires that all debt disclosures present direct borrowings and direct placements of debt separately from other types of debt. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2018.

City of Belton, Texas

Notes to Financial Statements
(Continued)

XV. Authoritative Pronouncements Not Yet Effective (continued)

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.



Required Supplementary Information



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

	December 31,			
	2017	2016	2015	2014
Total Pension Liability				
Service cost	\$ 891,715	862,169	826,770	697,959
Interest (on the Total Pension Liability)	1,439,110	1,361,691	1,307,310	1,245,375
Difference between expected and actual experience	(90,945)	(111,361)	(80,818)	(172,175)
Changes of assumptions	-	-	351,416	-
Benefit payments, including refunds of employee contributions	<u>(1,060,641)</u>	<u>(900,011)</u>	<u>(950,060)</u>	<u>(951,498)</u>
Net change in Total Pension Liability	1,179,239	1,212,488	1,454,618	819,661
Total Pension Liability - beginning	<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>\$ 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	\$ 609,271	536,111	561,505	476,627
Contributions - employee	403,491	391,895	397,104	359,990
Net investment income	2,614,129	1,193,044	26,023	961,087
Benefit payments, including refunds of employee contributions	(1,060,641)	(900,011)	(950,060)	(951,498)
Administrative expense	(13,547)	(13,474)	(15,851)	(10,034)
Other	<u>(686)</u>	<u>(726)</u>	<u>(783)</u>	<u>(825)</u>
Net change in Plan Fiduciary Net Position	2,552,017	1,206,839	17,938	835,347
Plan Fiduciary Net Position - beginning	<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>\$ 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)	\$ 1,171,074	2,543,852	2,538,203	1,101,523
Plan Fiduciary Net Position as a percentage of Total Pension Liability	94.81%	88.12%	87.43%	94.12%
Covered payroll	\$ 8,069,816	7,837,901	7,942,074	7,199,806
Net Pension Liability as a percentage of covered payroll	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.

See accompanying independent auditor's report.

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

	September 30,			
	2015	2016	2017	2018
Actuarially Determined Contributions	\$ 527,669	542,064	586,051	636,453
Contributions in relation to the actuarially determined contributions	<u>527,669</u>	<u>542,064</u>	<u>586,051</u>	<u>636,453</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered payroll	\$ 7,561,577	7,865,451	7,928,962	8,409,865
Contributions as a percentage of covered payroll	7.0%	6.9%	7.4%	7.6%

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
-------	---

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	28 years
Asset Valuation Method	10 year smoothed market, 15% soft corridor
Inflation	2.5%
Salary Increases	3.50% to 10.50%, including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 - 2014
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with males rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Other information	There were no benefit changes during the year.

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

City of Belton, Texas
Schedule of Changes in Total OPEB Liability and Related Ratios –
Employees’ OPEB Plan
 Last Measurement Date

	<u>December 31,</u> <u>2017</u>
Total OPEB Liability	
Service cost	\$ 17,754
Interest (on the Total OPEB Liability)	12,161
Changes in assumptions or other inputs	30,214
Benefit payments**	<u>(3,228)</u>
Net change in Total OPEB Liability	56,901
Total OPEB Liability - beginning	<u>314,459</u>
Total OPEB Liability - ending (a)	<u><u>\$ 371,360</u></u>
Covered payroll	\$ 8,069,816
Net OPEB Liability as a percentage of covered payroll	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 Year Ended

	<u>September 30,</u> <u>2018</u>
Actuarially Determined Contributions	\$ 15,105
Contributions in relation to the actuarially determined contributions	<u>15,105</u>
Contribution deficiency (excess)	\$ <u><u>-</u></u>
Covered payroll	\$ 8,409,865
Contributions as a percentage of covered payroll	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	3.31%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 - 2014
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with males rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Other information	There were no benefit changes during the year.

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

2018 Certificates of Obligation - Heritage Park: This fund accounts for costs associated with the acquisition of approximately 85 acres of parkland for the expansion of Heritage Park.

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

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

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

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

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.

Capital Project Funds

(continued)

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

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

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

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

City of Belton, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2018

		Special Revenue												
		Greathouse Public Trust	Hotel/ Motel Tax	TIRZ	Court Technology	Court Security	TDHCA Home Grants	Special Events	Total	General Capital Projects	General Capital Equipment	Park Donation	2018 Certificates of Obligation Heritage Park	2013 Certificates of Obligation- Tree Mitigation TIRZ
Assets														
Cash and cash equivalents	\$	133,575	144,075	205,458	-	38,199	19,112	6,949	547,368	597,517	461,219	7,672	-	36,007
Receivables		-	38,385	-	-	-	-	-	38,385	69,076	-	-	-	-
Due from other governments		-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	\$	<u>133,575</u>	<u>182,460</u>	<u>205,458</u>	<u>-</u>	<u>38,199</u>	<u>19,112</u>	<u>6,949</u>	<u>585,753</u>	<u>666,593</u>	<u>461,219</u>	<u>7,672</u>	<u>-</u>	<u>36,007</u>
Liabilities and Fund Balances														
Liabilities:														
Accounts and retainages payable	\$	-	1,510	-	-	1,301	-	7,991	10,802	14,899	4,704	-	-	-
Accrued liabilities		-	624	-	-	-	-	-	624	-	-	-	-	-
Due to other funds		-	-	-	4,668	-	14,030	-	18,698	-	-	-	-	-
Total liabilities		<u>-</u>	<u>2,134</u>	<u>-</u>	<u>4,668</u>	<u>1,301</u>	<u>14,030</u>	<u>7,991</u>	<u>30,124</u>	<u>14,899</u>	<u>4,704</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:														
Restricted		133,575	180,326	205,458	-	36,898	-	-	556,257	-	-	7,672	-	-
Committed		-	-	-	-	-	5,082	-	5,082	-	-	-	-	-
Assigned		-	-	-	-	-	-	-	-	651,694	456,515	-	-	36,007
Unassigned		-	-	-	(4,668)	-	-	(1,042)	(5,710)	-	-	-	-	-
Total fund balances		<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>	<u>7,672</u>	<u>-</u>	<u>36,007</u>
Total liabilities and fund balances	\$	<u>133,575</u>	<u>182,460</u>	<u>205,458</u>	<u>-</u>	<u>38,199</u>	<u>19,112</u>	<u>6,949</u>	<u>585,753</u>	<u>666,593</u>	<u>461,219</u>	<u>7,672</u>	<u>-</u>	<u>36,007</u>

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
TIRZ Capital Projects	2013 Certificates of Obligation	Fire Department Equipment Replacement	Police Department Vehicle Replacement	Public Works Capital Equipment	Information Technology Equipment Replacement	HVAC Replacement	Chisholm Trail Hike and Bike Phase 2	Major Street Maintenance	Total	
1,038,143	-	225,771	107,330	92,994	29,857	41,407	87,403	375,368	3,100,688	3,648,056
2,500	-	-	-	-	-	-	-	-	71,576	109,961
-	-	-	-	-	-	-	-	-	-	-
<u>1,040,643</u>	<u>-</u>	<u>225,771</u>	<u>107,330</u>	<u>92,994</u>	<u>29,857</u>	<u>41,407</u>	<u>87,403</u>	<u>375,368</u>	<u>3,172,264</u>	<u>3,758,017</u>
-	-	-	198,117	-	1,559	-	8,686	1,316	229,281	240,083
-	-	-	-	-	-	-	-	-	-	624
-	-	-	-	-	-	-	-	-	-	18,698
<u>-</u>	<u>-</u>	<u>-</u>	<u>198,117</u>	<u>-</u>	<u>1,559</u>	<u>-</u>	<u>8,686</u>	<u>1,316</u>	<u>229,281</u>	<u>259,405</u>
1,040,643	-	-	-	-	-	-	-	-	1,048,315	1,604,572
-	-	-	-	-	-	-	-	-	-	5,082
-	-	225,771	-	92,994	28,298	41,407	78,717	374,052	1,985,455	1,985,455
-	-	-	(90,787)	-	-	-	-	-	(90,787)	(96,497)
<u>1,040,643</u>	<u>-</u>	<u>225,771</u>	<u>(90,787)</u>	<u>92,994</u>	<u>28,298</u>	<u>41,407</u>	<u>78,717</u>	<u>374,052</u>	<u>2,942,983</u>	<u>3,498,612</u>
<u>1,040,643</u>	<u>-</u>	<u>225,771</u>	<u>107,330</u>	<u>92,994</u>	<u>29,857</u>	<u>41,407</u>	<u>87,403</u>	<u>375,368</u>	<u>3,172,264</u>	<u>3,758,017</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, 2018

	Special Revenue												
	Greathouse Public Trust	Hotel/ Motel Tax	TIRZ	Court Technology	Court Security	TDHCA Home Grants	Special Events	Total	General Capital Projects	General Capital Equipment	Park Donation	2018 Certificates of Obligation Heritage Park	2013 Certificates of Obligation - TIRZ
Revenues:													
Ad valorem taxes	\$ -	-	806,822	-	-	-	-	806,822	-	-	-	-	-
Hotel/motel taxes	-	162,032	-	-	-	-	-	162,032	-	-	-	-	-
Intergovernmental	-	-	514,067	-	-	-	-	514,067	-	35,393	-	-	-
Fines	-	-	-	10,347	7,753	-	-	18,100	-	-	-	-	-
Interest	1,103	2,013	13,551	(126)	597	278	(7)	17,409	4,030	5,114	119	-	3,313
Contributions and donations	-	-	-	-	-	-	-	-	142,263	-	5,000	-	-
Miscellaneous revenue	-	-	-	-	-	-	400	400	-	-	-	-	-
Total revenues	1,103	164,045	1,334,440	10,221	8,350	278	393	1,518,830	146,293	40,507	5,119	-	3,313
Expenditures:													
Current:													
General government	-	72,481	-	14,898	4,276	-	-	91,655	327	4,813	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	127,367	-	-	-
Highways and streets	-	-	-	-	-	-	-	-	-	-	-	-	-
Planning	-	-	-	-	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	49,072	21,491	4,464	10,510	4,683
Economic development	-	-	7,422	-	-	2,230	10,851	20,503	-	-	-	-	-
Maintenance services	-	-	-	-	-	-	-	-	-	2,799	-	-	-
Debt service:													
Principal	-	-	305,000	-	-	-	-	305,000	-	-	-	-	-
Interest and fiscal charges	-	-	52,056	-	-	-	-	52,056	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-	-	-	2,185	-	-
Capital outlay	-	-	-	-	-	-	-	-	40,131	107,801	-	2,156,699	1,155,123
Total expenditures	-	72,481	364,478	14,898	4,276	2,230	10,851	469,214	89,530	264,271	4,464	2,169,394	1,155,123
Excess (deficiency) of revenues over (under) expenditures	1,103	91,564	969,962	(4,677)	4,074	(1,952)	(10,458)	1,049,616	56,763	(223,764)	655	(2,169,394)	(1,151,810)
Other financing sources (uses):													
Insurance proceeds	-	-	-	-	-	-	-	-	3,244	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from debt issuance	-	-	-	-	-	-	-	-	-	-	2,169,394	-	-
Transfers in	63,827	-	-	-	-	-	10,000	73,827	353,508	175,553	-	-	-
Transfers out	-	(10,000)	(941,545)	-	(5,143)	-	-	(956,688)	0	(13,000)	-	-	(10,261)
Total other financing sources (uses)	63,827	(10,000)	(941,545)	-	(5,143)	-	10,000	(882,861)	356,752	162,553	-	2,169,394	(10,261)
Net change in fund balances	64,930	81,564	28,417	(4,677)	(1,069)	(1,952)	(458)	166,755	413,515	(61,211)	655	-	(4,124)
Fund balances, October 1	68,645	98,762	177,041	9	37,967	7,034	(584)	388,874	238,179	517,726	7,017	-	40,131
Fund balances, September 30	\$ 133,575	180,326	205,458	(4,668)	36,898	5,082	(1,042)	555,629	651,694	456,515	7,672	-	36,007

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
TIRZ Capital Projects	2013 Certificates of Obligation	Fire Department Equipment Replacement	Police Department Capital Equipment Replacement	Public Works Capital Equipment	Information Technology Equipment Replacement	HVAC Replacement	Chisholm Trail Hike and Bike Phase 2	Major Street Maintenance	Total	
-	-	-	-	-	-	-	-	-	-	806,822
-	-	-	-	-	-	-	-	-	-	162,032
183,310	-	-	-	-	-	-	-	-	218,703	732,770
-	-	-	-	-	-	-	-	-	-	18,100
2,371	427	1,957	1,090	(103)	335	652	3,024	6,692	29,580	46,989
17,000	-	-	-	-	-	-	95,000	-	259,263	259,263
-	-	-	-	-	-	-	-	-	-	400
<u>202,681</u>	<u>427</u>	<u>1,957</u>	<u>1,090</u>	<u>(103)</u>	<u>335</u>	<u>652</u>	<u>98,024</u>	<u>6,692</u>	<u>507,546</u>	<u>2,026,376</u>
-	-	-	-	-	13,553	-	-	-	18,693	110,348
-	-	-	-	-	21,717	-	-	-	149,084	149,084
-	-	-	-	2,100	-	-	-	661,804	663,904	663,904
-	-	-	-	-	3,050	-	-	-	3,050	3,050
26,582	-	-	-	2,275	5,171	-	26,914	-	151,162	151,162
35	-	-	-	-	-	-	-	-	35	20,538
-	-	-	-	-	1,421	-	-	-	4,220	4,220
-	-	-	-	-	-	-	-	-	-	305,000
-	-	-	-	-	-	-	-	-	-	52,056
-	-	-	-	-	-	-	-	-	2,185	2,185
<u>312,252</u>	<u>140,111</u>	<u>-</u>	<u>326,028</u>	<u>261,214</u>	<u>-</u>	<u>23,092</u>	<u>237,921</u>	<u>-</u>	<u>4,760,372</u>	<u>4,760,372</u>
<u>338,869</u>	<u>140,111</u>	<u>-</u>	<u>326,028</u>	<u>265,589</u>	<u>44,912</u>	<u>23,092</u>	<u>264,835</u>	<u>661,804</u>	<u>5,752,705</u>	<u>6,221,919</u>
<u>(136,188)</u>	<u>(139,684)</u>	<u>1,957</u>	<u>(324,938)</u>	<u>(265,692)</u>	<u>(44,577)</u>	<u>(22,440)</u>	<u>(166,811)</u>	<u>(655,112)</u>	<u>(5,245,159)</u>	<u>(4,195,543)</u>
-	-	-	-	-	-	-	-	-	3,244	3,244
-	-	152	4,050	34,151	-	-	-	-	38,353	38,353
-	-	-	-	-	-	-	-	-	2,169,394	2,169,394
918,066	-	137,167	177,935	240,394	31,047	20,987	-	466,000	2,520,657	2,594,484
-	(9,243)	-	-	-	-	-	-	-	(32,504)	(989,192)
<u>918,066</u>	<u>(9,243)</u>	<u>137,319</u>	<u>181,985</u>	<u>274,545</u>	<u>31,047</u>	<u>20,987</u>	<u>-</u>	<u>466,000</u>	<u>4,699,144</u>	<u>3,816,283</u>
781,878	(148,927)	139,276	(142,953)	8,853	(13,530)	(1,453)	(166,811)	(189,112)	(546,015)	(379,260)
<u>258,765</u>	<u>148,927</u>	<u>86,495</u>	<u>52,166</u>	<u>84,141</u>	<u>41,828</u>	<u>42,860</u>	<u>245,528</u>	<u>563,164</u>	<u>3,488,998</u>	<u>3,877,872</u>
<u>1,040,643</u>	<u>-</u>	<u>225,771</u>	<u>(90,787)</u>	<u>92,994</u>	<u>28,298</u>	<u>41,407</u>	<u>78,717</u>	<u>374,052</u>	<u>2,942,983</u>	<u>3,498,612</u>

See accompanying independent auditor's report.

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, 2018

	<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	162,032	(12,174)
Interest	<u>500</u>	<u>500</u>	<u>2,013</u>	<u>1,513</u>
Total revenues	<u>174,706</u>	<u>174,706</u>	<u>164,045</u>	<u>(10,661)</u>
Expenditures:				
General government	<u>165,836</u>	<u>165,836</u>	<u>72,481</u>	<u>93,355</u>
Total expenditures	<u>165,836</u>	<u>165,836</u>	<u>72,481</u>	<u>93,355</u>
Excess of revenues over expenditures	<u>8,870</u>	<u>8,870</u>	<u>91,564</u>	<u>82,694</u>
Other financing sources (uses):				
Transfers out	<u>(10,000)</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>
Net change in fund balance	(1,130)	(1,130)	81,564	82,694
Fund balance, October 1	<u>98,762</u>	<u>98,762</u>	<u>98,762</u>	<u>-</u>
Fund balance, September 30	<u>\$ 97,632</u>	<u>97,632</u>	<u>180,326</u>	<u>82,694</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, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 978,708	978,708	990,961	12,253
Interest	6,000	6,000	10,380	4,380
Total revenues	<u>984,708</u>	<u>984,708</u>	<u>1,001,341</u>	<u>16,633</u>
Expenditures:				
Principal	705,538	705,538	705,538	-
Interest and fiscal charges	362,015	362,015	361,121	894
Bond issuance costs	-	-	(658)	658
Total expenditures	<u>1,067,553</u>	<u>1,067,553</u>	<u>1,066,001</u>	<u>1,552</u>
Excess of revenues over expenditures	<u>(82,845)</u>	<u>(82,845)</u>	<u>(64,660)</u>	<u>18,185</u>
Other financing sources (uses):				
Proceeds from issuance of debt	-	-	1,182	(1,182)
Transfers in	<u>-</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Net change in fund balance	(82,845)	117,155	136,522	19,367
Fund balance, October 1	<u>169,940</u>	<u>169,940</u>	<u>169,940</u>	<u>-</u>
Fund balance, September 30	<u>\$ 87,095</u>	<u>287,095</u>	<u>306,462</u>	<u>19,367</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, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 781,460	781,460	806,822	25,362
Intergovernmental	498,865	498,865	514,067	15,202
Interest	5,000	5,000	13,551	8,551
Total revenues	<u>1,285,325</u>	<u>1,285,325</u>	<u>1,334,440</u>	<u>49,115</u>
Expenditures:				
Current:				
Economic development	90,000	90,000	7,422	82,578
Debt service:				
Principal	305,000	305,000	305,000	-
Interest and fiscal charges	52,955	52,955	52,056	899
Total expenditures	<u>447,955</u>	<u>447,955</u>	<u>364,478</u>	<u>83,477</u>
Excess of revenues over expenditures	<u>837,370</u>	<u>837,370</u>	<u>969,962</u>	<u>132,592</u>
Other financing sources (uses):				
Transfers out	<u>(974,189)</u>	<u>(974,189)</u>	<u>(941,545)</u>	<u>32,644</u>
Net change in fund balance	(136,819)	(136,819)	28,417	165,236
Fund balance, October 1	<u>177,041</u>	<u>177,041</u>	<u>177,041</u>	<u>-</u>
Fund balance, September 30	<u>\$ 40,222</u>	<u>40,222</u>	<u>205,458</u>	<u>165,236</u>

See accompanying independent auditor's report.

Enterprise Funds

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

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

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

City of Belton, Texas
Water and Sewer Fund
Schedule of Revenues and Expenses –
Budget and Actual – Budgetary Basis
For the Fiscal Year Ended
September 30, 2018

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget
Operating revenue:				
Water service	\$ 4,710,989	4,710,989	4,907,703	196,714
Sewer service	2,936,924	2,936,924	3,087,121	150,197
Reconnect and late fees	122,000	122,000	144,860	22,860
Tap fees	170,000	170,000	288,529	118,529
Other	36,600	36,600	83,311	46,711
Total operating revenue	<u>7,976,513</u>	<u>7,976,513</u>	<u>8,511,524</u>	<u>535,011</u>
Operating expenses:				
Salaries and wages	1,216,329	1,199,826	1,170,984	28,842
Employee benefits	339,318	355,821	361,137	(5,316)
Supplies	115,719	135,215	113,731	21,484
Repairs and maintenance	272,774	241,976	182,317	59,659
Water, sewage treatment, and other charges	2,134,555	2,126,375	1,950,009	176,366
Capital outlay	115,000	129,032	126,498	2,534
Total operating expenses	<u>4,193,695</u>	<u>4,188,245</u>	<u>3,904,676</u>	<u>283,569</u>
Operating income	<u>3,782,818</u>	<u>3,788,268</u>	<u>4,606,848</u>	<u>818,580</u>
Nonoperating revenue (expenses):				
Interest revenue	50,000	50,000	93,179	43,179
Insurance proceeds	-	-	2,637	2,637
Sale of City property	-	-	85,085	85,085
Payments to fiduciary for debt service	(2,040,070)	(1,541,775)	(1,537,366)	4,409
Transfers out	<u>(1,792,221)</u>	<u>(2,295,966)</u>	<u>(2,479,749)</u>	<u>(183,783)</u>
Total nonoperating revenue (expenses)	<u>(3,782,291)</u>	<u>(3,787,741)</u>	<u>(3,836,214)</u>	<u>(48,473)</u>
Net income	\$ <u>527</u>	<u>527</u>	<u>770,634</u>	<u>770,107</u>

See accompanying independent auditor's report.

City of Belton, Texas
Water and Sewer Fund
Schedule of Expenses by Department –
Budget and Actual – Budgetary Basis
For the Fiscal Year Ended
September 30, 2018

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget
Administration:				
Salaries and wages	\$ 696,114	689,541	646,181	43,360
Employee benefits	164,994	171,567	177,793	(6,226)
Supplies	33,140	34,440	29,844	4,596
Repairs and maintenance	59,069	59,369	56,178	3,191
Other charges	257,965	224,465	183,730	40,735
Capital outlay	30,000	-	-	-
Debt service	2,040,070	1,541,775	1,537,366	4,409
Transfers	7,715	511,460	598,542	(87,082)
Total administration	<u>3,289,067</u>	<u>3,232,617</u>	<u>3,229,634</u>	<u>2,983</u>
Water:				
Salaries and wages	319,900	314,935	325,261	(10,326)
Employee benefits	109,657	114,622	116,660	(2,038)
Supplies	38,247	53,684	57,025	(3,341)
Repairs and maintenance	148,140	118,642	80,755	37,887
Other charges	69,283	69,253	66,508	2,745
Cost of water	1,144,826	1,163,076	1,146,550	16,526
Capital outlay	85,000	114,032	114,817	(785)
Transfers	1,054,405	1,054,405	1,095,073	(40,668)
Total water	<u>2,969,458</u>	<u>3,002,649</u>	<u>3,002,649</u>	<u>-</u>
Sanitary sewage gathering system:				
Salaries and wages	161,976	157,011	160,769	(3,758)
Employee benefits	51,583	56,548	53,066	3,482
Supplies	30,348	31,948	19,689	12,259
Repairs and maintenance	40,895	39,295	24,366	14,929
Other charges	7,109	8,209	7,939	270
Capital outlay	-	-	-	-
Transfers	727,529	727,529	754,710	(27,181)
Total sanitary sewage gathering system	<u>1,019,440</u>	<u>1,020,540</u>	<u>1,020,539</u>	<u>1</u>
Sewage treatment and disposal:				
Salaries and wages	38,339	38,339	38,773	(434)
Employee benefits	13,084	13,084	13,618	(534)
Supplies	13,984	15,143	7,173	7,970
Repairs and maintenance	24,670	24,670	21,018	3,652
Other charges	36,035	40,435	37,967	2,468
Charges for sewage treatment	619,337	620,937	507,315	113,622
Capital outlay	-	15,000	11,681	3,319
Transfers	2,572	2,572	31,424	(28,852)
Total sewage treatment and disposal	<u>748,021</u>	<u>770,180</u>	<u>668,969</u>	<u>101,211</u>
	<u>\$ 8,025,986</u>	<u>8,025,986</u>	<u>7,921,791</u>	<u>104,195</u>

See accompanying independent auditor's report.

City of Belton, Texas
Water and Sewer Fund
Schedule of Cash Receipts and Disbursements of Restricted
Cash and Cash Equivalents for Project Construction
For the Fiscal Year Ended
September 30, 2018

	<u>Bond Proceeds</u>	<u>Capital Projects</u>	<u>Grant Proceeds</u>	<u>Total</u>
Balance, October 1	\$ 13,249,285	1,003,889	1,894	14,255,068
Receipts:				
Transfers from other funds	-	1,975,970	-	1,975,970
Sale of City property	-	6,460	-	6,460
Contributions from developers and others	-	2,500	-	2,500
Interest income	<u>175,203</u>	<u>12,397</u>	<u>-</u>	<u>187,600</u>
Total receipts	<u>175,203</u>	<u>1,997,327</u>	<u>-</u>	<u>2,172,530</u>
Disbursements:				
Special projects	-	177,285	-	177,285
Capital outlay	<u>4,655,616</u>	<u>1,058,520</u>	<u>-</u>	<u>5,714,136</u>
Total disbursements	<u>4,655,616</u>	<u>1,235,805</u>	<u>-</u>	<u>5,891,421</u>
Balance, September 30	\$ <u>8,768,872</u>	<u>1,765,411</u>	<u>1,894</u>	<u>10,536,177</u>

See accompanying independent auditor's report.

City of Belton, Texas
Drainage Fund
Schedule of Revenue and Expenses –
Budget and Actual – Budgetary Basis
For the Fiscal Year Ended
September 30, 2018

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget
Operating revenue:				
Storm drainage fee	\$ 454,596	454,596	452,742	(1,854)
Other	-	-	43,653	43,653
Total operating revenue	<u>454,596</u>	<u>454,596</u>	<u>496,395</u>	<u>41,799</u>
Operating expenses:				
Salaries and wages	145,286	145,286	140,064	5,222
Employee benefits	55,268	55,268	52,976	2,292
Supplies	24,412	24,412	21,684	2,728
Repairs and maintenance	35,230	35,230	22,019	(13,211)
Other charges	21,391	23,491	4,214	19,277
Capital outlay	<u>259,590</u>	<u>237,590</u>	<u>176,682</u>	<u>60,908</u>
Total operating expenses	<u>541,177</u>	<u>521,277</u>	<u>417,639</u>	<u>103,638</u>
Operating income	<u>(86,581)</u>	<u>(66,681)</u>	<u>78,756</u>	<u>145,437</u>
Nonoperating revenue (expenses):				
Interest revenue	2,000	2,000	4,110	2,110
Payments to fiduciary for debt service	(25,301)	(25,301)	(25,301)	-
Transfers out	<u>(50,000)</u>	<u>(69,900)</u>	<u>(113,500)</u>	<u>(43,600)</u>
Total nonoperating revenue (expenses)	<u>(73,301)</u>	<u>(93,201)</u>	<u>(134,691)</u>	<u>(41,490)</u>
Net income (loss)	<u>\$ (159,882)</u>	<u>(159,882)</u>	<u>(55,935)</u>	<u>103,947</u>

See accompanying independent auditor's report.

City of Belton, Texas
Drainage Fund
Schedule of Cash Receipts and Disbursements of Restricted
Cash and Cash Equivalents for Project Construction
 For the Fiscal Year Ended
 September 30, 2018

	<u>Capital Projects</u>	<u>Total</u>
Balance, October 1	\$ 103,807	103,807
Receipts:		
Transactions from operating cash	113,500	113,500
Interest income	<u>606</u>	<u>606</u>
Total receipts	<u>114,106</u>	<u>114,106</u>
Disbursements:		
Special projects	<u>122,195</u>	<u>122,195</u>
Total disbursements	<u>122,195</u>	<u>122,195</u>
Balance, September 30	<u>\$ 95,718</u>	<u>95,718</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	98
<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	108
<i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	
Debt Capacity	113
<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	122
<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	125
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the government provides and the activities it performs.</i>	

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

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Governmental activities				
Net investment in capital				
assets	\$ 12,587,025	12,714,726	14,748,004	14,506,537
Restricted	2,163,662	1,885,924	1,627,859	1,661,938
Unrestricted	<u>5,764,127</u>	<u>6,445,189</u>	<u>6,457,544</u>	<u>6,957,744</u>
Total governmental activities				
net position	<u>\$ 20,514,814</u>	<u>21,045,839</u>	<u>22,833,407</u>	<u>23,126,219</u>
Business-type activities				
Net investment in capital				
assets	\$ 17,596,575	16,942,659	16,962,666	16,439,528
Restricted	909,824	438,059	231,106	33,017
Unrestricted	<u>3,111,969</u>	<u>4,276,077</u>	<u>4,950,372</u>	<u>6,123,639</u>
Total business-type activities				
net position	<u>\$ 21,618,368</u>	<u>21,656,795</u>	<u>22,144,144</u>	<u>22,596,184</u>
Primary government				
Net investment in capital				
assets	\$ 30,183,600	29,657,385	31,710,670	30,946,065
Restricted	3,073,486	2,323,983	1,858,965	1,694,955
Unrestricted	<u>8,876,096</u>	<u>10,721,266</u>	<u>11,407,916</u>	<u>13,081,383</u>
Total primary government				
net position	<u>\$ 42,133,182</u>	<u>42,702,634</u>	<u>44,977,551</u>	<u>45,722,403</u>

Table I

Fiscal Year					
2013	2014	2015	2016	2017	2018
14,681,745	16,461,658	20,253,143	24,492,141	24,735,870	25,577,477
2,263,468	2,701,028	2,846,948	2,300,596	1,123,142	2,245,552
6,747,744	6,963,750	6,462,523	5,385,680	6,115,680	5,570,034
<u>23,692,957</u>	<u>26,126,436</u>	<u>29,562,614</u>	<u>32,178,417</u>	<u>31,974,692</u>	<u>33,393,063</u>
17,681,536	18,121,998	21,325,320	27,592,280	31,298,115	33,628,880
193,212	-	-	-	-	-
6,542,549	6,334,986	4,941,679	7,176,189	6,348,421	7,284,409
<u>24,417,297</u>	<u>24,456,984</u>	<u>26,266,999</u>	<u>34,768,469</u>	<u>37,646,536</u>	<u>40,913,289</u>
32,363,281	34,583,656	41,578,463	52,084,421	56,033,985	59,206,357
2,456,680	2,701,028	2,846,948	2,300,596	1,123,142	2,245,552
13,290,293	13,298,736	11,404,202	12,561,869	12,464,101	12,854,443
<u>48,110,254</u>	<u>50,583,420</u>	<u>55,829,613</u>	<u>66,946,886</u>	<u>69,621,228</u>	<u>74,306,352</u>

(continued)

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

	2009	2010	2011	2012
Expenses				
Governmental activities:				
General government	\$ 1,083,294	1,155,582	1,312,897	1,384,187
Public safety	4,767,516	5,240,838	5,513,342	5,646,348
Highways and streets	2,044,341	1,709,400	1,786,877	1,878,313
Planning	416,116	426,329	416,266	340,545
Culture and recreation	1,566,358	1,610,093	1,779,825	1,940,672
Solid waste	767,769	872,479	1,024,826	992,345
Economic development	521,490	218,463	609,974	456,987
Maintenance	322,557	314,162	343,480	448,480
Interest	439,280	451,091	408,622	387,912
Total governmental activities expenses	<u>11,928,721</u>	<u>11,998,437</u>	<u>13,196,109</u>	<u>13,475,789</u>
Business-type activities:				
Water and sewer	4,735,194	5,266,330	5,405,274	5,586,624
Drainage	72,372	152,197	167,411	207,911
Total business-type activities expenses	<u>4,807,566</u>	<u>5,418,527</u>	<u>5,572,685</u>	<u>5,794,535</u>
Total primary government expenses	<u>\$ 16,736,287</u>	<u>17,416,964</u>	<u>18,768,794</u>	<u>19,270,324</u>
Program Revenues				
Governmental activities:				
Charges for services:				
Public safety	\$ 1,297,267	1,307,580	1,252,269	1,544,949
Planning	132,353	150,787	122,596	163,410
Culture and recreation	-	26,823	40,416	43,835
Solid waste	839,311	1,013,460	1,137,155	1,166,276
Operating grants and contributions	294,691	631,493	829,734	640,097
Capital grants and contributions	957,519	643,356	1,864,243	805,335
Total governmental activities program revenues	<u>3,521,141</u>	<u>3,773,499</u>	<u>5,246,413</u>	<u>4,363,902</u>
Business-type activities:				
Charges for services:				
Water and sewer	5,304,072	4,960,198	6,033,244	5,833,008
Drainage	333,178	342,930	350,856	349,273
Capital grants and contributions	1,290,398	687,091	730,798	377,895
Total business-type activities program revenues	<u>6,927,648</u>	<u>5,990,219</u>	<u>7,114,898</u>	<u>6,560,176</u>
Total primary government program revenues	<u>\$ 10,448,789</u>	<u>9,763,718</u>	<u>12,361,311</u>	<u>10,924,078</u>
Net (expense)/revenue				
Governmental activities	\$ (8,407,580)	(8,224,938)	(7,949,696)	(9,111,887)
Business-type activities	<u>2,120,082</u>	<u>571,692</u>	<u>1,550,699</u>	<u>774,522</u>
Total primary government net expense	<u>\$ (6,287,498)</u>	<u>(7,653,246)</u>	<u>(6,398,997)</u>	<u>(8,337,365)</u>

Table II

Fiscal Year					
2013	2014	2015	2016	2017	2018
1,379,902	1,542,268	1,534,183	1,689,517	1,717,750	1,708,939
6,081,978	6,274,184	6,513,269	7,542,557	7,270,358	7,583,124
1,918,580	1,979,832	2,176,849	2,092,553	3,595,036	3,048,186
389,280	349,526	352,821	346,111	394,218	376,194
1,562,517	1,700,193	1,873,363	2,174,373	2,288,188	2,231,611
1,023,909	996,945	1,039,691	1,096,528	1,149,978	1,233,457
231,829	461,622	180,440	209,272	456,739	20,538
444,230	400,394	398,974	432,894	499,933	551,823
466,056	552,290	540,242	524,277	530,523	500,946
13,498,281	14,257,254	14,609,832	16,108,082	17,902,723	17,254,818
5,689,098	5,577,444	5,912,553	6,612,667	7,587,275	7,292,722
253,212	312,075	280,317	438,375	467,002	583,665
5,942,310	5,889,519	6,192,870	7,051,042	8,054,277	7,876,387
19,440,591	20,146,773	20,802,702	23,159,124	25,957,000	25,131,205
1,503,586	1,577,432	1,744,958	1,656,931	1,724,140	1,256,344
223,636	205,792	188,172	221,395	331,412	249,596
57,923	71,857	76,672	83,249	84,260	100,485
1,198,447	1,191,335	1,207,841	1,271,762	1,330,093	1,411,823
645,933	646,637	747,749	1,044,637	1,031,482	935,743
1,113,389	2,283,115	3,758,025	2,783,748	1,756,063	1,960,463
4,742,914	5,976,168	7,723,417	7,061,722	6,257,450	5,914,454
5,914,912	5,550,825	6,164,279	6,898,744	7,857,459	8,506,124
360,008	367,956	360,021	377,991	389,231	452,795
1,242,591	348,298	1,764,757	8,588,839	3,296,277	2,404,750
7,517,511	6,267,079	8,289,057	15,865,574	11,542,967	11,363,669
12,260,425	12,243,247	16,012,474	22,927,296	17,800,417	17,278,123
(8,755,367)	(8,281,086)	(6,886,415)	(9,046,360)	(11,645,273)	(11,340,364)
1,575,201	377,560	2,096,187	8,814,532	3,488,690	3,487,282
(7,180,166)	(7,903,526)	(4,790,228)	(231,828)	(8,156,583)	(7,853,082)

(continued)

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	\$ 4,494,474	4,655,052	4,791,388	4,954,391
Sales taxes	2,178,236	2,223,209	2,323,032	2,763,063
Franchise taxes	1,028,577	1,038,259	1,110,063	1,062,958
Hotel/motel taxes	151,765	151,197	154,071	151,802
Alcoholic beverage taxes	23,529	28,620	29,065	28,868
Unrestricted investment earnings	98,506	22,117	14,386	12,431
Miscellaneous	122,250	91,609	229,790	102,342
Gain on sale of capital assets	4,326	-	3,833	-
Transfers	(421,832)	545,900	1,081,636	328,844
Total governmental activities	<u>7,679,831</u>	<u>8,755,963</u>	<u>9,737,264</u>	<u>9,404,699</u>
Business-type activities:				
Unrestricted investment earnings	33,457	12,635	6,684	6,362
Miscellaneous	-	-	1,316	-
Gain (loss) on sale of capital assets	-	-	10,286	-
Transfers	421,832	(545,900)	(1,081,636)	(328,844)
Total business-type activities	<u>455,289</u>	<u>(533,265)</u>	<u>(1,063,350)</u>	<u>(322,482)</u>
Total primary government	<u>\$ 8,135,120</u>	<u>8,222,698</u>	<u>8,673,914</u>	<u>9,082,217</u>
Change in Net Position				
Governmental activities	\$ (727,749)	531,025	1,787,568	292,812
Business-type activities	<u>2,575,371</u>	<u>38,427</u>	<u>487,349</u>	<u>452,040</u>
Total primary government	<u>\$ 1,847,622</u>	<u>569,452</u>	<u>2,274,917</u>	<u>744,852</u>

(continued)

Table II
(Continued)

Fiscal Year					
2013	2014	2015	2016	2017	2018
5,257,077	5,581,133	5,916,916	6,355,718	6,608,619	7,014,638
2,874,792	3,069,314	3,205,411	3,155,659	3,276,982	3,510,105
1,075,453	1,183,602	1,148,273	1,171,669	1,164,334	1,248,967
162,989	177,932	157,454	147,230	167,691	162,032
31,378	40,579	39,204	38,434	40,811	46,951
11,439	13,715	28,003	42,668	113,232	168,241
130,986	88,762	102,773	399,537	276,195	355,287
6,351	191,869	36,937	17,821	(981,302)	-
(228,360)	367,659	294,516	333,427	774,986	503,778
9,322,105	10,714,565	10,929,487	11,662,163	11,441,548	13,009,999
6,189	5,118	16,624	33,343	149,443	285,490
-	-	-	-	-	2,637
11,363	24,668	108,079	(36,600)	14,920	43,061
228,360	(367,659)	(294,516)	(309,805)	(774,986)	(503,778)
245,912	(337,873)	(169,813)	(313,062)	(610,623)	(172,590)
9,568,017	10,376,692	10,759,674	11,349,101	10,830,925	12,837,409
566,738	2,433,479	4,043,072	2,615,803	(203,725)	1,669,635
1,821,113	39,687	1,926,374	8,501,470	2,878,067	3,314,692
2,387,851	2,473,166	5,969,446	11,117,273	2,674,342	4,984,327

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

	2009	2010	2011	2012
General fund				
Reserved	\$ 40,857	95,659	-	-
Unreserved, designated	558,885	591,114	-	-
Nonspendable prepaid expenses	-	-	4,925	6,102
Restricted for:				
Public access facilities	-	-	96,665	124,571
Public safety	-	-	25,636	43,355
Cemetery	-	-	-	3,077
Assigned to:				
Civil service sick pay and appeals	-	-	632,220	711,366
Other purposes	-	-	35,466	12,668
Unreserved/Unassigned	4,007,365	4,475,221	3,989,030	4,538,665
Total general fund	\$ 4,607,107	5,161,994	4,783,942	5,439,804
All other governmental funds				
Reserved	\$ 206,456	233,286	-	-
Unreserved, reported in:				
Special revenue funds	534,159	483,090	-	-
Capital projects funds	5,086,074	4,186,898	-	-
Restricted for:				
Debt service	-	-	281,757	269,913
Capital projects	-	-	524,116	893,851
Economic development	-	-	396,908	637,476
Public safety	-	-	99,887	157,635
Other purposes	-	-	14,259	23,280
Committed to:				
Capital projects	-	-	1,426,410	435,769
Economic development	-	-	5,822	24,696
Assigned to capital projects	-	-	1,661,041	1,644,454
Unassigned	-	-	(7)	(7)
Total all other governmental funds	\$ 5,826,689	4,903,274	4,410,193	4,087,067

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

Table III

Fiscal Year					
2013	2014	2015	2016	2017	2018
-	-	-	-	-	-
-	-	-	-	-	-
6,112	7,519	8,169	7,829	4,409	6,699
151,474	177,076	204,307	233,434	264,425	299,494
23,560	20,370	10,894	10,995	10,936	4,693
3,080	3,082	3,106	3,115	3,140	3,189
705,931	722,099	719,391	704,950	824,834	785,547
10,141	17,163	29,511	32,233	35,744	33,658
5,127,544	4,657,271	4,768,975	5,029,559	5,104,032	5,122,832
<u>6,027,842</u>	<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>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
274,764	172,923	132,462	158,685	169,940	306,462
7,830,392	6,314,205	5,310,080	4,484,401	1,310,998	-
1,094,866	1,596,879	1,826,018	1,192,880	541,585	1,434,099
75,232	137,804	114,421	162,757	68,645	133,575
31,355	36,416	42,959	36,293	37,976	36,898
415,864	-	-	-	-	-
24,750	20,730	23,859	21,680	7,034	5,082
784,081	1,763,345	1,617,003	1,088,912	1,912,218	1,985,455
-	-	(1,218)	(4,830)	(584)	(96,497)
<u>10,531,304</u>	<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>

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

	2009	2010	2011	2012
Revenues				
Taxes	\$ 7,874,666	8,097,197	8,415,055	8,948,717
Licenses and permits	132,353	150,787	122,596	163,410
Intergovernmental	591,139	615,690	1,841,492	1,347,776
Charges for services	1,789,522	2,039,346	2,222,768	2,363,864
Fines	384,936	265,143	314,336	362,650
Rental	11,400	9,000	9,000	9,300
Interest	98,506	22,117	14,386	12,432
Contributions and donations	499,822	571,403	544,849	97,656
Payments in lieu of taxes	4,855	5,540	4,646	5,220
Miscellaneous	105,313	94,339	176,129	73,506
Total revenues	<u>11,492,512</u>	<u>11,870,562</u>	<u>13,665,257</u>	<u>13,384,531</u>
Expenditures				
General government	1,051,967	1,070,111	1,172,554	1,220,853
Public safety	4,575,968	4,949,082	4,934,983	5,220,652
Highways and streets	1,151,697	874,660	896,935	943,953
Planning	403,582	390,325	409,378	330,726
Culture and recreation	991,191	989,906	1,072,806	1,071,969
Solid waste	767,769	861,083	1,013,119	978,348
Economic development	521,490	187,725	609,915	456,987
Maintenance	305,203	301,741	343,456	339,382
Debt service				
Principal	509,057	520,345	540,345	564,058
Interest and fiscal charges	448,477	454,508	412,176	391,625
Bond issuance cost	-	-	-	-
Capital outlay	1,885,289	2,208,593	4,271,626	1,933,174
Total expenditures	<u>12,611,690</u>	<u>12,808,079</u>	<u>15,677,293</u>	<u>13,451,727</u>
Excess of revenues over (under) expenditures	<u>(1,119,178)</u>	<u>(937,517)</u>	<u>(2,012,036)</u>	<u>(67,196)</u>
Other financing sources (uses)				
Insurance proceeds	682	9,553	42,821	18,332
Sale of capital assets	25,550	13,536	16,446	52,756
Transfers in	2,265,486	1,506,035	2,196,218	895,629
Transfers out	(1,981,486)	(960,135)	(1,114,582)	(566,785)
Issuance of debt	-	-	-	-
Other uses	-	-	-	-
Total other financing sources (uses)	<u>310,232</u>	<u>568,989</u>	<u>1,140,903</u>	<u>399,932</u>
Net change in fund balances	<u>\$ (808,946)</u>	<u>(368,528)</u>	<u>(871,133)</u>	<u>332,736</u>
Debt service as a percentage of noncapital expenditures	9.11%	9.20%	8.04%	8.16%

Table IV

Fiscal Year					
2013	2014	2015	2016	2017	2018
9,406,650	10,051,287	10,467,602	10,878,885	11,259,914	11,969,151
223,636	205,792	188,172	221,395	331,412	249,596
1,125,196	2,630,028	3,308,812	2,523,212	1,122,211	1,155,895
2,409,771	2,434,770	2,526,593	2,589,725	2,743,579	2,692,984
369,793	419,299	377,875	389,614	333,039	301,237
9,900	11,800	15,600	14,300	-	-
11,439	13,715	28,003	44,564	113,232	168,241
122,197	194,298	279,926	406,507	267,036	270,332
6,349	7,515	9,164	9,489	9,532	9,375
107,984	86,003	93,967	385,988	277,542	359,222
<u>13,792,915</u>	<u>16,054,507</u>	<u>17,295,714</u>	<u>17,463,679</u>	<u>16,457,497</u>	<u>17,176,033</u>
1,286,946	1,460,528	1,475,263	1,588,236	1,598,483	1,665,115
5,848,468	5,963,512	6,278,268	6,492,045	6,521,897	7,030,556
986,341	1,029,737	1,061,613	924,047	2,362,584	1,561,526
355,265	327,937	337,730	325,475	379,528	360,172
1,083,562	1,155,054	1,196,792	1,281,494	1,430,633	1,585,759
1,009,519	986,098	1,027,958	1,079,976	1,123,844	1,205,209
231,829	461,622	186,379	209,272	456,739	20,538
396,470	391,983	363,981	388,027	452,052	507,201
584,067	629,399	733,112	841,824	906,824	1,010,538
378,236	533,035	541,331	533,119	510,588	413,177
80,000	-	15,234	-	35,682	1,527
<u>1,135,259</u>	<u>4,672,441</u>	<u>6,366,845</u>	<u>5,841,144</u>	<u>4,439,128</u>	<u>4,790,466</u>
<u>13,375,962</u>	<u>17,611,346</u>	<u>19,584,506</u>	<u>19,504,659</u>	<u>20,217,982</u>	<u>20,151,784</u>
<u>416,953</u>	<u>(1,556,839)</u>	<u>(2,288,792)</u>	<u>(2,040,980)</u>	<u>(3,760,485)</u>	<u>(2,975,751)</u>
12,331	99,777	18,601	25,360	49,458	26,065
6,351	177,139	31,775	35,149	18,480	41,186
765,463	2,616,554	1,715,681	1,576,500	2,458,921	2,412,836
(993,823)	(2,248,895)	(1,421,165)	(1,243,073)	(1,683,935)	(1,909,058)
6,825,000	-	1,070,000	-	50,000	2,170,576
-	-	36,955	-	-	-
<u>6,615,322</u>	<u>644,575</u>	<u>1,451,847</u>	<u>393,936</u>	<u>892,924</u>	<u>2,741,605</u>
<u>7,032,275</u>	<u>(912,264)</u>	<u>(836,945)</u>	<u>(1,647,044)</u>	<u>(2,867,561)</u>	<u>(234,146)</u>
8.62%	8.99%	9.76%	10.06%	8.98%	9.27%

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
2009	\$ 4,492,559	2,178,236	1,028,577	151,765	23,529	7,874,666
2010	4,655,912	2,223,209	1,038,259	151,197	28,620	8,097,197
2011	4,798,824	2,323,032	1,110,063	154,071	29,065	8,415,055
2012	4,942,026	2,763,063	1,062,958	151,802	28,868	8,948,717
2013	5,262,038	2,874,792	1,075,453	162,989	31,378	9,406,650
2014	5,579,766	3,069,314	1,183,601	177,932	40,579	10,051,193
2015	5,917,260	3,205,411	1,148,273	157,454	39,204	10,467,602
2016	6,365,893	3,155,659	1,171,669	147,230	38,434	10,878,885
2017	6,610,096	3,276,982	1,164,334	167,691	40,811	11,259,914
2018	7,001,096	3,510,105	1,248,967	162,032	46,951	11,969,151

(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

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

Source: Bell County Appraisal District

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

Table VII

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

	City of Belton			Overlapping Rates				Total Direct and Overlapping Rates
Fiscal Year	Operating Rate	Debt Service Rate	Total Rate	Bell County	Belton I.S.D.	Clear Water Underground	Bell County WCID #6	
						Water Cons. District		
TAX RATES (Per \$100 assessed value)								
2009	0.5394	0.1156	0.6550	0.4074	1.4110	0.0040	-	2.4774
2010	0.5360	0.1190	0.6550	0.4054	1.4110	0.0040	-	2.4754
2011	0.5397	0.1153	0.6550	0.4119	1.4210	0.0040	-	2.4919
2012	0.5405	0.1135	0.6540	0.4395	1.4060	0.0040	-	2.5035
2013	0.5488	0.1110	0.6598	0.4511	1.5210	0.0040	-	2.6359
2014	0.5488	0.1110	0.6598	0.4511	1.4500	0.0040	-	2.5649
2015	0.5425	0.1173	0.6598	0.4511	1.4400	0.0040	-	2.5549
2016	0.5332	0.1266	0.6598	0.4511	1.4400	0.0040	-	2.5549
2017	0.5393	0.1205	0.6598	0.4511	1.4400	0.0039	0.0300	2.5848
2018	0.5545	0.1053	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	2018			2009		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Turtle Creek Investments	\$ 17,544,250	1	1.65 %	\$ 9,718,380	3	1.40 %
Oncor Electric Delivery	14,324,235	2	1.35	10,697,475	2	1.54
Bekaert Corporation / Wire Rope Ind.	14,214,489	3	1.34	-		
Legacy Landing Group	11,864,607	4	1.12	-		
CMH Manufacturing	11,837,588	5	1.11	-		
Wal-Mart	11,823,998	6	1.11	15,241,850	1	2.19
HEB Grocery Company	11,757,431	7	1.11	3,755,203	10	0.54
Stratasys Direct Manufacturing	10,719,909	8	1.01	-		
River Springs at Barge Ranch, LP	8,289,333	9	0.78	-		
Chappell Hill Equity III	7,097,586	10	0.67	5,949,600	5	0.86
Tarco of Texas	-		-	3,908,015	8	0.56
Fleetwood Homes of Texas	-		-	8,149,176	4	1.17
Southwestern Bell Telephone Co.	-		-	4,336,108	7	0.62
JSJ Seating Corporation	-		-	4,987,154	6	0.72
Shivpaavan Partners, LTD	-		-	3,776,011	9	0.54
Totals	\$ <u>119,473,426</u>		<u>11.25 %</u>	\$ <u>70,518,972</u>		<u>10.14 %</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	
			Percentage			Percentage
		Amount	of Levy		Amount	of Levy
2009	4,549,528	4,455,311	97.93	69,313	4,524,624	99.45
2010	4,733,777	4,629,436	97.80	73,962	4,703,398	99.36
2011	4,873,734	4,755,548	97.58	70,816	4,826,364	99.03
2012	5,012,276	4,915,146	98.06	69,403	4,984,549	99.45
2013	5,234,142	5,124,859	97.91	82,933	5,207,792	99.50
2014	5,508,036	5,426,284	98.52	58,980	5,485,264	99.59
2015	5,904,297	5,780,783	97.91	63,706	5,844,489	98.99
2016	6,239,069	6,213,465	99.59	33,727	6,247,192	100.13
2017	6,582,814	6,493,885	98.65	35,788	6,529,673	99.19
2018	7,007,073	6,881,333	98.21	-	6,881,333	98.21

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		Certificates of Obligation		General Obligation Bonds		Certificates of Obligation		Capital Leases			
	Par	Premium	Par	Premium	Par	Premium	Par	Premium				
2009	5,650,000	-	5,252,803	-	1,922,400	-	5,567,197	-	109,974	18,502,374	5.21	1,053
2010	5,355,000	-	5,027,458	-	1,725,450	-	5,342,542	-	74,499	17,524,949	4.61	962
2011	5,050,000	-	4,792,113	-	1,476,650	-	5,107,887	-	37,854	16,464,504	4.25	885
2012	4,706,630	-	4,571,425	-	1,219,000	-	4,861,945	-	-	15,359,000	3.88	809
2013	4,415,000	-	11,103,988	-	956,350	-	4,606,012	-	-	21,081,350	4.84	1,092
2014	4,060,000	-	10,829,588	-	682,800	-	4,315,409	-	-	19,887,797	4.88	1,004
2015	3,695,000	-	11,531,476	36,955	406,300	-	12,603,518	296,853	-	28,570,102	6.66	1,393
2016	3,220,000	-	11,064,651	33,297	126,850	-	11,945,343	267,819	-	26,657,960	6.21	1,257
2017	2,930,000	-	10,597,826	30,429	1,350,000	-	19,324,168	517,240	-	34,749,663	6.97	1,600
2018	2,525,000	-	12,177,289	92,303	1,180,000	-	18,537,706	472,054	-	34,984,352	6.58	1,585

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)
2009	5,650,000	5,252,803	10,902,803	206,456	10,696,347	1.54	609
2010	5,355,000	5,027,458	10,382,458	233,286	10,149,172	1.40	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

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, 2018

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (2)</u>	<u>Estimated Share of Overlapping Debt</u>
Direct:			
City of Belton	\$ <u>14,794,592</u> (1)	100.00 %	\$ <u>14,794,592</u>
Total direct	<u>14,794,592</u>		<u>14,794,592</u>
Overlapping:			
Belton Economic Development Corp.	-	100.00	-
Belton Independent School District	229,159,996	35.46	81,260,135
Bell County	<u>128,565,000</u>	6.02	<u>7,739,613</u>
Total overlapping	<u>357,724,996</u>		<u>88,999,748</u>
Total direct and overlapping debt	\$ <u><u>372,519,588</u></u>		\$ <u><u>103,794,340</u></u>

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

(1) Excluded from the debt outstanding is \$20,189,760 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, 2018

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 2018 tax roll	\$ 1,061,924,954
Limit on amount designated for debt service	<u>1.50%</u>
Legal debt limit	\$ <u>15,928,874</u>
Actual amount expended for general obligation debt service during the year ended September 30, 2018	\$ <u>1,066,001</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
2009	5,670,707	3,429,668	2,241,039	436,607	333,210	769,817	2.91
2010	5,315,763	3,411,263	1,904,500	507,203	288,286	795,489	2.39
2011	6,390,784	3,557,957	2,832,827	520,100	275,263	795,363	3.56
2012	6,188,643	3,747,788	2,440,855	503,592	254,718	758,310	3.22
2013	6,281,109	3,868,827	2,412,282	518,583	237,980	756,563	3.19
2014	5,923,899	3,960,108	1,963,791	564,150	220,573	784,723	2.50
2015	6,540,924	4,129,183	2,411,741	583,388	254,731	838,119	2.88
2016	7,310,078	4,369,003	2,941,075	937,625	403,991	1,341,616	2.19
2017	8,396,133	4,563,938	3,832,195	1,000,025	553,246	1,553,271	2.47
2018	8,958,919	4,340,736	4,618,183	959,462	602,937	1,562,399	2.96

Source: Finance Department, City of Belton, Texas

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

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Operating and Nonoperating				
Revenue:				
Water and Sewer System	\$ 5,275,863	4,928,573	6,000,318	5,795,849
Miscellaneous	28,209	31,625	32,926	37,159
Interest	<u>30,220</u>	<u>11,452</u>	<u>6,212</u>	<u>5,995</u>
Total	<u>\$ 5,334,292</u>	<u>4,971,650</u>	<u>6,039,456</u>	<u>5,839,003</u>
Operating Expense:				
Water and Sewer System (1)	<u>\$ 3,399,581</u>	<u>3,326,903</u>	<u>3,460,787</u>	<u>3,621,282</u>

(1) Excludes depreciation expense

Table XV

Fiscal Year					
<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
5,877,848	5,509,407	6,091,702	6,835,792	7,783,829	8,428,213
37,064	41,418	72,577	62,952	73,630	77,911
<u>5,747</u>	<u>4,522</u>	<u>15,458</u>	<u>31,245</u>	<u>145,006</u>	<u>280,776</u>
<u>5,920,659</u>	<u>5,555,347</u>	<u>6,179,737</u>	<u>6,929,989</u>	<u>8,002,465</u>	<u>8,786,900</u>
<u>3,709,426</u>	<u>3,752,620</u>	<u>3,982,815</u>	<u>4,081,368</u>	<u>4,270,249</u>	<u>3,978,863</u>

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

Customer	Customer Type
University of Mary Hardin Baylor	Higher Education
Bell County	County Government
Belton ISD	Public Education
Turtle Creek Village	Multi-Family Housing
Belton Housing Authority	Multi-Family Housing
Belle Oaks Apartments	Multi-Family Housing
Legacy Landing	Multi-Family Housing
Riversprings at Barge Ranch	Multi-Family Housing
Montrose II Apartments	Multi-Family Housing
Colonial Crossing Apartments	Multi-Family Housing
Garcar Properties, Inc.	Multi-Family Housing
College View Apartments	Multi-Family Housing
Walmart Stores	Retail Store
Totals	

Source: Finance Department, City of Belton, Texas

Table XVI

2018			2009		
Annual Sales	Rank	Percentage of Total Sales	Annual Sales	Rank	Percentage of Total Sales
\$ 714,531	1	14.56 %	\$ 300,838	1	9.26 %
372,159	2	7.58	157,280	3	4.84
257,630	3	5.25	184,690	2	5.69
177,822	4	3.62	69,758	7	2.15
92,011	7	1.87	120,022	4	3.70
98,308	5	2	100,559	5	3.10
94,883	6	1.93	-	-	-
71,053	8	1.45	-	-	-
55,910	9	1.14	61,033	8	1.88
51,139	10	1.04	-	-	-
-		-	35,255	10	1.09
-		-	86,555	6	2.67
-		-	45,903	9	1.41
<hr/>			<hr/>		
\$ 1,985,446		40.44 %	\$ 1,161,893		35.79 %

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>	
2009	17,578 @	354,987,710	20,195 @	28	8,476	6.1	**
2010	18,216 #	379,748,952	20,847 #	29	9,278	7.3	**
2011	18,600 @	387,754,200	20,847 #	29	9,500	8.0	**
2012	18,981 @	395,696,907	20,847 #	29	9,560	6.8	**
2013	19,314 @	402,638,958	20,847 #	29	9,932	7.0	**
2014	19,809 @	412,958,223	20,847 #	29	10,343	6.0	**
2015	20,517 @	427,717,899	20,847 #	29	10,845	4.8	**
2016	21,214 @	442,248,258	20,847 #	29	10,854	4.8	^
2017	21,721 @	502,645,661	23,141 #	36	11,530	4.3	^
2018	22,078 @	528,591,476	23,942 #	28	11,876	4.0	^

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>2018</u>		<u>2009</u>	
<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>
Belton Independent School District	1,735	1	1,300	1
Bell County	1,151	2	1,072	2
University of Mary Hardin Baylor	642	3	545	3
PSC (formerly James Construction Group)	500	4	-	
TruMH (a Clayton Homes Co)	450	5	-	
HEB Grocery	343	6	-	
Wal-Mart	286	7	400	4
CGI	275	8	-	
Wolff Construction	215	9	-	
Cedar Crest Hospital & Clinic	215	10	150	8
Custom Printing	-		225	6
Fleetwood Homes of Texas	-		355	5
City of Belton	-		141	9
Belco Manufacturing	-		160	7
Central Texas Council of Governments	-		125	10
Total	<u>5,812</u>		<u>4,473</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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government	14	14	15	16	18	18	19	16	15	15
Public safety:										
Police:										
Officers	28	29	29	30	32	32	35	35	35	35
Civilians	9	9	9	10	10	10	11	11	12	13
Fire:										
Firefighters and officers	26	32	32	32	32	32	33	33	33	33
Civilians	1	1	1	1	1	1	1	2	2	2
Highways and streets	11	10	9	9	9	9	9	9	8	8
Planning	6	6	6	4	4.5	4.5	4.5	4.5	6.5	6.5
Culture and recreation	16	16	17	17	17	17	17	18	19	19
Solid waste	-	1	1	1	1	1	1	1	1	1
Maintenance	7	7	7	7	8	8	8	7	9	9
Water and sewer	19	20	21	21	21	22	22	24	23	25
Economic development	3	3	3	2	2	2	2	2.5	2.5	2.5
Drainage	1	2	2	2	2	2	2	3	3	3
Total	<u>141</u>	<u>150</u>	<u>152</u>	<u>152</u>	<u>157.5</u>	<u>158.5</u>	<u>164.5</u>	<u>166.0</u>	<u>168.5</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	2009	2010	2011	2012
Police:				
Citations issued	4,085	4,050	3,019	3,248
Alarms responded to	1,029	1,100	1,222	1,202
Disturbance calls	1,359	1,150	692	692
Animal control citations issued	37	24	15	19
Abatement of junk vehicle	-	-	-	367
Abatement of weedy lots	-	-	-	940
Dilapidated structures	-	-	-	7
Fire:				
Fires	147	101	162	66
Inspections	499	505	271	355
Investigations	16	20	31	53
Highways and streets:				
Signs erected	925	900	910	304
Planning:				
Permits issued	1,414	1,438	1,532	1,297
Inspections	2,436	1,668	2,205	2,200
Abatement of junk vehicle	302	356	211	-
Abatement of weedy lots	1,339	2,129	1,164	-
Dilapidated structures	15	16	4	-
Culture and recreation:				
Library circulation	46,631	49,242	58,415	61,670
Maintenance:				
Work orders completed	1,640	1,150	1,854	1,367
Water:				
New connections	109	106	93	166
Water main breaks	16	26	22	31
Average daily water consumption (millions of gallons)	2.51	2.00	2.66	3.06
Sewer:				
Average daily sewage treatment (millions of gallons)	1.12	1.46	1.18	1.31

Sources: Various city departments.

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

Table XX

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
2,930	3,400	3,500	3,410	2,510	2,675
1,100	1,350	1,050	1,300	1,101	925
720	800	825	685	699	500
33	1	10	32	-	-
225	284	325	550	606	350
890	1,055	1,210	1,300	829	750
4	7	11	13	-	-
113	123	130	67	127	81
143	165	175	200	249	235
27	43	50	45	13	21
492	460	496	580	254	275
806	1,725	1,210	1,360	2,518	2,541
2,372	3,760	2,290	2,640	4,842	4,837
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
65,072	86,624	88,694	83,869	84,607	90,076
1,398	2,758	1,476	2,406	2,803	2,658
94	175	150	204	270	335
27	35	15	17	10	18
2.93	3.09	2.78	2.91	3.06	3.09
1.32	1.53	1.77	1.86	1.53	1.27

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

Function	2009	2010	2011	2012
Public safety:				
Police:				
Stations	1	1	1	1
Patrol units	12	12	14	14
Fire stations	2	2	2	2
Highways and streets:				
Streets (miles)	118	119	119	121
Culture and recreation:				
Parks acreage	184	189	189	189
Playgrounds	16	16	16	16
Ball fields	14	14	14	14
Sports courts	11	11	11	11
Pavilions	6	7	7	7
Amphitheaters	1	1	1	1
Trails (miles)	4	4	4	4
Water:				
Service connections	5,464	5,663	5,785	5,902
Water mains (miles)	115	116	116	117
Water pump stations	2	2	2	2
Fire hydrants	752	840	840	843
Plant capacity	7	7	7	7
(millions of gallons)				
Sewer:				
Service connections	4,192	4,245	4,245	4,351
Sanitary sewers (miles)	106	107	108	130
Number of lift stations	17	16	15	16
Treatment plant capacity	3	3	3	3
(millions of gallons)				

Sources: Various city departments.

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

Table XXI

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
1	1	1	1	1	1
14	15	15	17	17	20
2	2	2	2	2	2
122	106	107	109	111	115
194	194	174	177	186	275
17	15	18	18	18	18
14	15	15	15	15	15
11	15	18	9	9	9
7	7	7	7	7	7
1	1	1	1	1	1
5	7	7	4	4	4
6,065	6,105	6,387	6,324	6,596	6,885
119	121	144	146	152	156
2	2	2	2	2	2
870	890	1,016	1,043	1,098	113
7	8	8	8	8	8
4,358	4,782	4,750	4,843	5,068	5,332
133	134	135	149	112	114
15	17	18	18	17	17
3	3	3	3	3	3

