

CITY OF BELTON, MISSOURI

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE YEAR ENDED
MARCH 31, 2006**

Prepared by: Finance Department

CITY OF BELTON, MISSOURI

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CITY OF BELTON, MISSOURI

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City of Belton, Missouri

Principal Officials

MAYOR/BOARD OF ALDERMEN

Jimmy Odom	Mayor
Perry Gough	Ward I
Bobby Davidson.....	Ward I
David Brown	Ward II
Justin Neff.....	Ward II
Albert Hoag.....	Ward III
Everett Loughridge.....	Ward III
Tim Savage.....	Ward IV
Gary Lathrop	Ward IV

OTHER ELECTED OFFICIALS

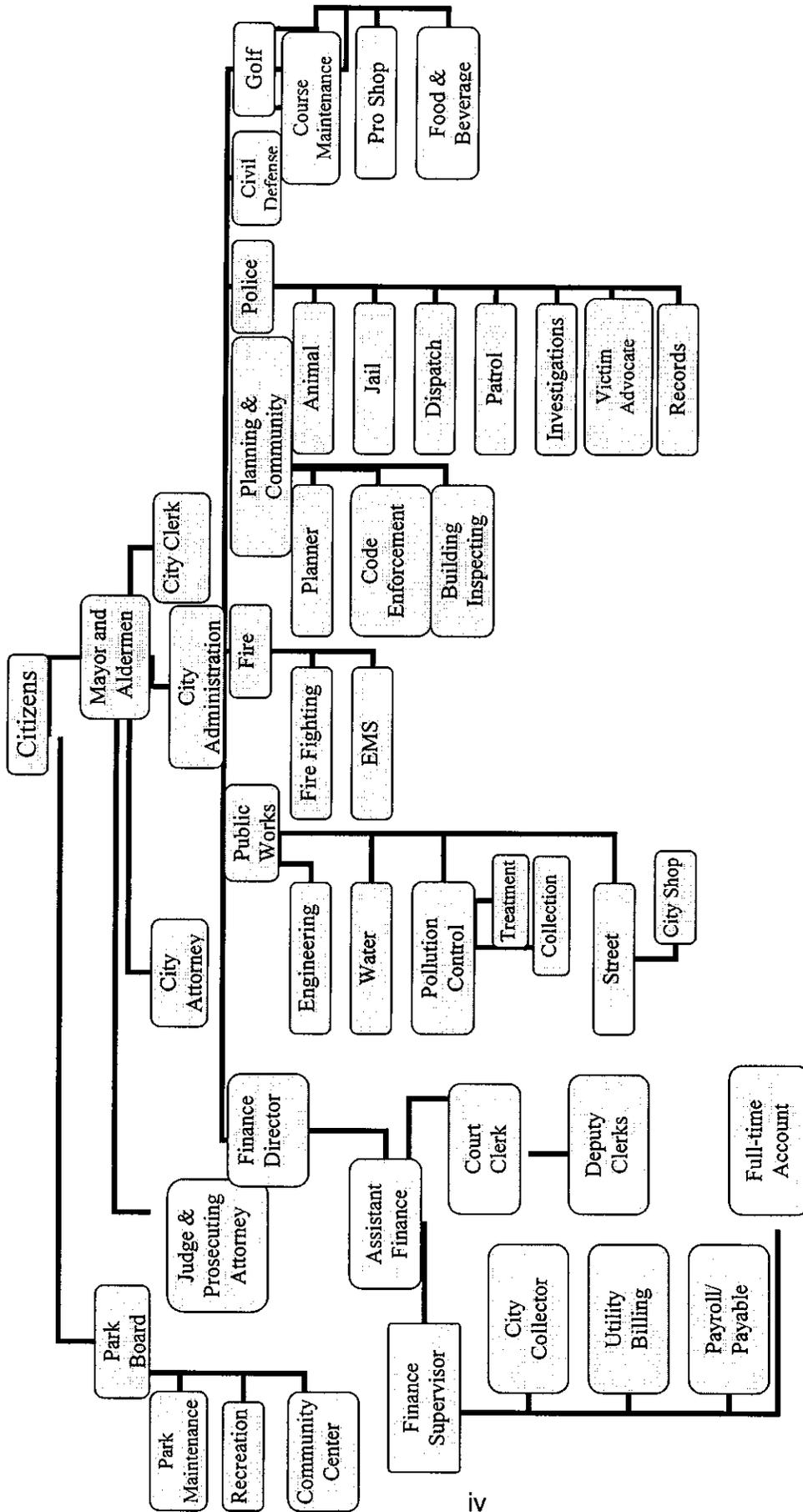
Fred Buchanan	City Collector
James Person	Police Chief

ADMINISTRATION

Ron Trivitt	City Administrator
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Independent Certified Public Accountants	Troutt, Beeman & Co., P.C.
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City of Belton, Missouri
Organization Chart





CITY OF BELTON

506 Main Street
P.O. Box 230
Belton, MO 64012
(816) 331-4331
Fax (816) 322-4620

September 15, 2006

HONORABLE MAYOR, BOARD OF ALDERMEN, AND CITY ADMINISTRATOR:

The Finance Department is pleased to present this Comprehensive Annual Financial Report (CAFR) of the City of Belton, Missouri, for the fiscal year ended March 31, 2006. This report is required by Missouri State Statute (RSMo 105.145) and is submitted for your information and review.

The responsibility for accuracy, completeness and fairness of the data presented, including all disclosures, rests with the City. I believe the report as presented is accurate in all material aspects, is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds, and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

This report reflects changes required by Government Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis for State and Local Governments*. The format and description of these reports are addressed in Management's Discussion and Analysis (MD&A) and in the notes to the financial statements. The MD&A can be found in the financial section of the report following the "Report of Independent Certified Public Accountants."

The report includes all activities of the City. All applicable funds, departments, and offices are included in these financial statements as part of the "primary government" of the City.

The City is required to undergo an annual audit of the financial records and transactions of all departments of the City by independent certified public accountants. The City's financial statements have been audited by Troutt, Beeman & Co., P.C., a certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the financial statements are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and statement presentation. The Independent Certified Public Accountants concluded, based upon the audit, that there was a reasonable basis for issuing an unqualified opinion that the City's financial statements for the fiscal year ended March 31, 2006, are fairly presented in conformity with generally accepted

accounting principles (GAAP). The Report of the Certified Public Accountants is presented in the front of the Financial Section of this report.

The CAFR is presented in three sections: introductory, financial, and statistical. The **introductory section** is designed to introduce the reader to the report and includes this transmittal letter, the City's organizational chart, a list of principal officers, and the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting for the 2005 CAFR.

The **financial section** begins with the Independent Auditors' Report. The auditors' report discloses the opinion of the independent auditors with regard to the presentation of the financial statements and internal controls. This section also includes the MD&A, the Basic Financial Statements and Notes that provide an overview of the City's financial position and operating results, the Combining Statement for non-major funds, and other schedules that provide detailed information relative to the Basic Financial Statements.

The **statistical section** includes selected financial and demographic information, generally presented on a multi-year basis. This section is designed to provide the reader with a broader and more complete understanding of the City and its financial affairs than is possible from the financial statements and supporting schedules in the financial section alone.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the MD&A. This letter of transmittal is designed to compliment the MD&A and should be read in conjunction with it. The City of Belton's MD&A can be found immediately following the report of the independent auditor.

Profile of the City

Belton, Missouri, was incorporated in 1872. It is located in the Northwest corner of Cass County and borders on the Southeastern edge of Kansas City, Missouri. Belton is the largest city in Cass County with an estimated population of 25,005. Belton was named after the man who helped survey it, Marcus Lindsey Belt, and has a history rich in names such as Carrie Nation, the Dalton Gang, the Cole Younger family, the Shawnee Indians, and Dale Carnegie, whose body is buried in the Belton cemetery.

Located in the "Heart of America", Belton offers excellent residential and business location with 71 Highway providing access to several major interstate highways just miles to the North and Lake of the Ozarks and Truman Lake to the South. Completed and upcoming major road projects in Belton give it tremendous growth potential for businesses wanting good major highway visibility in a solid and growing urban setting on the outskirts of the Greater Kansas City Area.

The City of Belton provides a comprehensive range of municipal services normally associated with a municipality including highly rated police and fire protection, public works services, parks and recreation facilities, and general administrative services. The City also provides water and sanitary sewer services and a public golf course (Eagles' Landing Golf Course), all of which are accounted for in the financial statements as business-type funds.

The City of Belton is organized as a fourth class city under the Missouri Statutes and utilizes the Mayor/Board/Administrator form of government and was the first in Missouri to adopt this form of government. The City operates under the classic form of the plan. Registered voters elect a mayor and six council members to serve two-year terms as representatives on the Board of Aldermen. An election for one alderman in each of four wards is conducted as a unit every year, while the election for mayor is conducted every two years. The City Administrator is appointed by the mayor with the consent of the Board of Aldermen.

The annual budget serves as the foundation for the City of Belton's financial planning and control. The appropriated budget is prepared by fund and department (e.g., public works). Department heads may make transfers within their department with the approval of the City Administrator, though transfers between departments or funds require the approval of the Board of Aldermen. Budget to actual comparisons, which are required for each individual governmental fund for which an appropriated annual budget has been adopted, are included in this report.

Factors Affecting Financial Condition

Local economy. The City of Belton has been in a strong growth mode for several years and consequently has not felt the impact of the recent economic slowdown as significantly as other more mature areas. Strong retail development along Highway 58 (South Scott Street) has been the foundation for solid growth in the City's sales and property taxes. This was accomplished in large part with the successful use of Tax Increment Financing (TIF) which funded infrastructure improvements and continues to fund road improvements which should lay the foundation for continued commercial development. The Highway Y corridor and an improved Hwy Y/71 interchange should be the hub for the next wave of growth in Belton.

Long term financial planning. The City of Belton prepares a five year Capital Improvement Plan which includes proposed amounts for constructing, maintaining, upgrading, and replacing the major components of the City's infrastructure. Funding sources, identified and prospective, are included in this plan giving the City a tool for meeting the needs of the City.

Cash management policies and practices. The Finance Department strives to keep abreast of current trends and procedures for cash management and forecasting to ensure the most efficient, profitable, and secure use of the City's cash resources. While efforts are made to maximize the return on the City's investment dollar, the primary

concern is always to assure the return of that investment. The City consolidates cash balances of all funds where restrictions or trust arrangements, (i.e., bond reserves) allow. Idle cash during fiscal year 2006 was invested in U.S. agencies and collateralized certificates of deposit. The average yield on investments was 2.8% and is improving significantly as investments acquired during the record low interest market mature and are reinvested at higher current rates.

Risk management. During the fiscal year, the City renewed all major insurance policies (property, boiler and machinery, general liability, automobile liability, public official's liability, and law enforcement liability). Significant attention is being given to cost control in the areas of health insurance and general liability as premiums in these areas rise faster than costs in many other areas.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Belton for its Comprehensive Annual Financial Report for the fiscal year ended March 31, 2005. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable, efficiently organized comprehensive annual financial report, the contents of which conform to program standards. Such reports 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 our current CAFR continues to conform to the Certificate of Achievement Program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report was made possible by the hard work of the staff of the City of Belton Finance Department. The contribution made by each member of the office is sincerely appreciated. Special thanks are extended to the City's Independent Certified Public Accountants for their assistance and for the professional manner in which the firm accomplished the audit. I would also like to thank Mayor Odom, the Board of Aldermen, and Ron Trivitt, City Administrator, for their continued interest and support in planning and conducting the financial operations of the City in a professional and progressive manner.

Respectfully submitted,

Michael L. Wade
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Belton,
Missouri

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
March 31, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Carla E. Fudge

President

Jeffrey R. Emer

Executive Director

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor
and Members of the
City Board of Aldermen
City of Belton, Missouri

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Belton, Missouri (the City), as of the year ended March 31, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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, each major fund, and the aggregate remaining fund information of the City of Belton, Missouri, as of March 31, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and other required supplementary information on pages 5 through 14 and 60 through 64, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Belton, Missouri's basic financial statements. The introductory section, combining non-major fund financial statements, and statistical tables are presented for purposes of additional analysis, and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements have been subjected to other auditing procedures applied in the audit of the basic financial statements, and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Truitt, Beaman & Co., P.C.

Harrisonville, Missouri
July 21, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

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CITY OF BELTON

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of The City of Belton's Comprehensive Annual Financial Report provides readers with a narrative overview and analysis of the City's financial performance during the fiscal year that ended on March 31, 2006. We encourage readers to consider the information presented here in conjunction with the letter of transmittal at the front of this report, the City's basic financial statements, and notes to the financial statements, to enhance their understanding of the activities and financial health of The City of Belton.

FINANCIAL HIGHLIGHTS

- Net assets of the City increased \$1.9 million or 7% during fiscal 2006 with \$2.2 million of the increase attributed to Governmental Activities offset by a \$.3 million decrease attributed to Business-type activities. The increase is attributable to minor excesses of revenue over spending in several funds, including \$.4 million in the General Fund, and capital expenditures of \$2.1 million which effectively increases net assets.
- Unrestricted net assets were negative \$8.8 million. \$9.2 million of this amount is attributed to Governmental Activities and is offset by a positive \$.3 million in business-type activities. The City's large negative amount in unrestricted net assets is primarily representative of the amount by which the City's debt exceeds corresponding assets.
- During fiscal 2006, the City's governmental expenditures were \$1.7 million more than the \$19.8 million generated in taxes and other revenues for governmental programs. This excess in expenditures relates to the utilization of existing Tax Increment Financing bond proceeds to pay for road construction projects. In fiscal 2005, expenditures exceeded revenues by \$12.2 million.
- The total cost of the City's programs was \$5.6 million less than the prior year due in part to the following:
 - The absence of payments for existing TIF obligations as these were handled in fiscal 2005. The major anchor tenants of the Belton Town Centre project were all open and operating by the end of fiscal 2005.
 - The above reduction in program costs was partially offset by the beginning of a major road project on Highway Y and other roads stipulated in the Belton Town Centre Redevelopment agreement.

This discussion and analysis is intended to serve as an introduction to the City's *Basic Financial Statements*. The Basic Financial Statements contain three components: government-wide financial statements, fund financial statements (including component unit statements), and notes to the financial statements. In addition, this report contains other *Required Supplementary Information*, a *Supplemental Information* section that presents *combining statements* for non-major governmental funds (along with actual and budget comparison schedules), and a *Statistical Section* which includes supplemental disclosure information.

The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are *government-wide financial statements* that provide both long-term and short-term information about the City's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.
 - *Governmental Fund* statements tell how *general government* services like public safety, public works, health and welfare, and parks, trails, and storm water were financed in the short-term as well as what remains for future spending.
 - *Proprietary Fund* statements offer short-term and long-term financial information about the activities the City government operates similar to a private business, such as Eagles' Landing Golf Course.
 - The *Fiduciary Fund* statement provides information about *Agency Fund* assets held by the City which is acting solely as a *trustee or agent* for the benefit of others, to whom the resources belong. Belton currently has no situations which would indicate the need for fiduciary funds.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. In addition to these required components, a section is included with combining statements that provide further detail about our non-major governmental funds, each of which are added together and presented in single columns in each of the basic financial statements.

Government-wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when and how they have changed. Net assets, the difference between the City's assets and liabilities, are one way to measure the City's financial health or current position.

- Over time, increases or decreases in the City's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City, consideration should be given to additional non-financial factors such as changes in the City's property tax base and the condition of the City's roads.

The government-wide financial statements of the City are divided into three categories:

- *Governmental activities:* Most of the City's basic services are included here, such as public safety, roads and bridges, parks and recreation, and general administration. Sales taxes, property taxes, charges for services and State and Federal grants finance most of these activities.
- *Business-type activities:* The City charges fees to customers to help cover the costs of certain services it provides. The City's Enterprise Funds: Water Fund, Sewer Fund, and Eagles' Landing Golf Course, are included here.
- *Component units:* The City currently has no situations or relationships which would be classified as component units.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant *funds*, not the City as a whole. Funds are accounting mechanisms that the City uses to keep track of and segregate specific sources of funding and spending for particular purposes.

- Some funds are required by state law and/or by bond covenants.
- The Finance Director, with Board of Aldermen approval, establishes other funds to control and manage resources for particular purposes (i.e. Debt Service and Capital Projects Funds) or to show that certain taxes and grants are used appropriately (i.e. Special Revenue Funds).
- *Governmental funds:* Most of the City's basic services are included in governmental funds, which focus on (1) how cash and other financial assets can readily be converted to cash flow in and out, and (2) the balances left at year-end are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided on the subsequent page of the governmental funds statement that explains the relationship (or differences) between the two types of statements.
- *Proprietary funds:* Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information.
 - The City's *Enterprise Funds* are classified as a business-type activity on the government-wide statements, but more detailed information is provided in the Proprietary Fund Statements, such as its cash flows.

Government-wide Financial Analysis

Net assets. As discussed earlier, net assets may serve as a useful indicator of a government's financial position. As of March 31, 2006, the City's net assets were \$27,566,394. Table A provides a summary of the City's Governmental and Business-type net assets for fiscal 2006.

**Table A
Combined Statement of Net Assets**

	Governmental Activities		Business-type Activities		Total	
	2005	2006	2005	2006	2005	2006
Assets						
Current and other assets						
Cash and other assets	\$ 14,402,961	\$ 13,200,333	\$ 3,127,368	\$ 2,950,143	\$ 17,530,329	\$ 16,150,476
Total capital assets	30,591,305	31,920,821	19,189,656	19,954,778	49,780,961	51,875,599
Total assets	\$ 44,994,266	\$ 45,121,154	\$ 22,317,024	\$ 22,904,921	\$ 67,311,290	\$ 68,026,075
Liabilities						
Current and other liabilities	\$ 4,063,496	\$ 3,970,281	\$ 1,520,243	\$ 1,552,067	\$ 5,583,739	\$ 5,522,348
Long-term debt outstanding	28,616,157	26,661,659	5,545,000	6,400,000	34,161,157	33,061,659
Total liabilities	\$ 32,679,653	\$ 30,631,940	\$ 7,065,243	\$ 7,952,067	\$ 39,744,896	\$ 38,584,007
Net Assets						
Invested in Capital Assets, net of debt	\$ 13,740,405	\$ 17,204,664	\$ 13,144,656	\$ 12,979,778	\$ 26,885,061	\$ 30,184,442
Restricted:						
Capital projects	2,108,751	234,140	-	-	2,108,751	234,140
Debt Service	5,934,464	6,213,148	824,881	1,629,482	6,759,345	7,842,630
Unrestricted	(9,469,007)	(9,162,738)	1,282,244	343,594	(8,186,763)	(8,819,144)
Total net assets	\$ 12,314,613	\$ 14,489,214	\$ 15,251,781	\$ 14,952,854	\$ 27,566,394	\$ 29,442,068

Total net assets for the City at March 31, 2006, were \$29,442,068 with \$14,952,854 attributed to business-type activities and \$14,489,214 attributable to governmental activities.

At the end of fiscal 2006, the City had \$51.9 million invested in a variety of capital assets, including land, buildings, construction in progress, law enforcement equipment, emergency preparedness equipment upgrades, document retention system, heavy equipment for the maintenance of roads and bridges, as well as, the addition of infrastructure. This was an increase of \$2.1 million over 2005.

The largest portion of the City's net assets represents the investment in capital assets, net of related debt, which is restricted for the purpose of providing services to The City of Belton citizens; therefore, they are not available for future spending. Because they are not available for future spending, the resources needed to liquidate the related debt must be provided from other sources, primarily sales and property taxes.

Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The \$234,140 of restricted assets for capital projects represent unspent bond proceeds for road construction while the \$7,842,630 restricted for debt service are funds collected being held to pay off bonds and restricted for that use.

The City has issued debt in relation to one tax increment financing (TIF) area. The debt is paid with new revenue generated because of development within the TIF. These bonds have been financed over 20 years. The City's liabilities at March 31, 2006, include outstanding TIF bond debt of \$13,300,000 relating to funding these TIF costs. The eligible costs paid with these bonds vary in nature and the majority on the existing debt will not become assets of the City. Because of this, the City's total net assets are reduced and present a less favorable picture as compared to governments that do not extensively fund projects in this manner.

Governmental activities. Table B (see next page) presents fiscal 2005 and 2006 revenues and expenditures for the primary government as they are reported in the Statement of Activities in the basic financial statements. The revenues and expenditures include the Governmental Funds (General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds) and Enterprise Funds (Eagles' Landing Golf Course, Water and Sewer Funds).

Sales taxes increased 7.3% with commercial development continuing in fiscal 2006, though at a slower rate than in the previous two years. Residential and commercial growth are certainly feeding the growth in sales tax revenues.

Property taxes for general purposes grew 12.5% as assessed values for new construction hit the tax rolls and generated additional revenue.

Investment earnings increased 70.4% as interest rates in the investment market improved continue to improve and more cash was available to invest with construction reserves from the TIF bond issue await ongoing progress on the 71/Y Interchange and other related projects.

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Table B
Schedule of Activities

	Activities		Activities		Total	
	2005	2006	2005	2006	2005	2006
Revenues						
<u>Program Revenues</u>						
Charges for Services	\$ 4,598,749	\$ 5,324,413	\$ 7,586,290	\$ 8,093,680	\$ 12,185,039	\$ 13,418,093
Operating Grants and Contributions	1,516,916	1,323,239	-	-	1,516,916	1,323,239
Capital Grants and Contributions	22,251	11,926	-	-	22,251	11,926
<u>General Revenues</u>						
Taxes:						
Property Taxes for general purposes	1,059,970	1,177,913	-	-	1,059,970	1,177,913
Property Taxes for specific purposes	972,457	1,108,433	-	-	972,457	1,108,433
Franchise Taxes	2,306,913	2,377,285	-	-	2,306,913	2,377,285
Sales Taxes	6,637,046	7,119,806	-	-	6,637,046	7,119,806
Unrestricted Investment Earnings	212,303	361,841	230,785	298,459	443,088	660,300
Miscellaneous	281,306	369,597	(229)	314	281,077	369,911
Transfers	115,000	115,000	(115,000)	(115,000)	-	-
Total Revenues	17,722,911	19,289,453	7,701,846	8,277,453	25,424,757	27,566,906
Expenses						
Governmental Activities:						
General Government	2,559,139	2,783,012	-	-	2,559,139	2,783,012
Emergency Services	1,559,799	1,701,213	-	-	1,559,799	1,701,213
Fire	986,313	1,171,725	-	-	986,313	1,171,725
Public Safety	3,610,673	3,921,266	-	-	3,610,673	3,921,266
Public Works	2,223,050	3,002,343	-	-	2,223,050	3,002,343
Civil Defense	52,038	54,129	-	-	52,038	54,129
Municipal Jail	372,608	401,754	-	-	372,608	401,754
Parks and Recreation	2,115,161	1,768,933	-	-	2,115,161	1,768,933
Community Development	7,888,254	661,761	-	-	7,888,254	661,761
Interest on Long-term Debt	1,624,419	1,648,716	-	-	1,624,419	1,648,716
Business-type Activities	-	-	8,266,392	8,576,382	8,266,392	8,576,382
Total Expenses	22,991,454	17,114,852	8,266,392	8,576,382	31,257,846	25,691,234
Changes in net assets	(5,268,543)	2,174,601	(564,546)	(298,929)	(5,833,089)	1,875,672
Net Assets at beginning of year	17,583,156	12,314,613	15,816,329	15,251,783	33,399,485	27,566,396
Net Assets at end of year	\$ 12,314,613	\$ 14,489,214	\$ 15,251,783	\$ 14,952,854	\$ 27,566,396	\$ 29,442,068

Public Works increased due to the new transportation tax which was passed and began collections in 2004. Work on significant construction projects also began in 2004.

Interest on Long-term debt remained stable with no issuance of new debt.

Culture and recreation expenses decreased as work on several parks projects was completed in fiscal 2005.

Business-type Activities: The City's Eagles' Landing Golf Course experienced a 4.8% increase in revenue after several years of depressed levels of play. After lower water consumption from a cool, wet summer in fiscal 2005, a more normal year was experienced for both the Water and Sewer Funds in which charges for services increased 6.1% and 7.6% respectively. All the above added to the 6.7% increase in revenues in the Business-like Funds.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds Overview. The City of Belton uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. As described earlier, the City's governmental funds provide information on short-term inflows and outflows, as well as what remains for future spending. Such information is useful in assessing the City's financing requirements. For example, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The following information is supplemental to the information presented in the previous section (Table B).

At the end of fiscal 2006, The City of Belton reported a combined fund balance of \$10,323,792. Of the total combined fund balance, approximately 76% consists of unreserved fund balance, the portion of fund balance which serves as a measure of current available financial resources. This share of the fund balance is further divided into General Fund, Special Revenue Funds, Capital Projects Fund, and Debt Service Funds.

The reserved fund balance represents resources not available for spending or those on which legal restriction have been placed. The City's reserved fund balance makes up 24% of the combined total with the majority reserved for debt service.

The General Fund, Park Fund, Tax Increment Special Allocation Fund, Street Fund, Sales Tax Improvement Fund, and Major Road Construction Fund are the City's six major governmental funds.

General Fund. The General Fund of The City of Belton accounts for all transactions not required to be accounted for in other funds. As the City's major operating fund, the General Fund accounts for ordinary operating expenditures financed primarily by property taxes and charges for services. The General Fund completed the year with a fund balance of \$2,229,392, decreasing by \$518,962 from 2005. The fund balance is 90.6% unreserved while the remaining 9.4% is reserved. The key factors in the decline are as follows:

- Major transfers out to establish a capital project reserve fund of \$385,000.
- Sales taxes fell short of projected budgetary amounts by \$161,569 and revenue from gas and electric franchise fees fell short of projections by \$136,340.

Park Fund. The Park Fund accounts for Parks and Recreation property tax collected for the purpose of providing parks services for the City. This includes land purchasing, parks constructing, equipping, maintaining and operating the parks and recreation facilities. The Park Fund ending fund balance was \$641,707; an increase of \$65,912 from the prior year's ending balance.

Street Fund. The Street Fund accounts for the operations and maintenance of roads and bridges within the City. Financing is provided primarily by a ½ cent transportation sales tax and other Intergovernmental revenues from the State, along with occasional transfers from the General Fund. The Street Fund ending fund balance was \$585,362 which is an increase of \$252,005 from the prior year's ending balance. The increase was the result of delays in construction projects and studies effectively deferring expenditures to the following year or years.

Tax Increment Financing (TIF) Special Allocation Fund. The TIF Special Allocation Fund accumulates and disburses monies for payment of principal and interest and other financial obligations pertaining to the TIF agreements active within the City. The Tax Increment Financing Special Allocation Fund had a fiscal 2006 ending fund balance of \$2,236,512, an increase of \$269,650 from 2005. The increase was the result of revenue exceeding scheduled debt service payments. This excess was anticipated and will be utilized in future years to pay debt service payments which will result from at least one subsequent issuance of additional debt.

Sales Tax Improvement Fund. The Sales Tax Improvement Fund accumulates monies from the ½ cent capital improvement sales tax for making periodic principal and interest payments on bonds issued for major street improvement projects. The bonds were issued in 1997 and 1998 with repayment schedules of 20 and 10 years respectively. The fund balance at the end of 2006 is \$2,147,548, a decrease of \$39,509 from fiscal 2005. The increase is the result of sales taxes falling short of projected amounts.

Major Road Construction Fund. The Major Road Construction Fund was established in the current fiscal year to account for revenue sources and expenditures for major road projects. The current fiscal year included one project in this fund; the Highway Y & 71 project. Revenue for the year was only \$150,788 with expenditures of \$2,580,983 being funded from prior year bond proceeds. Deficit spending was covered with a reimbursement resolution relating to the General Fund in anticipation of bonds which were issued in May of 2006 (fiscal 2007.)

General Fund Budgetary Highlights

The Board of Aldermen revised the budget of the General Fund several times during the year for an overall increase in appropriations of \$602,274 which was a 5.9% increase over the original budget.

Actual revenues exceeded budgeted revenues by \$407,077. The two major reasons for this surplus were:

- Other revenues exceeded budget by \$242,082.
- Charges for services exceeded budgeted revenues by \$169,431.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The City of Belton's investment in capital assets for governmental and business-type activities is \$51,875,599, net of accumulated depreciation. This includes land, buildings, improvements, equipment, roads, bridges, and construction in progress. The total increase in capital assets was 4.2% over the prior year. Major capital asset projects funded this year are as follows:

- Design and Construction of Eagles' Landing Golf Course club house (\$718,710).
- Highways Y and 71 Interchange Design (\$340,312)
- Development of Citywide Sewer Master Plan (\$214,012)
- Markey Parkway Road Extension; Construction and Design (\$2,178,273)

Additional information on the City's capital assets can be found in Note 4 on pages 39 to 41 of this report.

Debt administration. The City of Belton had various forms of debt during fiscal 2006. Table C below shows the City's outstanding debt by type for 2005 and 2006.

	Governmental		Business-type		Total	
	2005	2006	2005	2006	2005	2006
TIF Revenue Bonds	\$13,745,000	\$13,300,000	\$ -	\$ -	\$13,745,000	\$13,300,000
General Obligation Bonds	5,330,000	4,955,000	-	-	5,330,000	4,955,000
Sales Tax Revenue Bonds	4,395,000	3,420,000	-	-	4,395,000	3,420,000
Certificates of Participation	7,035,000	6,255,000	1,970,000	3,300,000	9,005,000	9,555,000
Sewerage Revenue Bonds			4,075,000	3,675,000	4,075,000	3,675,000
DNR Energy Loan	90,900	86,157			90,900	86,157
Total	\$30,595,900	\$28,016,157	\$6,045,000	\$6,975,000	\$36,640,900	\$34,991,157

The City's debt for governmental activities decreased in fiscal 2006 from \$30.6 million to \$28.0 million or 8.4%. The largest component of the decrease was the early pay-off of the 1998 Sales Tax Revenue Bonds where the outstanding balance of \$775,000 was paid-off in March 2006. All other principal and interest payments were made according to schedule.

Debt for business-type activities increased by \$930,000 with the issuance of \$1,430,000 in new Certificates of Participation to construct the golf course club house and purchase the golf course land previously leased. Payments on all other outstanding debt were made according to existing amortization schedules.

Total debt decreased a net of \$1.6 million.

Additional information on the City's long-term debt can be found in Note 6 on pages 44 to 50 of this report.

ECONOMIC FACTORS, 2006 BUDGET AND TAX RATES

- The City's fiscal 2006 General Fund budget increased 6.3% from the fiscal 2005 budget. Sales tax generated by new development is the primary component facilitating the budget increase. The primary component of the increase in expenditures from 2005 to 2006 was the addition of staff and corresponding benefits in several areas including police, fire, as well as increases in benefit costs such as health insurance.

- The City has a 1 cent general sales tax as well as ½ cent sales taxes for Park, ½ cent for Transportation and ½ for capital improvement. The ½ transportation sales was scheduled to sunset on September 30, 2006, but was extended with no sunset by voter approval in the November 2005 election. With the slow down of new retail business construction, sales tax growth has flattened out and sales tax revenue is up only 2% for the most recent 8 months ending August 2006.
- The City's 2006 property tax levies have been adopted by the Board of Aldermen and approved by the State Auditor's Office. They total \$1.3007 per \$100 of assessed value compared to 2005 rates totaling \$1.0339, or an increase of 25.8%. The increase is entirely the result of the debt service component with the approval of \$9.22 million in G.O. bonds in April 2006 to construct and improve Fire Department facilities.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for our citizens, taxpayers, customers, investors, creditors, and other interested parties, and also to show our accountability for the monies entrusted to our care. If you have questions about this report or need additional financial information, contact Michael L. Wade, The City of Belton Director of Finance, 506 Main Street, Belton, Missouri 64012.

BASIC FINANCIAL STATEMENTS

Basic Financial Statements are provided so that the users of the financial report may obtain an overview of the City's financial position prior to a presentation of comparable data on a detailed basis for individual funds.

**CITY OF BELTON, MISSOURI
STATEMENT OF NET ASSETS
MARCH 31, 2006**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Pooled cash and investments	\$ 7,288,066	\$ 1,065,842	\$ 8,353,908
Cash and investments-restricted	3,358,809	1,629,482	4,988,291
Taxes receivable, net	974,629	-	974,629
Internal balances	582,487	(582,487)	-
Due from other governments	36,856	-	36,856
Accrued interest	37,680	8,377	46,057
Accounts receivable	256,791	586,221	843,012
Delinquent property taxes receivable	121,503	-	121,503
Other receivables	134,154	22,956	157,110
Deferred charges, net of amortization	409,358	147,832	557,190
Inventories	-	71,920	71,920
Capital assets:			
Land, improvements, and construction in progress	4,066,475	375,117	4,441,592
Improvements other than buildings	3,612,244	21,044,507	24,656,751
Sewer plant	-	10,015,126	10,015,126
Buildings	10,683,509	2,339,851	13,023,360
Equipment and furniture	8,409,628	2,750,155	11,159,783
Infrastructure	16,736,125	-	16,736,125
Less: accumulated depreciation	<u>(11,587,160)</u>	<u>(16,569,978)</u>	<u>(28,157,138)</u>
Total capital assets	<u>31,920,821</u>	<u>19,954,778</u>	<u>51,875,599</u>
Total assets	<u>45,121,154</u>	<u>22,904,921</u>	<u>68,026,075</u>
LIABILITIES			
Accounts payable and accrued expenses	1,447,235	530,359	1,977,594
Salaries and benefits payable	350,420	44,456	394,876
Unearned revenues	634,775	-	634,775
Customer deposits	-	301,469	301,469
Other liabilities	34,753	22,237	56,990
Long-term liabilities:			
Due within one year:			
Bonds, capital leases, and contracts	1,354,498	575,000	1,929,498
Accrued interest	148,600	78,546	227,146
Due in more than one year,			
Bonds, capital leases, and contracts	<u>26,661,659</u>	<u>6,400,000</u>	<u>33,061,659</u>
Total liabilities	<u>30,631,940</u>	<u>7,952,067</u>	<u>38,584,007</u>
NET ASSETS			
Invested in capital assets, net of related debt	17,204,664	12,979,778	30,184,442
Restricted for:			
Capital projects	234,140	-	234,140
Debt service	6,213,148	1,629,482	7,842,630
Unrestricted	<u>(9,162,738)</u>	<u>343,594</u>	<u>(8,819,144)</u>
Total net assets	<u>\$ 14,489,214</u>	<u>\$ 14,952,854</u>	<u>\$ 29,442,068</u>

See accompanying notes.

CITY OF BELTON, MISSOURI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2006

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets					
	Primary Government		Business-type		Total	
	Expenses	Charges for Services	Program Revenue Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities
Primary government:						
Governmental activities:						
General government	\$ 2,783,012	\$ 2,687,202	\$ -	\$ -	\$ (95,810)	\$ (95,810)
Public safety	3,921,266	183,991	145,102	-	(3,592,173)	(3,592,173)
Public works	3,002,343	577,690	1,137,771	11,926	(1,274,956)	(1,274,956)
Fire	1,171,725	-	-	-	(1,171,725)	(1,171,725)
Emergency services	1,701,213	578,786	40,366	-	(1,082,061)	(1,082,061)
Civil defense	54,129	-	-	-	(54,129)	(54,129)
Parks and recreation	1,768,933	584,592	-	-	(1,184,341)	(1,184,341)
Community and economic development	661,761	636,705	-	-	(25,056)	(25,056)
Municipal jail	401,754	75,447	-	-	(326,307)	(326,307)
Interest on long-term debt	1,648,716	-	-	-	(1,648,716)	(1,648,716)
Total governmental activities	17,114,852	5,324,413	1,323,239	11,926	(10,455,274)	(10,455,274)
Business-type activities:						
Water	3,949,958	3,946,226	-	-	(3,732)	(3,732)
Sewer	3,622,717	3,378,946	-	-	(243,771)	(243,771)
Golf course	1,003,707	788,508	-	-	(235,199)	(235,199)
Total business-type activities	8,576,382	8,093,680	-	-	(482,702)	(482,702)
Total primary government	\$ 25,691,234	\$ 13,418,093	\$ 1,323,239	\$ 11,926	\$ (10,455,274)	\$ (10,937,976)
General revenues:						
Taxes:						
Property taxes, levied for general purposes					1,177,913	1,177,913
Property taxes, levied for specific purposes					1,108,433	1,108,433
Franchise taxes and other taxes					2,377,285	2,377,285
Sales taxes					7,119,806	7,119,806
Unrestricted investment earnings					361,841	361,841
Miscellaneous					369,597	369,597
Transfers					115,000	115,000
Total general revenues, special items, and transfers					12,629,875	12,629,875
Change in net assets					2,174,601	2,174,601
Net assets - beginning					12,314,613	12,314,613
Net assets - ending					\$ 14,489,214	\$ 14,489,214

See accompanying notes.

CITY OF BELTON, MISSOURI
BALANCE SHEET
GOVERNMENTAL FUNDS
MARCH 31, 2006

	General Fund	Park	Tax Increment Financing Special Allocation General
ASSETS			
Pooled cash and investments	\$ 1,126,945	\$ 708,652	\$ 141,685
Cash and investments-restricted	210,235	-	2,255,331
Taxes receivable, net	443,235	42,933	91,593
Due from other funds	1,027,876	-	-
Due from other governments	36,856	-	-
Accrued interest	8,986	4,090	-
Accounts receivable	256,791	-	-
Special assessments receivable	7,097	-	-
Delinquent special assessments receivable	104,683	-	-
Delinquent property taxes receivable	78,714	-	-
Other receivables	124,391	-	-
Total assets	\$ 3,425,809	\$ 755,675	\$ 2,488,609
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 453,275	\$ 44,367	\$ 252,097
Salaries and benefits payable	293,857	32,067	-
Due to other funds	-	-	-
Payable to other governments	-	-	-
Deferred revenue	447,285	34,981	-
Other liabilities	2,000	2,553	-
Total liabilities	1,196,417	113,968	252,097
Fund balances:			
Reserved for:			
Debt service	162,238	-	2,255,331
Other purposes	47,997	-	-
Unreserved:			
General fund	2,019,157	-	-
Special revenue funds	-	641,707	(18,819)
Capital projects funds	-	-	-
Debt service funds	-	-	-
Total fund balances	2,229,392	641,707	2,236,512
Total liabilities and fund balances	\$ 3,425,809	\$ 755,675	\$ 2,488,609

See accompanying notes.

<u>Street Department</u>	<u>Sales Tax Improvement</u>	<u>Major Road Construction</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 723,373	\$ 2,030,424	\$ 139,785	\$ 2,417,202	\$ 7,288,066
-	-	-	893,243	3,358,809
184,031	106,419	-	106,418	974,629
-	-	-	-	1,027,876
-	-	-	-	36,856
3,891	10,705	-	10,008	37,680
-	-	-	-	256,791
-	-	-	-	7,097
-	-	-	-	104,683
-	-	-	42,789	121,503
-	-	-	9,763	134,154
<u>\$ 911,295</u>	<u>\$ 2,147,548</u>	<u>\$ 139,785</u>	<u>\$ 3,479,423</u>	<u>\$ 13,348,144</u>
\$ 49,737	\$ -	\$ 636,390	\$ 11,369	\$ 1,447,235
24,496	-	-	-	350,420
-	-	445,389	-	445,389
-	-	-	-	-
221,500	-	-	42,789	746,555
<u>30,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,753</u>
<u>325,933</u>	<u>-</u>	<u>1,081,779</u>	<u>54,158</u>	<u>3,024,352</u>
-	-	-	-	2,417,569
-	-	-	-	47,997
-	-	-	-	2,019,157
585,362	-	-	601,100	1,809,350
-	-	(941,994)	1,176,134	234,140
-	<u>2,147,548</u>	<u>-</u>	<u>1,648,031</u>	<u>3,795,579</u>
<u>585,362</u>	<u>2,147,548</u>	<u>(941,994)</u>	<u>3,425,265</u>	<u>10,323,792</u>
<u>\$ 911,295</u>	<u>\$ 2,147,548</u>	<u>\$ 139,785</u>	<u>\$ 3,479,423</u>	<u>\$ 13,348,144</u>

See accompanying notes.

**CITY OF BELTON, MISSOURI
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET ASSETS
MARCH 31, 2006**

Fund balances - total governmental funds	\$ 10,323,792
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Assets.	31,920,821
Certain other long-term assets are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Assets. This amount represents the net of discounts on long-term obligations.	409,358
Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due.	(148,600)
Long-term liabilities (such as Notes Payable, Capital Lease Contract Payable, and Bonds Payable), are not due and payable in the current period and are not included in the fund financial statement, but are included in the government-wide statements.	<u>(28,016,157)</u>
Net Assets of Governmental Activities in the Statement of Net Assets	<u>\$ 14,489,214</u>

See accompanying notes.

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CITY OF BELTON, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE --
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2006

	<u>General Fund</u>	<u>Park</u>	<u>Tax Increment Financing Special Allocation General</u>
REVENUES			
Taxes	\$ 5,962,262	\$ 498,363	\$ 1,229,230
Special assessments	11,926	-	-
Licenses and permits	355,952	-	-
Intergovernmental	159,047	-	-
Charges for services	1,147,131	584,592	-
Fees and fines	740,608	-	-
Investment earnings	67,884	17,697	61,561
Other	446,751	729	-
Interfund charges for support services	2,207,357	-	-
In lieu of taxes	<u>115,000</u>	<u>-</u>	<u>636,705</u>
Total revenues	<u>11,213,918</u>	<u>1,101,381</u>	<u>1,927,496</u>
EXPENDITURES			
General government	2,620,330	-	-
Public safety	3,782,057	-	-
Public works	528,524	-	-
Fire	1,035,005	-	-
Emergency services	1,641,482	-	-
Civil defense	50,078	-	-
Parks and recreation	-	1,309,464	-
Community and economic development	229,633	-	408,433
Municipal jail	397,780	-	-
Capital outlay	41,719	176,005	-
Debt service:			
Principal	454,743	-	445,000
Interest and other charges	<u>4,929</u>	<u>-</u>	<u>804,413</u>
Total expenditures	<u>10,786,280</u>	<u>1,485,469</u>	<u>1,657,846</u>
Excess (deficiency) of revenues over expenditures	<u>427,638</u>	<u>(384,088)</u>	<u>269,650</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	450,000	-
Transfers out	<u>(946,600)</u>	<u>-</u>	<u>-</u>
Total other financing sources and uses	<u>(946,600)</u>	<u>450,000</u>	<u>-</u>
Net change in fund balances	(518,962)	65,912	269,650
Fund balances - beginning	<u>2,748,354</u>	<u>575,795</u>	<u>1,966,862</u>
Fund balances - ending	<u>\$ 2,229,392</u>	<u>\$ 641,707</u>	<u>\$ 2,236,512</u>

See accompanying notes.

<u>Street Department</u>	<u>Sales Tax Improvement</u>	<u>Major Road Construction</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 1,121,715	\$ 1,121,362	\$ 119,437	\$ 1,731,068	\$ 11,783,437
-	-	-	-	11,926
1,071	-	-	93,935	450,958
1,137,771	-	-	-	1,296,818
-	-	-	-	1,731,723
-	-	-	-	740,608
18,165	46,285	31,351	118,898	361,841
979	-	-	-	448,459
-	-	-	-	2,207,357
-	-	-	-	751,705
<u>2,279,701</u>	<u>1,167,647</u>	<u>150,788</u>	<u>1,943,901</u>	<u>19,784,832</u>
-	-	-	-	2,620,330
-	-	-	-	3,782,057
1,949,982	-	458,652	-	2,937,158
-	-	-	-	1,035,005
-	-	-	-	1,641,482
-	-	-	-	50,078
-	-	-	107,033	1,416,497
-	-	-	-	638,066
-	-	-	-	397,780
237,714	-	2,122,331	172,069	2,749,838
-	975,000	-	705,000	2,579,743
-	232,156	-	590,352	1,631,850
<u>2,187,696</u>	<u>1,207,156</u>	<u>2,580,983</u>	<u>1,574,454</u>	<u>21,479,884</u>
<u>92,005</u>	<u>(39,509)</u>	<u>(2,430,195)</u>	<u>369,447</u>	<u>(1,695,052)</u>
160,000	-	-	1,011,600	1,621,600
-	-	-	(675,000)	(1,621,600)
<u>160,000</u>	<u>-</u>	<u>-</u>	<u>336,600</u>	<u>-</u>
252,005	(39,509)	(2,430,195)	706,047	(1,695,052)
<u>333,357</u>	<u>2,187,057</u>	<u>1,488,201</u>	<u>2,719,218</u>	<u>12,018,844</u>
<u>\$ 585,362</u>	<u>\$ 2,147,548</u>	<u>\$ (941,994)</u>	<u>\$ 3,425,265</u>	<u>\$ 10,323,792</u>

See accompanying notes.

CITY OF BELTON, MISSOURI
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2006

Net change in fund balances - total governmental funds: \$ (1,695,052)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. This is the amount by which capital outlays, which are over the capitalization threshold, exceeded depreciation in the current period. 1,329,516

Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure. In contrast, the Statement of Net Assets reports repayment as a reduction to long-term liabilities. This is the amount by which proceeds exceed repayments. 2,557,003

Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Accrued interest not reflected on governmental funds (16,866)

Change in net assets of governmental activities \$ 2,174,601

**CITY OF BELTON, MISSOURI
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
MARCH 31, 2006**

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Golf Course Fund</u>	<u>Total</u>
ASSETS:				
Current assets:				
Pooled cash and investments	\$ -	\$ 1,064,842	\$ 1,000	\$ 1,065,842
Cash and investments-restricted	864,747	-	764,735	1,629,482
Receivables:				
Billed	157,684	181,782	-	339,466
Unbilled	118,197	128,558	-	246,755
Accrued interest	354	8,023	-	8,377
Other	19,234	3,722	-	22,956
Deferred charges, net of amortization	93,606	-	54,226	147,832
Due from other funds	-	323,313	-	323,313
Inventories	-	-	71,920	71,920
Total current assets	<u>1,253,822</u>	<u>1,710,240</u>	<u>891,881</u>	<u>3,855,943</u>
Non-current assets:				
Capital assets:				
Land and improvements	25,452	19,665	330,000	375,117
Improvements other than buildings	8,219,007	10,134,642	2,690,858	21,044,507
Sewer plant	10,015,126	-	-	10,015,126
Buildings	1,521,239	77,205	741,407	2,339,851
Equipment and furniture	985,776	1,072,154	692,225	2,750,155
Total capital assets at cost	20,766,600	11,303,666	4,454,490	36,524,756
Less accumulated depreciation	<u>(10,091,224)</u>	<u>(4,954,276)</u>	<u>(1,524,478)</u>	<u>(16,569,978)</u>
Capital assets, net	<u>10,675,376</u>	<u>6,349,390</u>	<u>2,930,012</u>	<u>19,954,778</u>
	<u>11,929,198</u>	<u>8,059,630</u>	<u>3,821,893</u>	<u>23,810,721</u>
LIABILITIES:				
Current liabilities:				
Accounts payable	161,298	125,877	243,184	530,359
Salaries and benefits payable	19,743	16,777	7,936	44,456
Accrued interest payable	47,722	-	30,824	78,546
Due to other funds	323,313	-	582,487	905,800
Customer deposits	-	301,469	-	301,469
Other payables	10,602	8,898	2,737	22,237
Bonds, notes, and loans payable	<u>425,000</u>	-	<u>150,000</u>	<u>575,000</u>
Total current liabilities	987,678	453,021	1,017,168	2,457,867
Non-current liabilities,				
Bonds, notes and loans payable	<u>3,250,000</u>	-	<u>3,150,000</u>	<u>6,400,000</u>
Total non-current liabilities	<u>3,250,000</u>	-	<u>3,150,000</u>	<u>6,400,000</u>
	<u>4,237,678</u>	<u>453,021</u>	<u>4,167,168</u>	<u>8,857,867</u>
NET ASSETS:				
Invested in capital assets, net of related debt	7,000,376	6,349,390	(369,988)	12,979,778
Restricted for debt service	864,747	-	764,735	1,629,482
Unrestricted	<u>(173,603)</u>	<u>1,257,219</u>	<u>(740,022)</u>	<u>343,594</u>
	<u>\$ 7,691,520</u>	<u>\$ 7,606,609</u>	<u>\$ (345,275)</u>	<u>\$ 14,952,854</u>

See accompanying notes.

CITY OF BELTON, MISSOURI
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS --
PROPRIETARY FUNDS
FOR THE YEAR ENDED MARCH 31, 2006

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Golf Course Fund</u>	<u>Total</u>
REVENUES,				
Charges for services	\$ 3,378,946	\$ 3,946,226	\$ 768,508	\$ 8,093,680
	<u>3,378,946</u>	<u>3,946,226</u>	<u>768,508</u>	<u>8,093,680</u>
OPERATING EXPENSES:				
Personnel services	601,766	536,901	353,835	1,492,502
Contractual services	75,561	149,428	75,724	300,713
Materials and supplies	21,377	10,260	66,398	98,035
Maintenance and repairs	118,627	239,324	41,799	399,750
Fuel and lubricants	19,965	19,442	11,746	51,153
Utilities	91,253	50,979	67,203	209,435
Water supply	820,710	1,300,464	-	2,121,174
Interfund charges for support services	716,068	995,910	1,073	1,713,051
Depreciation and amortization	602,550	293,495	189,248	1,085,293
Bad debts expense	11,551	17,780	-	29,331
Miscellaneous	84,725	62,549	13,430	160,704
	<u>3,164,153</u>	<u>3,676,532</u>	<u>820,456</u>	<u>7,661,141</u>
Operating income (loss)	<u>214,793</u>	<u>269,694</u>	<u>(51,948)</u>	<u>432,539</u>
NON-OPERATING REVENUES (EXPENSES):				
Franchise tax	(231,435)	(273,426)	-	(504,861)
In lieu of tax	(50,000)	(65,000)	-	(115,000)
Interest income	166,482	43,931	88,046	298,459
Miscellaneous revenue	-	-	314	314
Interest expense	(227,129)	-	(175,678)	(402,807)
Loss on disposal of assets	-	-	(7,573)	(7,573)
	<u>(342,082)</u>	<u>(294,495)</u>	<u>(94,891)</u>	<u>(731,468)</u>
Decrease in net assets	<u>(127,289)</u>	<u>(24,801)</u>	<u>(146,839)</u>	<u>(298,929)</u>
Total net assets - beginning	<u>7,818,809</u>	<u>7,631,410</u>	<u>(198,436)</u>	<u>15,251,783</u>
Total net assets - ending	<u>\$ 7,691,520</u>	<u>\$ 7,606,609</u>	<u>\$ (345,275)</u>	<u>\$ 14,952,854</u>

See accompanying notes.

CITY OF BELTON, MISSOURI

STATEMENT OF CASH FLOWS -- PROPRIETARY FUNDS
FOR THE YEAR ENDED MARCH 31, 2006

	Sewer Fund	Water Fund	Golf Course Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Received from customers	\$ 3,372,242	\$ 3,960,270	\$ 768,508	\$ 8,101,020
Payments to employees and fringe benefits	(596,588)	(531,314)	(350,450)	(1,478,352)
Cash payments in lieu of tax	(50,000)	(65,000)	-	(115,000)
Payments for operations	(2,013,074)	(3,209,973)	9,195	(5,213,852)
Other receipts (payments)	-	-	314	314
Net cash provided by operating activities	<u>712,580</u>	<u>153,983</u>	<u>427,567</u>	<u>1,294,130</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES,				
Cash disbursements from interfund receivables	-	(323,313)	-	(323,313)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from capital debt	-	-	1,430,000	1,430,000
Acquisition and construction of capital assets	(570,779)	(84,599)	(1,176,071)	(1,831,449)
Principal paid on capital debt and leases	(400,000)	-	(100,000)	(500,000)
Interest paid on capital debt and leases	(242,244)	-	(152,923)	(395,167)
Net cash used by capital and related financing activities	<u>(1,213,023)</u>	<u>(84,599)</u>	<u>1,006</u>	<u>(1,296,616)</u>
CASH FLOWS FROM INVESTING ACTIVITIES,				
Investment income	<u>169,494</u>	<u>40,792</u>	<u>88,046</u>	<u>298,332</u>
Net increase (decrease) in cash and cash equivalents	(330,949)	(213,137)	516,619	(27,467)
Cash and cash equivalents, beginning of year	<u>1,195,696</u>	<u>1,277,979</u>	<u>249,116</u>	<u>2,722,791</u>
Cash and cash equivalents, end of year	<u>\$ 864,747</u>	<u>\$ 1,064,842</u>	<u>\$ 765,735</u>	<u>\$ 2,695,324</u>
Reconciliation of operating income to net cash provided by operating activities,				
Operating income	<u>\$ 214,793</u>	<u>\$ 269,694</u>	<u>\$ (51,948)</u>	<u>\$ 432,539</u>
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization expense	602,550	293,495	189,248	1,085,293
Miscellaneous nonoperating income	-	-	314	314
Cash payments in lieu of tax	(50,000)	(65,000)	-	(115,000)
Cash payments franchise tax	(231,432)	(273,426)	-	(504,858)
Changes in assets and liabilities:				
Receivables, net	(6,704)	14,045	-	7,341
Inventories	-	-	(34,253)	(34,253)
Accounts payable and accrued liabilities	(139,940)	(122,113)	173,947	(88,106)
Due to other funds	323,313	-	150,259	473,572
Customer deposits	-	37,288	-	37,288
Total adjustments	<u>497,787</u>	<u>(115,711)</u>	<u>479,515</u>	<u>861,591</u>
Net cash provided by operating activities	<u>\$ 712,580</u>	<u>\$ 153,983</u>	<u>\$ 427,567</u>	<u>\$ 1,294,130</u>

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NOTES TO FINANCIAL STATEMENTS

The Notes to the Financial Statements include a summary of the accounting policies followed and information used by the City that are judged to be most appropriate for full disclosure in the preparation of the financial statements.

CITY OF BELTON, MISSOURI

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the City of Belton, Missouri (the City), have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below:

- A. Reporting Entity: The City of Belton, Missouri, was incorporated in 1872 and covers an area of approximately 16 square miles located primarily in Cass County, Missouri. Belton is a fourth class city and operates under the Mayor/Board/Administrator form of government. The City Administrator is the chief administrative officer of the City. The accompanying financial statements present the City's primary government and any component units over which the City exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the City (as distinct from legal relationships). Management has considered all potential component units and has determined there are no entities outside of the primary government that should be blended into or discretely presented with the City's financial statements.

The accounting and reporting policies of the City conform to generally accepted accounting principles applicable to local governments. With regard to FASB pronouncements issued after November 30, 1989, for its proprietary fund activities, the City has elected not to adopt any of those pronouncements. The City has also refrained from implementing not-for-profit FASB pronouncements issued after November 30, 1989.

- B. Government-Wide and Fund Financial Statements: The government-wide financial statements include the statement of net assets and the statement of activities. Government-wide statements report, except for City fiduciary activity, information on all of the activities of the City and its component units. For the most part, the effect of interfund activity has been removed from the government-wide statements, but continues to be reflected on the fund statements. *Governmental activities*, which are normally supported by taxes and governmental 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.

CITY OF BELTON, MISSOURI

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

B. Government-Wide and Fund Financial Statements (Continued):

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 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 as general revenues.

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter is excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Non-major funds include other Special Revenue, Capital Projects, and Debt Service funds. The combined amounts for these funds are reflected in a single column in the fund Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances. Detailed statements for non-major funds are presented with Combining and Individual Fund Statements and Schedules.

- C. Measurement Focus, Basis of Accounting, and Basis of 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 recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recognized 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, are reported only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

CITY OF BELTON, MISSOURI

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

C. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued):

The government reports the following major governmental funds:

The General Fund is the primary operating fund. Expenditures from this fund provide basic City services, such as police and fire protection, planning, inspection, engineering, animal control, civil defense, municipal court, and overall basic services such as finance and data processing, personnel, and general administration of the City.

Revenue sources include taxes, which include property taxes, sales taxes, franchise taxes, and cigarette taxes. Other revenues include fees for ambulance service, other fees and licenses, and revenue gathered from the municipal court and investment earnings.

The Park Fund accounts for taxes collected and expended for operations and improvements to the City's parks and swimming pool.

The Tax Increment Financing Special Allocation Fund/General accounts for all "Payments in Lieu of Taxes" and all "Economic Activity Taxes" collected and expended resulting from the City's tax increment financing districts established to finance various improvements within the City.

The Street Department Fund accounts for the operation and maintenance of streets, curbs, etc.

The Sales Tax Improvement Fund accounts for collection of sales tax monies collected for specified construction projects.

The Major Road Construction Fund accounts for collection of building permit fees collected for street improvements.

CITY OF BELTON, MISSOURI

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

C. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued):

Proprietary fund level financial statements are used to account for activities, which are similar to those found in the private-sector. The measurement focus is upon determination of net income, financial position, and cash flows. The City's proprietary funds are as follows:

Water Fund accounts for the provision of water 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, billing, collection, and related debt service.

Sewer Fund accounts for the provision of 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, billing, collection, and related debt service.

Golf Course Fund accounts for the activities at the Belton Municipal Golf Course.

On the proprietary fund financial statements, operating revenues are those that flow directly from the operations of the activity, i.e., charges to customers or users who purchase or use the goods or services of that activity. Operating expenses are those that are incurred to provide those goods or services. Non-operating revenues and expenses are items such as investment income and interest expense that are not a result of the direct operations of the activity.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

CITY OF BELTON, MISSOURI

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

- D. Budgets: The reported budgetary data represents the final approved budget after amendments as adopted by the Board of Aldermen. Annual operating budgets are adopted for the General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects Funds, and Proprietary Funds. Missouri law requires budgets to be adopted for all governmental funds. The City prepares its budgets on the modified accrual basis of accounting for its governmental funds and the accrual basis for its proprietary funds. The Board of Aldermen has amended the budget at various times during the year and has performed the following procedures in establishing the City's budget:
- (1) Prior to March 1, the City Administrator submits to the Board of Aldermen a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them.
 - (2) Public hearings are conducted to obtain taxpayer comments.
 - (3) Prior to April 1, the budget is legally enacted through the passage of an ordinance.
 - (4) The City Administrator is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Board of Aldermen. This constitutes the City's legal level of budgetary control.
 - (5) Appropriations lapse at year-end, but may be reappropriated in the following fiscal year.
- E. Pooled Cash, Investments, and Restricted Assets: State statutes authorize the City to invest in banking institutions and obligations of municipalities, repurchase agreements, U.S. government agency obligations, and obligations of the U.S. Treasury. Cash resources of the individual governmental fund types are combined to form a pool of cash and investments. At March 31, 2006, the City's cash was deposited in demand accounts, certificates of deposit, Federal Home Loan Bank Notes, Federal National Mortgage Notes, and U.S. Treasury Obligations. Investments with maturities of less than one year are stated at cost, which approximates fair value. Investments with original maturities of greater than one year are recorded at fair value. Interest income on pooled cash and investments is allocated based upon each fund's respective average cash balance.

Certain proceeds of federal grants are classified as restricted assets on the balance sheet because their use is limited by applicable grant agreements. Assets are also restricted for court bonds, debt service reserve requirements, refunding customer meter deposits, sewer capital expenditures, and future debt refunding.

CITY OF BELTON, MISSOURI

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

- F. Statement of Cash Flows: A statement of cash flows has been presented in accordance with Governmental Accounting Standards Board Statement 9 for the Proprietary Fund. For purposes of the statement of cash flows, demand deposits, and all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased are considered to be cash equivalents.
- G. Accounts Receivable: Accounts receivable for water and sewer services are accounted for in the Water and Sewer Funds and include billed amounts as well as an accrual for the earned but unbilled services from the previous billing date through March 31, 2006. Accounts receivable in the General Fund represents charges for the mowing of weeds, ambulance service, fire protection, and court fines and fees.
- H. Interfund Receivables and Payables: Transactions between funds that are representative of cash overdrafts from pooled cash and investing are reported as interfund receivables or payables.
- I. Interfund Transactions: During the course of normal operations, the City has transactions between funds, including expenditures and transfers of resources to provide services and construct assets. Legally authorized transfers are treated as operating transfers and are included in the results of operations of both Governmental and Proprietary Funds. Nonrecurring or nonroutine permanent transfers of equity are reported as equity transfers.
- J. Inventory: Inventory, which consists principally of maintenance supplies, gasoline, and oil, is valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund type inventories are recorded as expenditures when purchased.
- K. Deferred Charges: Costs incurred in issuing and refunding bonds have been capitalized and recorded as deferred charges. These costs are amortized, using the straight-line method, over the period that the related bonds are outstanding.
- L. Capital Assets: Capital assets, which include land, buildings and improvements, equipment, and infrastructure assets (e.g., roads and bridges), are reported in the applicable government or business-type activities columns in the government-wide statements. Capital assets are defined as assets with a cost of \$5,000 or more. Capital assets are recorded at historical cost if purchased or constructed, or at estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

CITY OF BELTON, MISSOURI
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

L. Capital Assets (Continued):

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation on all assets is computed using the straight-line method over the following estimated lives:

Major Assets

Buildings	7 - 50 years
Improvements	10 - 50 years
Infrastructure	50 years
Furniture and equipment	5 - 30 years

GASB Statement 34 requires the reporting and depreciation of the new infrastructure expenditures effective with the beginning of the implementation year.

- M. Compensated Absences: Accumulated vacation leave, that is expected to be liquidated with expendable available financial resources, is reported as an expenditure and a fund liability of the governmental fund that will pay it. Accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees.
- N. Long-Term Obligations: Long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the General Long-Term Debt account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.
- O. 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 the formal budgetary control. Encumbrances outstanding at year-end, if any, are reported as reservations of fund balance for subsequent year expenditures. When expenditures are incurred in subsequent years relating to amounts previously encumbered, such amounts are, if material, reappropriated in the year expended.
- P. Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the general purpose financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CITY OF BELTON, MISSOURI

NOTES TO FINANCIAL STATEMENTS

2. DEPOSITS AND INVESTMENTS:

At March 31, 2006, cash balances were comprised of demand deposits and certificates of deposit. As required by law, the depository banks are to pledge securities in addition to Federal Deposit Insurance Corporation (FDIC) insurance to equal the amount on deposit at all times. The following table summarizes the collateral supporting the City's deposits with a carrying value of \$907,233 (\$907,233 demand deposits).

Category 1

Deposits covered by federal depository insurance or by collateral held by the City, or its agent, in the City's name	\$ 103,445
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Category 2

Deposits covered by collateral held by the pledging financial institution's trust department, or by its agent, in the City's name	<u>1,150,078</u>
	<u>\$ 1,253,523</u>

At March 31, 2006, all investments were held by the Counterparty's financial institution's trust department, in the City's name (risk category B).

At March 31, 2006, the carrying value (cost) and fair value of investments of the City are as follows:

	Carrying Value	Fair Value
Federal Home Loan Bank Notes	\$ 4,000,000	\$ 4,000,000
Federal National Mortgage Notes	3,487,241	3,487,216
U.S. Treasury Obligations	<u>4,947,725</u>	<u>4,947,725</u>
	<u>\$ 12,434,966</u>	<u>\$ 12,434,941</u>

CITY OF BELTON, MISSOURI

NOTES TO FINANCIAL STATEMENTS

2. DEPOSITS AND INVESTMENTS (Continued):

The following table lists the credit ratings per Moody's and/or Standard and Poor's of the City's investments as of March 31, 2006:

Investment Type	Carrying Value	Guaranteed by U.S. Government	AAA	Unrated
U.S. Treasuries	\$ 4,947,725	\$ 4,947,725	\$ -	\$ -
U.S. Agencies	<u>7,487,241</u>	<u>-</u>	<u>7,487,241</u>	<u>-</u>
	<u>\$ 12,434,966</u>	<u>\$ 4,947,725</u>	<u>\$ 7,487,241</u>	<u>\$ -</u>

U.S. Treasury securities are explicitly guaranteed by the U.S. government and therefore do not require a rating.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit risk is measured using credit quality ratings of investments in debt securities as described by nationally recognized rating agencies such as Standard & Poor's and Moody's. Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer.

Interest rate risk is the risk that the fair value of investments will be adversely affected by a change in interest rates. The City's investment policy does not limit investment maturities as a means of managing its fair value losses arising from increasing interest rates. The City generally intends to buy and hold the securities in its portfolios, and to sell only when a gain is present or when a swap that offers substantial economic gain is available. During the next fiscal year, the City does not intend to sell any securities at a loss in order to meet cash requirements.

Of the City's total investments, approximately 40% was invested in U.S. Treasuries, and 60% with U.S. government agencies.

At March 31, 2006, the carrying value of deposits and investments are summarized as follows:

Investments:	
U.S. government securities	\$ 4,947,725
U.S. agency securities	<u>7,487,241</u>
Total investments	<u>12,434,966</u>
Deposits	<u>907,233</u>
Total	<u>\$ 13,342,199</u>

CITY OF BELTON, MISSOURI
NOTES TO FINANCIAL STATEMENTS

2. DEPOSITS AND INVESTMENTS (Continued):

Deposits and investments of the City are reflected in the government-wide financial statements as follows:

Pooled cash and investments	\$ 8,353,908	
Restricted cash	<u>4,988,291</u>	
 Total	 <u>\$ 13,342,199</u>	

3. ACCOUNTS RECEIVABLE:

As a result of providing water and sanitation services to its citizens, the City has extended credit to them. Accounts receivable are presented net of allowance for doubtful accounts of \$122,248 in the Water Fund and \$59,823 in the Sewer Fund.

4. CAPITAL ASSETS:

A. Capital asset activity for the year ended March 31, 2006, consisted of the following:

	<u>Balance</u> <u>4/1/2005</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>3/31/2006</u>
Governmental activities,				
Capital assets not being depreciated:				
Land	\$ 1,879,244	\$ -	\$ 331,354	\$ 1,547,890
Construction in progress	<u>-</u>	<u>2,518,585</u>	<u>-</u>	<u>2,518,585</u>
Total capital assets not being depreciated	<u>1,879,244</u>	<u>2,518,585</u>	<u>331,354</u>	<u>4,066,475</u>
Capital assets being depreciated:				
Buildings	10,683,509	-	-	10,683,509
Improvements	3,421,875	190,369	-	3,612,244
Furniture and equipment	8,221,781	187,847	-	8,409,628
Infrastructure	<u>16,685,182</u>	<u>50,943</u>	<u>-</u>	<u>16,736,125</u>
Total capital assets being depreciated	<u>39,012,347</u>	<u>429,159</u>	<u>-</u>	<u>39,441,506</u>
Less accumulated depreciation:				
Buildings	2,643,310	286,948	-	2,930,258
Improvements	927,334	114,070	-	1,041,404
Furniture and equipment	5,842,485	546,075	-	6,388,560
Infrastructure	<u>887,157</u>	<u>339,781</u>	<u>-</u>	<u>1,226,938</u>
Total accumulated depreciation	<u>10,300,286</u>	<u>1,286,874</u>	<u>-</u>	<u>11,587,160</u>
Total capital assets being depreciated, net	<u>28,712,061</u>	<u>(857,715)</u>	<u>-</u>	<u>27,854,346</u>
Governmental activities capital assets, net	<u>\$30,591,305</u>	<u>\$ 1,660,870</u>	<u>\$ 331,354</u>	<u>\$31,920,821</u>

CITY OF BELTON, MISSOURI
NOTES TO FINANCIAL STATEMENTS

4. CAPITAL ASSETS (Continued):

A. Capital asset activity for the year ended March 31, 2006, consisted of the following (Continued):

	<u>Balance 4/1/2005</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 3/31/2006</u>
Business-type activities,				
Capital assets not being depreciated,				
Land and improvements	\$ 45,117	\$ 330,000	\$ -	\$ 375,117
Total capital assets not being depreciated	<u>45,117</u>	<u>330,000</u>	<u>-</u>	<u>375,117</u>
Capital assets being depreciated:				
Buildings	1,630,331	718,710	9,190	2,339,851
Improvements	20,453,234	591,273	-	21,044,507
Sewer plant	10,015,126	-	-	10,015,126
Equipment	2,558,689	191,466	-	2,750,155
Total capital assets being depreciated	<u>34,657,380</u>	<u>1,501,449</u>	<u>9,190</u>	<u>36,149,639</u>
Less accumulated depreciation:				
Buildings	1,274,471	103,349	1,617	1,376,203
Improvements	8,624,589	498,966	-	9,123,555
Sewer plant	3,332,366	333,837	-	3,666,203
Equipment	2,281,415	122,602	-	2,404,017
Total accumulated depreciation	<u>15,512,841</u>	<u>1,058,754</u>	<u>1,617</u>	<u>16,569,978</u>
Total capital assets being depreciated, net	<u>19,144,539</u>	<u>442,695</u>	<u>7,573</u>	<u>19,579,661</u>
Business-type activities capital assets, net	<u>\$19,189,656</u>	<u>\$ 772,695</u>	<u>\$ 7,573</u>	<u>\$19,954,778</u>

CITY OF BELTON, MISSOURI
NOTES TO FINANCIAL STATEMENTS

4. CAPITAL ASSETS (Continued):

B. Depreciation expense was charged to the functions/programs of the primary government as follows:

Government activities:

General government	\$ 162,682
Civil defense	4,051
Economic and community development	955
Emergency services	59,731
Fire	136,720
Municipal jail	3,974
Public safety	139,209
Public works	409,116
Parks	<u>370,436</u>

Total depreciation expense, governmental	<u>\$ 1,286,874</u>
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Business-type activities:

Sewer	\$ 580,530
Water	293,495
Golf Course	<u>184,729</u>

Total depreciation expense, business-type	<u>\$ 1,058,754</u>
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CITY OF BELTON, MISSOURI
NOTES TO FINANCIAL STATEMENTS

5. PENSION PLAN:

- A. Plan Description: The City of Belton participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan, which provides retirement, disability, and death benefits to plan members and beneficiaries. LAGERS was created and is governed by state statute, section RSMo. 70.600-70.755. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the general assembly. The plan is qualified under Internal Revenue Code Section 401(a) and is tax exempt.

The Missouri Local Government Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to LAGERS, PO Box 1665, Jefferson City, Missouri 65102 or by calling 1-800-447-4334.

- B. Funding Policy: The City of Belton's full-time employees do not contribute to the pension plan. The political subdivision is required by state statute to contribute to an actuarially determined rate; the current rate is 9.1% (general), 5.9% (police), and 7.9% (fire) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

For 2005, the political subdivision's annual pension cost of \$534,710 was equal to the required and actual contributions. The required contribution was determined as part of the February 28, 2003, and/or February 29, 2004, annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions include (a) a rate of return on the investment of present and future assets of 7.5% per year, compounded annually, before retirement and 4% per year, compounded annually, after retirement; (b) projected salary increases of 4% per year, compounded annually, attributable to inflation; (c) additional projected salary increases ranging from 0% to 4.2% per year, depending on age, attributable to seniority/merit; and (d) pre- and post-retirement mortality based on the 1983 Group Annuity Mortality table set back one year for men and seven years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at February 28, 2005, was 15 years.

CITY OF BELTON, MISSOURI
NOTES TO FINANCIAL STATEMENTS

5. PENSION PLAN (Continued):

B. Funding Policy (Continued):

Trend Information			
Fiscal Year Ending	Annual Pension Cost	Percentage of APC Contributed	Net Pension Obligation
6/30/03	\$ 326,987	100%	\$ -
6/30/04	\$ 404,652	100%	\$ -
6/30/05	\$ 534,710	100%	\$ -

Schedule of Funding Progress			
Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)
02/28/03	\$ 10,682,045	\$ 8,543,353	\$ (2,138,692)
02/29/04	\$ 11,713,914	\$ 10,426,019	\$ (1,287,895)
02/28/05	\$ 12,587,047	\$ 1,190,899	\$ (686,148)
Actuarial Valuation Date	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a)/c] UAL as a Percent of Covered Payroll
02/28/03	125%	\$ 5,417,726	-
02/29/04	112%	\$ 6,197,501	-
02/28/05	106%	\$ 6,986,549	-

Note: The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2001, annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuation, please contact the LAGERS office in Jefferson City.

CITY OF BELTON, MISSOURI

NOTES TO FINANCIAL STATEMENTS

6. LONG-TERM DEBT:

Changes in long-term debt of the City for the year ended March 31, 2006, consisted of the following:

<u>Governmental Activities</u>					
	<u>Balance April 1, 2005</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance March 31, 2006</u>	<u>Amounts Due Within One Year</u>
Notes payable	\$ 90,900	\$ -	\$ 4,743	\$ 86,157	\$ 4,498
Sales tax revenue bonds	18,140,000	-	1,420,000	16,720,000	610,000
General obligation bonds	5,330,000	-	375,000	4,955,000	395,000
Certificates of participation	<u>7,035,000</u>	<u>-</u>	<u>780,000</u>	<u>6,255,000</u>	<u>345,000</u>
	<u>\$ 30,595,900</u>	<u>\$ -</u>	<u>\$ 2,579,743</u>	<u>\$ 28,016,157</u>	<u>\$ 1,354,498</u>
<u>Business-Type Activities</u>					
	<u>Balance April 1, 2005</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance March 31, 2006</u>	<u>Amounts Due Within One Year</u>
Revenue bonds	\$ 4,075,000	\$ -	\$ 400,000	\$ 3,675,000	\$ 425,000
Certificates of participation	<u>1,970,000</u>	<u>1,430,000</u>	<u>100,000</u>	<u>3,300,000</u>	<u>150,000</u>
	<u>\$ 6,045,000</u>	<u>\$ 1,430,000</u>	<u>\$ 500,000</u>	<u>\$ 6,975,000</u>	<u>\$ 575,000</u>

CITY OF BELTON, MISSOURI
NOTES TO FINANCIAL STATEMENTS

6. LONG-TERM DEBT (Continued):

Total City debt at March 31, 2006, consisted of the following:

General obligation bonds:

Series 2001 general obligation refunding bonds, due in annual installments of \$325,000 to \$680,000, through March 1, 2015; interest at 3.0% to 4.3%	<u>\$ 4,955,000</u>
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Governmental fund revenue bonds:

Series 1997 capital improvements sales tax revenue bonds, due in annual installments of \$155,000 to \$415,000, through March 1, 2017; interest at 4.5% to 5.45%	3,420,000
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Series 2004 tax increment financing bonds, due in annual installments of \$120,000 to \$1,945,000, through December 31, 2024; interest at 4.5% to 6.25%	<u>13,300,000</u>
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Total governmental revenue bonds	<u>16,720,000</u>
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Governmental fund certificates of participation:

Series 1998B, tax-exempt certificates of participation, due in annual installments of \$345,000 to \$1,460,000, through March 1, 2018; interest at 4.1% to 5%	<u>6,255,000</u>
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Governmental fund notes payable:

DNR note payable, due in semi-annual installments of \$3,834, through February 1, 2021; interest at 3.75%	<u>86,157</u>
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CITY OF BELTON, MISSOURI

NOTES TO FINANCIAL STATEMENTS

6. LONG-TERM DEBT (Continued):

Proprietary fund revenue bonds:

Series 1991A Sewerage System Revenue Bonds (State Revolving Fund Program), due in annual installments of \$285,000 to \$590,000, through December 1, 2012; interest at 6.4% to 6.875%	\$ 3,405,000
Series 1992A Sewerage System Revenue Refunding Bonds (State Revolving Fund Program), due in annual installments of \$25,000 to \$45,000, through January 1, 2013; interest at 6.1% to 6.55%	<u>270,000</u>
Total proprietary revenue bonds	<u>3,675,000</u>

Proprietary fund certificates of participation:

Series 1998B, tax-exempt certificates of participation, due in annual installments of \$65,000 to \$420,000, through March 1, 2018; interest at 4.5% to 5.2%	1,870,000
Series 2006, certificates of participation, due in annual installments of \$45,000 to \$220,000, through March 1, 2026; interest at 4.5% to 5.375%	<u>1,430,000</u>
Total proprietary fund certificates of participation	<u>3,300,000</u>

At March 31, 2006, the constitutionally imposed total general obligation debt limit was \$40,821,070 which, after reduction for outstanding general obligation bonds of \$4,955,000 and considering the \$754,788 available in the Debt Service Funds, provides a general obligation debt margin of \$36,620,858.

CITY OF BELTON, MISSOURI
NOTES TO FINANCIAL STATEMENTS

6. LONG-TERM DEBT (Continued):

Aggregate annual principal and interest payments applicable to long-term debt are:

Years ending March 31,	Principal	Interest	General Obligation Bonds
2007	\$ 395,000	\$ 197,445	\$ 592,445
2008	420,000	183,620	603,620
2009	450,000	168,920	618,920
2010	670,000	150,920	820,920
2011	535,000	124,120	659,120
2012-2015	<u>2,485,000</u>	<u>268,200</u>	<u>2,753,200</u>
	<u>\$ 4,955,000</u>	<u>\$ 1,093,225</u>	<u>\$ 6,048,225</u>

Years ending March 31,	Principal	Interest	Certificates of Participation
2007	\$ 495,000	\$ 457,858	\$ 952,858
2008	515,000	442,338	957,338
2009	535,000	419,633	954,633
2010	560,000	395,558	955,558
2011	585,000	369,843	954,843
2012-2016	3,350,000	1,406,285	4,756,285
2017-2021	2,945,000	434,602	3,379,602
2022-2026	<u>570,000</u>	<u>107,502</u>	<u>677,502</u>
	<u>\$ 9,555,000</u>	<u>\$ 4,033,619</u>	<u>\$ 13,588,619</u>

CITY OF BELTON, MISSOURI

NOTES TO FINANCIAL STATEMENTS

6. LONG-TERM DEBT (Continued):

<u>Years ending March 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Proprietary Revenue Bonds</u>
2007	\$ 425,000	\$ 200,284	\$ 625,284
2008	455,000	179,198	634,198
2009	475,000	153,590	628,590
2010	510,000	126,960	636,960
2011	540,000	97,684	637,684
2012-2016	<u>1,270,000</u>	<u>101,178</u>	<u>1,371,178</u>
	<u>\$ 3,675,000</u>	<u>\$ 858,894</u>	<u>\$ 4,533,894</u>

<u>Years ending March 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Sales Tax Revenue Bonds</u>
2007	\$ 610,000	\$ 963,186	\$ 1,573,186
2008	645,000	934,723	1,579,723
2009	695,000	904,498	1,599,498
2010	650,000	871,144	1,521,144
2011	670,000	838,848	1,508,848
2012-2016	4,440,000	3,570,654	8,010,654
2017-2021	4,730,000	2,205,168	6,935,168
2022-2024	<u>4,280,000</u>	<u>586,562</u>	<u>4,866,562</u>
	<u>\$ 16,720,000</u>	<u>\$ 10,874,783</u>	<u>\$ 27,594,783</u>

CITY OF BELTON, MISSOURI
NOTES TO FINANCIAL STATEMENTS

6. LONG-TERM DEBT (Continued):

Years ending March 31,	Principal	Interest	Note Payable
2007	\$ 4,498	\$ 3,189	\$ 7,687
2008	4,668	3,019	7,687
2009	4,844	2,843	7,687
2010	5,028	2,659	7,687
2011	5,219	2,468	7,687
2012-2016	29,209	9,225	38,434
2017-2021	<u>32,691</u>	<u>3,263</u>	<u>35,954</u>
	<u>\$ 86,157</u>	<u>\$ 26,666</u>	<u>\$ 112,823</u>

Bond Reserve Accounts:

Under the Series 1998B Certificates of Participation Indentures, the City is required to deposit funds into a reserve account equal to \$1,128,000.

At March 31, 2006, the City was in compliance with this requirement.

Under the Series 2002 Certificates of Participation Indentures, the City is required to deposit funds into a reserve account equal to \$1,161,500.

At March 31, 2006, the City was in compliance with this requirement.

CITY OF BELTON, MISSOURI

NOTES TO FINANCIAL STATEMENTS

6. LONG-TERM DEBT (Continued):

Under the Series 2005 Certificates of Participation Indentures, the City is required to deposit funds into a reserve account equal to \$115,933.

At March 31, 2006, the City was in compliance with this requirement.

Under the Series 1991A Sewerage System Revenue Bonds (State Revolving Fund Program), the City is required to deposit monies into a debt service account sufficient to meet maturity dates of principal and interest.

At March 31, 2006, the City was in compliance with this requirement.

Further, after providing funds for current operations and principal and interest, excess funds will be deposited at a rate of \$7,109 monthly into a depreciation and replacement account until a balance of \$341,250 is reached.

At March 31, 2006, the City was in compliance with this requirement.

Under the Series 1992A Sewerage System Refunding Revenue Bonds (State Revolving Fund Program), the City is required to deposit monies into a debt service account sufficient to meet maturity dates of principal and interest. Further, after providing funds for current operations and principal and interest, excess funds will be deposited at a rate of \$358 monthly into a depreciation and replacement account until a balance of \$21,500 is reached.

At March 31, 2006, the City was in compliance with these requirements.

Under the Series 1996 Sewerage System Refunding Revenue Bonds, the City is required to deposit monies into a debt service account sufficient to meet maturity dates of principal and interest.

At March 31, 2006, the City was in compliance with this requirement.

Rates and fees established and charged were sufficient to satisfy bond covenant responsibilities for the sewer fund for the year ended March 31, 2006.

CITY OF BELTON, MISSOURI
NOTES TO FINANCIAL STATEMENTS

7. RESTRICTED CASH:

Restricted cash and investments at March 31, 2006, consisted of the following:

<u>Account</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
Court bonds	\$ 46,435	\$ -	\$ 46,435
Donations	1,562	-	1,562
Reserve for certificates of participation	<u>162,238</u>	<u>3,148,574</u>	<u>3,310,812</u>
	<u>\$ 210,235</u>	<u>\$ 3,148,574</u>	<u>\$ 3,358,809</u>
<u>Proprietary Funds</u>			
<u>General Account</u>	<u>Sewer Fund</u>	<u>Golf Fund</u>	<u>Total</u>
Reserve for debt service	\$ 501,997	\$ -	\$ 501,997
Reserve for certificates of participation	-	764,735	764,735
Reserve for depreciation and replacement	<u>362,750</u>	<u>-</u>	<u>362,750</u>
	<u>\$ 864,747</u>	<u>\$ 764,735</u>	<u>\$ 1,629,482</u>

CITY OF BELTON, MISSOURI

NOTES TO FINANCIAL STATEMENTS

8. LEGAL MATTERS:

There are a number of claims and/or lawsuits to which the City is a party as a result of certain law enforcement activities, injuries, and various other matters and complaints arising in the ordinary course of City activities. The City's management and legal counsel believe that the potential claims against the City not covered by insurance, if any, resulting from such matters, would not materially affect the financial position of the City.

9. TAX REVENUES:

The tax revenue, including interest and penalties collected thereon, for the year ended March 31, 2006, is as follows:

<u>Type</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Capital Project Funds</u>
Property	\$ 1,121,405	\$ 498,363	\$ 610,070	\$ -
Railroad	55,447	-	-	-
Franchise	2,370,257	-	-	-
Cigarette	170,661	-	-	-
City Sales	2,243,431	2,350,592	-	119,437
Park Sales	-	1,120,998	-	-
Transportation Sales	-	1,121,715	-	-
Financial Institution	<u>1,061</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 5,962,262</u>	<u>\$ 5,091,668</u>	<u>\$ 610,070</u>	<u>\$ 119,437</u>

The assessed valuation of the tangible property for the purpose of local taxation as of May 31, 2005, was as follows:

Real estate	\$ 158,707,875
Personal property	<u>45,397,478</u>
	<u>\$ 204,105,353</u>

CITY OF BELTON, MISSOURI

NOTES TO FINANCIAL STATEMENTS

9. TAX REVENUES (Continued):

The tax levy per \$100 of assessed valuation of tangible real and personal property for the calendar year 2005 was as follows:

General Fund	\$	0.52
Park and Recreation Fund		0.23
Debt Service Funds		<u>0.28</u>
	\$	<u>1.03</u>

Property taxes may attach as an enforceable lien on property as of January 1. Taxes are levied no later than November 1 and are due and payable at that time. All unpaid taxes levied by November 1 become delinquent January 1 of the following year.

CITY OF BELTON, MISSOURI
NOTES TO FINANCIAL STATEMENTS

10. INTERFUND TRANSACTIONS:

Interfund receivable and payable balances at March 31, 2006, were as follows:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 1,027,876	\$ -
Capital Projects Fund,		
Major Road Construction	-	445,389
Proprietary Funds:		
Sewer	-	323,313
Water	323,313	-
Golf	-	582,487
	<u>\$ 1,351,189</u>	<u>\$ 1,351,189</u>

Transfers during the year ended March 31, 2006, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 946,600
Special Revenue Funds:		
Park	450,000	-
Street	160,000	-
Sales Tax Escrow	195,500	225,000
Park Sales Tax	-	450,000
Capital Projects Funds:		
Vehicle Replacement Fund	419,075	-
Building Improvements Fund	12,025	-
Capital Projects Fund	385,000	-
	<u>\$ 1,621,600</u>	<u>\$ 1,621,600</u>

In general, transfers are used to (1) move revenues from the fund that collects the money to the fund that expends the money, (2) move receipts restricted or earmarked for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in a fund to provide operating advances to other funds in accordance with budgetary authorizations.

The due to/from balances resulted from the time lag between the dates that transactions are recorded in the accounting system and payments between the funds are made.

CITY OF BELTON, MISSOURI
NOTES TO FINANCIAL STATEMENTS

11. INTERGOVERNMENTAL REVENUE:

Intergovernmental revenue during the year ended March 31, 2006, consisted of the following:

	<u>General Fund</u>	<u>Special Revenue Funds</u>
Federal:		
Federal Emergency Management Agency, Emergency Management Assistance	\$ 11,649	\$ -
US Department of Justice:		
Crime Victims Advocate	25,205	-
High Intensity Drug Trafficking Area	66,564	-
US Department of Homeland Security:		
Terrorism Prevention	13,380	-
S.A.F.E.R.	12,585	-
State:		
Department of Revenue:		
Motor Vehicle Sales Tax	-	143,908
Motor Vehicle Fuel Tax	-	640,979
Motor Vehicle Fees	-	109,495
Department of Public Safety,		
Highway Safety Grant	29,664	-
County:		
County Sales Taxes	-	158,620
Road and Bridge Property Taxes	-	84,769
	<u>\$ 159,047</u>	<u>\$ 1,137,771</u>

CITY OF BELTON, MISSOURI

NOTES TO FINANCIAL STATEMENTS

12. RISK MANAGEMENT:

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; workers' compensation, and natural disasters for which the City carries commercial insurance. There have been no significant reductions in insurance coverage from the prior year and no significant losses in the past three fiscal years.

13. SELF-INSURANCE:

The City is a member of the Mid-America Regional Council Insurance Trust (MARCIT), a not-for-profit corporation consisting of governmental entities incorporated in 1984 to acquire insurance for its members. MARCIT operates as a purchasing pool and is not a joint venture activity of the City. The City has no control over budgeting, financing, management selection, or the governing body. MARCIT provides both conventional and self-insurance coverage for its members including medical, dental, property, casualty, general liability, and workers' compensation. The City participates in property, casualty, general liability, and workers' compensation insurance coverages.

MARCIT manages the cash and investment pool, funded by insurance premiums, on behalf of its members. MARCIT's investment pool consists of interest bearing deposits, U.S. Treasury strips, U.S. governmental agency obligations, and collateralized mortgage obligations. In the event that a deficit occurs with respect to any fiscal year of MARCIT for which the City was a participant at any time during such year; and in the event that MARCIT determines that an assessment is required in order to provide additional funds for the obligations of MARCIT for such year; and further, in the event that the City was covered by the types of benefits requiring the assessment during the time period in which the assessment arose, the City is obligated to pay its pro rata share of any such assessment, irrespective of whether or not the City is a member of MARCIT at the time of such assessment. Management of the City is not aware of any deficit situation in MARCIT which would require an accrual of a liability as of March 31, 2006.

MARCIT's financial statements are presented in its Comprehensive Annual Financial Report.

CITY OF BELTON, MISSOURI
NOTES TO FINANCIAL STATEMENTS

14. DEFERRED COMPENSATION PLAN:

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional.

Employees may contribute up to 25% of their annual base salary to a maximum limit of \$15,000 per year. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency. Investments are managed by the plan's trustee, and the choice of the investment option(s) is made by the participants.

The City contributes 2% of employee compensation for full-time employees participating in the plan. No contributions are made for part-time employees. The amount contributed by the City in 2006 was \$94,653.

15. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

For the year ended March 31, 2006, in violation of Missouri state statutes and the City's budgetary process, the City had a fund balance deficit in the following funds:

Capital Projects Fund, Major Road Construction	\$ (941,994)
Proprietary Fund, Golf Course	\$ (345,275)

16. COMMITMENTS:

The City had approximately \$5,100,000 of construction commitments at March 31, 2006. The City also had committed to the purchase of an ambulance and police car for approximately \$240,000.

CITY OF BELTON, MISSOURI

NOTES TO FINANCIAL STATEMENTS

17. RECONCILIATION OF GOVERNMENT-WIDE STATEMENT OF ACTIVITIES:

Explanation of certain differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities.

Capital outlay	\$ 2,616,390
Depreciation expense	<u>(1,286,874)</u>
Net adjustment	<u>\$ 1,329,516</u>
Principal	\$ 2,579,743
Discount amortization	<u>(22,740)</u>
Net adjustment	<u>\$ 2,557,003</u>

18. SUBSEQUENT EVENTS:

In May 2006, the City issued taxable Tax Increment Revenue Bonds in the amount of \$6,670,000 to finance infrastructure improvements in its TIF District. The bond payments will be made from TIF revenues.

REQUIRED SUPPLEMENTARY INFORMATION

OTHER THAN MD&A

**CITY OF BELTON, MISSOURI
BUDGETARY COMPARISON SCHEDULE --
GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2006**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 5,978,261	\$ 5,978,261	\$ 5,962,262	\$ (15,999)
Special assessments	20,000	20,000	11,926	(8,074)
Licenses and permits	310,175	310,175	355,952	45,777
Intergovernmental	125,500	190,298	159,047	(31,251)
Charges for services	977,700	977,700	1,147,131	169,431
Fees and fines	749,500	753,381	740,608	(12,773)
Investment earnings	50,000	50,000	67,884	17,884
Other	198,500	204,669	446,751	242,082
Interfund charges for support services in lieu of taxes from enterprise funds	2,207,357	2,207,357	2,207,357	-
	<u>115,000</u>	<u>115,000</u>	<u>115,000</u>	<u>-</u>
	<u>10,731,993</u>	<u>10,806,841</u>	<u>11,213,918</u>	<u>407,077</u>
EXPENDITURES				
General government	2,438,107	2,660,323	2,620,330	39,993
Public safety	3,616,971	3,818,677	3,782,057	36,620
Public works	522,119	525,819	528,524	(2,705)
Fire	893,765	975,011	1,035,005	(59,994)
Emergency services	1,612,571	1,660,093	1,641,482	18,611
Civil defense	51,293	51,293	50,078	1,215
Community and economic development	234,583	234,583	229,633	4,950
Municipal jail	414,003	414,003	397,780	16,223
Capital outlay	300	46,184	41,719	4,465
Debt service:				
Principal	450,000	450,000	454,743	(4,743)
Interest and other charges	-	-	4,929	(4,929)
	<u>10,233,712</u>	<u>10,835,986</u>	<u>10,786,280</u>	<u>49,706</u>
Excess of revenues over expenditures	<u>498,281</u>	<u>(29,145)</u>	<u>427,638</u>	<u>456,783</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from long-term debt	-	-	-	-
Transfers out	(568,975)	(946,600)	(946,600)	-
Total other financing sources and uses	<u>(568,975)</u>	<u>(946,600)</u>	<u>(946,600)</u>	<u>-</u>
Net change in fund balances	(70,694)	(975,745)	(518,962)	456,783
Fund balances - beginning	<u>2,748,354</u>	<u>2,748,354</u>	<u>2,748,354</u>	<u>-</u>
Fund balances - ending	<u>\$ 2,677,660</u>	<u>\$ 1,772,609</u>	<u>\$ 2,229,392</u>	<u>\$ 456,783</u>

CITY OF BELTON, MISSOURI
 BUDGETARY COMPARISON SCHEDULE --
 PARK
 FOR THE YEAR ENDED MARCH 31, 2006

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 533,925	\$ 483,925	\$ 498,363	\$ 14,438
Charges for services	514,420	576,920	584,592	7,672
Investment earnings	3,000	3,000	17,697	14,697
Miscellaneous	2,100	2,100	729	(1,371)
	<u>1,053,445</u>	<u>1,065,945</u>	<u>1,101,381</u>	<u>35,436</u>
EXPENDITURES				
Parks and recreation	1,398,332	1,398,832	1,309,464	89,368
Capital outlay	100,000	100,000	176,005	(76,005)
	<u>1,498,332</u>	<u>1,498,832</u>	<u>1,485,469</u>	<u>13,363</u>
Excess (deficiency) of revenues over expenditures	<u>(444,887)</u>	<u>(432,887)</u>	<u>(384,088)</u>	<u>48,799</u>
OTHER FINANCING SOURCES				
Transfers in	450,000	450,000	450,000	-
Net change in fund balances	5,113	17,113	65,912	48,799
Fund balances - beginning	575,795	575,795	575,795	-
Fund balances - ending	<u>\$ 580,908</u>	<u>\$ 592,908</u>	<u>\$ 641,707</u>	<u>\$ 48,799</u>

**CITY OF BELTON, MISSOURI
 BUDGETARY COMPARISON SCHEDULE --
 TAX INCREMENT FINANCING SPECIAL ALLOCATION GENERAL
 FOR THE YEAR ENDED MARCH 31, 2006**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
	REVENUES			
Taxes	\$ 2,113,000	\$ 2,113,000	\$ 1,229,230	\$ (883,770)
Investment earnings	-	-	61,561	61,561
In lieu of taxes	<u>785,000</u>	<u>785,000</u>	<u>636,705</u>	<u>(148,295)</u>
	<u>2,898,000</u>	<u>2,898,000</u>	<u>1,927,496</u>	<u>(970,504)</u>
EXPENDITURES				
Community and economic development	447,000	663,000	408,433	254,567
Debt service:				
Principal	445,000	445,000	445,000	-
Interest and other charges	<u>825,864</u>	<u>825,864</u>	<u>804,413</u>	<u>21,451</u>
	<u>1,717,864</u>	<u>1,933,864</u>	<u>1,657,846</u>	<u>276,018</u>
Net change in fund balances	1,180,136	964,136	269,650	(694,486)
Fund balances - beginning	<u>1,966,862</u>	<u>1,966,862</u>	<u>1,966,862</u>	<u>-</u>
Fund balances - ending	<u>\$ 3,146,998</u>	<u>\$ 2,930,998</u>	<u>\$ 2,236,512</u>	<u>\$ (694,486)</u>

CITY OF BELTON, MISSOURI
 BUDGETARY COMPARISON SCHEDULE --
 STREET DEPARTMENT
 FOR THE YEAR ENDED MARCH 31, 2006

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 1,202,500	\$ 1,202,500	\$ 1,121,715	\$ (80,785)
Licenses and permits	700	700	1,071	371
Intergovernmental	530,620	1,097,620	1,137,771	40,151
Investment earnings	300	3,000	18,165	15,165
Miscellaneous	7,000	7,000	979	(6,021)
	<u>1,741,120</u>	<u>2,310,820</u>	<u>2,279,701</u>	<u>(31,119)</u>
EXPENDITURES				
Public works	2,005,484	2,010,184	1,949,982	60,202
Capital outlay	607,144	562,723	237,714	325,009
	<u>2,612,628</u>	<u>2,572,907</u>	<u>2,187,696</u>	<u>385,211</u>
Excess (deficiency) of revenues over expenditures	<u>(871,508)</u>	<u>(262,087)</u>	<u>92,005</u>	<u>354,092</u>
OTHER FINANCING SOURCES				
Transfers in	150,000	160,000	160,000	-
Net change in fund balances	(721,508)	(102,087)	252,005	354,092
Fund balances - beginning	333,357	333,357	333,357	-
Fund balances - ending	<u>\$ (388,151)</u>	<u>\$ 231,270</u>	<u>\$ 585,362</u>	<u>\$ 354,092</u>

**CITY OF BELTON, MISSOURI
BUDGETARY COMPARISON SCHEDULE --
SALES TAX IMPROVEMENT
FOR THE YEAR ENDED MARCH 31, 2006**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 1,202,500	\$ 1,202,500	\$ 1,121,362	\$ (81,138)
Investment earnings	<u>35,000</u>	<u>35,000</u>	<u>46,285</u>	<u>11,285</u>
	<u>1,237,500</u>	<u>1,237,500</u>	<u>1,167,647</u>	<u>(69,853)</u>
EXPENDITURES				
Debt service:				
Principal	975,000	975,000	975,000	-
Interest and other charges	<u>572,426</u>	<u>232,426</u>	<u>232,156</u>	<u>270</u>
	<u>1,547,426</u>	<u>1,207,426</u>	<u>1,207,156</u>	<u>270</u>
Net change in fund balances	(309,926)	30,074	(39,509)	(69,583)
Fund balances - beginning	<u>2,187,057</u>	<u>2,187,057</u>	<u>2,187,057</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,877,131</u>	<u>\$ 2,217,131</u>	<u>\$ 2,147,548</u>	<u>\$ (69,583)</u>

SUPPLEMENTAL INFORMATION

Supplemental Information (SI) accompanies the Basic Financial Statements and provides detailed information for non-major funds.

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CITY OF BELTON, MISSOURI

FUND DESCRIPTIONS

SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for revenues derived from specific taxes, governmental grants, or other revenue sources which are restricted to finance particular functions or activities of the City.

Impact Fees Fund – accounts for the collection of the impact fees which are assessed on new construction based on the impact each project will have on the road infrastructure system of the City. The funds collected are restricted for use on improvements to the transportation infrastructure.

Sales Tax Escrow Fund – accounts for 10% of all sales tax monies collected in the General Fund. Monies received are restricted for unexpected expenditures or the acquisition of capital items.

Park Sales Tax Improvement Fund – accounts for the collection of the ½ cent sales tax for Parks and Recreation capital projects and the Community Center.

DEBT SERVICE FUNDS

Debt Service Funds are used to accumulate monies to retire the City's outstanding General Obligation Debt.

North Scott/Highway 58 Capital Improvements – receives money to pay principal and interest on the Series 1995 Capital Improvement General Obligation Bonds.

CAPITAL PROJECTS FUNDS

The Capital Projects Funds are used to account for all receipts and expenditures for the acquisition and construction of capital facilities by the City except those financed by Proprietary Funds. Capital facilities are defined as major, permanent facilities with an estimated useful life in excess of one year.

Capital Projects Funds utilized are Vehicle/Equipment Replacement, Building Improvement, Capital Improvements, North Scott Construction, and Parks and Community Center. These funds are used to account for recurring capital expenditures and construction in progress.

CITY OF BELTON, MISSOURI
BALANCE SHEET --
OTHER GOVERNMENTAL FUNDS
MARCH 31, 2006

	Impact Fees	Sales Tax Escrow	Park Sales Tax Improvement	N. Scott/Hwy 58 Capital Improvements	Vehicle/Equipment Replacement	Building Improvement
ASSETS						
Pooled cash and investments	\$ 94,793	\$ 135,591	\$ 260,168	\$ 740,745	\$ 313,654	\$ 47,849
Cash and investments-restricted	-	-	893,243	-	-	-
Taxes receivable, net	-	-	106,418	-	-	-
Accrued interest	548	2,084	1,503	4,280	801	276
Property taxes receivable	-	-	-	42,789	-	-
Other receivables	-	-	-	9,763	-	-
Total assets	<u>\$ 95,341</u>	<u>\$ 137,675</u>	<u>\$ 1,261,332</u>	<u>\$ 797,577</u>	<u>\$ 314,455</u>	<u>\$ 48,125</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	-	5	-	-	7,064	4,300
Deferred revenue	-	-	-	42,789	-	-
Total liabilities	-	5	-	42,789	7,064	4,300
Fund balances,						
Undesignated, reported as:						
Special revenue	95,341	137,670	368,089	-	-	-
Debt service	-	-	893,243	754,788	-	-
Capital projects	-	-	-	-	307,391	43,825
Total fund balances	<u>95,341</u>	<u>137,670</u>	<u>1,261,332</u>	<u>754,788</u>	<u>307,391</u>	<u>43,825</u>
Total liabilities and fund balances	<u>\$ 95,341</u>	<u>\$ 137,675</u>	<u>\$ 1,261,332</u>	<u>\$ 797,577</u>	<u>\$ 314,455</u>	<u>\$ 48,125</u>

CITY OF BELTON, MISSOURI
 BALANCE SHEET --
 OTHER GOVERNMENTAL FUNDS (Continued)
 MARCH 31, 2006

	Capital Improvements	North Scott Construction	Parks and Community Center	Total Governmental Funds
ASSETS				
Pooled cash and investments	\$ 385,000	\$ 89,279	\$ 350,123	\$ 2,417,202
Cash and investments-restricted	-	-	-	893,243
Taxes receivable, net	-	-	-	106,418
Accrued interest	-	516	-	10,008
Property taxes receivable	-	-	-	42,789
Other receivables	-	-	-	9,763
Total assets	\$ 385,000	\$ 89,795	\$ 350,123	\$ 3,479,423
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 11,369
Deferred revenue	-	-	-	42,789
Total liabilities	-	-	-	54,158
Fund balances,				
Undesignated, reported as:				
Special revenue	-	-	-	601,100
Debt service	-	-	-	1,648,031
Capital projects	385,000	89,795	350,123	1,176,134
Total fund balances	385,000	89,795	350,123	3,425,265
Total liabilities and fund balances	\$ 385,000	\$ 89,795	\$ 350,123	\$ 3,479,423

CITY OF BELTON, MISSOURI

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE -- GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2006

	Impact Fees	Sales Tax Escrow	Park Sales Tax Improvement	N. Scott/Hwy 58 Capital Improvements	Vehicle/Equipment Replacement	Building Improvement
REVENUES						
Taxes	\$ -	\$ -	\$ 1,120,998	\$ 610,070	\$ -	\$ -
Licenses and permits	93,935	-	-	-	-	-
Investment earnings	1,406	11,102	62,697	25,549	4,463	1,559
	<u>95,341</u>	<u>11,102</u>	<u>1,183,695</u>	<u>635,619</u>	<u>4,463</u>	<u>1,559</u>
EXPENDITURES						
Parks and recreation	-	443	-	-	-	-
Capital outlay	-	-	-	-	164,079	7,990
Debt service:						
Principal	-	-	330,000	375,000	-	-
Interest and fiscal charges	-	-	348,378	241,974	-	-
	<u>-</u>	<u>443</u>	<u>678,378</u>	<u>616,974</u>	<u>164,079</u>	<u>7,990</u>
	<u>95,341</u>	<u>10,659</u>	<u>505,317</u>	<u>18,645</u>	<u>(159,616)</u>	<u>(6,431)</u>
Excess (deficiency) of revenues over expenditures						
OTHER FINANCING SOURCES (USES)						
Transfers in	-	195,500	-	-	419,075	12,025
Transfers out	-	(225,000)	(450,000)	-	-	-
Total other financing sources and uses	<u>-</u>	<u>(29,500)</u>	<u>(450,000)</u>	<u>-</u>	<u>419,075</u>	<u>12,025</u>
Net change in fund balances	95,341	(18,841)	55,317	18,645	259,459	5,594
Fund balances - beginning	-	156,511	1,206,015	736,143	47,932	38,231
Fund balances - ending	<u>\$ 95,341</u>	<u>\$ 137,670</u>	<u>\$ 1,261,332</u>	<u>\$ 754,788</u>	<u>\$ 307,391</u>	<u>\$ 43,825</u>

(Continued)

See accompanying notes.

CITY OF BELTON, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE -
GOVERNMENTAL FUNDS (Continued)
FOR THE YEAR ENDED MARCH 31, 2006

	Capital Improvements	North Scott Construction	Parks and Community Center	Total-Other Governmental Funds
REVENUES				
Taxes	\$ -	-	-	\$ 1,731,068
Licenses and permits	-	-	-	93,935
Investment earnings	-	3,009	9,113	118,898
	-	3,009	9,113	1,943,901
EXPENDITURES				
Parks and recreation	-	-	106,590	107,033
Capital outlay	-	-	-	172,069
Debt service:				
Principal	-	-	-	705,000
Interest and fiscal charges	-	-	-	590,352
	-	-	106,590	1,574,454
	-	3,009	(97,477)	369,447
Excess (deficiency) of revenues over expenditures				
OTHER FINANCING SOURCES (USES)				
Transfers in	385,000	-	-	1,011,600
Transfers out	-	-	-	(675,000)
Total other financing sources and uses	385,000	-	-	336,600
Net change in fund balances	385,000	3,009	(97,477)	706,047
Fund balances - beginning	-	86,786	447,600	2,719,218
Fund balances - ending	\$ 385,000	\$ 89,795	\$ 350,123	\$ 3,425,265

CITY OF BELTON, MISSOURI

SCHEDULE OF EXPENDITURES BY DEPARTMENT
 BUDGET AND ACTUAL -- GENERAL FUND
 FOR THE YEAR ENDED MARCH 31, 2006

	GENERAL FUND		
	Budget	Actual	Actual Over (Under) Budget
General government:			
Legislation	\$ 547,798	\$ 544,171	\$ (3,627)
Administration	500,693	494,789	(5,904)
City clerk	130,582	111,979	(18,603)
Municipal court	256,861	257,080	219
Finance	542,938	547,776	4,838
Inspection	299,930	283,206	(16,724)
Animal control	219,183	195,714	(23,469)
Garage operations	162,338	185,615	23,277
Total general government	<u>2,660,323</u>	<u>2,620,330</u>	<u>(39,993)</u>
Public safety	3,818,677	3,782,057	(36,620)
Public works	525,819	528,524	2,705
Fire	975,011	1,035,005	59,994
Civil defense	51,293	50,078	(1,215)
Emergency service	1,660,093	1,641,482	(18,611)
Community and economic development	234,583	229,633	(4,950)
Municipal jail	414,003	397,780	(16,223)
Capital outlay	46,184	41,719	(4,465)
Principal retirement	450,000	454,743	4,743
Interest and fiscal charges	-	4,929	4,929
	<u>\$ 10,835,986</u>	<u>\$ 10,786,280</u>	<u>\$ (49,706)</u>

**CITY OF BELTON, MISSOURI
 BUDGETARY COMPARISON SCHEDULE --
 MAJOR ROAD CONSTRUCTION
 FOR THE YEAR ENDED MARCH 31, 2006**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
	REVENUES			
Taxes	\$ -	\$ -	\$ 119,437	\$ 119,437
Investment earnings	-	-	31,351	31,351
	-	-	150,788	150,788
EXPENDITURES				
Public works	1,311,794	1,311,794	458,652	853,142
Capital outlay	4,041,483	4,041,483	2,122,331	1,919,152
	5,353,277	5,353,277	2,580,983	2,772,294
Net change in fund balances	(5,353,277)	(5,353,277)	(2,430,195)	2,923,082
Fund balances - beginning	1,488,201	1,488,201	1,488,201	-
Fund balances - ending	\$ (3,865,076)	\$ (3,865,076)	\$ (941,994)	\$ 2,923,082

**CITY OF BELTON, MISSOURI
 BUDGETARY COMPARISON SCHEDULE --
 IMPACT FEES
 FOR THE YEAR ENDED MARCH 31, 2006**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Licenses and permits	\$ -	\$ -	\$ 93,935	\$ 93,935
Investment earnings	-	-	1,406	1,406
	-	-	<u>95,341</u>	<u>95,341</u>
Net change in fund balances	-	-	95,341	95,341
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 95,341</u>	<u>\$ 95,341</u>

**CITY OF BELTON, MISSOURI
BUDGETARY COMPARISON SCHEDULE --
SALES TAX ESCROW
FOR THE YEAR ENDED MARCH 31, 2006**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Investment earnings	\$ 1,000	\$ 1,000	\$ 11,102	\$ 10,102
	<u>1,000</u>	<u>1,000</u>	<u>11,102</u>	<u>10,102</u>
EXPENDITURES				
Parks and recreation	75,000	30,000	443	29,557
Capital outlay	-	-	-	-
	<u>75,000</u>	<u>30,000</u>	<u>443</u>	<u>29,557</u>
Excess (deficiency) of revenues over expenditures	<u>(74,000)</u>	<u>(29,000)</u>	<u>10,659</u>	<u>39,659</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	240,500	195,500	195,500	-
Transfers out	<u>(225,000)</u>	<u>(225,000)</u>	<u>(225,000)</u>	<u>-</u>
Total other financing sources and uses	<u>15,500</u>	<u>(29,500)</u>	<u>(29,500)</u>	<u>-</u>
Net change in fund balances	(58,500)	(58,500)	(18,841)	39,659
Fund balances - beginning	<u>156,511</u>	<u>156,511</u>	<u>156,511</u>	<u>-</u>
Fund balances - ending	<u>\$ 98,011</u>	<u>\$ 98,011</u>	<u>\$ 137,670</u>	<u>\$ 39,659</u>

**CITY OF BELTON, MISSOURI
 BUDGETARY COMPARISON SCHEDULE --
 PARK SALES TAX IMPROVEMENT
 FOR THE YEAR ENDED MARCH 31, 2006**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 1,202,500	\$ 1,202,500	\$ 1,120,998	\$ (81,502)
Investment earnings	20,000	20,000	62,697	42,697
	<u>1,222,500</u>	<u>1,222,500</u>	<u>1,183,695</u>	<u>(38,805)</u>
EXPENDITURES				
Debt service:				
Principal	330,000	330,000	330,000	-
Interest and other charges	<u>349,115</u>	<u>349,115</u>	<u>348,378</u>	<u>737</u>
	<u>679,115</u>	<u>679,115</u>	<u>678,378</u>	<u>737</u>
Excess (deficiency) of revenues over expenditures	<u>543,385</u>	<u>543,385</u>	<u>505,317</u>	<u>(38,068)</u>
OTHER FINANCING USES				
Transfers out	<u>(450,000)</u>	<u>(450,000)</u>	<u>(450,000)</u>	<u>-</u>
Net change in fund balances	93,385	93,385	55,317	(38,068)
Fund balances - beginning	<u>1,206,015</u>	<u>1,206,015</u>	<u>1,206,015</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,299,400</u>	<u>\$ 1,299,400</u>	<u>\$ 1,261,332</u>	<u>\$ (38,068)</u>

**CITY OF BELTON, MISSOURI
BUDGETARY COMPARISON SCHEDULE --
N. SCOTT/HWY 58 CAPITAL IMPROVEMENTS
FOR THE YEAR ENDED MARCH 31, 2006**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
	REVENUES			
Taxes	\$ 593,300	\$ 593,300	\$ 610,070	\$ 16,770
Investment earnings	<u>15,000</u>	<u>15,000</u>	<u>25,549</u>	<u>10,549</u>
	<u>608,300</u>	<u>608,300</u>	<u>635,619</u>	<u>27,319</u>
EXPENDITURES				
Debt service:				
Principal	375,000	375,000	375,000	-
Interest and other charges	<u>240,770</u>	<u>242,020</u>	<u>241,974</u>	<u>46</u>
	<u>615,770</u>	<u>617,020</u>	<u>616,974</u>	<u>46</u>
Net change in fund balances	(7,470)	(8,720)	18,645	27,365
Fund balances - beginning	<u>736,143</u>	<u>736,143</u>	<u>736,143</u>	<u>-</u>
Fund balances - ending	<u>\$ 728,673</u>	<u>\$ 727,423</u>	<u>\$ 754,788</u>	<u>\$ 27,365</u>

**CITY OF BELTON, MISSOURI
BUDGETARY COMPARISON SCHEDULE --
VEHICLE/EQUIPMENT REPLACEMENT
FOR THE YEAR ENDED MARCH 31, 2006**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Investment earnings	\$ -	\$ -	\$ 4,463	\$ 4,463
	-	-	4,463	4,463
EXPENDITURES				
Capital outlay	420,099	445,149	164,079	281,070
	420,099	445,149	164,079	281,070
Excess (deficiency) of revenues over expenditures	(420,099)	(445,149)	(159,616)	285,533
OTHER FINANCING SOURCES				
Transfers in	403,475	419,075	419,075	-
Net change in fund balances	(16,624)	(26,074)	259,459	285,533
Fund balances - beginning	47,932	47,932	47,932	-
Fund balances - ending	\$ 31,308	\$ 21,858	\$ 307,391	\$ 285,533

**CITY OF BELTON, MISSOURI
BUDGETARY COMPARISON SCHEDULE --
BUILDING IMPROVEMENT
FOR THE YEAR ENDED MARCH 31, 2006**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Investment earnings	\$ -	\$ -	\$ 1,559	\$ 1,559
	-	-	1,559	1,559
EXPENDITURES				
Capital outlay	10,900	10,900	7,990	2,910
	10,900	10,900	7,990	2,910
Excess (deficiency) of revenues over expenditures	(10,900)	(10,900)	(6,431)	4,469
OTHER FINANCING SOURCES				
Transfers in	12,025	12,025	12,025	-
Net change in fund balances	1,125	1,125	5,594	4,469
Fund balances - beginning	38,231	38,231	38,231	-
Fund balances - ending	\$ 39,356	\$ 39,356	\$ 43,825	\$ 4,469

CITY OF BELTON, MISSOURI
 BUDGETARY COMPARISON SCHEDULE --
 CAPITAL IMPROVEMENTS
 FOR THE YEAR ENDED MARCH 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
OTHER FINANCING SOURCES				
Transfers in	\$ 385,000	\$ 385,000	\$ 385,000	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ 385,000	\$ 385,000	\$ 385,000	\$ -

**CITY OF BELTON, MISSOURI
 BUDGETARY COMPARISON SCHEDULE --
 NORTH SCOTT CONSTRUCTION
 FOR THE YEAR ENDED MARCH 31, 2006**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Investment earnings	\$ -	\$ -	\$ 3,009	\$ 3,009
Total revenues	-	-	3,009	3,009
Net change in fund balances	-	-	3,009	3,009
Fund balances - beginning	86,786	86,786	86,786	-
Fund balances - ending	\$ 86,786	\$ 86,786	\$ 89,795	\$ 3,009

**CITY OF BELTON, MISSOURI
 BUDGETARY COMPARISON SCHEDULE --
 PARKS AND COMMUNITY CENTER
 FOR THE YEAR ENDED MARCH 31, 2006**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Investment earnings	\$ -	\$ -	\$ 9,113	\$ 9,113
	-	-	9,113	9,113
EXPENDITURES				
Parks and recreation	-	107,000	106,590	410
	-	107,000	106,590	410
Net change in fund balances	-	(107,000)	(97,477)	9,523
Fund balances - beginning	447,600	447,600	447,600	-
Fund balances - ending	\$ 447,600	\$ 340,600	\$ 350,123	\$ 9,523

STATISTICAL SECTION **(Unaudited)**

This statistical data relates to the physical, economic, social, and political characteristics of the City. Its design is to provide a broader and more complete understanding of the City and its financial affairs than is possible from the financial statements, notes, and supporting schedules presented in the Financial Section.

City of Belton, Missouri
General Governmental Revenues By Source (1)
Last Ten Fiscal Years

Type	1997	1998	1999	2000
Taxes	\$ 6,178,788	\$ 5,396,920	\$ 7,128,629	\$ 8,017,176
Licenses, Permits, and Fees	301,044	262,159	364,449	145,383
Intergovernmental	287,763	1,041,237	1,417,696	1,182,244
Charges for Services	184,881	110,765	200,659	841,390
Special Assessments	145,503	106,765	136,767	49,271
Fees and Fines	376,228	333,463	492,422	570,773
Interest	557,144	656,115	1,007,494	1,083,245
Interfund Charges for Support Services	1,135,852	882,138	1,294,577	1,570,691
In Lieu of Taxes from Enterprise Funds	281,358	394,164	509,785	645,518
Other	129,371	151,464	634,816	66,317
Total Revenues	\$ 9,577,932	\$ 9,335,190	\$ 13,187,294	\$ 14,172,008

(1) Includes all Governmental Fund Types on a GAAP basis.

TABLE A

2001	2002	2003	2004	2005	2006
\$ 8,313,936	\$ 8,517,783	\$ 9,184,724	\$ 10,349,833	\$ 10,976,386	\$ 11,783,437
98,748	252,650	314,750	272,527	300,003	450,958
1,455,752	2,044,184	1,334,431	1,373,924	1,399,586	1,296,818
1,232,915	1,236,027	1,399,750	1,580,698	1,464,414	1,731,723
39,005	40,010	-	10,161	22,251	11,926
578,689	578,152	678,972	648,585	701,499	740,608
810,103	637,373	403,265	162,114	212,303	361,841
1,554,508	1,582,573	1,679,597	1,943,269	2,110,035	2,207,357
803,340	995,164	1,179,720	420,305	596,643	751,705
212,592	281,436	233,596	423,728	434,652	448,459
\$ 15,099,588	\$ 16,165,352	\$ 16,408,805	\$ 17,185,144	\$ 18,217,772	\$ 19,784,832

City of Belton, Missouri

General Governmental Expenditures By Function (1)

Last Ten Fiscal Years

Function	1997	1998	1999	2000	2001
Expenditures:					
General Government	\$ 1,093,909	\$ 905,620	\$ 1,353,209	\$ 1,589,035	\$ 1,551,483
Public Safety	2,022,859	1,711,389	2,342,188	2,681,495	2,817,932
Fire	557,844	407,808	503,513	637,503	651,669
Civil Defense	52,476	719,328	50,344	59,260	49,868
Emergency Services	935,701	39,333	937,787	958,249	965,524
Community & Economic Development	110,756	52,531	240,433	405,080	375,914
Public Works	1,571,412	1,050,277	1,467,849	1,501,775	1,473,564
Parks & Recreation	457,944	357,879	614,891	640,252	859,849
Municipal Jail	169,584	146,904	175,724	228,071	286,027
Capital Outlay	603,369	2,251,509	6,126,629	8,235,407	7,722,124
Debt Service:					
Principal	710,001	1,025,000	1,340,001	1,345,000	1,440,000
Interest/Fiscal Charges	735,962	863,265	1,054,145	1,389,359	1,328,042
Other	-	-	-	-	-
Total expenditures	\$ 9,021,817	\$ 9,530,843	\$ 16,206,713	\$ 19,670,486	\$ 19,521,996

(1) Includes all Governmental Fund Types.

TABLE B

	2002	2003	2004	2005	2006
\$	1,634,919	\$ 1,974,021	\$ 2,103,519	\$ 2,395,076	\$ 2,620,330
	2,792,085	2,823,017	3,244,545	3,452,198	3,782,057
	679,176	697,389	725,536	842,671	1,035,005
	42,113	42,229	52,869	48,098	50,078
	1,024,055	1,063,441	1,305,491	1,500,715	1,641,482
	583,434	3,792,335	2,095,526	7,865,084	638,066
	1,689,249	1,610,513	3,840,775	2,484,054	2,937,158
	1,191,657	1,195,410	1,335,200	1,775,890	1,416,497
	250,266	286,561	328,329	368,228	397,780
	2,950,863	1,758,309	1,413,766	2,700,450	2,749,838
	1,867,001	2,203,515	1,438,687	4,925,000	2,579,743
	1,554,821	1,652,834	1,245,259	2,084,604	1,631,850
	-	-	-	-	-
\$	16,259,639	\$ 19,099,574	\$ 19,129,502	\$ 30,442,068	\$ 21,479,884

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

	1997	1998	1999	2000	2001
Total tax levy	\$ 1,628,269	\$ 1,773,921	\$ 1,901,562	\$ 1,956,088	\$ 2,008,026
Current tax collections	\$ 1,548,584	\$ 1,668,936	\$ 1,761,212	\$ 1,863,208	\$ 1,905,664
Percent of levy collected	95.1%	94.1%	92.6%	95.3%	94.9%
Delinquent tax collections	\$ 141,046	\$ 123,911	\$ 99,313	\$ 149,235	\$ 24,702
Total tax collections	\$ 1,689,630	\$ 1,792,847	\$ 1,860,525	\$ 2,012,443	\$ 1,930,366
Percent of total tax collections to tax levy	103.8%	101.1%	97.8%	102.9%	96.1%
Outstanding delinquent taxes	\$ 79,686	\$ 143,356	\$ 153,424	\$ 166,748	\$ 132,660
Percent of delinquent taxes to tax levy	4.9%	8.1%	8.1%	8.5%	6.6%

Tax collection information: Property taxes become due and payable on the first day of November and are delinquent if not paid by January 1. The penalty for delinquency is 2%, first month only; interest for delinquency is 1% per month, thereafter. For purposes of this report, interest and penalties are not included.

2002	2003	2004	2005	2006
\$ 1,918,856	\$ 1,913,089	\$ 1,837,962	\$ 2,068,851	\$ 2,098,170
\$ 1,824,651	\$ 1,899,667	\$ 1,712,354	\$ 1,890,067	\$ 1,506,623
95.1%	99.3%	93.2%	91.4%	71.8%
\$ 31,058	\$ 50,803	\$ 150,026	\$ 45,150	\$ 52,460
\$ 1,855,709	\$ 1,950,470	\$ 1,862,380	\$ 1,935,217	\$ 1,559,083
96.7%	102.0%	101.3%	93.5%	74.3%
\$ 201,730	\$ 191,511	\$ 180,460	\$ 66,699	\$ 156,484
10.5%	10.0%	9.8%	3.2%	7.5%

City of Belton, Missouri
Assessed Value of Taxable Property
Last Ten Fiscal Years

<u>Assessed Value</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
Real, personal, and merchants property	\$ 108,455,008	\$ 120,556,686	\$ 125,372,526	\$ 131,630,384
Railroad and utility property	4,216,662	4,367,390	4,139,136	4,709,377
Total property	<u>\$ 112,671,670</u>	<u>\$ 124,924,076</u>	<u>\$ 129,511,662</u>	<u>\$ 136,339,761</u>

The assessed value for any one year represents the assessment at January 1 of that year as provided by the County Clerk.

Tax information:

Every person owning or holding real property or tangible personal property on January 1 of any calendar year shall be liable for taxes thereon. The County Clerk certifies the aggregate assessed valuation prior to additions, mostly tangible personal property, and the above valuations include these add-ons. The assessed valuation of utilities is determined by the county and state, then collected by the county, less 1% collection fee, and remitted to the City.

Tax collection information:

Property taxes become due and payable on the first day of November and are delinquent if not paid by January 1. The penalty for delinquency is 2%, first month only; interest for delinquency is 1% per month thereafter. For purposes of this report, interest and penalties are not included.

2001	2002	2003	2004	2005	2006
\$ 139,260,073	\$ 155,610,926	\$ 153,689,021	\$ 181,186,909	\$ 199,428,892	\$ 201,173,191
4,629,060	4,922,537	4,134,132	3,990,094	2,932,162	2,932,162
\$ 143,889,133	\$ 160,533,463	\$ 157,823,153	\$ 185,177,003	\$ 202,361,054	\$ 204,105,353

City of Belton, Missouri

Direct and Overlapping Property Tax Rates
(Per \$100 of Assessed Value)

Last Ten Fiscal Years

	1997	1998	1999	2000	2001
City of Belton:					
General Fund	\$0.55	\$0.53	\$0.52	\$0.54	\$0.54
Debt Service Fund	0.66	0.66	0.66	0.66	0.66
Park Fund	0.24	0.23	0.23	0.24	0.24
Total direct	1.45	1.42	1.41	1.44	1.44
Cass County and other	1.01	0.99	1.06	1.06	1.02
Belton School District	3.57	3.56	3.63	3.63	4.31
Total direct and overlapping	<u>\$6.03</u>	<u>\$5.97</u>	<u>\$6.10</u>	<u>\$6.13</u>	<u>\$6.77</u>

2002	2003	2004	2005	2006
\$0.54	\$0.53	\$0.51	\$0.51	\$0.52
0.66	0.46	0.23	0.23	0.23
0.24	0.23	0.27	0.27	0.28
1.44	1.22	1.01	1.01	1.03
1.01	0.82	0.84	1.32	0.96
3.51	4.71	4.69	5.19	5.15
\$5.96	\$6.75	\$6.54	\$7.52	\$7.14

City of Belton, Missouri
Special Assessment Collections
Last Ten Fiscal Years

	<u>1997</u>		<u>1998</u>		<u>1999</u>		<u>2000</u>		<u>2001</u>
Current assessments due	\$ 65,905	\$	57,146	\$	66,740	\$	34,199	\$	17,269
Current assessments collected	\$ 32,951	\$	26,622	\$	29,224	\$	34,199	\$	10,131
Ratio of current collections	50.0%		46.6%		43.8%		100.0%		58.7%
Collections of early repayments	\$ 31,123	\$	22,262	\$	23,322	\$	18,942	\$	27,963
Total outstanding assessments	\$ 580,377	\$	159,041	\$	125,357	\$	115,334	\$	242,726

2002	2003	2004	2005	2006
\$ 21,559	\$ 15,890	\$ 13,659	\$ 10,673	\$ 7,966
\$ 3,400	\$ 25,198	\$ 3,739	\$ 4,364	\$ 870
15.8%	158.6%	27.4%	40.9%	10.9%
\$ 26,240	\$ 29,089	\$ 11,607	\$ 6,998	\$ 3,703
\$ 238,247	\$ 129,416	\$ 126,421	\$ 116,740	\$ 111,780

City of Belton, Missouri

Ratio of Net General Bonded Debt to Assessed
Value and Net Bonded Debt Per Capita

Last Ten Fiscal Years

	1997	1998	1999	2000
Population (1)	20,862	21,300	21,778	22,600
Assessed value	<u>\$112,671,670</u>	<u>\$124,924,076</u>	<u>\$129,511,662</u>	<u>\$136,339,761</u>
Gross bonded debt (2)	\$ 10,009,202	\$ 9,574,202	\$ 9,104,202	\$ 8,594,202
Debt service monies available	<u>876,419</u>	<u>1,045,872</u>	<u>2,308,350</u>	<u>3,127,755</u>
Net bonded debt	<u>\$ 9,132,783</u>	<u>\$ 8,528,330</u>	<u>\$ 6,795,852</u>	<u>\$ 5,466,447</u>
Ratio of net bonded debt to assessed value	8.1%	6.8%	5.2%	4.0%
Net bonded debt per capita	<u>\$ 437.77</u>	<u>\$ 400.39</u>	<u>\$ 312.05</u>	<u>\$ 241.88</u>

(1) Estimated by the City of Belton

(2) Includes general obligation debt services by Special Assessment Funds prior to 1987.

Tax collection information:

Property taxes become due and payable on the first day of November and are delinquent if not paid by January 1. The penalty for delinquency is 2%, first month only; interest for delinquency is 1% per month thereafter. For purposes of this report, interest and penalties are not included.

2001	2002	2003	2004	2005	2006
21,730	22,950	22,011	23,214	24,374	25,005
<u>\$ 143,889,133</u>	<u>\$ 160,533,463</u>	<u>\$ 157,823,153</u>	<u>\$ 185,177,003</u>	<u>\$ 202,361,054</u>	<u>\$ 204,105,353</u>
\$ 8,044,202	\$ 13,117,201	\$ 6,028,687	\$ 5,675,000	\$ 5,330,000	\$ 4,955,000
<u>2,000,202</u>	<u>7,752,906</u>	<u>1,728,114</u>	<u>764,127</u>	<u>776,466</u>	<u>754,788</u>
<u>\$ 6,044,000</u>	<u>\$ 5,364,295</u>	<u>\$ 4,300,573</u>	<u>\$ 4,910,873</u>	<u>\$ 4,553,534</u>	<u>\$ 4,200,212</u>
4.2%	3.3%	2.7%	2.7%	2.3%	2.1%
<u>\$ 278.14</u>	<u>\$ 233.74</u>	<u>\$ 195.38</u>	<u>\$ 211.55</u>	<u>\$ 186.82</u>	<u>\$ 167.97</u>

City of Belton, Missouri
Computation of Legal Debt Margin
March 31, 2006

Assessed value, March 31, 2006 (3)		<u>\$ 204,105,353</u>
Constitutional debt limit:		
Ordinary (1)	\$ 20,410,535	
Additional (2)	<u>20,410,535</u>	
		\$ 40,821,070
Less:		
General Obligation Bonds payable	\$ 4,955,000	
Cash and securities available for retirement	<u>754,788</u>	<u>4,200,212</u>
Legal debt margin		<u>\$ 36,620,858</u>

- (1) Article VI, Section 26(b) and (c) of the state constitution permits the City, by vote of two-thirds of the voting electorate, to incur an indebtedness for the City purposes not to exceed 10% of the taxable tangible property therein as shown by the last completed assessment.
- (2) Article VI, Section 26(d) and (e) of the state constitution provides that the City may become indebted, not exceeding in the aggregate of (1) above and an additional 10% for the purposes of acquiring rights-of-way, constructing, extending and improving streets and avenues and/or sanitary or storm systems, and purchasing or constructing waterworks, electric or other plants, provided that the total general obligation indebtedness of the City does not exceed 20% of the assessed valuation.
- (3) Represents most current assessment (includes both real estate and personal property) as provided by the County Clerk.

City of Belton, Missouri

Computation of Direct and Overlapping Debt

March 31, 2006

Jurisdiction	Net Debt Outstanding	Percentage Applicable to City of Belton	Amount Applicable to City of Belton
City of Belton	<u>\$ 4,955,000 (3)</u>	100.00%	(1) <u>\$ 4,955,000</u>
Belton School District	52,577,541	89.00%	(1) 46,794,011
Little Blue Valley Sewer District	<u>95,185,000</u>	3.99%	(2) <u>3,797,882</u>
	<u>147,762,541</u>		<u>50,591,893</u>
Total	<u><u>\$ 152,717,541</u></u>		<u><u>\$ 55,546,893</u></u>

(1) Determined by ratio of assessed valuation of property subject to taxation in overlapping unit to valuation of property subject to taxation in reporting unit as of March 31, 2006.

(2) Determined on the basis of Belton's percentage of total LBVSD system usage.

(3) Includes only general obligation bonds. Excludes revenue bonds and certificates of participation.

City of Belton, Missouri

**Ratio of Annual Debt Service Expenditures for
General Bonded Debt to Total Governmental Expenditures**

Last Ten Fiscal Years

	1997	1998	1999	2000
Principal	\$ 410,000	\$ 715,000	\$ 1,340,001	\$ 1,345,000
Interest and fiscal charges	558,468	707,663	1,054,145	1,389,359
Total debt service	<u>\$ 968,468</u>	<u>\$ 1,422,663</u>	<u>\$ 2,394,146</u>	<u>\$ 2,734,359</u>
Total general expenditures (1)	<u>\$ 9,021,817</u>	<u>\$ 9,530,843</u>	<u>\$ 16,206,713</u>	<u>\$ 19,670,486</u>
Ratio of debt service to total general expenditures	<u>10.7%</u>	<u>14.9%</u>	<u>14.8%</u>	<u>13.9%</u>

(1) See Table B, Total Expenditures.

TABLE J

2001	2002	2003	2004	2005	2006
\$ 1,440,000	\$ 1,867,001	\$ 2,203,515	\$ 1,438,687	\$ 4,925,000	\$ 2,579,743
1,328,042	1,554,821	1,652,834	1,245,259	1,945,703	1,631,850
<u>\$ 2,768,042</u>	<u>\$ 3,421,822</u>	<u>\$ 3,856,349</u>	<u>\$ 2,683,946</u>	<u>\$ 6,870,703</u>	<u>\$ 4,211,593</u>
<u>\$ 19,521,996</u>	<u>\$ 16,259,639</u>	<u>\$ 19,099,574</u>	<u>\$ 19,129,502</u>	<u>\$ 30,442,068</u>	<u>\$ 21,479,884</u>
<u>14.2%</u>	<u>21.0%</u>	<u>20.2%</u>	<u>14.0%</u>	<u>22.6%</u>	<u>19.6%</u>

City of Belton, Missouri
Revenue Bond Coverage --
Water Fund
Last Ten Fiscal Years

	1997	1998	1999	2000	2001
Gross revenue (1)	\$ 2,924,698	\$ 2,178,424	\$ 3,043,798	\$ 3,396,150	\$ 3,545,565
Direct operating expenses (2)	2,234,562	1,854,703	2,352,167	2,727,431	2,967,061
Net revenue available for debt service	<u>\$ 690,136</u>	<u>\$ 323,721 *</u>	<u>\$ 691,631</u>	<u>\$ 668,719</u>	<u>\$ 578,504</u>
Debt service requirements:					
Principal	\$ 365,000	\$ 390,000	\$ 380,000	\$ 425,000	\$ 445,000
Interest	123,928	95,077	74,672	53,551	30,761
	<u>\$ 488,928</u>	<u>\$ 485,077</u>	<u>\$ 454,672</u>	<u>\$ 478,551</u>	<u>\$ 475,761</u>
Coverage	<u>141%</u>	<u>83% *</u>	<u>152%</u>	<u>140%</u>	<u>122%</u>

* 9 month FY98 revenues were annualized to a 12 Month Fiscal Year in computing this percentage.

Belton changed fiscal year to end 3-31-98. Management believes the water fund would have passed the coverage test with a full year of operations.

(1) Includes interest income and intergovernmental revenue.

(2) Excludes depreciation and amortization and includes franchise and in-lieu of taxes.

** The Water Fund Revenue Bonds were paid off in 2004.

2002	2003	2004	2005	2006
\$ 3,708,011	\$ 3,854,643	**	**	**
2,806,111	2,751,407			
<u>\$ 901,900</u>	<u>\$ 1,103,236</u>			
\$ 445,000	\$ 230,000			
23,192	2,311			
<u>\$ 468,192</u>	<u>\$ 232,311</u>			
<u>193%</u>	<u>475%</u>			

City of Belton, Missouri

**Revenue Bond Coverage --
Sewer Fund**

Last Ten Fiscal Years

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
Gross revenue (1)	\$ 2,478,950	\$ 1,881,889	\$ 2,544,031	\$ 2,682,353
Direct operating expenses (2)	1,569,445	1,277,880	1,802,058	1,741,682
Net revenue available for debt service	<u>\$ 909,505</u>	<u>\$ 604,009 *</u>	<u>\$ 741,973</u>	<u>\$ 940,671</u>
Debt service requirements:				
Principal	\$ 285,000	\$ 305,000	\$ 325,000	\$ 365,000
Interest	466,044	458,404	441,176	422,215
	<u>\$ 751,044</u>	<u>\$ 763,404</u>	<u>\$ 766,176</u>	<u>\$ 787,215</u>
Coverage	<u>121%</u>	<u>99% *</u>	<u>97%</u>	<u>119%</u>

* 9 month FY98 revenues were annualized to a 12 Month Fiscal Year in computing this percentage.

Belton changed fiscal year to end 3-31-98. Management believes the sewer fund would have passed the coverage test with a full year of operations.

(1) Includes interest income and intergovernmental revenue.

(2) Excludes depreciation and amortization and includes franchise and in-lieu of taxes.

2001	2002	2003	2004	2005	2006
\$ 2,827,833	\$ 2,985,150	\$ 3,119,715	\$ 3,242,621	\$ 3,374,846	\$ 3,545,428
1,851,887	1,925,185	2,118,593	2,232,059	2,714,854	2,843,038
<u>\$ 975,946</u>	<u>\$ 1,059,965</u>	<u>\$ 1,001,122</u>	<u>\$ 1,010,562</u>	<u>\$ 659,992</u>	<u>\$ 702,390</u>
\$ 310,000	\$ 390,000	\$ 415,000	\$ 475,000	\$ 725,000	\$ 400,000
369,005	423,516	290,179	288,693	326,486	227,129
<u>\$ 679,005</u>	<u>\$ 813,516</u>	<u>\$ 705,179</u>	<u>\$ 763,693</u>	<u>\$ 1,051,486</u>	<u>\$ 627,129</u>
144%	130%	142%	132%	63%	112%

City of Belton, Missouri

Demographic Statistics

Last Ten Fiscal Years

Fiscal Year	Population	Per Capita Income	Median Age	School Enrollment	Unemployment Rate
1997	20,862	\$ 14,654	31.6	4,528	4.0%
1998	21,300	\$ 14,763	31.9	4,515	3.6%
1999	21,778	\$ 16,220	33.0	4,317	2.2%
2000	21,730	\$ 18,122	32.8	4,466	2.3%
2001	22,600	\$ 17,392	33.2	4,598	3.3%
2002	22,950	\$ 17,760	33.5	4,647	4.1%
2003	22,011	\$ 19,210	34.0	4,545	4.3%
2004	23,214	\$ 23,044	33.7	4,752	4.9%
2005	24,374	\$ 35,518	35.0	4,727	6.7%
2006	25,005	\$ 21,065	34.3	4,590	5.2%

Sources: Belton School District
 Missouri Division of Employment Security
 Mid-America Regional Council

City of Belton, Missouri
Property Value, Construction, and Bank Deposits
Last Ten Fiscal Years

Commercial Construction			Residential Construction		
Fiscal Year	Number of Permits	Value	Number of Permits	Value	
1997	19	\$ 2,035,898	89	\$ 7,689,184	
1998*	8	\$ 2,449,634	86	\$ 6,647,674	
1999	24	\$ 8,218,912	169	\$ 14,964,951	
2000	24	\$ 7,439,365	197	\$ 21,037,074	
2001	26	\$ 2,995,555	241	\$ 19,608,736	
2002	35	\$ 11,683,038	137	\$ 13,122,504	
2003	11	\$ 26,606,718	57	\$ 7,474,406	
2004	14	\$ 6,134,547	139	\$ 20,002,997	
2005	7	\$ 2,514,561	152	\$ 26,404,480	
2006	37	\$ 17,886,524	174	\$ 34,515,137	

Sources: City of Belton, Inspection Department

* Nine month fiscal year.

City of Belton, Missouri
Principal Property Taxpayers
March 31, 2006

Taxpayer	Type of Business	Assessed Valuation (1)	Percentage of Total Assessed Valuation
Quik Trip Corp.	Retail & Warehouse	\$ 4,476,680	2.82%
Research Belton Hospital	Hospital	3,565,375	2.25%
Target	Retail	2,529,540	1.59%
Home Depot	Retail	2,216,400	1.40%
Kohl's	Retail	1,747,410	1.10%
Hy-Vee Food Store	Retail	1,637,190	1.03%
Lakewood Terrace	Apartments	1,410,990	0.89%
United Rentals	Retail	1,037,350	0.65%
Carnegie Village	Apartments	1,007,130	0.63%
North Cass Development	Retail	929,090	0.59%
Subtotal		<u>20,557,155</u>	<u>12.95%</u>
Taxpayers not listed		<u>138,150,720</u>	<u>87.05%</u>
TOTAL		<u><u>\$ 158,707,875</u></u>	<u><u>100.00%</u></u>

(1) Represents most current assessment of \$204,105,353 (includes real estate only, does not include personal property) as provided by the County Clerk.

City of Belton, Missouri

Schedule of Insurance

March 31, 2006

<u>Character of Insurance</u>	<u>Property Insured</u>	<u>Amount of Insurance</u>	<u>Name of Insurer</u>	<u>Premium</u>	<u>Expiration</u>
Workmen's compensation	City	Per state Statute	MARCIT	\$ 358,910	06-30-06
Casualty	General Liability/Auto Liability & Physical Damage/ Public Officials/Police/ Ambulance/Crime	See below	MARCIT	\$ 348,447	06-30-06
Boiler & Machinery	Water and Sewer Plant Equipment	According to Value	MARCIT	See Property Premium	06-30-06
Public Officials Liability		\$1,000,000	MARCIT	See Casualty Premium	06-30-06
Ambulance Errors & Omissions	The City & Ambulance Attendants	\$1,000,000	MARCIT	See Casualty Premium	06-30-06
Property	All City Buildings & Contents	According to Value	MARCIT	\$ 36,585	06-30-06
Electronic Data Processing	Computers and Software	According to Value	MARCIT	See Property Premium	06-30-06
Inland Marine	Machinery & Equipment	According to Value	MARCIT	See Property Premium	06-30-06
General Liability/Auto Liability/ Auto Physical Damage	City Cars and Trucks	\$2,000,000	MARCIT	See Casualty Premium	06-30-06
Police Professional Liability	The City Police Department	\$1,000,000	MARCIT	See Casualty Premium	06-30-06
Crime	City Employees	\$150,000	MARCIT	See Casualty Premium	06-30-06

City of Belton, Missouri
Schedule of Insurance (Continued)
March 31, 2006

Character of Insurance	Property Insured	Amount of Insurance	Name of Insurer	Premium	Expiration
Health insurance:					
Humana HMO	City employees	Health	Humana HMO	(1)	03-31-06
Humana PPO	City employees	Health	Humana PPO	(2)	03-31-06
Dental insurance,					
Fortis Benefits	City employees	Dental	Met Life	(3)	06-30-06
Group term life,					
Fortis Benefits	City employees	1 x annual salary	Standard	(4)	06-30-06
				Varies based on annual salary	
Vision,					
Vision Service Plan	City employees	Vision	VSP	(5)	08-01-06
Long-term Disability,					
Jefferson Pilot Financial	City employees	Long-term Disability	Jefferson Pilot Financial	(6)	06-30-06
				Varies based on annual salary	
<hr/> <div style="display: flex; justify-content: space-around;"> Single Family </div> <hr/>					
		(1) \$ 277.47 per month per employee	\$ 776.94 per month per employee		
		(2) \$ 281.22 per month per employee	\$ 787.43 per month per employee		
		(3) \$ 22.71 per month per employee	\$74.61 per month per employee		
		(4) \$.187/\$1,000 annual salary			
		(5) \$ 11.26 per month per employee	\$ 24.22 per month per employee		
		(6) \$.43/\$1,000 annual salary			

City of Belton, Missouri

Miscellaneous Statistics

March 31, 2006

Date of incorporation	1872
Form of government	Mayor/Board/Administrator
Area	16 square miles
Miles of streets	216
Fire protection:	
Number of stations	1
Number of firemen - full-time	35
Police protection:	
Number of stations	1
Number of policemen	38
Civil defense volunteers	22
Education:	
Public attendance centers	10
Number of classrooms	330
Number of teachers	335
Number of support personnel	143
Number of students	4590
Municipal Water Department:	
Number of consumers	7449
Average daily consumption	1,498,206
Miles of water mains	119
Capacity of water plant per day	5,300,000 gallons
Water storage capacity per day	3,800,000 gallons
Sewer:	
Sanitary sewers	122 miles
Storm sewers	48 miles
Treatment plant average load per day	1,500,000 gallons
Treatment plant capacity per day	2,400,000 gallons
Building permits issued in 2006	432
Recreation and culture:	
Number of parks	8 with 175 acres
Number of libraries	1
Number of volumes	72,534

City of Belton, Missouri
Miscellaneous Statistics (Continued)
March 31, 2006

City employees	255
Total registered voters	16,223
Total voting in last general election	8,834
Communications (metropolitan area):	
Number of newspapers - daily	1
Number of newspapers - weekly	2
Number of radio stations	33
Number of TV stations	9
Cable TV Provider	1
Type of post office	1st class
Community facilities:	
Number of motels	4
Number of motel rooms	379
Number of churches	25
Number of shopping centers	8
Number of hospitals	1
Number of hospital beds	71
City labor statistics:	
Civilian labor force	13,084
Unemployed	683
Unemployment rate	5.2%

Major Employers	Product/Service	Number Employed
Target	Retail	93
Kohl's	Retail	100
Home Depot	Retail	105
Beautiful Savior Home	Geriatric care	127
ROM	Manufacturing	129
Price Chopper	Retail - grocery	160
Research-Belton Hospital	Health care	200
City of Belton	Local government	255
HyVee	Retail - grocery	275
Quik 'N Tasty	Distribution	275
Belton School District	Education	580