

City of Belton, Texas



**Comprehensive Annual Financial Report
for the Fiscal Year Ended
September 30, 2020**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE
CITY OF BELTON, TEXAS**

For the Fiscal Year Ended
September 30, 2020

CITY MANAGER
Sam A. Listi

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

City of Belton Texas

Year Ended September 30, 2020

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City of Belton

★ *Founded 1850* ★

January 28, 2021

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

The City Charter and state statutes require that the City of Belton (City) publish, at the close of each fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed Certified Public Accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Belton, Texas, for the fiscal year ended September 30, 2020.

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, 2020. 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. The MD&A complements this letter of transmittal, and should be read in conjunction with it.

Profile of the City

The City of Belton was founded in 1850 and chartered in 1852. On July 13, 1877, Belton was incorporated by the Texas Legislature. Located in Central Texas on Interstate Highways 35 and 14, Belton is approximately 65 miles north of Austin and 40 miles south of Waco. The City

currently occupies a land area of 21 square miles and serves a population that exceeds 23,000. 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 fifteen minutes driving time from Downtown. These lakes offer excellent fishing, camping, and water sports with 168 miles of shoreline.

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

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

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

The City Charter establishes the fiscal year as the twelve-month period beginning October 1 and ending September 30. Department Heads submit to the City Manager a budget of estimated expenditures for the ensuing fiscal year by June 1. The City Manager then submits a budget of estimated expenditures and revenues to the City Council no 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 no 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 the Charter.

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

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

Local Economy

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Belton operates. Belton is a proactive, business-friendly community, located deep in the heart of Central Texas and in the core of the Temple-Killeen-Ft Hood MSA. Belton is located at the crossroads of IH-35 and the newly-designated IH-14 (U.S. Highway 190), within 180 miles of every major market in Texas. This location provides easy access to the estimated 450,000 people in the region. Military, government, medical/healthcare services, agricultural/agribusiness, and retail trade are thriving industry sectors in the MSA that continue to be a major economic influence contributing to the growth and prosperity of Belton.

Belton is proud to be the home of the University of Mary Hardin-Baylor (UMHB), a private four-year college with an enrollment of over 3,800 students representing 30 foreign countries. UMHB was chartered by the Republic of Texas in 1845, making it the oldest continuously operating college in the state. Belton Independent School District (BISD) is the largest employer in the City. BISD serves over 12,000 students on 18 campuses, 9 of which are in the city limits of Belton.

The unemployment rate for the Temple-Killeen-Ft Hood MSA increased to 7.3% from 3.7% one year ago. While general economic news is positive, employment has been affected by the COVID-19 pandemic. Property values and sales taxes have risen as the development of residential and commercial property continues throughout the area.

Long-Term Financial Planning

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

The Strategic Plan leads to the development of a Capital Improvements Program (CIP). The CIP lists major projects that are expected within the next five years. It includes cost estimates and funding methods. The City has identified over \$68 million in capital projects for the 2021-2025 timeframe. The timing of these projects may be advanced or postponed depending upon development and funding availability.

Major Initiatives

A strong, thriving community requires continual investment in its people, facilities, and infrastructure to deliver an exceptional quality of life. A goal in the Strategic Plan, the City of Belton implemented a street maintenance plan. The plan should elevate the quality of streets and create long-term savings through the systematic use of preventive maintenance. The cost of maintenance and other corrective actions each year are analyzed and typically included in the annual budget. For FY 2021, however, the street maintenance plan had to be deferred due to budget cuts; appropriation may occur later in FY 2021 if funding becomes available.

The City implemented a capital equipment replacement plan and, in 2021, a capital improvements plan. By identifying potential projects and critical machinery today, funds can be accumulated over time to meet future demand. The plans include an analysis of the timing of expenditures and the various sources of funding that may be available. The impact upon future operating budgets should also be considered.

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

Relevant Financial Policies

The City’s adopted fund balance policy requires the maintenance of reserves equal to three months of operating expenditures plus any fund-supported debt service. Balances in excess of this reserve requirement can be directed by City Council towards capital improvements. At September 30, 2020, all operating funds are compliant with this policy.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Belton, Texas, for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2019. This was the thirty-fourth 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, 2019. 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-eighth consecutive year that the City has received the budget award.

Acknowledgements

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

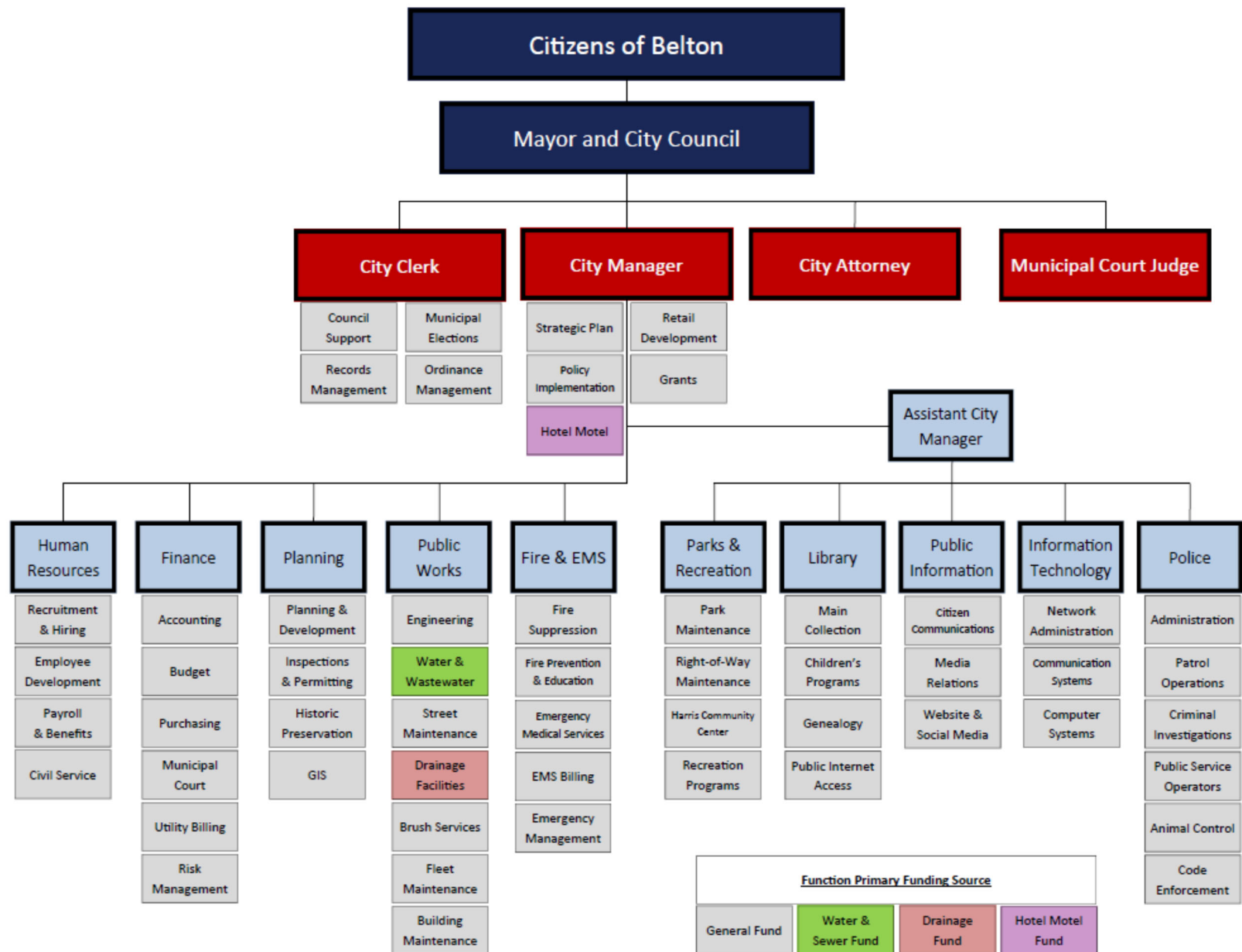
Respectfully submitted,



Sam A. Listi
City Manager



William Michael Rodgers, CPA
Director of Finance



CITY OF BELTON

ELECTED OFFICIALS

CITY COUNCIL

Two-Year Terms

<u>NAME</u>	<u>TERM EXPIRES</u>
Marion Grayson, Mayor	November 2020 *
Wayne Carpenter, Mayor Pro Tem	May 2021
Guy O'Banion	November 2020 *
Craig Pearson	November 2020 *
David K. Leigh	May 2021
Dan Kirkley	May 2021
John Holmes	May 2021

* Election postponed from May to November due to COVID-19

APPOINTED OFFICIALS

CITY ADMINISTRATION

<u>POSITION</u>	<u>NAME</u>	<u>DATE APPOINTED</u>
City Manager	Same 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
Executive Director Economic	Cynthia Hernandez	September 27, 2011
Fire Chief	Jonathon Fontenot	June 15, 2020
Director of Finance	William Michael Rodgers	December 9, 2019
Director of Public Works/City Engineer	Angellia Points	February 1, 2016
Director of Library	Kim Kroll	October 2, 2000
Director of Planning	Cheryl Maxwell	January 8, 2018
Director of Human Resources	Charlotte Walker	October 1, 2010
Director of IT	Chris Brown	April 18, 2016
Director of Parks & Recreation	Matt Bates	October 1, 2014
Public Information Officer	Paul Romer	October 31, 2012
Grants & Special Projects Coordinator	Robert Van Til	June 26, 2017
Retail Development Coordinator	Judy Garrett	January 3, 2017





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, 2019

Christopher P. Morrell

Executive Director/CEO





INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Belton, Texas (the "City") as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Belton, Texas as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 16, 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.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2021 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

January 28, 2021



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, 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i through v of this report.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$88,495,350 (*net position*). Of this amount, \$17,745,616 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 \$9,903,414, primarily due to grants and contributions from third parties.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$13,585,058, an increase of \$2,189,534 in comparison with the prior year. Of this total amount, \$7,128,597 (52.5 percent) is available for spending at the City's discretion (*unassigned fund balance*).
- During the current year, the City determined that certain funds previously reported in the general fund or as capital projects funds should be reported as special revenue funds. Accordingly, the fund balance at October 1, 2019 was decreased for the general fund and increased for the other governmental funds by \$387,043. There was no impact on beginning net position for governmental activities.
- 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 \$8,041,076, or 64.7 percent of total general fund expenditures.
- The City's total outstanding long-term debt decreased by \$2.6 million during the current fiscal year. During the current year, the City issued \$5,575,000 of General Obligation Refunding Bonds Series 2019 to refund \$5,905,000 of existing 2013 series combination tax and revenue bonds. The refunding transaction was undertaken to reduce total debt service payments over the next fourteen years and resulted in an economic gain of \$252,677. Scheduled bond principal reductions totaled \$2.2 million.

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 approximately 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 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 – 70 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 87 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 \$88,495,350 at the close of the most recent fiscal year.

City of Belton Statement of Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 15,033,532	\$ 13,184,491	\$ 17,337,312	\$ 17,210,317	\$ 32,370,844	\$ 30,394,808
Capital assets	41,996,325	40,233,146	50,043,672	46,154,263	92,039,997	86,387,409
Total assets	<u>57,029,857</u>	<u>53,417,637</u>	<u>67,380,984</u>	<u>63,364,580</u>	<u>124,410,841</u>	<u>116,782,217</u>
Total deferred outflows of resources	<u>792,936</u>	<u>1,423,980</u>	<u>141,377</u>	<u>276,573</u>	<u>934,313</u>	<u>1,700,553</u>
Long-term liabilities outstanding	14,053,769	17,721,977	17,412,348	19,807,118	31,466,117	37,529,095
Other liabilities	2,764,190	1,249,241	1,715,529	831,094	4,479,719	2,080,335
Total liabilities	<u>16,817,959</u>	<u>18,971,218</u>	<u>19,127,877</u>	<u>20,638,212</u>	<u>35,945,836</u>	<u>39,609,430</u>
Total deferred inflows of resources	<u>756,948</u>	<u>235,637</u>	<u>147,020</u>	<u>45,767</u>	<u>903,968</u>	<u>281,404</u>
Net position:						
Net investment in capital assets	29,333,704	26,552,859	37,888,290	33,448,863	67,221,994	60,001,722
Restricted	3,527,740	3,115,867	-	-	3,527,740	3,115,867
Unrestricted	<u>7,386,442</u>	<u>5,966,036</u>	<u>10,359,174</u>	<u>9,508,311</u>	<u>17,745,616</u>	<u>15,474,347</u>
Total net position	<u>\$ 40,247,886</u>	<u>\$ 35,634,762</u>	<u>\$ 48,247,464</u>	<u>\$ 42,957,174</u>	<u>\$ 88,495,350</u>	<u>\$ 78,591,936</u>

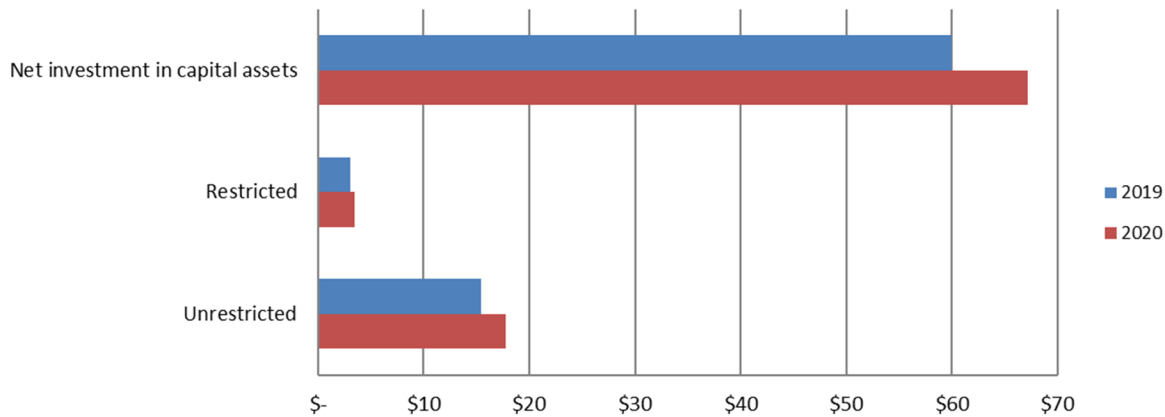
By far the largest portion of the City's net position (\$67,221,994 or 76.0 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (\$3,527,740 or 4.0 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance (\$17,745,616 or 20.0 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 \$9,903,414 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental and business-type activities.

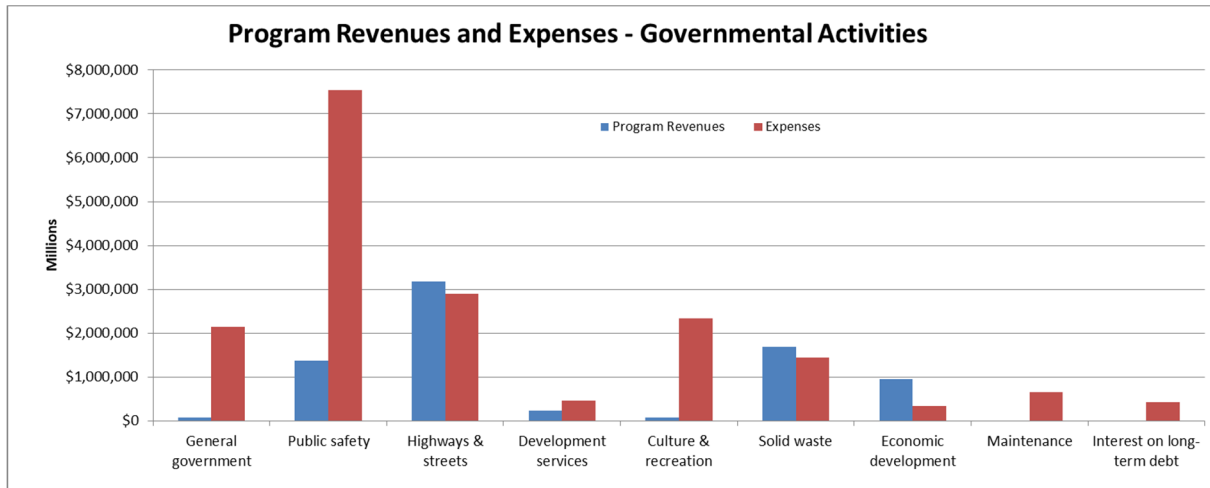
City of Belton Net Position
September 30, 2019 and 2020
(in millions)



City of Belton's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 2,043,618	\$ 3,235,494	\$ 9,519,672	\$ 8,960,040	\$ 11,563,290	\$ 12,195,534
Operating grants and contributions	2,318,475	1,004,165	-	-	2,318,475	1,004,165
Capital grants and contributions	3,183,589	2,186,550	4,624,032	1,104,514	7,807,621	3,291,064
General revenues:						
Property taxes	8,374,239	7,417,023	-	-	8,374,239	7,417,023
Sales taxes	4,085,122	3,573,712	-	-	4,085,122	3,573,712
Franchise taxes	1,243,128	1,252,492	-	-	1,243,128	1,252,492
Other taxes	215,676	244,966	-	-	215,676	244,966
Investment earnings	146,401	281,580	167,618	369,904	314,019	651,484
Gain on sale of assets	89,331	140,266	13,700	36,007	103,031	176,273
Other income	564,626	312,387	-	5,481	564,626	317,868
Total revenues	22,264,205	19,648,635	14,325,022	10,475,946	36,589,227	30,124,581
Expenses:						
General government	2,148,096	1,922,535	-	-	2,148,096	1,922,535
Public safety	7,549,450	7,732,691	-	-	7,549,450	7,732,691
Highways and streets	2,901,276	2,931,121	-	-	2,901,276	2,931,121
Planning	461,414	420,375	-	-	461,414	420,375
Culture and recreation	2,338,802	2,263,114	-	-	2,338,802	2,263,114
Solid waste	1,446,642	1,375,670	-	-	1,446,642	1,375,670
Economic development	332,050	254,749	-	-	332,050	254,749
Maintenance	657,567	620,433	-	-	657,567	620,433
Interest and other fiscal charges	415,010	444,005	-	-	415,010	444,005
Water and sewer	-	-	7,914,735	7,399,552	7,914,735	7,399,552
Drainage	-	-	520,771	518,216	520,771	518,216
Total expenses	18,250,307	17,964,693	8,435,506	7,917,768	26,685,813	25,882,461
Changes in net position before transfers	4,013,898	1,683,942	5,889,516	2,558,178	9,903,414	4,242,120
Transfers	599,226	557,757	(599,226)	(514,293)	-	43,464
Changes in net position	4,613,124	2,241,699	5,290,290	2,043,885	9,903,414	4,285,584
Net position, beginning of year	35,634,762	33,393,063	42,957,174	40,913,289	78,591,936	74,306,352
Net position, end of year	\$ 40,247,886	\$ 35,634,762	\$ 48,247,464	\$ 42,957,174	\$ 88,495,350	\$ 78,591,936

Governmental activities. During the current fiscal year, net position for governmental activities increased \$4,613,124 from the prior fiscal year for an ending balance of \$40,247,886. This increase was primarily the result of capital asset contributions and dedications and operating grants. Property and sales tax revenue also increased by \$1,468,626 over the previous year as property values and retail spending continued to grow.



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 \$48,247,464. The total increase in net position for business-type activities (Water and Sewer Fund, and Drainage Fund) was \$5,290,290. Key changes year over year included:

- Charges for business-type activities totaled \$9,519,672, an increase of \$559,632 from the prior year. This increase is a reflection of higher water consumption from an expanding customer base.
- Expenses for business-type activities totaled \$8,435,506, a 6.5 percent increase over prior year. Expenses rose due to higher costs for water and sewer treatment.
- Capital contributions from developers totaled \$4,624,032.

Financial Analysis of the City’s Funds

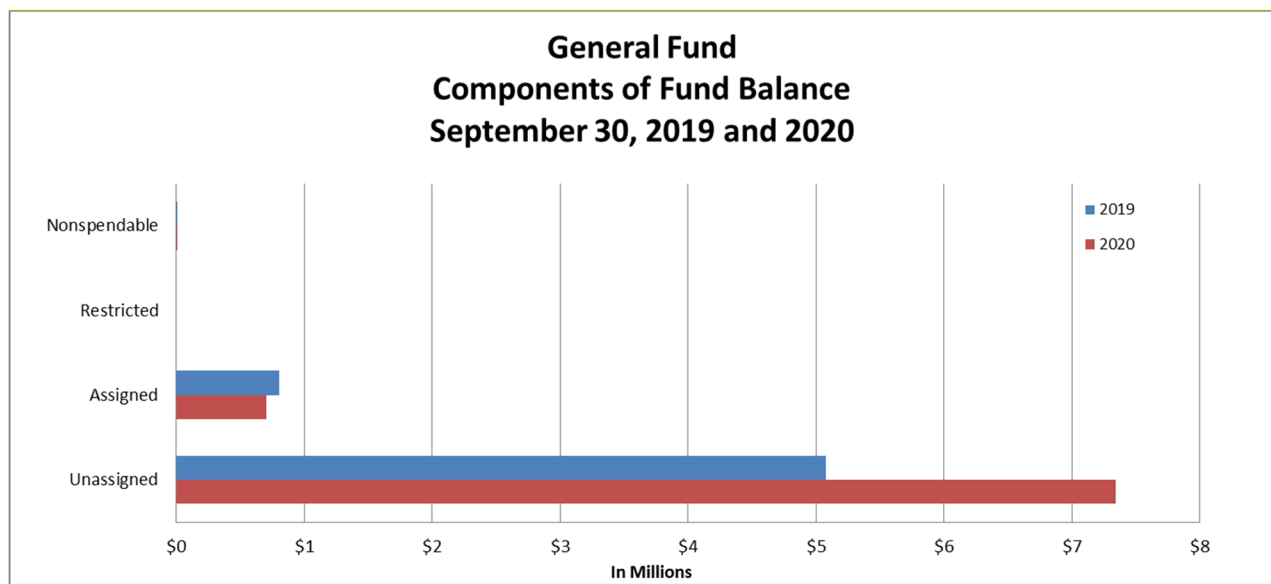
As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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.

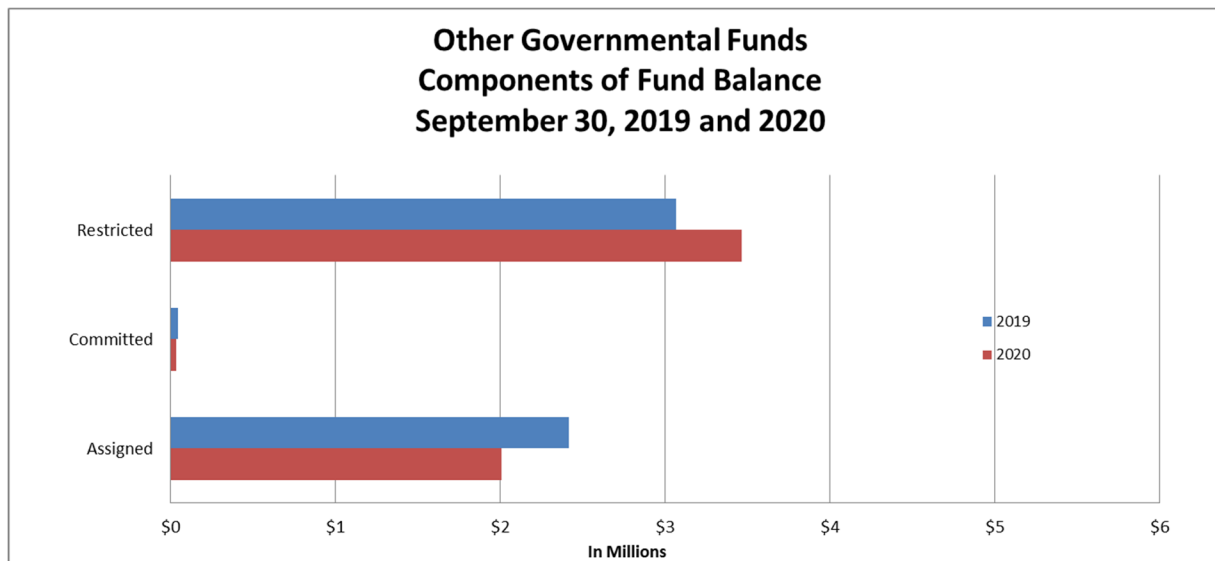
At September 30, 2020, the City’s governmental funds reported combined ending fund balances of \$13,585,058, an increase of \$2,189,534 in comparison with the prior year. Approximately 52.0 percent (\$7,128,597) of this amount constitutes *unassigned fund balance*, which is available for

spending at the City’s discretion. The remainder of fund balance is *non-spendable, restricted, committed, or assigned* to indicate that it is:

- 1) Not in spendable form (\$7,511);
- 2) Restricted for particular purposes:
 - a. Debt service (\$30,511);
 - b. Public, educational, or governmental access facilities (\$368,665);
 - c. Public safety training, equipment, and security facilities (\$241,015);
 - d. Cemetery maintenance and improvements (\$3,296);
 - e. Capital projects (\$2,199,282); and
 - f. Economic development (\$650,597).
- 3) Committed for particular purposes:
 - a. Economic development (\$33,816).
- 4) Assigned for particular purposes:
 - a. Future civil service costs (\$872,000);
 - b. Library books and services(\$38,547);
 - c. Youth Advisory Commission (\$1,932);
 - d. Tree mitigation (\$49,660); and
 - e. Capital projects and equipment (\$1,959,629)



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 \$7,128,597, while total fund balance increased by \$2,158,984 to \$8,048,587. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund budgeted expenditures. Unassigned fund balance represents 47.7 percent of total General Fund budgeted expenditures, while total fund balance represents 53.9 percent of that same amount.



Assigned other governmental funds consists primarily of capital project and capital equipment replacement funds. The balance decreased from 2019 to 2020 primarily due to spending on capital items.

Committed other governmental funds consist of the City funding dedicated to projects under the Texas Department of Housing and Community Affairs home replacement program and to special events that draw tourists. Expenditures surpassed contributions during the year by \$9,834.

Restricted governmental funds relate to funds restricted to a specific purpose such as bond funds, Tax Increment Reinvestment Zone funds, and hotel occupancy taxes. The fund balance increase from 2019 to 2020 was the result of rising contributions into the Tax Increment Reinvestment Zone Capital Projects Fund.

The Debt Service Fund, a major fund, had a decrease in fund balance during the current year of \$205,643, to bring the year-end fund balance to \$30,511. This anticipated decrease was 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 \$43,458,364, and the net position of the Drainage Fund amounted to \$4,789,100. The total change in net position was \$4,117,261 and \$1,173,029, respectively. Notable changes in the Water and Sewer Fund activity include:

- Charges for sales and services grew by 6.9 percent to \$8,944,606, due to increased consumption from an expanding customer base;
- Operating expenses totaled \$7,422,784, an increase of \$541,490 or 7.8 percent from the prior year. The increase was primarily driven by higher costs for water production and sewer treatment; and
- Capital contributions were \$3,453,455 for the dedication of water and sewer lines in new subdivisions.

Notable changes in the Drainage Fund activity include:

- An increase in revenue of \$24,824 or 5.0 percent due to an increased number of customers in the current year;
- Operating expenses remained flat at \$513,209 for the year; and
- There was \$1,170,577 in capital contributions for the dedication of drainage facilities in new subdivisions.

Budgetary Highlights

Original Budget Compared to Final Budget. Budgeted uses of funds, inclusive of expenditures and transfers out, increased by \$204,000 between the original budget and final General Fund budget. The increase in uses was attributable to costs related to repairing a fire engine (\$177,000) and greater than anticipated refuse expenditures.

Budgeted sources of funds, inclusive of revenues and other financial sources, increased by \$204,000 between the original and final budget. The increase in sources was attributable to insurance proceeds related to a fire engine loss (\$177,000) and greater than anticipated refuse collections.

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>
Ad valorem taxes	\$ 5,977,348	\$ 6,083,063	\$ 131,114
Sales taxes	3,763,120	4,085,122	322,002
Ambulance charges	45,000	191,512	146,512

Ad valorem tax revenue exceeded budget amounts due to growing taxable values and a greater tax collection rate than anticipated. Sales tax revenue exceeded budgeted amounts as retail and construction-related spending reached record levels. Ambulance charges for services revenue were expected to decline after emergency medical services were outsourced in 2019. Actual collections surpassed the lower budget estimates.

Transfers in exceeded budgeted amounts by approximately \$872,000 which reflects the absorption of the Civil Service Fund into the General Fund.

The most significant differences between budgeted expenditures and actual expenditures were as follows:

<u>Expenditure Use</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Difference</u>
Public safety	\$ 6,899,667	\$ 5,858,745	\$ 1,040,922
Other costs	391,321	170,219	221,192

Public safety expenditures were less than budgeted amounts as the CARES Act provided coronavirus relief funding for public safety expenditures which were transferred from the General Fund. Other costs include pay plan expenditures which remained unspent in fiscal year 2020.

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, 2020, amounts to \$92,039,997 (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 6.5 percent (a 4.4 percent increase for governmental activities and an 8.4 percent increase for business-type activities).

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Land	\$ 4,745,526	\$ 4,745,526	\$ 285,175	\$ 285,175	\$ 5,030,701	\$ 5,030,701
Buildings	5,304,317	5,367,410	114,733	126,844	5,419,050	5,494,254
Improvements other than buildings	1,420,205	1,609,009	-	-	1,420,205	1,609,009
Machinery and equipment	2,065,449	2,204,179	1,929,384	1,916,737	3,994,833	4,120,916
Infrastructure	28,221,017	23,979,023	47,012,523	37,259,534	75,233,540	61,238,557
Construction in progress	239,811	2,327,999	701,857	6,565,973	941,668	8,893,972
Total	<u>\$ 41,996,325</u>	<u>\$ 40,233,146</u>	<u>\$ 50,043,672</u>	<u>\$ 46,154,263</u>	<u>\$ 92,039,997</u>	<u>\$ 86,387,409</u>

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

- Work was completed on:
 - Central Fire Station renovation;
 - Chisholm Trail Hike and Bike Phase II;
 - East 24th Street extension to Heritage Park;

- Liberty Hill sewer and drainage improvements;
- North Belton waterline;
- Old Waco Road sewer line replacement;
- Shady Lane sewer construction; and
- Temple-Belton Wastewater Treatment Plan redevelopment.
- Work began/continued on:
 - Avenue O sewer lift station generator project;
 - South Belton sewer Phase II design; and
 - South Belton shared use path.

Additional information on the City's capital assets can be found in Note V on pages 49 - 52 of this report.

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$29,749,995, excluding bond premiums. All of this debt is secured by the full faith and credit of the City. Of the total, \$17,699,919 is pledged with water and sewer revenue and storm water drainage revenue.

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

	Governmental Activities		Business-Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
General obligation bonds	\$ 8,340,000	\$ 3,830,000	\$ 855,000	\$ 1,015,000	\$ 9,195,000	\$ 4,845,000
Certificates of obligation	3,710,076	9,768,039	16,844,919	17,706,956	20,554,995	27,474,995
Total	<u>\$ 12,050,076</u>	<u>\$ 13,598,039</u>	<u>\$ 17,699,919</u>	<u>\$ 18,721,956</u>	<u>\$ 29,749,995</u>	<u>\$ 32,319,995</u>

The City's total bonded debt decreased by \$2.6 million (8.0 percent) during the current fiscal year. The decrease was due to regularly scheduled principal payments of approximately \$2.2 million as well as a refunding of \$5,905,000 in Series 2013 combination tax and revenue bonds with the issuance of \$5,575,000 in Series 2019 general obligation refunding bonds. The City "AA-" rating from Standard & Poor's for general obligation debt was affirmed during the 2019 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 2020 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 53 - 56 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 2021 fiscal year budget:

- The COVID-19 pandemic has developed rapidly in 2020 with a significant number of cases. Measures taken by various governments to contain the virus have affected economic activity. The impact on future market conditions, however, remains uncertain and cannot be estimated at this time.
- 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 2021 budget was based on sustaining operating levels, while meeting the demands of a growing community. After a substantial jump in property values and a keen awareness of the tax burden upon constituents, the ad valorem tax rate was reduced to \$0.6300 per \$100 of assessed valuation. The water and sewer rate study that was adopted by Council during 2015 will fund planned projects, including most notably the design and construction of a new water tower, the expansion of the wastewater treatment plant, and the expansion of sewer services south down the IH-35 corridor.

Requests for Information

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

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

Basic Financial Statements



City of Belton, Texas
Statement of Net Position
September 30, 2020

	Primary Government			Component Unit
	Governmental	Business-type	Total	Belton Economic
	Activities	Activities		Development
				Corporation, Inc.
Assets				
Cash and cash equivalents	\$ 12,254,891	16,225,949	28,480,840	9,940,325
Receivables (net of allowance for uncollectibles)	1,626,939	1,082,065	2,709,004	380,427
Due from other governments	764,651	-	764,651	-
Internal balances	4,922	(4,922)	-	-
Due from component unit	374,618	-	374,618	-
Prepaid items	7,511	34,220	41,731	-
Note receivable	-	-	-	133,473
Capital assets not being depreciated:				
Land	4,745,526	285,175	5,030,701	938,332
Construction in progress	239,811	701,857	941,668	327,681
Capital assets, net of accumulated depreciation:				
Buildings	5,304,317	114,733	5,419,050	1,075,419
Improvements other than buildings	1,420,205	-	1,420,205	-
Machinery and equipment	2,065,449	1,929,384	3,994,833	-
Infrastructure	28,221,017	47,012,523	75,233,540	1,354,560
Total assets	57,029,857	67,380,984	124,410,841	14,150,217
Deferred Outflows of Resources				
Deferred outflows of resources	792,936	141,377	934,313	16,466
Total deferred outflows of resources	792,936	141,377	934,313	16,466
Liabilities				
Accounts and retainages payable	682,641	131,602	814,243	76,262
Accrued interest payable	39,745	85,599	125,344	-
Due to primary government	-	-	-	374,618
Other accrued liabilities	502,576	104,120	606,696	37,381
Customer deposits payable	14,685	278,540	293,225	2,200
Noncurrent liabilities:				
Due within one year	1,524,543	1,115,668	2,640,211	-
Due in more than one year	14,053,769	17,412,348	31,466,117	40,616
Total liabilities	16,817,959	19,127,877	35,945,836	531,077
Deferred Inflows of Resources				
Deferred inflows of resources	756,948	147,020	903,968	17,123
Total deferred inflows of resources	756,948	147,020	903,968	17,123
Net Position				
Net investment in capital assets	29,333,704	37,888,290	67,221,994	3,695,992
Restricted for:				
Debt service	64,885	-	64,885	-
Capital projects	2,199,282	-	2,199,282	-
Economic development	650,597	-	650,597	-
Court	59,215	-	59,215	-
Public safety	181,800	-	181,800	-
Public access facilities	368,665	-	368,665	-
Cemetery	3,296	-	3,296	-
Unrestricted	7,386,442	10,359,174	17,745,616	9,922,491
Total net position	\$ 40,247,886	48,247,464	88,495,350	13,618,483

See accompanying notes to financial statements.

City of Belton, Texas
Statement of Activities
For the Fiscal Year Ended
September 30, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 2,148,096	-	69,463	-
Public safety	7,549,450	84,653	1,284,627	-
Highways and streets	2,901,276	-	-	3,183,589
Planning	461,414	234,209	-	-
Culture and recreation	2,338,802	47,610	17,479	-
Solid waste	1,446,642	1,677,146	-	-
Economic development	332,050	-	946,906	-
Maintenance	657,567	-	-	-
Interest and other fiscal charges	415,010	-	-	-
Total governmental activities	<u>18,250,307</u>	<u>2,043,618</u>	<u>2,318,475</u>	<u>3,183,589</u>
Business-type activities:				
Water and sewer	7,914,735	9,002,210	-	3,453,455
Drainage	520,771	517,462	-	1,170,577
Total business-type activities	<u>8,435,506</u>	<u>9,519,672</u>	<u>-</u>	<u>4,624,032</u>
Total primary government	<u>\$ 26,685,813</u>	<u>11,563,290</u>	<u>2,318,475</u>	<u>7,807,621</u>
Component unit:				
Belton Economic Development Corporation, Inc.				
Development Corporation, Inc.	<u>\$ 711,799</u>	<u>34,576</u>	<u>-</u>	<u>6,479</u>
Total component unit	<u>\$ 711,799</u>	<u>34,576</u>	<u>-</u>	<u>6,479</u>
General revenues:				
Property taxes				
Sales taxes				
Franchise taxes				
Hotel/motel taxes				
Alcoholic beverage taxes				
Unrestricted investment earnings				
Miscellaneous				
Gain on sale of assets				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position, beginning of year				
Net position, end of year				

See accompanying notes to financial statements.

Net Revenues (Expenses) and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Belton Economic Development Corporation, Inc.
(2,078,633)		(2,078,633)	
(6,180,170)		(6,180,170)	
282,313		282,313	
(227,205)		(227,205)	
(2,273,713)		(2,273,713)	
230,504		230,504	
614,856		614,856	
(657,567)		(657,567)	
(415,010)		(415,010)	
<u>(10,704,625)</u>		<u>(10,704,625)</u>	
-	4,540,930	4,540,930	
-	1,167,268	1,167,268	
-	5,708,198	5,708,198	
<u>(10,704,625)</u>	<u>5,708,198</u>	<u>(4,996,427)</u>	
			<u>(670,744)</u>
			<u>(670,744)</u>
\$ 8,374,239	-	8,374,239	-
4,085,122	-	4,085,122	2,042,479
1,243,128	-	1,243,128	-
172,435	-	172,435	-
43,241	-	43,241	-
146,401	167,618	314,019	92,963
564,626	-	564,626	4,976
89,331	13,700	103,031	178,178
599,226	(599,226)	-	-
<u>15,317,749</u>	<u>(417,908)</u>	<u>14,899,841</u>	<u>2,318,596</u>
4,613,124	5,290,290	9,903,414	1,647,852
<u>35,634,762</u>	<u>42,957,174</u>	<u>78,591,936</u>	<u>11,970,631</u>
<u>\$ 40,247,886</u>	<u>48,247,464</u>	<u>88,495,350</u>	<u>13,618,483</u>

City of Belton, Texas
Balance Sheet
Governmental Funds
September 30, 2020

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 6,685,519	30,673	5,538,699	12,254,891
Receivables (net of allowance for uncollectibles)	1,534,400	34,374	58,165	1,626,939
Due from other governments	84,287	-	680,364	764,651
Due from other funds	1,087,540	-	162	1,087,702
Prepaid items	7,511	-	-	7,511
Total assets	\$ 9,399,257	65,047	6,277,390	15,741,694
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities:				
Accounts and retainages payable	\$ 620,741	-	61,900	682,641
Accrued liabilities	501,046	-	1,530	502,576
Customer deposits payable	14,685	-	-	14,685
Due to other funds	-	162	708,000	708,162
Total liabilities	1,136,472	162	771,430	1,908,064
Deferred inflows of resources:				
Unavailable revenue	214,198	34,374	-	248,572
Total deferred inflows of resources	214,198	34,374	-	248,572
Fund balances:				
Nonspendable	7,511	-	-	7,511
Restricted	-	30,511	3,462,855	3,493,366
Committed	-	-	33,816	33,816
Assigned	912,479	-	2,009,289	2,921,768
Unassigned	7,128,597	-	-	7,128,597
Total fund balances	8,048,587	30,511	5,505,960	13,585,058
Total liabilities, deferred inflows of resources and fund balances	\$ 9,399,257	65,047	6,277,390	
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				41,996,325
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.				248,572
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.				(15,582,069)
Net position of governmental activities				\$ 40,247,886

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, 2020

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes:				
Ad valorem	\$ 6,204,422	964,758	1,155,204	8,324,384
Sales	4,085,122	-	-	4,085,122
Franchise	1,213,902	-	29,226	1,243,128
Hotel/motel	-	-	172,435	172,435
Alcoholic beverage	43,241	-	-	43,241
Licenses and permits	234,209	-	-	234,209
Intergovernmental	356,432	-	1,875,708	2,232,140
Charges for services	1,911,644	-	-	1,911,644
Fines	282,311	-	25,960	308,271
Interest	87,480	8,135	50,786	146,401
Contributions and donations	9,502	-	76,833	86,335
Payments in lieu of taxes	10,333	-	-	10,333
Miscellaneous	339,691	-	5,400	345,091
Total revenues	<u>14,778,289</u>	<u>972,893</u>	<u>3,391,552</u>	<u>19,142,734</u>
Expenditures:				
Current:				
General government	1,833,104	-	205,314	2,038,418
Public safety	5,924,242	-	966,321	6,890,563
Highways and streets	744,256	-	527,347	1,271,603
Planning	440,494	-	1,337	441,831
Culture and recreation	1,508,663	-	111,340	1,620,003
Solid waste	1,429,589	-	-	1,429,589
Economic development	-	-	332,050	332,050
Maintenance services	543,076	-	59,110	602,186
Debt service:				
Principal	-	832,963	385,000	1,217,963
Interest and fiscal charges	-	346,628	32,729	379,357
Bond issuance costs	-	100,090	21,084	121,174
Capital outlay	-	-	1,657,426	1,657,426
Total expenditures	<u>12,423,424</u>	<u>1,279,681</u>	<u>4,299,058</u>	<u>18,002,163</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,354,865</u>	<u>(306,788)</u>	<u>(907,506)</u>	<u>1,140,571</u>
Other financing sources (uses):				
Insurance proceeds	221,815	-	23,985	245,800
Proceeds from issuance of bonds	-	4,605,000	970,000	5,575,000
Premium on issuance of bonds	-	430,808	90,751	521,559
Payments to refunding escrow agent	-	(4,934,663)	(1,039,505)	(5,974,168)
Proceeds from the sale of capital assets	24	-	81,522	81,546
Transfers in	652,661	-	1,070,381	1,723,042
Transfers out	(1,070,381)	-	(53,435)	(1,123,816)
Total other financing sources (uses)	<u>(195,881)</u>	<u>101,145</u>	<u>1,143,699</u>	<u>1,048,963</u>
Net change in fund balances	2,158,984	(205,643)	236,193	2,189,534
Fund balances, beginning of year				
as previously reported	6,276,646	236,154	4,882,724	11,395,524
Prior period adjustment	(387,043)	-	387,043	-
Fund balances, as restated	<u>5,889,603</u>	<u>236,154</u>	<u>5,269,767</u>	<u>11,395,524</u>
Fund balances, end of year	<u>\$ 8,048,587</u>	<u>30,511</u>	<u>5,505,960</u>	<u>13,585,058</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, 2020

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

Net change in fund balances - total governmental funds (Exhibit A-4)	\$ 2,189,534
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense (\$3,052,219) exceeds capital outlays (\$1,656,555) in the current period.	(1,395,664)
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 (\$3,183,589) less the net book value of capital assets sold (\$24,746) in the current period.	3,158,843
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(364,718)
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 (\$2,826), less the net effect of change in the total OPEB liability and the related deferred outflows of resources (\$32,043) plus the change in accrued interest payable (\$33,819) less the change in compensated absences (\$126,747).	(122,145)
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. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued; whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of payments to the refunding escrow agent (\$5,974,168) plus principal repayments (\$1,217,963) plus the deferred charge on refunding (\$69,168) less proceeds from bond issuance (\$5,575,000) less bond premium (\$521,559) less amortization of deferred charge on refunding and bond premium (\$17,466).	1,147,274
Change in net position of governmental activities (Exhibit A-2)	\$ <u><u>4,613,124</u></u>

See accompanying notes to financial statements.

City of Belton, Texas
General Fund
Statement of Revenues, Expenditures, and Changes in
Fund Balances – Budget and Actual – Budgetary Basis
For the Fiscal Year Ended
September 30, 2020

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes:				
Current ad valorem	\$ 5,977,348	5,977,348	6,083,063	105,715
Delinquent ad valorem	42,000	42,000	58,898	16,898
Penalty and interest	53,960	53,960	62,461	8,501
Total ad valorem	6,073,308	6,073,308	6,204,422	131,114
Sales	3,763,120	3,763,120	4,085,122	322,002
Franchise	1,259,440	1,259,440	1,170,673	(88,767)
Alcoholic beverage	50,000	50,000	43,241	(6,759)
Total taxes	11,145,868	11,145,868	11,503,458	357,590
Licenses and permits:				
Building	126,860	126,860	126,816	(44)
Electrical	43,640	43,640	25,982	(17,658)
Plumbing	47,670	47,670	42,478	(5,192)
Mechanical	24,080	24,080	12,076	(12,004)
Swimming pool	1,230	1,230	1,310	80
Rezoning fees	4,030	4,030	5,150	1,120
Subdivision fees	11,040	11,040	8,682	(2,358)
Miscellaneous	11,640	11,640	11,715	75
Total licenses and permits	270,190	270,190	234,209	(35,981)
Intergovernmental	355,610	355,610	355,155	(455)
Charges for services:				
Ambulance	45,000	45,000	191,512	146,512
Parks and recreation	102,600	102,600	42,986	(59,614)
Brush collection	201,960	201,960	198,385	(3,575)
Refuse collection	1,440,600	1,467,600	1,478,762	11,162
Total charges for services	1,790,160	1,817,160	1,911,645	94,485
Fines:				
Municipal court	235,200	235,200	206,742	(28,458)
Court fees	95,550	95,550	75,010	(20,540)
Total fines	330,750	330,750	281,752	(48,998)
Rental	-	-	41,100	41,100
Interest	151,000	151,000	79,216	(71,784)
Contributions and donations	2,000	2,000	1,300	(700)
Payments in lieu of taxes	9,120	9,120	10,333	1,213
Miscellaneous	230,140	230,140	298,424	68,284
Total revenues	14,284,838	14,311,838	14,716,592	404,754

(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, 2020

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
Expenditures:				
General government:				
City council	\$ 78,216	78,216	69,008	9,208
City administration	525,811	545,811	522,293	23,518
Finance	545,614	545,614	519,856	25,758
Legal	198,622	207,622	202,855	4,767
Information Technology	201,823	201,823	198,528	3,295
Total general government	<u>1,550,086</u>	<u>1,579,086</u>	<u>1,512,540</u>	<u>66,546</u>
Public safety:				
Police	4,199,451	4,199,451	3,317,399	882,052
Fire	2,516,216	2,700,216	2,541,346	158,870
Total public safety	<u>6,715,667</u>	<u>6,899,667</u>	<u>5,858,745</u>	<u>1,040,922</u>
Highways and streets	<u>974,367</u>	<u>974,367</u>	<u>891,207</u>	<u>83,160</u>
Planning	<u>449,540</u>	<u>449,540</u>	<u>440,493</u>	<u>9,047</u>
Culture and recreation:				
Parks	1,239,683	1,239,683	1,151,374	88,309
Library	314,113	314,113	302,271	11,842
Total culture and recreation	<u>1,553,796</u>	<u>1,553,796</u>	<u>1,453,645</u>	<u>100,151</u>
Solid waste	<u>1,413,380</u>	<u>1,440,380</u>	<u>1,429,588</u>	<u>10,792</u>
Maintenance services	<u>572,767</u>	<u>572,767</u>	<u>543,078</u>	<u>29,689</u>
Other costs	<u>427,321</u>	<u>391,321</u>	<u>170,129</u>	<u>221,192</u>
Total expenditures	<u>13,656,924</u>	<u>13,860,924</u>	<u>12,299,425</u>	<u>1,561,499</u>
Excess (deficiency) of revenues over (under) expenditures	<u>627,914</u>	<u>450,914</u>	<u>2,417,167</u>	<u>1,966,253</u>
Other financing sources (uses):				
Insurance proceeds	-	177,000	176,809	(191)
Transfers in	652,481	652,481	1,524,779	872,298
Transfers out	<u>(1,280,381)</u>	<u>(1,280,381)</u>	<u>(1,280,381)</u>	<u>-</u>
Total other financing sources (uses)	<u>(627,900)</u>	<u>(450,900)</u>	<u>421,207</u>	<u>872,107</u>
Net change in fund balances	14	14	2,838,374	2,838,360
Fund balances, beginning of year	<u>5,164,961</u>	<u>5,164,961</u>	<u>5,164,961</u>	<u>-</u>
Fund balances, end of year	<u>\$ 5,164,975</u>	<u>5,164,975</u>	<u>8,003,335</u>	<u>2,838,360</u>

See accompanying notes to financial statements.

City of Belton, Texas
Statement of Net Position –
Proprietary Funds
September 30, 2020

	Business-type Activities - Enterprise Funds		
	Water and Sewer	Drainage	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 15,594,460	631,489	16,225,949
Receivables (net of allowance for uncollectibles)	1,025,328	56,737	1,082,065
Prepaid items	34,220	-	34,220
Total current assets	16,654,008	688,226	17,342,234
Capital assets:			
Land	285,045	130	285,175
Buildings	165,406	-	165,406
Infrastructure	69,879,140	5,358,114	75,237,254
Machinery and equipment	3,490,839	290,527	3,781,366
Construction in progress	701,857	-	701,857
	74,522,287	5,648,771	80,171,058
Less accumulated depreciation	(28,796,353)	(1,331,033)	(30,127,386)
Total capital assets, net	45,725,934	4,317,738	50,043,672
Total noncurrent assets	45,725,934	4,317,738	50,043,672
Total assets	62,379,942	5,005,964	67,385,906
Deferred Outflows of Resources			
Deferred outflows of resources	128,037	13,340	141,377
Liabilities			
Current liabilities:			
Accounts and retainages payable	126,042	5,560	131,602
Accrued interest payable	84,441	1,158	85,599
Due to other funds	4,151	771	4,922
Other accrued liabilities	97,862	6,258	104,120
Customer deposits payable	278,540	-	278,540
Compensated absences - current	64,435	2,908	67,343
Bonds payable - current	1,029,900	18,425	1,048,325
Total current liabilities	1,685,371	35,080	1,720,451
Noncurrent liabilities:			
Compensated absences	26,424	952	27,376
Net pension liability	248,436	25,875	274,311
Total OPEB liability	67,320	7,028	74,348
Bonds payable	16,888,913	147,400	17,036,313
Total noncurrent liabilities	17,231,093	181,255	17,412,348
Total liabilities	18,916,464	216,335	19,132,799
Deferred Inflows of Resources			
Deferred inflows of resources	133,151	13,869	147,020
Net Position			
Net investment in capital assets	33,739,377	4,148,913	37,888,290
Unrestricted	9,718,987	640,187	10,359,174
Total net position	\$ 43,458,364	4,789,100	48,247,464

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, 2020

	Business-type Activities - Enterprise Funds		
	Water and Sewer	Drainage	Total
Operating revenues:			
Charges for sales and services:			
Water service	\$ 5,244,147	-	5,244,147
Sewer service	3,289,304	-	3,289,304
Storm drainage fees	-	517,462	517,462
Reconnect and late fees	65,930	-	65,930
Tap fees	345,225	-	345,225
Other operating revenue	57,604	-	57,604
Total operating revenues	<u>9,002,210</u>	<u>517,462</u>	<u>9,519,672</u>
Operating expenses:			
Salaries and wages	1,354,407	151,279	1,505,686
Employee benefits	431,005	55,619	486,624
Supplies	91,714	13,351	105,065
Repairs and maintenance	230,738	32,784	263,522
Water, sewage treatment, and other charges	2,145,693	17,276	2,162,969
Depreciation	3,159,227	242,900	3,402,127
Other operating expenses	10,000	-	10,000
Total operating expenses	<u>7,422,784</u>	<u>513,209</u>	<u>7,935,993</u>
Operating income	<u>1,579,426</u>	<u>4,253</u>	<u>1,583,679</u>
Nonoperating revenues (expenses):			
Gain on sale of capital assets	13,700	-	13,700
Interest earnings	161,857	5,761	167,618
Interest expense	(491,951)	(7,562)	(499,513)
Total nonoperating revenues (expenses)	<u>(316,394)</u>	<u>(1,801)</u>	<u>(318,195)</u>
Income before contributions and transfers	1,263,032	2,452	1,265,484
Capital contributions	3,453,455	1,170,577	4,624,032
Transfers out	<u>(599,226)</u>	<u>-</u>	<u>(599,226)</u>
Change in net position	4,117,261	1,173,029	5,290,290
Total net position, beginning of year	<u>39,341,103</u>	<u>3,616,071</u>	<u>42,957,174</u>
Total net position, end of year	<u>\$ 43,458,364</u>	<u>4,789,100</u>	<u>48,247,464</u>

See accompanying notes to financial statements.

City of Belton, Texas
Statement of Cash Flows –
Proprietary Funds
For the Fiscal Year Ended
September 30, 2020

	Business-type Activities - Enterprise Funds		
	Water and Sewer	Drainage	Total
Cash flows from operating activities:			
Receipts from customers and users	\$ 9,155,404	514,974	9,670,378
Payments to suppliers	(3,117,550)	(119,229)	(3,236,779)
Payments to employees	(1,372,777)	(149,747)	(1,522,524)
Net cash provided by operating activities	<u>4,665,077</u>	<u>245,998</u>	<u>4,911,075</u>
Cash flows from noncapital financing activities:			
Transfer from other funds	-	-	-
Transfer to other funds	(599,226)	-	(599,226)
Net cash used in noncapital financing activities	<u>(599,226)</u>	<u>-</u>	<u>(599,226)</u>
Cash flows from capital and related financing activities:			
Purchases and construction of capital assets	(2,603,049)	(70,057)	(2,673,106)
Proceeds from the sale of assets	19,302	-	19,302
Principal paid on capital debt	(1,004,450)	(17,587)	(1,022,037)
Interest paid on capital debt	(539,819)	(7,685)	(547,504)
Net cash used in capital and related financing activities	<u>(4,128,016)</u>	<u>(95,329)</u>	<u>(4,223,345)</u>
Cash flows from investing activities:			
Interest received	161,857	5,761	167,618
Net cash provided by investing activities	<u>161,857</u>	<u>5,761</u>	<u>167,618</u>
Net increase in cash and cash equivalents	99,692	156,430	256,122
Cash and cash equivalents, beginning of year	<u>15,494,768</u>	<u>475,059</u>	<u>15,969,827</u>
Cash and cash equivalents, end of year	<u>\$ 15,594,460</u>	<u>631,489</u>	<u>16,225,949</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 1,579,426	4,253	1,583,679
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	3,159,227	242,900	3,402,127
Decrease (increase) in receivables	153,194	(2,488)	150,706
Increase in prepaid items	(26,501)	-	(26,501)
Increase (decrease) in accounts and retainages payable	(245,159)	3,379	(241,780)
Increase in due to other funds	4,151	771	4,922
Increase (decrease) in other accrued liabilities	21,061	(1,821)	19,240
Decrease in customer deposits payable	(3,835)	-	(3,835)
Increase (decrease) in compensated absences	18,370	(1,532)	16,838
Decrease in net pension liability and pension-related deferred outflows and inflows of resources	(494)	(52)	(546)
Increase in total OPEB liability and OPEB-related deferred outflows of resources	5,637	588	6,225
Total adjustments	<u>3,085,651</u>	<u>241,745</u>	<u>3,327,396</u>
Net cash provided by operating activities	<u>\$ 4,665,077</u>	<u>245,998</u>	<u>4,911,075</u>
Noncash capital and related financing activities:			
Contributions of capital assets	<u>\$ 3,453,455</u>	<u>1,170,577</u>	<u>4,624,032</u>

See accompanying notes to financial statements.



City of Belton, Texas
Notes to Financial Statements

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City of Belton, Texas
Notes to Financial Statements
September 30, 2020

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 first approved by the electorate on August 20, 1951. Subsequent revisions to the charter occurred in 1990, 2005, and 2020. 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's procedures in establishing the budgetary data reflected in the financial statements are as follows.

Between thirty and ninety days prior to the beginning of each fiscal year, the City Manager submits a proposed budget to the City Council. The operating budget includes proposed expenditures and the means of financing them.

Public hearings are held on the proposed budget and on the revised budget, if applicable. Prior to September 27, 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 27, the budget as submitted by the City Manager is automatically adopted.

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)

A provision is made in the annual budget of the General Fund for a contingent appropriation not to exceed three percent of the total General Fund expenditures to be used in the case of unforeseen expenditures. This contingency is under the control of the City Manager and distributed by him. Disbursements of this appropriation are transferred to the department incurring the expenditure.

Annual budgets are legally adopted for the General Fund, the Hotel/Motel Tax Special Revenue Fund, the Debt Service Fund, the TIRZ Special Revenue Fund, the Water and Sewer Fund, and the Drainage Fund. Certain differences exist between the basis of accounting used for budgetary purposes and that used for financial reporting in accordance with generally accepted accounting principles (“GAAP”). Budgets are not prepared for capital project funds because all significant expenditures are based on fixed-bid contracts, which are controlled by management in the initial project planning stages.

Budget appropriations lapse at year-end and do not carry forward to future periods. The reported budgetary data has been revised for amendments authorized during the year. The level of control (level at which expenditures may not exceed budget) is the division level.

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

Net change in fund balance - budgetary basis	\$ 2,838,374
Activities not included in the General Fund budget	<u>(679,390)</u>
Net change in fund balance - GAAP basis	<u><u>\$ 2,158,984</u></u>

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

I. Summary of Significant Accounting Policies (continued)

E. Encumbrances

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

Nonmajor governmental funds	\$ 108,056
Water and sewer fund	420,506
Drainage fund	<u>3,471</u>
Total primary government	<u>\$ 532,033</u>
Discretely present component unit	<u>\$ 264,398</u>

F. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand and time 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 approximately 25 percent of outstanding property taxes at September 30, 2020.

H. Inventory

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

I. 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)

I. 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

J. 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.

K. 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.

L. 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)

L. 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.

M. 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.

N. 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.

O. Compensated Absences

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

City of Belton, Texas

Notes to Financial Statements
(Continued)

I. Summary of Significant Accounting Policies (continued)

O. 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.

P. Long-Term Obligations

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

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

Q. Fund Balance

In the fund financial statements, governmental funds fund balances classified as restricted are balances with constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments. Fund balances classified as committed can only be used for specific purposes pursuant to constraints imposed by the City Council (the City's highest level of decision-making authority) by adoption of an ordinance prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken to remove or revise the limitation. Assigned fund balances are constrained by intent to

City of Belton, Texas

Notes to Financial Statements (Continued)

I. Summary of Significant Accounting Policies (continued)

Q. Fund Balance (continued)

be used for specific purposes but are neither restricted nor committed. Through a provision in the City's charter, the City Manager may assign fund balance. The City Council may also assign fund balance by ordinance. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment.

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

	<u>General</u>	<u>Debt Service</u>	<u>Other Funds</u>	<u>Totals</u>
Nonspendable:				
Prepaid items	\$ 7,511	-	-	7,511
Restricted for:				
Court technology and security	-	-	59,215	59,215
Public safety	-	-	181,800	181,800
Public access facilities	-	-	368,665	368,665
Cemetery	-	-	3,296	3,296
Debt service	-	30,511	-	30,511
Capital projects	-	-	2,199,282	2,199,282
Economic development	-	-	650,597	650,597
Committed for:				
Economic development	-	-	33,816	33,816
Assigned for:				
Civil service sick pay and appeals	872,000	-	-	872,000
Culture and recreation	40,479	-	49,660	90,139
Capital projects and equipment	-	-	1,959,629	1,959,629
Unassigned	<u>7,128,597</u>	<u>-</u>	<u>-</u>	<u>7,128,597</u>
	<u>\$ 8,048,587</u>	<u>30,511</u>	<u>5,505,960</u>	<u>13,585,058</u>

R. Net Position

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

City of Belton, Texas

Notes to Financial Statements (Continued)

I. Summary of Significant Accounting Policies (continued)

R. Net Position (continued)

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

S. Reconciliation of Government-wide and Fund Financial Statements

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains, “long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.” The details of this \$15,582,069 difference are as follows:

General obligation bonds	\$ 12,050,076
Premium on general obligation bonds	547,988
Deferred charge on refunding	(65,051)
Compensated absences	1,185,229
Accrued interest payable	39,745
Net pension liability	1,412,344
Total OPEB liability	382,675
Pension-related deferred outflows of resources	(650,756)
Pension-related deferred inflows of resources	731,300
OPEB-related deferred outflows of resources	(77,129)
OPEB-related deferred inflows of resources	25,648
	<u>\$ 15,582,069</u>

II. Deposits and Investments

Investments of the City at September 30, 2020, consist of investments in Texas Local Government Investment Pool (“TexPool”), Texas Local Government Investment Pool Prime (“TexPool Prime”), Texas Short-Term Asset Reserve Program (“TexSTAR”), TexSTAR Local Government Investment Cooperative (“LOGIC”), and Texas Cooperative Liquid Assets Securities System (“Texas CLASS”) of \$11,611,107, \$7,259,694, \$1,034,677, \$7,260,745, and \$7,262,585, 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

City of Belton, Texas

Notes to Financial Statements (Continued)

II. Deposits and Investments (continued)

invest. The City's investment policy addresses credit quality by further restricting authorized investments to obligations of the United States and its agencies, and public funds investment pools rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service. The City's investments in TexPool, TexPool Prime, TexSTAR, LOGIC, and Texas CLASS are rated AAAm by Standard & Poors.

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the City will not invest in securities maturing more than two years from the date of purchase, and the composite portfolio will have a weighted average maturity of 365 days or less. The weighted average maturities of TexPool, TexPool Prime, TexSTAR, LOGIC, and Texas CLASS are 38, 49, 39, 54, and 56 days, respectively, as of September 30, 2020.

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.

City of Belton, Texas

Notes to Financial Statements (Continued)

II. Deposits and Investments (continued)

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.

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.

City of Belton, Texas

Notes to Financial Statements (Continued)

II. Deposits and Investments (continued)

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

Cash on hand	\$ 21,800
Carrying amount of deposits	3,970,557
Carrying amount of investments	<u>34,428,808</u>
Total	<u>\$ 38,421,165</u>

Per the statement of net position for the City:

Cash and cash equivalents	\$ 28,480,840
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Per the statement of net position for the Belton
Economic Development Corporation, Inc.:

Cash and cash equivalents	<u>9,940,325</u>
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Total	<u>\$ 38,421,165</u>
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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 Governmental Funds	Total
	General	Debt Service	Water and Sewer	Drainage		
Receivables:						
Taxes	\$ 1,324,371	47,387	-	-	36,578	1,408,336
Water/sewer	-	-	1,129,317	-	-	1,129,317
Storm drainage	-	-	-	78,964	-	78,964
Ambulance	6,337,920	-	-	-	-	6,337,920
Other	407,757	-	-	-	21,587	429,344
	<u>8,070,048</u>	<u>47,387</u>	<u>1,129,317</u>	<u>78,964</u>	<u>58,165</u>	<u>9,383,881</u>
Less:						
Allowance for uncollectibles	<u>6,535,648</u>	<u>13,013</u>	<u>103,989</u>	<u>22,227</u>	<u>-</u>	<u>6,674,877</u>
	<u>\$ 1,534,400</u>	<u>34,374</u>	<u>1,025,328</u>	<u>56,737</u>	<u>58,165</u>	<u>2,709,004</u>

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

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, 2019, upon which the 2020 fiscal year levy was based, was \$1,263,613,723.

The tax levy of October 2019 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, 2020, at which time a lien attaches for unpaid taxes. Tax collections during the fiscal year ended September 30, 2020, for the fiscal year 2020 levy, were 99.0 percent of the total tax levy for that year.

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

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

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

V. Capital Assets

Capital asset activity for the year ended September 30, 2020, was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
<i>Governmental activities:</i>				
Capital assets, not being depreciated:				
Land	\$ 4,745,526	-	-	4,745,526
Construction in progress	<u>2,327,999</u>	<u>899,650</u>	<u>(2,987,838)</u>	<u>239,811</u>
Total capital assets not being depreciated	<u>7,073,525</u>	<u>899,650</u>	<u>(2,987,838)</u>	<u>4,985,337</u>
Capital assets, being depreciated:				
Buildings	\$ 9,825,066	310,031	-	10,135,097
Improvements other than buildings	4,037,396	-	-	4,037,396
Machinery and equipment	6,775,287	892,813	(417,332)	7,250,768
Infrastructure	<u>40,476,938</u>	<u>5,725,488</u>	<u>-</u>	<u>46,202,426</u>
Total capital assets, being depreciated	<u>61,114,687</u>	<u>6,928,332</u>	<u>(417,332)</u>	<u>67,625,687</u>
Less accumulated depreciation for:				
Buildings	(4,457,656)	(373,124)	-	(4,830,780)
Improvements other than buildings	(2,428,387)	(188,804)	-	(2,617,191)
Machinery and equipment	(4,571,108)	(614,211)	-	(5,185,319)
Infrastructure	<u>(16,497,915)</u>	<u>(1,876,080)</u>	<u>392,586</u>	<u>(17,981,409)</u>
Total accumulated depreciation	<u>(27,955,066)</u>	<u>(3,052,219)</u>	<u>392,586</u>	<u>(30,614,699)</u>
Total capital assets, being depreciated, net	<u>33,159,621</u>	<u>3,876,113</u>	<u>(24,746)</u>	<u>37,010,988</u>
	<u>\$ 40,233,146</u>	<u>4,775,763</u>	<u>(3,012,584)</u>	<u>41,996,325</u>

City of Belton, Texas

Notes to Financial Statements
(Continued)

V. Capital Assets (continued)

Primary Government (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
<i>Business-type activities:</i>				
Capital assets, not being depreciated:				
Land	285,175	-	-	285,175
Construction in progress	6,565,973	2,125,111	(7,989,227)	701,857
Total capital assets not being depreciated	6,851,148	2,125,111	(7,989,227)	987,032
Capital assets, being depreciated:				
Buildings	165,406	-	-	165,406
Machinery and equipment	3,413,775	407,861	(40,270)	3,781,366
Infrastructure	62,483,860	12,753,394	-	75,237,254
Total capital assets being depreciated	66,063,041	13,161,255	(40,270)	79,184,026
Less accumulated depreciation for:				
Buildings	(38,562)	(12,111)	-	(50,673)
Machinery and equipment	(1,497,039)	(389,610)	34,667	(1,851,982)
Infrastructure	(25,224,325)	(3,000,406)	-	(28,224,731)
Total accumulated depreciation	(26,759,926)	(3,402,127)	34,667	(30,127,386)
Total capital assets, being depreciated, net	39,303,115	9,759,128	(5,603)	49,056,640
	\$ 46,154,263	11,884,239	(7,994,830)	50,043,672

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

Governmental activities:	
General government	\$ 87,623
Public safety	550,159
Highways and streets, including depreciation of general infrastructure assets	1,622,132
Planning	16,419
Culture and recreation	703,208
Solid waste	21,415
Maintenance	51,263
Total depreciation expense - governmental activities	\$ 3,052,219
Business-type activities:	
Water and sewer	\$ 3,159,227
Drainage	242,900
Total depreciation expense - business-type activities	\$ 3,402,127

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, 2020. At year-end, the City's construction commitments for governmental activities are as follows:

Project Title	Expended to Date	Remaining Commitment
Sidewalk Infrastructure	\$ 239,811	1,473,605
Total	\$ 239,811	1,473,605

The projects will be financed with available resources.

At September 30, 2020, the City's construction commitments for business-type activities are as follows:

Project Title	Expended to Date	Remaining Commitment
Avenue O Lift Station Generator	\$ 3,929	72,100
North Belton Water Tank Engineering	122,068	3,000,000
South Belton Sewer Phase II Design	562,771	10,978
Sparta Generator Project	180	209,600
Wash Bay	12,824	17,500
Work Order System	85	24,915
Total	\$ 701,857	3,335,093

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, 2020, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 903,705	161,827	(127,200)	938,332
Construction in progress	451,681	108,039	(232,039)	327,681
Total capital assets not being depreciated	1,355,386	269,866	(359,239)	1,266,013
Capital assets, being depreciated:				
Buildings	1,261,523	446,765	(232,039)	1,476,249
Infrastructure	2,937,556	530,792	-	3,468,348
Total capital assets being depreciated	4,199,079	977,557	(232,039)	4,944,597
Less accumulated depreciation for:				
Buildings	(353,207)	(47,623)	-	(400,830)
Infrastructure	(2,021,389)	(92,399)	-	(2,113,788)
Total accumulated depreciation	(2,374,596)	(140,022)	-	(2,514,618)
Total capital assets, being depreciated, net	1,824,483	837,535	(232,039)	2,429,979
	\$ 3,179,869	1,107,401	(591,278)	3,695,992

At September 30, 2020, the City's construction commitments for the discretely presented component unit are as follows:

Project Title	Expended to Date	Remaining Commitment
412 E Central Renovation	\$ 45,543	34,457
Avenue D Engineering	238,780	231,221
I-14 Water Line Extension	34,986	465,014
I-35 Water Line Extension	8,373	1,494,127
Total	\$ 327,681	2,224,819

The projects will be financed with available resources.

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

VI. Long-Term Debt

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

The following is a summary of changes in long-term debt for the City for the year ended September 30, 2020:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 13,598,039	5,575,000	(7,122,963)	12,050,076	1,181,675
Premium	82,248	521,559	(55,819)	547,988	-
Net pension liability	2,684,373	797,230	(2,069,259)	1,412,344	-
Total OPEB liability	298,835	90,111	(6,271)	382,675	-
Compensated absences	1,058,482	680,346	(553,599)	1,185,229	342,868
	<u>\$ 17,721,977</u>	<u>7,664,246</u>	<u>(9,807,911)</u>	<u>15,578,312</u>	<u>1,524,543</u>
Business-type activities:					
General obligation bonds	\$ 18,721,956	-	(1,022,037)	17,699,919	1,048,325
Premium	427,852	-	(43,133)	384,719	-
Net pension liability	521,370	154,841	(401,900)	274,311	-
Total OPEB liability	58,059	17,506	(1,217)	74,348	-
Compensated absences	77,881	69,193	(52,355)	94,719	67,343
	<u>\$ 19,807,118</u>	<u>241,540</u>	<u>(1,520,642)</u>	<u>18,528,016</u>	<u>1,115,668</u>

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

Long-term debt of the City's governmental activities at September 30, 2020, 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%	\$ 570,000
\$4,500,000 Series 2005 general obligation bonds due in annual installments of \$140,000 to \$275,000 through 2025; interest at 3.54%	1,100,000

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%	\$ 735,076
\$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 2.00%	845,000
\$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 1.50%	1,445,000
\$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%	2,130,000
\$5,575,000 Series 2019 general obligation refunding bonds due in annual installments of \$45,000 to \$500,000 through 2033; interest at 4.00%	<u>5,225,000</u>
	<u>\$ 12,050,076</u>

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

<u>Year Ended</u> <u>September 30, 2020</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 1,181,675	401,593
2022	1,211,675	363,092
2023	1,130,387	322,982
2024	914,100	282,949
2025	947,812	250,759
2026-2030	4,884,427	747,677
2031-2035	<u>1,780,000</u>	<u>117,450</u>
	<u>\$ 12,050,076</u>	<u>2,486,502</u>

Long-term debt of the City's business-type activities at September 30, 2020, 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%	\$ 695,000
\$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%	254,919
\$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 2.00%	6,800,000
\$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%	9,095,000
\$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 1.50%	<u>855,000</u>
	<u><u>\$ 17,699,919</u></u>

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

<u>Year Ended</u> <u>September 30, 2020</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 1,048,325	513,596
2022	1,073,325	483,249
2023	1,124,607	451,736
2024	1,150,900	422,907
2025	1,182,188	393,322
2026-2030	5,835,574	1,449,079
2031-2035	5,620,000	616,050
2036	<u>665,000</u>	<u>19,950</u>
	<u><u>\$ 17,699,919</u></u>	<u><u>4,349,889</u></u>

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

City of Belton, Texas

Notes to Financial Statements
(Continued)

VI. Long-Term Debt (continued)

Discretely Presented Component Unit

The following is a summary of changes in long-term debt of the Development Corporation for the year ended September 30, 2020:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Net pension liability	\$ 60,719	18,032	(46,805)	31,946	-
Total OPEB liability	<u>6,770</u>	<u>2,041</u>	<u>(141)</u>	<u>8,670</u>	<u>-</u>
	<u>\$ 27,570</u>	<u>20,073</u>	<u>(46,946)</u>	<u>40,616</u>	<u>-</u>

Current Refunding of Debt

On December 5, 2019, the City issued \$5,575,000 of General Obligation Refunding Bonds Series 2019 to refund \$5,905,000 of existing 2013 series combination tax and revenue bonds. The true interest cost of the refunding bonds is 2.24% with a final maturity of August 1, 2033. The reacquisition price exceeded the net carrying amount of the refunded debt by \$69,168. This amount is being amortized over the life of the refunding bonds. The refunding transaction was undertaken to reduce total debt service payments by \$300,055 over the next fourteen years, resulting in an economic gain of \$252,677.

VII. Interfund Transfers

Interfund transfers for 2020 are as follows:

	<u>Transfers in</u>		
	<u>Other</u>		
	<u>Nonmajor</u>		
	<u>General</u>	<u>Governmental</u>	<u>Total</u>
Transfers out:			
General	\$ -	1,070,381	1,070,381
Other nonmajor governmental	53,435	-	53,435
Water and sewer	<u>599,226</u>	<u>-</u>	<u>599,226</u>
	<u>\$ 652,661</u>	<u>1,070,381</u>	<u>1,723,042</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 888 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (“TMRS”). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the “TMRS Act”) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS’s defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (“CAFR”) that can be obtained at www.tmr.com.

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

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

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

Employees Covered by Benefit Terms – At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	90
Inactive employees entitled to but not yet receiving benefits	156
Active employees	168

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

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

VIII. Employee Benefits (continued)

Pension Plan (continued)

Employees for the City were required to contribute 6.00% of their annual gross earnings during the fiscal year. The contribution rates for the City were 8.28% and 8.06% in calendar years 2020 and 2019, respectively. The City's contributions to TMRS for the year ended September 30, 2020 were \$812,119 and were equal to the required contributions.

Net Pension Liability – The City's net pension liability was measured as of December 31, 2019, 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, 2019 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 Tables 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 were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2010 to 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 rates 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

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

VIII. Employee Benefits (continued)

Pension Plan (continued)

emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, the actuarial firm 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 2020 are summarized in the following table:

	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Global Equity	30.0%	5.30%
Core Fixed Income	10.0%	1.25%
Non-Core Fixed Income	20.0%	4.14%
Real Return	10.0%	3.85%
Real Estate	10.0%	4.00%
Absolute Return	10.0%	3.48%
Private Equity	<u>10.0%</u>	7.75%
Total	<u><u>100.0%</u></u>	

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

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

VIII. Employee Benefits (continued)

Pension Plan (continued)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at December 31, 2018	\$ 24,033,693	20,767,231	3,266,462
Changes for the year:			
Service cost	1,071,723	-	1,071,723
Interest	1,611,792	-	1,611,792
Difference between expected and actual actual experience	47,913	-	47,913
Changes in assumptions	133,749	-	133,749
Contributions - employer	-	711,639	(711,639)
Contributions - employee	-	511,970	(511,970)
Net investment income	-	3,208,114	(3,208,114)
Benefit payments, including refunds of employee contributions	(1,382,322)	(1,382,322)	-
Administrative expense	-	(18,141)	18,141
Other changes	-	(544)	544
Net changes	1,482,855	3,030,716	(1,547,861)
Balance at December 31, 2019	\$ 25,516,548	23,797,947	1,718,601

\$31,946 of the net pension liability of \$1,718,601 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:

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

VIII. Employee Benefits (continued)

Pension Plan (continued)

	1% Decrease (5.75%)	Current Rate Assumption (6.75%)	1% Increase (7.75%)
City's net pension liability	\$ <u>5,536,242</u>	<u>1,718,601</u>	<u>(1,377,762)</u>

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

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

For the year ended September 30, 2020, the City recognized pension expense of \$808,685 of which \$15,396 is the expense of the Development Corporation.

At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 36,796	160,194
Difference between projected and actual investment earnings, net	-	729,685
Difference in assumption changes	102,717	-
Contributions subsequent to the measurement date	<u>652,354</u>	<u>-</u>
Total	\$ <u>791,867</u>	<u>889,879</u>

The \$652,354 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, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

City of Belton, Texas

Notes to Financial Statements
(Continued)

VIII. **Employee Benefits** (continued)

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

Year Ended December 31,

2020	\$ (248,551)
2021	(224,683)
2022	71,068
2023	<u>(348,200)</u>
Total	<u>\$ (750,366)</u>

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.

Employees Covered by Benefit Terms – At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	65
Inactive employees entitled to but not yet receiving benefits	24
Active employees	168

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.

City of Belton, Texas

Notes to Financial Statements (Continued)

VIII. Employee Benefits (continued)

The City's contributions to the SDBF for the year ended September 30, 2020 were \$11,514 and were equal to the required contributions.

Total OPEB Liability – The City's total OPEB liability was measured as of December 31, 2019 and the total was determined by an actuarial valuation as of that date.

Actuarial assumptions – The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Salary increases	3.5% to 11.5%, including inflation
Discount rate	2.75% (based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2019)
Administrative expenses	All administrative expenses are paid through the TMRS Pension Trust.

Mortality rates for service retirees were based on the 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. For disabled retirees, the 2019 Municipal Retirees of Texas Mortality Tables were used with a 3 year set-forward for both males and females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of the actuarial experience study for the period December 31, 2014 to December 31, 2018.

The changes in the total OPEB liability for the measurement period ending December 31, 2019 was as follows:

	<u>Total OPEB Liability</u>
Balance at December 31, 2018	\$ <u>363,664</u>
Changes for the year:	
Service cost	20,479
Interest on total OPEB liability	13,809
Differences between expected and actual experience	(4,216)
Changes in assumptions or other inputs	75,370
Benefit payments **	<u>(3,413)</u>
Net changes	<u>102,029</u>
Balance at December 31, 2019	\$ <u><u>465,693</u></u>

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

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

VIII. Employee Benefits (continued)

\$8,670 of the total OPEB liability of \$465,693 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 2.75%, 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 (1.75%) or once percentage point (3.75%) higher than the current rate.

	1% Decrease (1.75%)	Current Rate Assumption (2.75%)	1% Increase (3.75%)
City's total OPEB liability	\$ <u>567,963</u>	<u>465,693</u>	<u>387,630</u>

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

For the year ended September 30, 2020, the City recognized OPEB expense of \$38,994 of which \$726 is the expense of the Development Corporation.

At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 82,347	19,857
Differences between expected and actual economic experience	-	11,355
Contributions subsequent to the measurement date	<u>11,514</u>	<u>-</u>
Total	\$ <u>93,861</u>	<u>31,212</u>

The \$11,514 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, 2021. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

City of Belton, Texas

Notes to Financial Statements
(Continued)

VIII. Employee Benefits (continued)

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

Year Ended December 31,

2020	\$ 9,046
2021	9,046
2022	9,046
2023	9,046
2024	5,924
Thereafter	<u>9,027</u>
Total	<u>\$ 51,135</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, 2020:

	Statements of Net Position			Balance Sheet - Governmental Funds	
	Governmental Activities	Business-Type Activities	Belton Economic Development Corporation, Inc.	General Fund	Debt Service Fund
Deferred outflows of resources:					
Deferred charge on refunding	\$ 65,051	-	-	-	-
Pension - post measurement date contributions	536,104	104,124	12,126	-	-
Pension - differences in assumption changes	84,413	16,395	1,909	-	-
Pension - differences between expected and actual experience	30,239	5,873	684	-	-
OPEB - post measurement date contributions	9,462	1,838	214	-	-
OPEB - differences in assumption changes	<u>67,667</u>	<u>13,147</u>	<u>1,533</u>	<u>-</u>	<u>-</u>
	<u>\$ 792,936</u>	<u>141,377</u>	<u>16,466</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:					
Unavailable revenue - property taxes	\$ -	-	-	194,763	34,374
Unavailable revenue - ambulance services	-	-	-	12,019	-
Unavailable revenue - fines	-	-	-	7,416	-
Pension - net differences between projected and actual earnings	599,653	116,468	13,564	-	-
Pension - differences between expected and actual experience	131,647	25,569	2,978	-	-
OPEB - differences in assumption changes	16,316	3,171	370	-	-
OPEB - differences between expected and actual experience	<u>9,332</u>	<u>1,812</u>	<u>211</u>	<u>-</u>	<u>-</u>
	<u>\$ 756,948</u>	<u>147,020</u>	<u>17,123</u>	<u>214,198</u>	<u>34,374</u>

City of Belton, Texas

Notes to Financial Statements (Continued)

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

Deferred Outflows of Resources. The deferred charge on refunding, resulting from the difference in the carrying value of the refunded debt and its reacquisition price, is amortized as interest expense over the shorter of the life of the refunded or refunding debt. Post-measurement date contributions will be recognized as a reduction of the net pension liability and total OPEB liability in the following fiscal year. The changes in assumptions will be recognized in pension and OPEB expense over 4.31 and 7.02 years, respectively. The pension-related differences between expected and actual experience will be recognized in pension expense over 4.31 years.

Deferred Inflows of Resources. The governmental funds, under the modified accrual basis of accounting, report unavailable revenues from property taxes, ambulance services and fines, 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 will be recognized in pension expense over five years. The difference between expected and actual experience will be recognized in pension and OPEB expense over 4.31 years and 7.02 years, respectively. The changes in assumptions will be recognized in OPEB expense over 7.02 years.

X. **Risk Management**

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

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

XI. **Commitments and Contingencies**

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may

City of Belton, Texas

Notes to Financial Statements
(Continued)

XI. Commitments and Contingencies (continued)

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 \$2.0 million.

The City has entered into a long-term agreement to purchase water from the Brazos River Authority (the “Authority”). The agreement requires the City to pay for a certain portion of the water rights, whether or not it actually withdraws the full amount of water to which it is entitled. The cost of the water may be adjusted each year based on changes in the consumer price index. Further, additional costs imposed on the Authority (by taxation or as a result of new regulations) may be passed through to the City. The agreement expires in 2042. The City's cost under the agreement for the year ended September 30, 2020, was \$34,775.

Also, the City has entered into a long-term agreement to purchase water from Bell County Water Control and Improvement District No. 1 (the “District”). The District serves six civilian resale customers (cities and water districts) and the Fort Hood Military Reservation. Under the agreement, the City pays its proportionate share of fixed capital costs (debt service) and operating costs (purchasing, producing, treating and delivering water) of the District. Consequently, the price of the water will vary over the term of the agreement. In addition to capital and operating costs, the contract with the District requires the City to pay for water rights, both for water currently being used (election use water) and for rights to future water (option water). The cost of option water is paid whether or not the City actually withdraws the full amount of water to which it is entitled. The cost of both election use and option water may be adjusted annually each year based on changes in the consumer price index. The original agreement remained in effect until all bonds of the District were repaid, which occurred in 2018. The agreement has been extended through the evaluation of plant expansion and related debt repayment. Charges for water under the agreement for the year ended September 30, 2020, were \$1,017,696.

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, 2020, was \$614,327.

City of Belton, Texas

Notes to Financial Statements (Continued)

XI. Commitments and Contingencies (continued)

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

XII. Related Organizations

The following entities are related organizations to which the City appoints board members but for which the City has no significant financial accountability: Central Texas Housing Consortium, Texas; Public Property Finance Corporation of Texas; and Texas Dormitory Finance Authority.

XIII. Tax Abatements

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

For the fiscal year ended September 30, 2020, the City abated ad valorem taxes totaling \$33,126, as detailed below:

- A 100% ad valorem tax abatement on certain improvements to CMH Manufacturing, Inc. for the modernization/expansion of a new facility and the creation of 175 permanent jobs for a total of 385 permanent jobs. The fiscal year 2020 abatement amounted to \$8,781. The City may recapture the abated taxes should CMH Manufacturing, Inc. become delinquent in its payment to the City of any ad valorem taxes not abated, fall below the 175 additional permanent job threshold for an extended period of time or breach any other terms set forth in the abatement agreement.
- A 70% ad valorem tax abatement on certain equipment to Wire Rope Industries USA, Inc. for the purchase and installation of new equipment and the creation of 4 permanent jobs for a total of 22 permanent jobs. The fiscal year 2020 abatement amounted to \$15,689. The City may recapture the abated taxes should Wire Rope Industries USA, Inc. become delinquent in its payment to the City of any ad valorem taxes not abated, fall below 18 permanent jobs for an extended period of time or breach any other terms set forth in the abatement agreement.

City of Belton, Texas

Notes to Financial Statements (Continued)

XIII. Tax Abatements (continued)

- A 70% ad valorem tax abatement on certain improvements to BELLTEC Industries for the construction of a new facility. The fiscal year 2019 abatement amounted to \$8,656. The City may recapture the abated taxes should BELLTEC Industries become delinquent in its payment to the City of any ad valorem taxes not abated or breach any other terms set forth in the abatement agreement.

XIV. Prior Period Adjustment

During the current year, the City determined that certain funds previously reported in the general fund or as capital projects funds should be reported as special revenue funds. Accordingly, the fund balance at October 1, 2019 was decreased for the general fund and increased for the other governmental funds by \$387,043. There was no impact on beginning net position for governmental activities.

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. 84, *Fiduciary Activities* (Statement 84) – The objective of Statement 84 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 were effective for financial statements for fiscal years beginning after December 15, 2018; however, in May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* (Statement 95), and delayed implementation to fiscal years beginning after December 15, 2019.

GASB Statement No. 87, *Leases* (Statement 87) – The objective of Statement 87 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 provisions of Statement 87 were effective for financial statements for periods beginning after December 15, 2019; however, in May 2020, GASB issued Statement 95 and delayed implementation to fiscal years beginning after June 15, 2021.

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* (Statement 89) – The objective of Statement 89 is to simplify accounting for interest cost incurred before the end of a construction period. It will enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period. The provisions of Statement 89 are effective for financial statements for periods beginning after December 15, 2019; however, in May 2020, GASB issued Statement 95 and delayed implementation to fiscal years beginning after December 15, 2020.

GASB Statement No. 90, *Majority Equity Interests – an Amendment of GASB Statements No. 14 and 61* (Statement 90) – The objective of Statement 90 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 provisions of Statement 90 are effective for financial statements for periods beginning after December 15, 2018; however, in May 2020, GASB issued Statement 95 and delayed implementation to fiscal years beginning after December 15, 2019.

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

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (Statement 96) – The objective of Statement 96 is to provide guidance for subscription based information technology arrangements (SBITA). It will define SBITA contracts, provide guidance on the accounting for SBITAs, and require disclosures regarding the SBITAs. The provisions of Statement 96 are effective for financial statements for fiscal years beginning after June 15, 2022.

Required Supplementary Information



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

	December 31,					
	2019	2018	2017	2016	2015	2014
Total Pension Liability						
Service cost	\$ 1,071,723	1,052,574	891,715	862,169	826,770	697,959
Interest (on the Total Pension Liability)	1,611,792	1,532,001	1,439,110	1,361,691	1,307,310	1,245,375
Change in benefit terms including substantively automatic status	-	115,219				
Difference between expected and actual experience	47,913	(191,864)	(90,945)	(111,361)	(80,818)	(172,175)
Changes of assumptions	133,749	-	-	-	351,416	-
Benefit payments, including refunds of employee contributions	<u>(1,382,322)</u>	<u>(1,058,081)</u>	<u>(1,060,641)</u>	<u>(900,011)</u>	<u>(950,060)</u>	<u>(951,498)</u>
Net change in Total Pension Liability	1,482,855	1,449,849	1,179,239	1,212,488	1,454,618	819,661
Total Pension Liability - beginning	<u>24,033,693</u>	<u>22,583,844</u>	<u>21,404,605</u>	<u>20,192,117</u>	<u>18,737,499</u>	<u>17,917,838</u>
Total Pension Liability - ending (a)	<u>\$ 25,516,548</u>	<u>24,033,693</u>	<u>22,583,844</u>	<u>21,404,605</u>	<u>20,192,117</u>	<u>18,737,499</u>
Plan Fiduciary Net Position						
Contributions - employer	\$ 711,639	642,579	609,271	536,111	561,505	476,627
Contributions - employee	511,970	424,425	403,491	391,895	397,104	359,990
Net investment income	3,208,114	(641,418)	2,614,129	1,193,044	26,023	961,087
Benefit payments, including refunds of employee contributions	(1,382,322)	(1,058,081)	(1,060,641)	(900,011)	(950,060)	(951,498)
Administrative expense	(18,141)	(12,396)	(13,547)	(13,474)	(15,851)	(10,034)
Other	<u>(544)</u>	<u>(648)</u>	<u>(686)</u>	<u>(726)</u>	<u>(783)</u>	<u>(825)</u>
Net change in Plan Fiduciary Net Position	3,030,716	(645,539)	2,552,017	1,206,839	17,938	835,347
Plan Fiduciary Net Position - beginning	<u>20,767,231</u>	<u>21,412,770</u>	<u>18,860,753</u>	<u>17,653,914</u>	<u>17,635,976</u>	<u>16,800,629</u>
Plan Fiduciary Net Position - ending (b)	<u>\$ 23,797,947</u>	<u>20,767,231</u>	<u>21,412,770</u>	<u>18,860,753</u>	<u>17,653,914</u>	<u>17,635,976</u>
Net Pension Liability - ending (a) - (b)	\$ 1,718,601	3,266,462	1,171,074	2,543,852	2,538,203	1,101,523
Plan Fiduciary Net Position as a percentage of Total Pension Liability	93.26%	86.41%	94.81%	88.12%	87.43%	94.12%
Covered payroll	\$ 8,532,827	8,488,498	8,069,816	7,837,901	7,942,074	7,199,806
Net Pension Liability as a percentage of covered payroll	20.14%	38.48%	14.51%	32.46%	31.96%	15.30%

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

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

	September 30,					
	2015	2016	2017	2018	2019	2020
Actuarially Determined Contributions	\$ 527,669	542,064	586,051	636,453	704,034	812,119
Contributions in relation to the actuarially determined contributions	<u>527,669</u>	<u>542,064</u>	<u>586,051</u>	<u>636,453</u>	<u>704,034</u>	<u>812,119</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered payroll	\$ 7,561,577	7,865,451	7,928,962	8,409,865	8,567,031	8,662,089
Contributions as a percentage of covered payroll	7.0%	6.9%	7.4%	7.6%	8.2%	9.4%

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

Notes to Schedule of Contributions

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	26 years
Asset Valuation Method	10 year smoothed market, 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50%, 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 2019 valuation pursuant to an experience study of the period 2014 - 2018
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Table The rates are projected on a fully generational basis with scale UMP Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.
Other information	There were no benefit changes during the year.

Note: The City of Belton 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 Three Measurement Dates

	December 31,		
	2019	2018	2017
Total OPEB Liability			
Service cost	\$ 20,479	22,070	17,754
Interest (on the Total OPEB Liability)	13,809	12,587	12,161
Changes in benefit terms including TMRS plan participation	-	(10,688)	-
Differences between expected and actual experience	(4,216)	-	-
Changes in assumptions or other inputs	75,370	(27,421)	30,214
Benefit payments**	<u>(3,413)</u>	<u>(4,244)</u>	<u>(3,228)</u>
Net change in Total OPEB Liability	102,029	(7,696)	56,901
Total OPEB Liability - beginning	<u>363,664</u>	<u>371,360</u>	<u>314,459</u>
Total OPEB Liability - ending (a)	<u><u>\$ 465,693</u></u>	<u><u>363,664</u></u>	<u><u>371,360</u></u>
Covered payroll	\$ 8,532,827	8,488,498	8,069,816
Net OPEB Liability as a percentage of covered payroll	5.46%	4.28%	4.60%

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

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

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

	September 30,		
	2018	2019	2020
Actuarially Determined Contributions	\$ 15,105	14,181	11,514
Contributions in relation to the actuarially determined contributions	<u>15,105</u>	<u>14,181</u>	<u>11,514</u>
Contribution deficiency (excess)	\$ <u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Covered payroll	\$ 8,409,865	8,567,031	8,662,089
Contributions as a percentage of covered payroll	0.2%	0.2%	0.1%

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
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Methods and Assumptions Used to Determine Contribution Rates:

Inflation	2.5%
Salary Increases	3.50% to 11.50%, including inflation
Investment Rate of Return	2.75%
Retirees' share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates-services retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with Scale UMP.
Mortality rates-disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

Note: The City of Belton adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective October 1, 2017. Information for fiscal years prior to 2018 is not available.

**Combining and Individual Fund
Statements and Schedules**



Nonmajor Governmental Funds

Special Revenue Funds

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

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.

CARES Act Grant Fund: This fund is used to account for the City's grant expenditures and reimbursements from the Coronavirus Relief Fund which provides assistance with public safety payroll expenditures for services dedicated to mitigating or responding to the COVID-19 public health emergency.

Municipal Court Funds: These funds are used to account for court technology and security fees collected in connection with citations issued by the City. State law requires that revenue from these fees be used for technological and security enhancements of the municipal court and/or the building that houses the court. In addition, these funds are used to account for fees collected for truancy prevention.

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.

Other Special Revenue Funds: These funds are used to account for various other revenues of the City that are legally or contractually restricted for specific purposes that include donations to the police and fire departments, collection of public access fees, donations for improving and equipping City parks, developer fees for tree removal, resources from the Zora Lee Greathouse will and trust agreement to be spent on life saving medical equipment purchases and paramedics training, maintenance of the Far North Belton Cemetery, and special 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.

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

Vehicle and Equipment Replacement Funds: These funds account for the systematic replacement of fire and police department fleet vehicles, public works fleet vehicles and equipment, technology hardware, and HVAC systems based on age, condition, and usable life. 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, 2020

		Special Revenue						
		Hotel/ Motel Tax	TIRZ	CARES Act Grant	Municipal Court Funds	TDHCA Home Grants	Other Special Revenue Funds	Special Revenue Funds Total
Assets								
Cash and cash equivalents	\$	336,514	293,851	-	59,215	20,936	618,627	1,329,143
Receivables		36,578	-	-	-	-	14,400	50,978
Due from other governments		-	-	680,364	-	-	-	680,364
Due from other funds		-	162	-	-	-	-	162
Total assets	\$	<u>373,092</u>	<u>294,013</u>	<u>680,364</u>	<u>59,215</u>	<u>20,936</u>	<u>633,027</u>	<u>2,060,647</u>
Liabilities and Fund Balances								
Liabilities:								
Accounts and retainages payable	\$	30,493	-	-	-	-	1,211	31,704
Accrued liabilities		1,381	-	-	-	-	149	1,530
Due to other funds		-	-	680,364	-	-	-	680,364
Total liabilities		<u>31,874</u>	<u>-</u>	<u>680,364</u>	<u>-</u>	<u>-</u>	<u>1,360</u>	<u>713,598</u>
Fund balances:								
Restricted		341,218	294,013	-	59,215	-	569,127	1,263,573
Committed		-	-	-	-	20,936	12,880	33,816
Assigned		-	-	-	-	-	49,660	49,660
Unassigned		-	-	-	-	-	-	-
Total fund balances		<u>341,218</u>	<u>294,013</u>	<u>-</u>	<u>59,215</u>	<u>20,936</u>	<u>631,667</u>	<u>1,347,049</u>
Total liabilities and fund balances	\$	<u>373,092</u>	<u>294,013</u>	<u>680,364</u>	<u>59,215</u>	<u>20,936</u>	<u>633,027</u>	<u>2,060,647</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
General Capital Projects	General Capital Equipment	TIRZ Capital Projects	Vehicle and Equipment Replacement Funds	Chisholm Trail Hike and Bike Phase 2	Major Street Maintenance	Capital Project Funds Total	
679,587	294,421	2,222,669	874,567	73,471	64,841	4,209,556	5,538,699
-	-	-	7,187	-	-	7,187	58,165
-	-	-	-	-	-	-	680,364
-	-	-	-	-	-	-	162
<u>679,587</u>	<u>294,421</u>	<u>2,222,669</u>	<u>881,754</u>	<u>73,471</u>	<u>64,841</u>	<u>4,216,743</u>	<u>6,277,390</u>
6,738	-	23,387	71	-	-	30,196	61,900
-	-	-	-	-	-	-	1,530
-	-	-	27,636	-	-	27,636	708,000
<u>6,738</u>	<u>-</u>	<u>23,387</u>	<u>27,707</u>	<u>-</u>	<u>-</u>	<u>57,832</u>	<u>771,430</u>
-	-	2,199,282	-	-	-	2,199,282	3,462,855
-	-	-	-	-	-	-	33,816
672,849	294,421	-	854,047	73,471	64,841	1,959,629	2,009,289
-	-	-	-	-	-	-	-
<u>672,849</u>	<u>294,421</u>	<u>2,199,282</u>	<u>854,047</u>	<u>73,471</u>	<u>64,841</u>	<u>4,158,911</u>	<u>5,505,960</u>
<u>679,587</u>	<u>294,421</u>	<u>2,222,669</u>	<u>881,754</u>	<u>73,471</u>	<u>64,841</u>	<u>4,216,743</u>	<u>6,277,390</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, 2020

	Special Revenue						
	Hotel/ Motel Tax	TIRZ	CARES Act Grant	Municipal Court Funds	TDHCA Home Grants	Other Special Revenue Funds	Special Revenue Funds Total
Revenues:							
Ad valorem taxes	\$ -	1,155,204	-	-	-	-	1,155,204
Hotel/motel taxes	172,435	-	-	-	-	-	172,435
Franchise	-	-	-	-	-	29,226	29,226
Intergovernmental	-	735,127	925,455	-	211,779	3,347	1,875,708
Fines	-	-	-	25,960	-	-	25,960
Interest	3,159	5,324	-	426	203	6,067	15,179
Contributions and donations	-	-	-	-	-	10,470	10,470
Miscellaneous revenue	-	-	-	-	-	5,400	5,400
Total revenues	<u>175,594</u>	<u>1,895,655</u>	<u>925,455</u>	<u>26,386</u>	<u>211,982</u>	<u>54,510</u>	<u>3,289,582</u>
Expenditures:							
Current:							
General government	95,335	-	-	2,801	53,819	-	151,955
Public safety	-	-	925,455	-	-	8,607	934,062
Highways and streets	-	-	-	-	-	-	-
Planning	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	4,930	4,930
Economic development	-	64,238	-	-	178,341	15,059	257,638
Maintenance services	-	-	-	-	-	-	-
Debt service:							
Principal	-	385,000	-	-	-	-	385,000
Interest and fiscal charges	-	32,729	-	-	-	-	32,729
Bond issuance costs	-	21,084	-	-	-	-	21,084
Capital outlay	-	-	-	-	-	-	-
Total expenditures	<u>95,335</u>	<u>503,051</u>	<u>925,455</u>	<u>2,801</u>	<u>232,160</u>	<u>28,596</u>	<u>1,787,398</u>
Excess (deficiency) of revenues over (under) expenditures	<u>80,259</u>	<u>1,392,604</u>	<u>-</u>	<u>23,585</u>	<u>(20,178)</u>	<u>25,914</u>	<u>1,502,184</u>
Other financing sources (uses):							
Insurance proceeds	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	5	5
Proceeds from debt issuance	-	970,000	-	-	-	-	970,000
Premium on debt issuance	-	90,751	-	-	-	-	90,751
Payments to refunding escrow agent	-	(1,039,505)	-	-	-	-	(1,039,505)
Transfers in	-	-	-	-	-	25,000	25,000
Transfers out	(25,000)	(1,424,679)	-	-	-	-	(1,449,679)
Total other financing sources (uses)	<u>(25,000)</u>	<u>(1,403,433)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,005</u>	<u>(1,403,428)</u>
Net change in fund balances	55,259	(10,829)	-	23,585	(20,178)	50,919	98,756
Fund balances, beginning of year as previously reported	285,959	304,842	-	35,630	41,114	193,705	861,250
Prior period adjustment	-	-	-	-	-	387,043	387,043
Fund balances, as restated	<u>285,959</u>	<u>304,842</u>	<u>-</u>	<u>35,630</u>	<u>41,114</u>	<u>580,748</u>	<u>1,248,293</u>
Fund balances, end of year	\$ <u>341,218</u>	<u>294,013</u>	<u>-</u>	<u>59,215</u>	<u>20,936</u>	<u>631,667</u>	<u>1,347,049</u>

See accompanying independent auditor's report.

Capital Projects							Total Nonmajor Governmental Funds
General Capital Projects	General Capital Equipment	TIRZ Capital Projects	Vehicle and Equipment Replacement Funds	Chisholm Trail Hike and Bike Phase 2	Major Street Maintenance	Capital Project Funds Total	
-	-	-	-	-	-	-	1,155,204
-	-	-	-	-	-	-	172,435
-	-	-	-	-	-	-	29,226
-	-	-	-	-	-	-	1,875,708
-	-	-	-	-	-	-	25,960
7,480	5,361	15,504	5,894	(464)	1,832	35,607	50,786
43,054	-	-	-	23,309	-	66,363	76,833
-	-	-	-	-	-	-	5,400
<u>50,534</u>	<u>5,361</u>	<u>15,504</u>	<u>5,894</u>	<u>22,845</u>	<u>1,832</u>	<u>101,970</u>	<u>3,391,552</u>
13,603	31,837	-	7,919	-	-	53,359	205,314
8,828	3,970	-	19,461	-	-	32,259	966,321
-	-	-	1,065	-	526,282	527,347	527,347
-	-	-	1,337	-	-	1,337	1,337
24,289	-	55,089	4,011	23,021	-	106,410	111,340
-	-	74,412	-	-	-	74,412	332,050
-	-	-	59,110	-	-	59,110	59,110
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	385,000
-	-	-	-	-	-	-	32,729
-	-	-	-	-	-	-	21,084
77,999	363,725	747,977	508,015	(40,290)	-	1,657,426	1,657,426
<u>124,719</u>	<u>399,532</u>	<u>877,478</u>	<u>600,918</u>	<u>(17,269)</u>	<u>526,282</u>	<u>2,511,660</u>	<u>4,299,058</u>
<u>(74,185)</u>	<u>(394,171)</u>	<u>(861,974)</u>	<u>(595,024)</u>	<u>40,114</u>	<u>(524,450)</u>	<u>(2,409,690)</u>	<u>(907,506)</u>
-	-	-	23,985	-	-	23,985	23,985
-	-	-	81,517	-	-	81,517	81,522
-	-	-	-	-	-	-	970,000
-	-	-	-	-	-	-	90,751
-	-	-	-	-	-	-	(1,039,505)
-	-	1,394,000	697,511	-	372,870	2,464,381	2,489,381
<u>(22,756)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(22,756)</u>	<u>(1,472,435)</u>
<u>(22,756)</u>	<u>-</u>	<u>1,394,000</u>	<u>803,013</u>	<u>-</u>	<u>372,870</u>	<u>2,547,127</u>	<u>1,143,699</u>
(96,941)	(394,171)	532,026	207,989	40,114	(151,580)	137,437	236,193
769,790	688,592	1,667,256	646,058	33,357	216,421	4,021,474	4,882,724
-	-	-	-	-	-	-	387,043
<u>769,790</u>	<u>688,592</u>	<u>1,667,256</u>	<u>646,058</u>	<u>33,357</u>	<u>216,421</u>	<u>4,021,474</u>	<u>5,269,767</u>
<u>672,849</u>	<u>294,421</u>	<u>2,199,282</u>	<u>854,047</u>	<u>73,471</u>	<u>64,841</u>	<u>4,158,911</u>	<u>5,505,960</u>

City of Belton, Texas
Hotel/Motel Tax Fund
Schedule of Revenues, Expenditures, and Changes in
Fund Balance – Budget and Actual – Budgetary Basis
For the Fiscal Year Ended
September 30, 2020

	<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	\$ 186,000	186,000	172,435	(13,565)
Interest	<u>4,436</u>	<u>4,436</u>	<u>3,159</u>	<u>(1,277)</u>
Total revenues	<u>190,436</u>	<u>190,436</u>	<u>175,594</u>	<u>(14,842)</u>
Expenditures:				
General government	<u>285,436</u>	<u>285,436</u>	<u>95,335</u>	<u>190,101</u>
Total expenditures	<u>285,436</u>	<u>285,436</u>	<u>95,335</u>	<u>190,101</u>
Excess of revenues over expenditures	<u>(95,000)</u>	<u>(95,000)</u>	<u>80,259</u>	<u>175,259</u>
Other financing sources (uses):				
Transfers out	<u>(25,000)</u>	<u>(25,000)</u>	<u>(25,000)</u>	<u>-</u>
Net change in fund balance	(120,000)	(120,000)	55,259	175,259
Fund balance, October 1	<u>285,959</u>	<u>285,959</u>	<u>285,959</u>	<u>-</u>
Fund balance, September 30	<u>\$ 165,959</u>	<u>165,959</u>	<u>341,218</u>	<u>175,259</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, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 942,472	942,472	964,758	22,286
Interest	13,638	13,638	8,135	(5,503)
Total revenues	<u>956,110</u>	<u>956,110</u>	<u>972,893</u>	<u>16,783</u>
Expenditures:				
Principal	792,963	792,963	832,963	(40,000)
Interest and fiscal charges	390,147	390,147	346,628	43,519
Bond issuance costs	-	-	100,090	(100,090)
Total expenditures	<u>1,183,110</u>	<u>1,183,110</u>	<u>1,279,681</u>	<u>(96,571)</u>
Excess of revenues over expenditures	<u>(227,000)</u>	<u>(227,000)</u>	<u>(306,788)</u>	<u>(79,788)</u>
Other financing sources (uses):				
Proceeds from issuance of bonds	-	-	4,605,000	(4,605,000)
Premium on issuance of bonds	-	-	430,808	(430,808)
Payments to refunding escrow agent	<u>-</u>	<u>-</u>	<u>(4,934,663)</u>	<u>4,934,663</u>
Net change in fund balance	(227,000)	(227,000)	(205,643)	(180,933)
Fund balance, October 1	<u>236,154</u>	<u>236,154</u>	<u>236,154</u>	<u>-</u>
Fund balance, September 30	<u>\$ 9,154</u>	<u>9,154</u>	<u>30,511</u>	<u>(180,933)</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, 2020

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 1,203,433	1,203,433	1,155,204	(48,229)
Intergovernmental	768,242	768,242	735,127	(33,115)
Interest	14,320	14,320	5,324	(8,996)
Total revenues	<u>1,985,995</u>	<u>1,985,995</u>	<u>1,895,655</u>	<u>(90,340)</u>
Expenditures:				
Current:				
Economic development	100,000	100,000	64,238	35,762
Debt service:				
Principal	380,000	380,000	385,000	(5,000)
Interest and fiscal charges	38,315	38,315	32,729	5,586
Bond issuance costs	-	-	21,084	(21,084)
Total expenditures	<u>518,315</u>	<u>518,315</u>	<u>503,051</u>	<u>15,264</u>
Excess of revenues over expenditures	<u>1,467,680</u>	<u>1,467,680</u>	<u>1,392,604</u>	<u>(75,076)</u>
Other financing sources (uses):				
Proceeds from issuance of bonds	-	-	970,000	(970,000)
Premium on issuance of bonds	-	-	90,751	(90,751)
Payments to refunding escrow agent	-	-	(1,039,505)	1,039,505
Transfers out	<u>(1,442,731)</u>	<u>(1,442,731)</u>	<u>(1,424,679)</u>	<u>18,052</u>
Net change in fund balance	24,949	24,949	(10,829)	(78,270)
Fund balance, October 1	<u>304,842</u>	<u>304,842</u>	<u>304,842</u>	<u>-</u>
Fund balance, September 30	<u>\$ 329,791</u>	<u>329,791</u>	<u>294,013</u>	<u>(78,270)</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 <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>	92
Revenue Capacity <i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	102
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	108
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	120
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the government provides and the activities it performs.</i>	124

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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Governmental activities				
Net investment in capital assets	\$ 14,748,004	14,506,537	14,681,745	16,461,658
Restricted	1,627,859	1,661,938	2,263,468	2,701,028
Unrestricted	<u>6,457,544</u>	<u>6,957,744</u>	<u>6,747,744</u>	<u>6,963,750</u>
Total governmental activities net position	<u>\$ 22,833,407</u>	<u>23,126,219</u>	<u>23,692,957</u>	<u>26,126,436</u>
Business-type activities				
Net investment in capital assets	\$ 16,962,666	16,439,528	17,681,536	18,121,998
Restricted	231,106	33,017	193,212	-
Unrestricted	<u>4,950,372</u>	<u>6,123,639</u>	<u>6,542,549</u>	<u>6,334,986</u>
Total business-type activities net position	<u>\$ 22,144,144</u>	<u>22,596,184</u>	<u>24,417,297</u>	<u>24,456,984</u>
Primary government				
Net investment in capital assets	\$ 31,710,670	30,946,065	32,363,281	34,583,656
Restricted	1,858,965	1,694,955	2,456,680	2,701,028
Unrestricted	<u>11,407,916</u>	<u>13,081,383</u>	<u>13,290,293</u>	<u>13,298,736</u>
Total primary government net position	<u>\$ 44,977,551</u>	<u>45,722,403</u>	<u>48,110,254</u>	<u>50,583,420</u>

Table I

Fiscal Year					
2015	2016	2017	2018	2019	2020
20,253,143	24,492,141	24,735,870	25,577,477	26,552,859	29,333,704
2,846,948	2,300,596	1,123,142	2,245,552	3,115,867	3,527,740
6,462,523	5,385,680	6,115,680	5,570,034	5,966,036	7,386,442
<u>29,562,614</u>	<u>32,178,417</u>	<u>31,974,692</u>	<u>33,393,063</u>	<u>35,634,762</u>	<u>40,247,886</u>
21,325,320	27,592,280	31,298,115	33,628,880	33,448,863	37,888,290
-	-	-	-	-	-
4,941,679	7,176,189	6,348,421	7,284,409	9,508,311	10,359,174
<u>26,266,999</u>	<u>34,768,469</u>	<u>37,646,536</u>	<u>40,913,289</u>	<u>42,957,174</u>	<u>48,247,464</u>
41,578,463	52,084,421	56,033,985	59,206,357	60,001,722	67,221,994
2,846,948	2,300,596	1,123,142	2,245,552	3,115,867	3,527,740
11,404,202	12,561,869	12,464,101	12,854,443	15,474,347	17,745,616
<u>55,829,613</u>	<u>66,946,886</u>	<u>69,621,228</u>	<u>74,306,352</u>	<u>78,591,936</u>	<u>88,495,350</u>

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

	2011	2012	2013	2014
Expenses				
Governmental activities:				
General government	\$ 1,312,897	1,384,187	1,379,902	1,542,268
Public safety	5,513,342	5,646,348	6,081,978	6,274,184
Highways and streets	1,786,877	1,878,313	1,918,580	1,979,832
Planning	416,266	340,545	389,280	349,526
Culture and recreation	1,779,825	1,940,672	1,562,517	1,700,193
Solid waste	1,024,826	992,345	1,023,909	996,945
Economic development	609,974	456,987	231,829	461,622
Maintenance	343,480	448,480	444,230	400,394
Interest	408,622	387,912	466,056	552,290
Total governmental activities expenses	<u>13,196,109</u>	<u>13,475,789</u>	<u>13,498,281</u>	<u>14,257,254</u>
Business-type activities:				
Water and sewer	5,405,274	5,586,624	5,689,098	5,577,444
Drainage	167,411	207,911	253,212	312,075
Total business-type activities expenses	<u>5,572,685</u>	<u>5,794,535</u>	<u>5,942,310</u>	<u>5,889,519</u>
Total primary government expenses	<u>\$ 18,768,794</u>	<u>19,270,324</u>	<u>19,440,591</u>	<u>20,146,773</u>
Program Revenues				
Governmental activities:				
Charges for services:				
Public safety	\$ 1,252,269	1,544,949	1,503,586	1,577,432
Planning	122,596	163,410	223,636	205,792
Culture and recreation	40,416	43,835	57,923	71,857
Solid waste	1,137,155	1,166,276	1,198,447	1,191,335
Operating grants and contributions	829,734	640,097	645,933	646,637
Capital grants and contributions	1,864,243	805,335	1,113,389	2,283,115
Total governmental activities program revenues	<u>5,246,413</u>	<u>4,363,902</u>	<u>4,742,914</u>	<u>5,976,168</u>
Business-type activities:				
Charges for services:				
Water and sewer	6,033,244	5,833,008	5,914,912	5,550,825
Drainage	350,856	349,273	360,008	367,956
Capital grants and contributions	730,798	377,895	1,242,591	348,298
Total business-type activities program revenues	<u>7,114,898</u>	<u>6,560,176</u>	<u>7,517,511</u>	<u>6,267,079</u>
Total primary government program revenues	<u>\$ 12,361,311</u>	<u>10,924,078</u>	<u>12,260,425</u>	<u>12,243,247</u>
Net (expense)/revenue				
Governmental activities	\$ (7,949,696)	(9,111,887)	(8,755,367)	(8,281,086)
Business-type activities	<u>1,542,213</u>	<u>765,641</u>	<u>1,575,201</u>	<u>377,560</u>
Total primary government net expense	<u>\$ (6,407,483)</u>	<u>(8,346,246)</u>	<u>(7,180,166)</u>	<u>(7,903,526)</u>

Table II

Fiscal Year					
2015	2016	2017	2018	2019	2020
1,534,183	1,689,517	1,717,750	1,708,939	1,922,535	2,148,096
6,513,269	7,542,557	7,270,358	7,583,124	7,732,691	7,549,450
2,176,849	2,092,553	3,595,036	3,048,186	2,931,121	2,901,276
352,821	346,111	394,218	376,194	420,375	461,414
1,873,363	2,174,373	2,288,188	2,231,611	2,263,114	2,338,802
1,039,691	1,096,528	1,149,978	1,233,457	1,375,670	1,446,642
180,440	209,272	456,739	20,538	254,749	332,050
398,974	432,894	499,933	551,823	620,433	657,567
540,242	524,277	530,523	500,946	444,005	415,010
<u>14,609,832</u>	<u>16,108,082</u>	<u>17,902,723</u>	<u>17,254,818</u>	<u>17,964,693</u>	<u>18,250,307</u>
5,912,553	6,612,667	7,587,275	7,292,722	7,399,552	7,914,735
280,317	438,375	467,002	583,665	518,216	520,771
<u>6,192,870</u>	<u>7,051,042</u>	<u>8,054,277</u>	<u>7,876,387</u>	<u>7,917,768</u>	<u>8,435,506</u>
<u>20,802,702</u>	<u>23,159,124</u>	<u>25,957,000</u>	<u>25,131,205</u>	<u>25,882,461</u>	<u>26,685,813</u>
1,744,958	1,656,931	1,724,140	1,256,344	1,284,306	84,653
188,172	221,395	331,412	249,596	265,243	234,209
76,672	83,249	84,260	100,485	118,731	47,610
1,207,841	1,271,762	1,330,093	1,411,823	1,567,214	1,677,146
747,749	1,044,637	1,031,482	935,743	1,004,165	2,318,475
3,758,025	2,783,748	1,756,063	1,960,463	2,186,550	3,183,589
<u>7,723,417</u>	<u>7,061,722</u>	<u>6,257,450</u>	<u>5,914,454</u>	<u>6,426,209</u>	<u>7,545,682</u>
6,164,279	6,898,744	7,857,459	8,506,124	8,467,402	9,002,210
360,021	377,991	389,231	452,795	492,638	517,462
1,764,757	8,588,839	3,296,277	2,404,750	1,104,514	4,624,032
<u>8,289,057</u>	<u>15,865,574</u>	<u>11,542,967</u>	<u>11,363,669</u>	<u>10,064,554</u>	<u>14,143,704</u>
<u>16,012,474</u>	<u>22,927,296</u>	<u>17,800,417</u>	<u>17,278,123</u>	<u>16,490,763</u>	<u>21,689,386</u>
(6,886,415)	(9,046,360)	(11,645,273)	(11,340,364)	(11,538,484)	(10,704,625)
<u>2,096,187</u>	<u>8,814,532</u>	<u>3,488,690</u>	<u>3,487,282</u>	<u>2,146,786</u>	<u>5,708,198</u>
<u>(4,790,228)</u>	<u>(231,828)</u>	<u>(8,156,583)</u>	<u>(7,853,082)</u>	<u>(9,391,698)</u>	<u>(4,996,427)</u>

(continued)

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

	2011	2012	2013	2014
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	\$ 4,791,388	4,954,391	5,257,077	5,581,133
Sales taxes	2,323,032	2,763,063	2,874,792	3,069,314
Franchise taxes	1,110,063	1,062,958	1,075,453	1,183,602
Hotel/motel taxes	154,071	151,802	162,989	177,932
Alcoholic beverage taxes	29,065	28,868	31,378	40,579
Unrestricted investment earnings	14,386	12,431	11,439	13,715
Miscellaneous	229,790	102,342	130,986	88,762
Gain on sale of capital assets	3,833	-	6,351	191,869
Transfers	1,081,636	328,844	(228,360)	367,659
Total governmental activities	<u>9,737,264</u>	<u>9,404,699</u>	<u>9,322,105</u>	<u>10,714,565</u>
Business-type activities:				
Unrestricted investment earnings	6,684	6,362	6,189	5,118
Miscellaneous	1,316	-	-	-
Gain (loss) on sale of capital assets	10,286	-	11,363	24,668
Transfers	(1,081,636)	(328,844)	228,360	(367,659)
Total business-type activities	<u>(1,063,350)</u>	<u>(322,482)</u>	<u>245,912</u>	<u>(337,873)</u>
Total primary government	<u>\$ 8,673,914</u>	<u>9,082,217</u>	<u>9,568,017</u>	<u>10,376,692</u>
Change in Net Position				
Governmental activities	\$ 1,787,568	292,812	566,738	2,433,479
Business-type activities	<u>478,863</u>	<u>443,159</u>	<u>1,821,113</u>	<u>39,687</u>
Total primary government	<u>\$ 2,266,431</u>	<u>735,971</u>	<u>2,387,851</u>	<u>2,473,166</u>

Table II
(Continued)

Fiscal Year					
2015	2016	2017	2018	2019	2020
5,916,916	6,355,718	6,608,619	7,014,638	7,417,023	8,374,239
3,205,411	3,155,659	3,276,982	3,510,105	3,573,712	4,085,122
1,148,273	1,171,669	1,164,334	1,248,967	1,252,492	1,243,128
157,454	147,230	167,691	162,032	189,851	172,435
39,204	38,434	40,811	46,951	55,115	43,241
28,003	42,668	113,232	168,241	281,580	146,401
102,773	399,537	276,195	355,287	312,387	564,626
36,937	17,821	(981,302)	-	140,266	89,331
294,516	333,427	774,986	503,778	557,757	599,226
<u>10,929,487</u>	<u>11,662,163</u>	<u>11,441,548</u>	<u>13,009,999</u>	<u>13,780,183</u>	<u>15,317,749</u>
16,624	33,343	149,443	285,490	369,904	167,618
-	-	-	2,637	5,481	-
108,079	(36,600)	14,920	43,061	36,007	13,700
<u>(294,516)</u>	<u>(309,805)</u>	<u>(774,986)</u>	<u>(503,778)</u>	<u>(514,293)</u>	<u>(599,226)</u>
<u>(169,813)</u>	<u>(313,062)</u>	<u>(610,623)</u>	<u>(172,590)</u>	<u>(102,901)</u>	<u>(417,908)</u>
<u>10,759,674</u>	<u>11,349,101</u>	<u>10,830,925</u>	<u>12,837,409</u>	<u>13,677,282</u>	<u>14,899,841</u>
4,043,072	2,615,803	(203,725)	1,669,635	2,241,699	4,613,124
<u>1,926,374</u>	<u>8,501,470</u>	<u>2,878,067</u>	<u>3,314,692</u>	<u>2,043,885</u>	<u>5,290,290</u>
<u>5,969,446</u>	<u>11,117,273</u>	<u>2,674,342</u>	<u>4,984,327</u>	<u>4,285,584</u>	<u>9,903,414</u>

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

		<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General fund					
Nonspendable prepaid expenses	\$	4,925	6,102	6,112	7,519
Restricted for:					
Public access facilities		96,665	124,571	151,474	177,076
Public safety		25,636	43,355	23,560	20,370
Cemetery		-	3,077	3,080	3,082
Assigned to:					
Civil service sick pay and appeals		632,220	711,366	705,931	722,099
Other purposes		35,466	12,668	10,141	17,163
Unreserved/Unassigned		<u>3,989,030</u>	<u>4,538,665</u>	<u>5,127,544</u>	<u>4,657,271</u>
Total general fund	\$	<u><u>4,783,942</u></u>	<u><u>5,439,804</u></u>	<u><u>6,027,842</u></u>	<u><u>5,604,580</u></u>
All other governmental funds					
Restricted for:					
Debt service	\$	281,757	269,913	274,764	172,923
Capital projects		524,116	893,851	7,830,392	6,314,205
Economic development		396,908	637,476	1,094,866	1,596,879
Public access facilities		-	-	-	-
Public safety		99,887	157,635	75,232	137,804
Other purposes		14,259	23,280	31,355	36,416
Committed to:					
Capital projects		1,426,410	435,769	415,864	-
Economic development		5,822	24,696	24,750	20,730
Assigned to:					
Capital projects		1,661,041	1,644,454	784,081	1,763,345
Other purposes		-	-	-	-
Unassigned		<u>(7)</u>	<u>(7)</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	\$	<u><u>4,410,193</u></u>	<u><u>4,087,067</u></u>	<u><u>10,531,304</u></u>	<u><u>10,042,302</u></u>

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

Table III

Fiscal Year					
2015	2016	2017	2018	2019	2020
8,169	7,829	4,409	6,699	7,392	7,511
204,307	233,434	264,425	299,494	-	-
10,894	10,995	10,936	4,693	-	-
3,106	3,115	3,140	3,189	-	-
719,391	704,950	824,834	785,547	759,785	872,000
29,511	32,233	35,744	33,658	44,522	40,479
4,768,975	5,029,559	5,104,032	5,122,832	5,077,904	7,128,597
<u>5,744,353</u>	<u>6,022,115</u>	<u>6,247,520</u>	<u>6,256,112</u>	<u>5,889,603</u>	<u>8,048,587</u>
132,462	158,685	169,940	306,462	236,154	30,511
5,310,080	4,484,401	1,310,998	-	1,673,625	2,199,282
1,826,018	1,192,880	541,585	1,434,099	590,801	650,597
-	-	-	-	335,911	368,665
114,421	162,757	68,645	133,575	184,467	181,800
42,959	36,293	37,976	36,898	45,857	62,511
-	-	-	-	-	-
23,859	21,680	7,034	5,082	43,650	33,816
1,617,003	1,088,912	1,912,218	1,985,455	2,415,820	1,959,629
-	-	-	-	-	49,660
(1,218)	(4,830)	(584)	(96,497)	(20,364)	-
<u>9,065,584</u>	<u>7,140,778</u>	<u>4,047,812</u>	<u>3,805,074</u>	<u>5,505,921</u>	<u>5,536,471</u>

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

	2011	2012	2013	2014
Revenues				
Taxes	\$ 8,415,055	8,948,717	9,406,650	10,051,287
Licenses and permits	122,596	163,410	223,636	205,792
Intergovernmental	1,841,492	1,347,776	1,125,196	2,630,028
Charges for services	2,222,768	2,363,864	2,409,771	2,434,770
Fines	314,336	362,650	369,793	419,299
Rental	9,000	9,300	9,900	11,800
Interest	14,386	12,432	11,439	13,715
Contributions and donations	544,849	97,656	122,197	194,298
Payments in lieu of taxes	4,646	5,220	6,349	7,515
Miscellaneous	176,129	73,506	107,984	86,003
Total revenues	<u>13,665,257</u>	<u>13,384,531</u>	<u>13,792,915</u>	<u>16,054,507</u>
Expenditures				
General government	1,172,554	1,220,853	1,286,946	1,460,528
Public safety	4,934,983	5,220,652	5,848,468	5,963,512
Highways and streets	896,935	943,953	986,341	1,029,737
Planning	409,378	330,726	355,265	327,937
Culture and recreation	1,072,806	1,071,969	1,083,562	1,155,054
Solid waste	1,013,119	978,348	1,009,519	986,098
Economic development	609,915	456,987	231,829	461,622
Maintenance	343,456	339,382	396,470	391,983
Debt service				
Principal	540,345	564,058	584,067	629,399
Interest and fiscal charges	412,176	391,625	378,236	533,035
Bond issuance cost	-	-	80,000	-
Capital outlay	4,271,626	1,933,174	1,135,259	4,672,441
Total expenditures	<u>15,677,293</u>	<u>13,451,727</u>	<u>13,375,962</u>	<u>17,611,346</u>
Excess of revenues over (under) expenditures	<u>(2,012,036)</u>	<u>(67,196)</u>	<u>416,953</u>	<u>(1,556,839)</u>
Other financing sources (uses)				
Insurance proceeds	42,821	18,332	12,331	99,777
Sale of capital assets	16,446	52,756	6,351	177,139
Transfers in	2,196,218	895,629	765,463	2,616,554
Transfers out	(1,114,582)	(566,785)	(993,823)	(2,248,895)
Issuance of debt	-	-	6,825,000	-
Premium on issuance of debt	-	-	-	-
Payments to refunding escrow agent	-	-	-	-
Other uses	-	-	-	-
Total other financing sources (uses)	<u>1,140,903</u>	<u>399,932</u>	<u>6,615,322</u>	<u>644,575</u>
Net change in fund balances	<u>\$ (871,133)</u>	<u>332,736</u>	<u>7,032,275</u>	<u>(912,264)</u>
Debt service as a percentage of noncapital expenditures	8.35%	8.30%	7.86%	8.98%

Table IV

Fiscal Year					
2015	2016	2017	2018	2019	2020
10,467,602	10,878,885	11,259,914	11,969,151	12,467,060	13,868,310
188,172	221,395	331,412	249,596	265,243	234,209
3,308,812	2,523,212	1,122,211	1,155,895	2,514,469	2,232,140
2,526,593	2,589,725	2,743,579	2,692,984	2,216,309	1,911,644
377,875	389,614	333,039	301,237	384,661	308,271
15,600	14,300	-	-	-	-
28,003	44,564	113,232	168,241	281,580	146,401
279,926	406,507	267,036	270,332	240,789	86,335
9,164	9,489	9,532	9,375	9,118	10,333
93,967	385,988	277,542	359,222	314,712	345,091
<u>17,295,714</u>	<u>17,463,679</u>	<u>16,457,497</u>	<u>17,176,033</u>	<u>18,693,941</u>	<u>19,142,734</u>
1,475,263	1,588,236	1,598,483	1,665,115	1,777,826	2,038,418
6,278,268	6,492,045	6,521,897	7,030,556	6,936,055	6,890,563
1,061,613	924,047	2,362,584	1,561,526	1,294,284	1,271,603
337,730	325,475	379,528	360,172	391,355	441,831
1,196,792	1,281,494	1,430,633	1,585,759	1,587,938	1,620,003
1,027,958	1,079,976	1,123,844	1,205,209	1,342,432	1,429,589
186,379	209,272	456,739	20,538	254,749	332,050
363,981	388,027	452,052	507,201	545,038	602,186
733,112	841,824	906,824	1,010,538	1,104,250	1,217,963
541,331	533,119	510,588	413,177	459,583	379,357
15,234	-	35,682	1,527	-	121,174
6,366,845	5,841,144	4,439,128	4,790,466	2,409,366	1,657,426
<u>19,584,506</u>	<u>19,504,659</u>	<u>20,217,982</u>	<u>20,151,784</u>	<u>18,102,876</u>	<u>18,002,163</u>
<u>(2,288,792)</u>	<u>(2,040,980)</u>	<u>(3,760,485)</u>	<u>(2,975,751)</u>	<u>591,065</u>	<u>1,140,571</u>
18,601	25,360	49,458	26,065	46,753	245,800
31,775	35,149	18,480	41,186	138,763	81,546
1,715,681	1,576,500	2,458,921	2,412,836	3,439,234	1,723,042
(1,421,165)	(1,243,073)	(1,683,935)	(1,909,058)	(2,881,477)	(1,123,816)
1,070,000	-	50,000	2,170,576	-	5,575,000
-	-	-	-	-	521,559
-	-	-	-	-	(5,974,168)
36,955	-	-	-	-	-
<u>1,451,847</u>	<u>393,936</u>	<u>892,924</u>	<u>2,741,605</u>	<u>743,273</u>	<u>1,048,963</u>
<u>(836,945)</u>	<u>(1,647,044)</u>	<u>(2,867,561)</u>	<u>(234,146)</u>	<u>1,334,338</u>	<u>2,189,534</u>
9.76%	10.06%	9.90%	9.27%	9.96%	9.77%

Table V

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

<u>Fiscal Year</u>	<u>Property Tax (1)</u>	<u>Sales Tax</u>	<u>Franchise Tax</u>	<u>Hotel/Motel Occupancy Tax</u>	<u>Alcoholic Beverage Tax</u>	<u>Total</u>
2011	\$ 4,798,824	2,323,032	1,110,063	154,071	29,065	8,415,055
2012	4,942,026	2,763,063	1,062,958	151,802	28,868	8,948,717
2013	5,262,038	2,874,792	1,075,453	162,989	31,378	9,406,650
2014	5,579,766	3,069,314	1,183,601	177,932	40,579	10,051,193
2015	5,917,260	3,205,411	1,148,273	157,454	39,204	10,467,602
2016	6,365,893	3,155,659	1,171,669	147,230	38,434	10,878,885
2017	6,610,096	3,276,982	1,164,334	167,691	40,811	11,259,914
2018	7,001,096	3,510,105	1,248,967	162,032	46,951	11,969,151
2019	7,395,890	3,573,712	1,252,492	189,851	55,115	12,467,060
2020	8,324,384	4,085,122	1,243,128	172,435	43,241	13,868,310

(1) Includes penalty and interest on delinquent taxes

Table VI

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

<u>Fiscal Year</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Less: Tax Exempt Real Property</u>	<u>Total Taxable Assessed Value (1)</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Value</u>	<u>Assessed Value as a Percentage of Actual Value</u>
2011	\$ 889,165,112	111,080,240	256,163,778	744,081,574	0.6550	1,000,245,352	74.39
2012	939,902,073	116,782,078	290,281,154	766,402,997	0.6540	1,056,684,151	72.53
2013	994,174,474	118,978,673	319,861,069	793,292,078	0.6598	1,113,153,147	71.27
2014	1,049,244,023	126,395,393	339,741,389	835,898,027	0.6598	1,175,639,416	71.10
2015	1,121,372,112	135,697,284	365,720,828	891,348,568	0.6598	1,257,069,396	70.91
2016	1,194,906,878	140,316,184	389,625,934	945,597,128	0.6598	1,335,223,062	70.82
2017	1,248,553,794	155,840,630	406,696,183	997,698,241	0.6598	1,404,394,424	71.04
2018	1,321,908,127	155,385,438	415,368,611	1,061,924,954	0.6598	1,477,293,565	71.88
2019	1,400,751,130	151,104,575	432,772,362	1,119,083,343	0.6598	1,551,855,705	72.11
2020	1,689,641,888	159,858,069	585,886,234	1,263,613,723	0.6598	1,849,499,957	68.32

Source: Bell County Appraisal District

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

Table VII

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

	City of Belton			Overlapping Rates				Total Direct and Overlapping Rates
Fiscal Year	Operating Rate	Debt Service Rate	Total Rate	Bell County	Belton I.S.D.	Clear Water Underground Water Cons. District	Bell County WCID #6	
TAX RATES (Per \$100 assessed value)								
2011	0.5397	0.1153	0.6550	0.4119	1.4210	0.0040	-	2.4919
2012	0.5405	0.1135	0.6540	0.4395	1.4060	0.0040	-	2.5035
2013	0.5488	0.1110	0.6598	0.4511	1.5210	0.0040	-	2.6359
2014	0.5488	0.1110	0.6598	0.4511	1.4500	0.0040	-	2.5649
2015	0.5425	0.1173	0.6598	0.4511	1.4400	0.0040	-	2.5549
2016	0.5332	0.1266	0.6598	0.4511	1.4400	0.0040	-	2.5549
2017	0.5393	0.1205	0.6598	0.4511	1.4400	0.0039	0.0300	2.5848
2018	0.5545	0.1053	0.6598	0.4511	1.6030	0.0038	0.0300	2.7477
2019	0.5650	0.0948	0.6598	0.4511	1.6030	0.0038	0.0300	2.7477
2020	0.5712	0.0886	0.6598	0.4500	1.4651	0.0036	0.0297	2.6082

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	2020			2011		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
River Springs at Barge Ranch, LP	\$ 23,820,992	1	1.89	-		-
Turtle Creek Investments	17,926,896	2	1.42 %	\$ 12,994,422	2	1.75 %
Oncor Electric Delivery	15,927,336	3	1.26	10,754,445	3	1.45
Chappell Hill Equity III	12,734,256	4	1.01	5,905,211	5	0.79
Legacy Landing Group	12,118,614	5	0.96	-		-
Colonial Crossing Company	11,106,429	6	0.88	-		-
Bridon Bekeart	9,324,763	7	0.74	-		-
Stratasys Direct Manufacturing	8,241,540	8	0.65	-		-
Wal-Mart	7,298,664	9	0.58	14,584,822	1	1.96
HEB Grocery Company	6,838,152	10	0.54	3,613,595	9	0.49
CMH Manufacturing	-			8,329,390	4	1.12
James Construction	-		-	4,998,826	6	0.67
Tarco of Texas	-		-	3,872,002	7	0.52
Airgas Southwest, Inc.	-		-	3,821,954	8	0.51
Southwestern Bell Telephone Co.	-		-	3,464,328	10	0.47
Totals	\$ 125,337,642		9.92 %	\$ 72,338,995		9.73 %

Source: Bell County Appraisal District

Table IX

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

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2011	4,873,734	4,755,548	97.58	71,492	4,827,040	99.04
2012	5,012,276	4,915,146	98.06	70,615	4,985,761	99.47
2013	5,234,142	5,124,859	97.91	84,528	5,209,387	99.53
2014	5,508,036	5,426,284	98.52	63,624	5,489,908	99.67
2015	5,904,297	5,780,783	97.91	72,792	5,853,575	99.14
2016	6,239,069	6,213,465	99.59	51,542	6,265,007	100.42
2017	6,582,814	6,493,885	98.65	51,164	6,545,049	99.43
2018	7,007,073	6,881,333	98.21	53,116	6,934,449	98.96
2019	7,383,713	7,282,464	98.63	16,343	7,298,807	98.85
2020	8,337,395	8,181,665	98.13	-	8,181,665	98.13

Source: Finance Department, City of Belton, Texas



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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Governmental activities				
General Obligation Bonds	\$ 5,050,000	4,706,630	4,415,000	4,060,000
General Obligation Premium	-	-	-	-
Certificates of Obligation	4,792,113	4,571,425	11,103,988	10,829,588
Certificates of Obligation Premium	-	-	-	-
Total governmental activities	<u>9,842,113</u>	<u>9,278,055</u>	<u>15,518,988</u>	<u>14,889,588</u>
Business-type activities				
General Obligation Bonds	1,476,650	1,219,000	956,350	682,800
General Obligation Premium	-	-	-	-
Certificates of Obligation	5,107,887	4,861,945	4,606,012	4,315,409
Certificates of Obligation Premium	-	-	-	-
Capital Leases	<u>37,854</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>6,622,391</u>	<u>6,080,945</u>	<u>5,562,362</u>	<u>4,998,209</u>
Total primary government	<u>\$ 16,464,504</u>	<u>15,359,000</u>	<u>21,081,350</u>	<u>19,887,797</u>
Percentage of Personal Income (1)	4.25	3.88	5.24	4.82
Per Capita (1)	885	809	1,092	1,004

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.

Table X

Fiscal Year					
2015	2016	2017	2018	2019	2020
3,695,000	3,320,000	2,930,000	2,525,000	3,830,000	8,340,000
-	-	-	-	-	521,559
11,531,476	11,064,651	10,597,826	12,177,288	9,768,039	3,710,076
36,955	33,301	30,436	92,312	82,248	26,429
<u>15,263,431</u>	<u>14,417,952</u>	<u>13,558,262</u>	<u>14,794,600</u>	<u>13,680,287</u>	<u>12,598,064</u>
406,300	126,850	1,350,000	1,180,000	1,015,000	855,000
-	-	-	-	-	-
12,603,518	11,945,343	19,327,168	18,337,550	17,706,956	16,844,919
296,853	267,819	517,240	472,055	427,852	384,719
-	-	-	-	-	-
<u>13,306,671</u>	<u>12,340,012</u>	<u>21,194,408</u>	<u>19,989,605</u>	<u>19,149,808</u>	<u>18,084,638</u>
<u>28,570,102</u>	<u>26,757,964</u>	<u>34,752,670</u>	<u>34,784,205</u>	<u>32,830,095</u>	<u>30,682,702</u>
6.68	5.45	6.91	6.58	5.82	4.99
1,393	1,261	1,600	1,576	1,457	1,344

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Debt:				
General Obligation	\$ 6,526,650	5,925,630	5,371,350	4,742,800
Certificate of Obligation	<u>9,900,000</u>	<u>9,433,370</u>	<u>15,710,000</u>	<u>15,144,997</u>
Total Debt	<u><u>16,426,650</u></u>	<u><u>15,359,000</u></u>	<u><u>21,081,350</u></u>	<u><u>19,887,797</u></u>
Less: Self-Supported Debt (1)	<u>(6,584,537)</u>	<u>(6,080,945)</u>	<u>(5,562,362)</u>	<u>(4,998,209)</u>
Gross Tax-Supported Debt	9,842,113	9,278,055	15,518,988	14,889,588
Less: Amounts available in Debt Service Fund	<u>(281,757)</u>	<u>(269,914)</u>	<u>(274,764)</u>	<u>(172,923)</u>
Net Tax-Supported Debt	<u><u>\$ 9,560,356</u></u>	<u><u>9,008,141</u></u>	<u><u>15,244,224</u></u>	<u><u>14,716,665</u></u>
Percentage of Taxable Value (2) of Property	1.28	1.18	1.92	1.76
Per Capita (3)	514	475	789	743

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

(1) Debt that is fully supported by revenue derived from service fees, such as water and sewer charges.

(2) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

(3) Population data can be found in the Schedule of Demographic and Economic Statistics.

Table XI

Fiscal Year					
2015	2016	2017	2018	2019	2020
4,101,300	3,446,850	4,280,000	3,705,000	4,845,000	9,716,559
24,468,802	23,311,114	30,472,669	31,079,205	27,985,095	20,966,143
<u>28,570,102</u>	<u>26,757,964</u>	<u>34,752,669</u>	<u>34,784,205</u>	<u>32,830,095</u>	<u>30,682,702</u>
<u>(13,306,671)</u>	<u>(12,340,012)</u>	<u>(21,194,408)</u>	<u>(19,989,605)</u>	<u>(19,149,808)</u>	<u>(18,084,638)</u>
15,263,431	14,417,952	13,558,261	14,794,600	13,680,287	12,598,064
<u>(132,462)</u>	<u>(158,685)</u>	<u>(169,940)</u>	<u>(306,462)</u>	<u>(236,154)</u>	<u>(30,511)</u>
<u>15,130,969</u>	<u>14,259,267</u>	<u>13,388,321</u>	<u>14,488,138</u>	<u>13,444,133</u>	<u>12,567,553</u>
1.70	1.51	1.34	1.36	1.20	0.99
737	672	616	656	597	550

Table XII

City of Belton, Texas
Direct and Overlapping Governmental Activities Debt
General Obligation Bonds
September 30, 2020

<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>12,598,064</u> (1)	100.00 %	\$ <u>12,598,064</u>
Total direct	<u>12,598,064</u>		<u>12,598,064</u>
Overlapping:			
Belton Economic Development Corp.	-	100.00	-
Belton Independent School District	236,535,000	35.21	83,283,974
Bell County	<u>104,405,000</u>	7.22	<u>7,538,041</u>
Total overlapping	<u>340,940,000</u>		<u>90,822,015</u>
Total direct and overlapping debt	\$ <u><u>353,538,064</u></u>		\$ <u><u>103,420,079</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 \$18,084,638 of self-supported 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, 2020

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 2020 tax roll	\$ 1,263,613,723
Limit on amount designated for debt service	<u>1.50%</u>
Legal debt limit	\$ <u><u>18,954,206</u></u>
Actual amount expended for general obligation debt service during the year ended September 30, 2020	\$ <u><u>1,279,681</u></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
2011	6,390,784	3,557,957	2,832,827	520,100	275,263	795,363	3.56
2012	6,188,643	3,747,788	2,440,855	503,592	254,718	758,310	3.22
2013	6,281,109	3,868,827	2,412,282	518,583	237,980	756,563	3.19
2014	5,923,899	3,960,108	1,963,791	564,150	220,573	784,723	2.50
2015	6,540,924	4,129,183	2,411,741	583,388	254,731	838,119	2.88
2016	7,310,078	4,369,003	2,941,075	937,625	403,991	1,341,616	2.19
2017	8,396,133	4,563,938	3,832,195	1,000,025	553,246	1,553,271	2.47
2018	8,958,919	4,340,736	4,618,183	959,462	602,937	1,562,399	2.96
2019	8,960,040	4,229,801	4,730,239	995,750	575,379	1,571,129	3.01
2019	9,519,672	4,533,866	4,985,806	1,022,037	547,504	1,569,541	3.18

Source: Finance Department, City of Belton, Texas

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



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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Operating and Nonoperating Revenue:				
Water and Sewer System	\$ 6,000,318	5,795,849	5,877,848	5,509,407
Miscellaneous	32,926	37,159	37,064	41,418
Interest	<u>6,212</u>	<u>5,995</u>	<u>5,747</u>	<u>4,522</u>
Total	<u>\$ 6,039,456</u>	<u>5,839,003</u>	<u>5,920,659</u>	<u>5,555,347</u>
Operating Expense:				
Water and Sewer System (1)	<u>\$ 3,460,787</u>	<u>3,621,282</u>	<u>3,709,426</u>	<u>3,752,620</u>

(1) Excludes depreciation expense

Table XV

Fiscal Year					
<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
6,091,702	6,835,792	7,783,829	8,428,213	8,363,409	8,944,606
72,577	62,952	73,630	77,911	103,993	57,604
<u>15,458</u>	<u>31,245</u>	<u>145,006</u>	<u>280,776</u>	<u>361,503</u>	<u>161,857</u>
<u><u>6,179,737</u></u>	<u><u>6,929,989</u></u>	<u><u>8,002,465</u></u>	<u><u>8,786,900</u></u>	<u><u>8,828,905</u></u>	<u><u>9,164,067</u></u>
<u><u>3,982,815</u></u>	<u><u>4,081,368</u></u>	<u><u>4,270,249</u></u>	<u><u>3,978,863</u></u>	<u><u>3,947,597</u></u>	<u><u>4,263,557</u></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
Turtle Creek Village	Multi-Family Housing
Belton ISD	Public Education
Belle Oaks Apartments	Multi-Family Housing
Legacy Landing	Multi-Family Housing
Belton Housing Authority	Multi-Family Housing
Riversprings at Barge Ranch	Multi-Family Housing
Colonial Crossing Apartments	Multi-Family Housing
Bell County Expo Center	Exposition Center
College View Apartments	Multi-Family Housing
College View Apartments	Multi-Family Housing
Totals	

Source: Finance Department, City of Belton, Texas

Table XVI

2020			2011		
Annual Sales	Rank	Percentage of Total Sales	Annual Sales	Rank	Percentage of Total Sales
\$ 694,321	1	13.24 %	\$ 280,074	1	7.29 %
373,322	2	7.12	91,664	4	2.39
178,315	3	3.40	95,177	3	2.48
155,876	4	2.97	152,652	2	3.97
128,320	5	2.45	61,664	5	1.61
102,137	6	1.95	47,300	7	1.23
90,599	7	1.73	49,125	6	1.28
88,501	8	1.69	-		-
76,805	9	1.46	-		-
61,264	10	1	24,676	10	0.64
-		-	42,335	8	1.1
-		-	33,843	9	0.88
<hr/>			<hr/>		
\$ 1,949,460		37.18 %	\$ 878,510		22.87 %
<hr/>			<hr/>		

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>
2011	18,600 @	387,754,200	20,847 #	29 #	9,232	8.0
2012	18,981 @	395,696,907	20,847 #	29 #	9,509	6.8
2013	19,314 @	402,638,958	20,847 #	29 #	9,896	7.0
2014	19,809 @	412,958,223	20,847 #	29 #	10,305	6.0
2015	20,517 @	427,717,899	20,847 #	29 #	10,488	4.8
2016	21,214 @	490,913,174	23,141 #	29 #	10,828	4.8
2017	21,721 @	502,645,661	23,141 #	36 &	11,077	4.3
2018	22,078 @	528,591,476	23,942 #	28 #	11,488	4.0
2019	22,532 @	563,998,492	25,031 #	28 #	11,681	3.6
2020	22,833 @	615,166,686	26,942 #	28 #	12,186	7.4

Data Sources:

* Belton Independent School District

** Texas Workforce Commission

@ City of Belton

U.S. Census Bureau

^ Bureau of Labor Statistics

& Retail Coach Demographic Profile

Table XVIII

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

	<u>2020</u>		<u>2011</u>	
<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>
Belton Independent School District	1,811	1	1,400	1
Bell County	1,168	2	1,074	2
University of Mary Hardin Baylor	671	3	377	3
TruMH (a Clayton Homes Co)	460	4	-	
HEB Grocery	359	5	126	10
CGI	268	6	-	
Wolff Construction	253	7	-	
Wal-Mart	246	8	370	4
Cedar Crest Hospital & Clinic	245	9	160	7
United Parcel Service	212	10	-	
James Construction Group	-		200	5
Belco Manufacturing	-		165	6
City of Belton	-		152	8
Custom Printing	-		151	9
	<u>-</u>		<u>151</u>	
Total	<u>5,693</u>		<u>4,175</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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government	15	16	18	18	19	16	15	15	15	16
Public safety:										
Police:										
Officers	29	30	32	32	35	35	35	35	36	37
Civilians	9	10	10	10	11	11	12	13	12	13
Fire:										
Firefighters and officers	32	32	32	32	33	33	33	33	33	27
Civilians	1	1	1	1	1	2	2	2	2	1
Highways and streets	9	9	9	9	9	9	8	8	8	7
Planning	6	4	4.5	4.5	4.5	4.5	6.5	6.5	6.5	7.8
Culture and recreation	17	17	17	17	17	18	19	19	19	20
Solid waste	1	1	1	1	1	1	1	1	1	1
Maintenance	7	7	8	8	8	7	9	9	9	9
Water and sewer	21	21	21	22	22	24	23	25	25	28
Economic development	3	2	2	2	2	2.5	2.5	2.5	2.5	2.5
Drainage	2	2	2	2	2	3	3	3	3	4
Total	<u>152</u>	<u>152</u>	<u>158</u>	<u>158.5</u>	<u>164.5</u>	<u>166.0</u>	<u>168.5</u>	<u>171.5</u>	<u>171.5</u>	<u>173.3</u>

Source: Finance Department, City of Belton, Texas

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

Function	2011	2012	2013	2014
Police:				
Alarms responded to	1,222	1,202	1,100	1,350
Calls for service	36,740	40,829	48,500	50,000
Inspections *	-	-	-	-
Citations issued *	-	-	-	-
Fire:				
Fires	162	66	113	123
Inspections	271	355	143	165
Investigations	31	53	27	43
Highways and streets:				
Signs erected	910	304	492	460
Planning:				
Permits issued	1,532	1,297	806	1,725
Inspections	2,205	2,200	2,372	3,760
Culture and recreation:				
Library circulation	58,415	61,670	65,072	86,624
Maintenance:				
Work orders completed	1,854	1,367	1,398	2,758
Water:				
New connections	93	166	94	175
Water main breaks	22	31	27	35
Average daily water consumption (millions of gallons)	2.66	3.06	2.93	3.09
Sewer:				
Average daily sewage treatment (millions of gallons)	1.18	1.31	1.32	1.53

Sources: Various city departments.

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

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

Table XX

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
1,050	1,300	1,101	925	1,100	1,150
39,322	38,642	36,805	36,658	35,800	33,400
-	-	-	1,831	2,012	2,950
-	-	-	3	10	8
130	67	127	81	99	100
175	200	249	235	99	175
50	45	13	21	35	27
496	580	254	275	400	393
1,210	1,360	2,518	2,541	2,489	2,801
2,290	2,640	4,842	4,837	4,982	5,711
88,694	83,869	84,607	90,076	87,023	58,122
1,476	2,406	2,803	2,658	1,469	2,425
150	204	270	335	385	422
15	17	10	18	15	18
2.78	2.91	3.06	3.09	2.69	3.00
1.77	1.86	1.53	1.27	1.73	1.78

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

Function	2011	2012	2013	2014
Public safety:				
Police:				
Stations	1	1	1	1
Substations	1	1	1	1
Patrol units	14	14	14	15
Fire stations	2	2	2	2
Highways and streets:				
Streets (miles)	119	121	122	106
Culture and recreation:				
Parks acreage	189	189	194	194
Playgrounds	16	16	17	15
Ball fields	14	14	14	15
Trails (miles)	4	4	5	7
Water:				
Service connections	5,785	5,902	6,065	6,105
Water mains (miles)	116	117	119	121
Water pump stations	2	2	2	2
Fire hydrants	840	843	870	890
Plant capacity	7	7	7	8
(millions of gallons)				
Sewer:				
Service connections	4,245	4,351	4,358	4,782
Sanitary sewers (miles)	108	130	133	134
Number of lift stations	15	16	15	17
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>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
1	1	1	1	1	1
1	1	1	1	1	1
15	17	17	20	21	23
2	2	2	2	2	2
107	109	111	115	115	117
174	177	186	275	349	349
18	18	18	18	18	18
15	15	15	15	15	15
7	4	4	4	5	5
6,387	6,324	6,596	6,885	7,729	8,566
144	146	152	156	160	162
2	2	2	2	2	2
1,016	1,043	1,098	1,138	1,188	1,208
8	8	8	8	8	8
4,750	4,843	5,068	5,332	5,702	6,020
135	149	112	114	118	119
18	18	17	17	17	17
3	3	3	3	3	3

