

**CITY OF BELTON, SOUTH CAROLINA**  
**ANNUAL FINANCIAL STATEMENTS**  
**AND INDEPENDENT AUDITORS' REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Greene and Company, LLP  
Certified Public Accountants

**CITY OF BELTON, SOUTH CAROLINA  
GENERAL PURPOSE FINANCIAL STATEMENTS  
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JUNE 30, 2008**

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JOSEPH T. ARGO, CPA  
JERALD E. POWER, CPA  
HENRY A. DORN, CPA  
MICHAEL L. WILLOUGHBY, CPA  
KEVIN S. DEMPSEY, CPA  
VARADA A. OGALE, CPA  
C. JODY HAZEL, CPA  
B. MENDELL KEY, CPA

**Greene &  
Company, L.L.P.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

303 E. CALHOUN STREET  
POST OFFICE BOX 1406

ANDERSON, SOUTH CAROLINA 29622-1406  
TELEPHONE (864) 226-7202  
FAX (864) 226-4631  
EMAIL: [admin@greene CPA.com](mailto:admin@greene CPA.com)  
[www.greene CPA.com](http://www.greene CPA.com)

AMY STRICKLAND, CPA  
AMANDA A. GAMBRELL, CPA  
RHONDA S. COX, CPA

A MEMBER OF THE  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
AND  
DIVISION OF CPA FIRMS  
PRIVATE COMPANIES PRACTICE SECTION

A MEMBER OF THE  
SOUTH CAROLINA  
ASSOCIATION OF  
CERTIFIED PUBLIC ACCOUNTANTS

ADDITIONAL OFFICES  
LOCATED IN  
BELTON, SC  
GREENWOOD, SC

**INDEPENDENT AUDITOR'S REPORT**

Mayor and City Council  
City of Belton, South Carolina

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 City of Belton, South Carolina, as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Belton, South Carolina'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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Belton, South Carolina, as of June 30, 2008, and the respective changes in financial position and, where applicable, cash flows 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 budgetary comparison information 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 inquiries 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, South Carolina's basic financial statements. The combining nonmajor fund financial statements and schedule of municipal court fines, assessments and surcharges are presented for purposes of additional analysis and are not a required part of the basic financial statements. These schedules have been subjected to the 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.

*Greene and Company, L.L.P.*

Anderson, South Carolina

February 24, 2009

**CITY OF BELTON, SOUTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2008**

As management of the City of Belton, South Carolina (the City), we offer readers of the City's financial statements this narrative overview and analyses of the financial activities of the City for the fiscal year ended June 30, 2008.

**FINANCIAL HIGHLIGHTS**

Management believes the City's financial condition is strong. The following are key financial highlights:

- The total government-wide net assets at the close of the most recent fiscal year were \$9,014,271 of which \$2,251,062 was unrestricted.
- The government-wide net assets increased by \$179,314 or 2%.
- Total long-term debt decreased by \$107,398 or 15.85%.
- The total assets of the governmental funds exceeded its liabilities at the close of the 2008 fiscal year by \$1,358,754.
- Total fund balances of the governmental funds increased by \$100,286 or 7.97%.
- The total governmental funds revenues were \$2,999,033, which was less than total governmental funds expenditures of \$2,958,379 by \$40,654.
- Other financing sources for governmental funds totaled \$59,632 for the recent fiscal year.
- The net change in fund balances for governmental funds was an increase of \$100,286.
- The net change in the water and sewer fund was a increase of \$32,008.

**OVERVIEW OF THE ANNUAL FINANCIAL REPORT**

Management's Discussion and Analysis (MD&A) serves as an introduction to the basic financial statements and supplementary information. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

**Government-Wide Financial Statements**

The *government-wide financial statements* are designed to provide a broad overview of the City's finances in a manner similar to private businesses. The statements provide both short-term and long-term information about the City's financial position. All assets and liabilities of the City are included in the statement of net assets.

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

The *statement of activities* presents information showing how the City's net assets changed over the most recent fiscal year. All changes to net assets are reported at the time that the underlying event giving rise to the change occurs, regardless of the timing on the related cash flows. This statement also focuses on both the gross and net costs of the various functions of the City, based only on direct functional revenues and expenses. This is designed to show the extent to which the various functions depend on general revenues for support.

The activities of the City are presented in two columns on these statements – governmental activities and business-type activities. A total column for the City is also provided. The governmental activities include the City's basic services including general government, police, fire, public works, community development, and culture and recreation. Taxes, licenses, permits and charges for services generally support these activities. The business-type activities include private sector type activities such as the City's own water and sewer system. These activities are primarily supported by user charges and fees.

### **Fund Financial Statements**

These statements provide more detailed information about the City's most significant funds – not the City as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements as well as for managerial control to demonstrate fiduciary responsibility over the assets of the City. Traditional fund financial statements are presented for governmental funds and proprietary funds.

**Governmental funds** – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information is useful in evaluating the City's near-term financing requirements. Since governmental fund financial statements focus on near-term spendable resources, while the governmental activities on the government-wide financial statements have a longer-term focus, a reconciliation of the differences between the two is provided with the fund financial statements.

**Proprietary funds** – Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The proprietary fund financial statements are prepared on the same long-term focus as the government-wide financial statements. The proprietary funds provide the same information as the government-wide financial statements, only with more detail.

**Fiduciary funds** – Fiduciary funds are used to account for resources held for the benefit of others outside the City government. Fiduciary funds are reported separately because the money is not available to support the City's programs.

**Notes to the financial statements** – The notes to the financial statements provide information that is essential to the full understanding of the data provided in the government-wide and fund financial statements and should be read in conjunction with the financial statements.

**Other information** – Governments have an option of including the budgetary comparison statements for the General Fund and major special revenue funds as either part of the fund financial statements within the basic financial statements or as required supplementary information after the notes to the financial statements. The City has chosen to present these budgetary statements as part of the required supplementary information.

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The following tables and analysis discuss the financial position and changes to the financial position for the City as a whole as of and for the years ended June 30, 2008, and June 30, 2007.

#### **Net Assets**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position for the City. The combined total assets of the City's governmental activities and business-type activities exceeded liabilities by \$9,014,271 at the close of the most recent fiscal year.

By far, the largest portion of the City's total net assets (70.71%) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, and vehicles), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. 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.

Revenues:		Business-type activities		Governmental activities		Total	
June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007
Operating grants and contributions	289,311	900	3,354	39,379	900	290,211	42,733
Capital grants and contributions	22,853	57,900	-	449,943	57,900	80,753	449,943
General revenues:							
Property taxes	829,655	-	-	759,771	-	829,655	759,771
Other taxes	264,937	-	-	278,557	-	264,937	278,557
Business licenses	885,116	-	-	868,212	-	885,116	868,212
Intergovernmental	270,271	-	-	275,813	-	270,271	275,813
Investment earnings	11,609	12,946	10,741	16,019	10,741	22,350	28,965
Gain (loss) on sale (disposal) of assets	(12,983)	-	-	250	-	(12,983)	250
Miscellaneous income	3,632	-	-	2,210	-	5,819	2,210
Total revenues	\$2,986,056	\$1,530,528	\$1,666,680	\$3,051,214	\$1,666,680	\$4,652,736	\$4,581,742
Charges for services	\$421,655	\$1,514,228	\$1,594,952	\$361,060	\$1,594,952	\$2,016,607	\$1,875,288

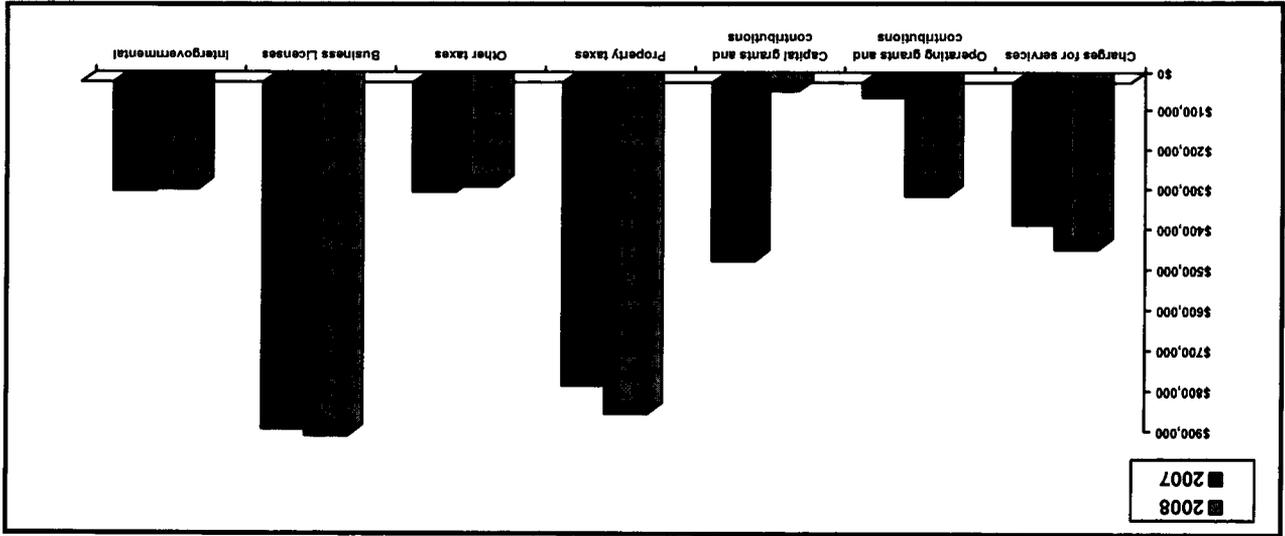
The following table shows the revenues and expenses of the City for the fiscal year ended June 30, 2008 and 2007.

**Change in Net Assets**

\$389,250 of the City's net assets represents resources that are subject to restrictions on how they may be used. Restricted net assets total \$363,532 for governmental activities and \$25,718 for business-type activities. The remaining balance of *unrestricted net assets*, \$2,251,062, may be used to meet the City's ongoing obligations to citizens and creditors. Unrestricted net assets total \$933,698 for governmental activities and \$1,317,364 for business-type activities.

The net assets increased \$179,314 in fiscal year 2008. The governmental activities increased \$147,306, while the business-type activities increased \$32,008. Net assets of the City's governmental activities are \$2,683,379, while the business-type activities are \$6,330,892.

Condensed Statement of Net Assets		Business-type activities		Governmental activities		Totals	
June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007
Cash and other assets	\$1,862,265	\$1,327,809	\$1,542,783	\$1,370,133	\$1,730,078	\$1,862,265	\$2,697,942
Capital assets	1,681,227	5,352,637	5,196,349	6,739,132	1,730,078	6,877,576	7,082,715
Total assets	3,543,492	6,680,446	6,739,132	8,109,265	3,100,211	10,282,624	9,780,657
Current liabilities	565,035	156,591	199,701	111,665	452,473	764,736	268,256
Non-current liabilities	295,078	224,971	208,539	408,240	295,078	503,617	677,444
Total liabilities	860,113	381,562	408,240	564,138	860,113	1,268,353	945,700
Net assets:							
Invested in capital assets, net of debt	1,386,149	5,130,970	4,987,810	1,345,544	1,291,988	6,373,959	6,476,514
Restricted	363,532	24,689	25,718	291,988	363,532	389,250	316,677
Unrestricted	933,698	1,143,225	1,317,364	898,541	933,698	2,251,062	2,041,766
Total net assets	\$2,683,379	\$6,298,884	\$6,330,892	\$2,536,073	\$2,683,379	\$9,014,271	\$8,834,957



Governmental Activities - Revenues by source

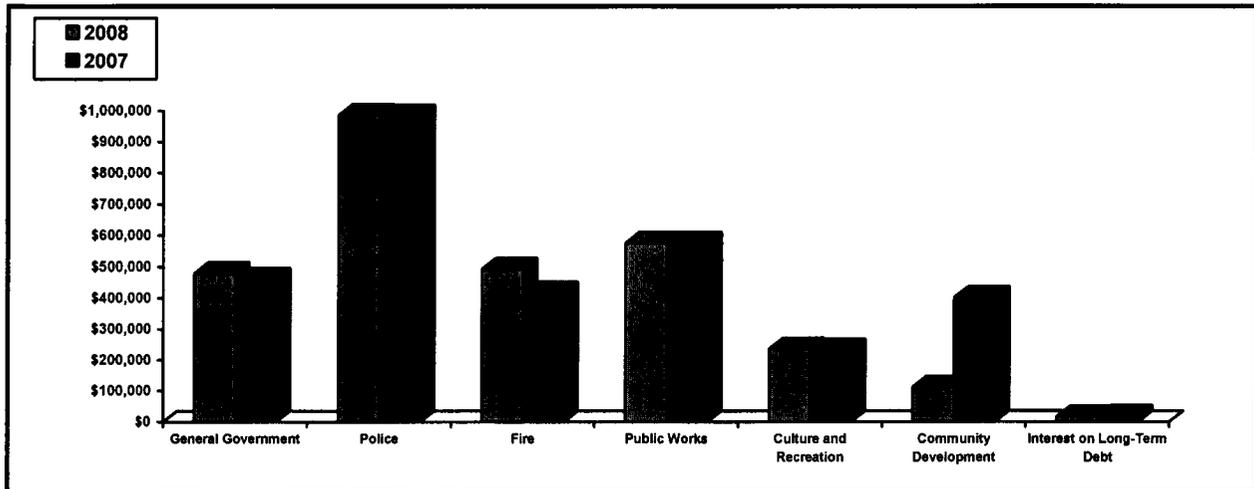
- Charges for services increased by \$60,595 (16.78%) during the year.
- Property taxes and other taxes increased \$56,264 (5.42%).
- Investment earnings decreased by \$4,410 (-27.53%) during the year.
- Decrease in expenditures closely paralleled with a decrease in revenues.

Governmental activities increased the City's net assets by \$147,306. Key elements of this increase are as follows:

Expenses:	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007
General government	\$ 478,494	\$ 461,110	\$ -	\$ -	\$ 461,110	\$ 478,494
Police	987,136	984,701	-	-	987,136	984,701
Fire	491,860	416,533	-	-	491,860	416,533
Public works	575,472	574,464	-	-	575,472	574,464
Culture and recreation	236,687	233,664	-	-	236,687	233,664
Community development	112,291	400,938	-	-	112,291	400,938
Interest on long-term debt	16,441	18,706	-	-	16,441	18,706
Water and sewer	-	-	1,575,041	1,791,794	1,575,041	1,791,794
Total expenses	2,898,381	3,090,116	1,575,041	1,791,794	4,473,422	4,881,910
Increase (decrease) in net assets before transfers	87,675	(38,902)	91,639	(261,266)	179,314	(300,168)
transfers	-	-	-	-	-	-
Transfers	59,631	60,000	(59,631)	(60,000)	-	-
Change in net assets	147,306	21,098	32,008	(321,266)	179,314	(300,168)
Net assets - July 1	2,536,073	2,514,975	6,298,884	6,220,150	8,834,957	9,135,125
Net assets - June 30	\$ 2,683,379	\$ 2,536,073	\$ 6,330,892	\$ 6,298,884	\$ 9,014,271	\$ 8,834,957

Change in Net Assets (continued)

## Governmental Activities – Expenses



### Business-type activities

Net assets of business-type activities increased in the current year by \$32,008 (.51%). Key elements of this increase are as follows:

- Charges for services increased \$80,724 (5.33%).
- Operating grants and contributions decreased \$2,454 (73.17%) during the year.
- Expenditures decreased \$216,753 (12.10%) during the year.

### FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As previously mentioned, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The following is a brief discussion of the financial highlights from the fund financial statements.

**Governmental funds** – The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. 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 City's total governmental funds reported a combined ending fund balance of \$1,358,754. Of this amount \$1,302,191 is an unreserved fund balance and \$56,563 is reserved to indicate it is not available for new spending, since it is already committed. This fund reservation is for inventory and prepaid items.

The General Fund is the chief operating fund of the City and accounts for the major functions of the government including general government, public safety, public works, community development, culture, recreation and tourism. The fund balance increased \$28,742 (2.97%) during the current fiscal year.

**Proprietary funds** – The City's Proprietary Fund statements provide the same type of information as the government-wide financial statements, except in more detail. Net assets of the proprietary funds increased by \$32,008 (.51%) in fiscal year 2008.

## BUDGETARY HIGHLIGHTS

The City's annual budget is the legally adopted expenditure control document of the City. A budgetary comparison statement is included for the General Fund. This statement compares the original adopted budget, the final budget and the actual revenues and expenditures prepared on a budgetary basis. Amendments to the adopted budget may occur throughout the year in a legally permissible manner.

Budgetary comparison highlights for the current year for the General Fund are as follows:

	<u>Budget - Final</u>	<u>Actual</u>	<u>Variance</u>
Revenues and Other Financing Sources	\$ 2,730,590	\$ 2,898,079	\$ 167,489
Expenditures	<u>2,730,590</u>	<u>2,869,337</u>	<u>138,747</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 28,742</u>	<u>\$ 28,742</u>

Actual General Fund revenues and other revenue sources exceeded budgeted revenues and other financing sources by \$167,489. Intergovernmental and licenses and permits revenues accounted for the majority of the excess of revenues over the budgeted amounts. General fund expenditures exceeded budgeted amounts by \$138,747. Community development and capital outlay accounted for the majority of the excess of expenditures over the budgeted amounts.

## CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital assets** – The City's investment in capital assets for its government-wide activities as of June 30, 2008, amounts to \$6,877,576 (net of accumulated depreciation.) This investment in capital assets includes improvements other than buildings, buildings and systems, and machinery and equipment. This year's major capital asset additions included vehicle purchases for the police department, fire equipment purchases, and land improvements occurring in the recreation department.

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>June 30, 2008</u>	<u>June 30, 2007</u>	<u>June 30, 2008</u>	<u>June 30, 2007</u>	<u>June 30, 2008</u>	<u>June 30, 2007</u>
Land	\$ 256,065	\$ 256,065	\$ 57,418	\$ 57,418	\$ 313,483	\$ 313,483
Buildings and system Improvements other than buildings	168,944	186,824	4,937,595	5,049,710	5,106,539	5,236,534
Machinery and equipment	441,036	423,109	-	-	441,036	423,109
Vehicles	234,661	222,202	175,087	201,619	409,748	423,821
	580,521	641,878	26,249	43,890	606,770	685,768
Total	<u>\$ 1,681,227</u>	<u>\$ 1,730,078</u>	<u>\$ 5,196,349</u>	<u>\$ 5,352,637</u>	<u>\$ 6,877,576</u>	<u>\$ 7,082,715</u>

Additional information on the City's capital assets can be found in the Notes to Financial Statements in Note 4.

**Debt administration** – At year-end the City had \$503,617 in notes payable to banks for its government-wide activities. This is a decrease of \$102,584 (16.92%) from the previous year amount of \$606,201.

**Outstanding Debt**

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>June 30, 2008</u>	<u>June 30, 2007</u>	<u>June 30, 2008</u>	<u>June 30, 2007</u>	<u>June 30, 2008</u>	<u>June 30, 2007</u>
Notes payable	\$ 295,078	\$ 384,534	\$ 208,539	\$ 221,667	\$ 503,617	\$ 606,201
Compensated absences	61,524	67,939	4,905	3,304	66,429	71,243
<b>Totals</b>	<b>\$ 356,602</b>	<b>\$ 452,473</b>	<b>\$ 213,444</b>	<b>\$ 224,971</b>	<b>\$ 570,046</b>	<b>\$ 677,444</b>

Additional information on the City’s long-term debt can be found in the Notes to Financial Statements in Note 5.

**ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES**

The City integrated an intergovernmental agreement with Anderson County to manage City of Belton stormwater mandate. Also, the City plans to renovate the upstairs portion of City Hall with a referendum bond provided by Anderson County. These renovations will provide space for state-wide training and County offices within the City. Year ending June 30, 2009, may be impacted by the Anderson County Reassessment and by new millage caps imposed by the State. Further concerns relate to the overall economic climate which could affect services provided by the City.

**Contacting the City’s financial management**

This financial report is designed to provide a general overview of the City’s finances for all those with an interest in the City’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Laurie Kennedy, City Treasurer, City of Belton, PO Box 828, Belton, South Carolina 29627.

**CITY OF BELTON, SOUTH CAROLINA  
STATEMENT OF NET ASSETS  
JUNE 30, 2008**

<b>Primary Government</b>		
<b>Governmental</b>	<b>Business-type</b>	<b>Total</b>
<b>Activities</b>	<b>Activities</b>	<b>Total</b>
\$ 1,677,031	\$ 956,594	\$ 2,633,625
100,996	358,019	459,015
916	1,913	2,829
81,872	-	81,872
(65,270)	65,270	-
2,468	17,891	20,359
54,094	12,386	66,480
10,158	-	10,158
-	104,992	104,992
-	25,718	25,718
256,065	57,418	313,483
168,944	4,937,595	5,106,539
441,036	-	441,036
234,661	175,088	409,749
580,521	26,248	606,769
3,543,492	6,739,132	10,282,624
<b>ASSETS</b>		
Cash and cash equivalents		
Receivables (net of allowance for uncollectibles)		
Interest receivable		
Intergovernmental receivables		
Internal balances		
Inventories		
Prepays		
Restricted assets:		
Cash and cash equivalents		
Customer deposits		
Note payable covenant deposit		
Capital assets not being depreciated:		
Land		
Capital assets net of accumulated depreciation:		
Buildings and system		
Improvements other than buildings		
Machinery and equipment		
Vehicles		
Total assets		
<b>LIABILITIES</b>		
Accounts payable		
Unearned revenue		
Accrued liabilities		
Liabilities payable from restricted assets		
Compensated absences		
Noncurrent liabilities:		
Due within one year		
Due in more than one year		
Total liabilities		
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt		
Restricted for:		
Hospitality fund		
Drug enforcement fund		
Firemens fund		
Victims compensation fund		
Debt service		
Unrestricted		
Total net assets		

The notes to the financial statements are an integral part of this statement.



**CITY OF BELTON, SOUTH CAROLINA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2008**

	<u>General</u>	<u>Hospitality</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,326,796	\$ 285,614	\$ 64,621	\$ 1,677,031
Receivables:				
Accounts receivable	72,859	12,366	-	85,225
Taxes receivable, net of allowance	15,771	-	-	15,771
Interest receivable	516	400	-	916
Due from other governments	81,871	-	-	81,871
Due from other funds	-	-	1,355	1,355
Inventories	2,469	-	-	2,469
Prepaid items	54,094	-	-	54,094
Cash - restricted	10,158	-	-	10,158
Total assets	<u>\$ 1,564,534</u>	<u>\$ 298,380</u>	<u>\$ 65,976</u>	<u>\$ 1,928,890</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	\$ 93,942	\$ 824	\$ -	\$ 94,766
Due to other funds	66,625	-	-	66,625
Accrued liabilities	(2,401)	-	-	(2,401)
Unearned revenue	402,515	-	-	402,515
Liabilities payable from restricted assets	8,631	-	-	8,631
Total liabilities	<u>569,312</u>	<u>824</u>	<u>-</u>	<u>570,136</u>
<b>Fund balances</b>				
Reserved for Inventory	2,469	-	-	2,469
Reserved for Prepaid Items	54,094	-	-	54,094
Unreserved, undesignated reported in:				
General fund	938,659	-	-	938,659
Special revenue funds	-	297,556	65,976	363,532
Total fund balances	<u>995,222</u>	<u>297,556</u>	<u>65,976</u>	<u>1,358,754</u>
Total liabilities and fund balances	<u>\$ 1,564,534</u>	<u>\$ 298,380</u>	<u>\$ 65,976</u>	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,681,227
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(356,602)</u>
Net assets of governmental activities	<u>\$ 2,683,379</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF BELTON, SOUTH CAROLINA  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	General	Hospitality	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes:				
Property	\$ 829,655	\$ -	\$ -	\$ 829,655
Auto	117,167	-	-	117,167
Hospitality	-	142,767	-	142,767
Payments in lieu of taxes	5,003	-	-	5,003
Franchise fees	259,743	-	-	259,743
Licenses and permits	625,372	-	-	625,372
Intergovernmental	577,692	-	4,742	582,434
Charges for services	205,804	-	-	205,804
Fines and forfeitures	198,192	-	17,658	215,850
Investment earnings	8,829	2,449	331	11,609
Miscellaneous	3,629	-	-	3,629
Total revenues	2,831,086	145,216	22,731	2,999,033
<b>EXPENDITURES</b>				
Administration	455,634	927	-	456,561
Public safety	1,357,872	-	12,629	1,370,501
Public works	558,846	-	-	558,846
Culture, recreation, and tourism	161,354	34,688	-	196,042
Community development	112,291	-	-	112,291
Debt service:				
Principal	55,110	34,346	-	89,456
Interest	9,987	6,452	-	16,439
Capital outlay	158,243	-	-	158,243
Total expenditures	2,869,337	76,413	12,629	2,958,379
Excess (deficiency) of revenues over (under) expenditures	(38,251)	68,803	10,102	40,654
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	66,993	-	-	66,993
Operating transfers out	-	(7,361)	-	(7,361)
Total other financing sources (uses)	66,993	(7,361)	-	59,632
Net change in fund balances	28,742	61,442	10,102	100,286
Fund balances - July 1, 2007	966,480	236,114	55,874	1,258,468
Fund balances - June 30, 2008	\$ 995,222	\$ 297,556	\$ 65,976	\$ 1,358,754

The notes to the financial statements are an integral part of this statement.

**CITY OF BELTON, SOUTH CAROLINA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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

Net change in fund balances - total governmental funds (Exhibit D)	\$	100,286
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation of \$165,020 exceeded capital outlays of \$129,154 in the current period.		(35,866)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.		(12,983)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This is the amount of principal payments of long-term debt in the current period.		89,456
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		<u>6,413</u>
Change in net assets of governmental activities (Exhibit B)	<u>\$</u>	<u>147,306</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF BELTON, SOUTH CAROLINA**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUND - WATER AND SEWER ENTERPRISE FUND**  
**JUNE 30, 2008**

**ASSETS**

## Current assets:

Cash and cash equivalents	\$ 956,594
Accounts receivable (net of allowance)	358,019
Interest receivable	1,913
Due from other funds	65,270
Inventories	17,891
Prepaid items	12,386
	<hr/>
Total current assets	1,412,073
	<hr/>

## Noncurrent assets:

## Restricted cash, cash equivalents, and other:

Customer deposits	104,992
Note payable covenant deposit	25,718
	<hr/>
Total restricted assets	130,710
	<hr/>

## Capital assets:

Land	57,418
Buildings and systems	8,626,645
Machinery and equipment	674,675
Vehicles	361,796
Less accumulated depreciation	(4,524,185)
	<hr/>

Total capital assets (net of accumulated depreciation)	5,196,349
	<hr/>

Total noncurrent assets	5,327,059
	<hr/>

Total assets	6,739,132
	<hr/>

**LIABILITIES**

## Current liabilities:

Accounts payable	90,288
Compensated absences	4,905
Accrued liabilities	(484)
Notes payable - current	13,527
	<hr/>

Total current liabilities	108,236
	<hr/>

## Current liabilities payable from restricted assets:

Customer deposits payable	104,992
	<hr/>

## Noncurrent liabilities:

Notes payable	195,012
	<hr/>

Total liabilities	408,240
	<hr/>

**NET ASSETS**

Invested in capital assets, net of related debt	4,987,810
Restricted for debt service	25,718
Unrestricted	1,317,364
	<hr/>

Total net assets	\$ 6,330,892
	<hr/> <hr/>

The notes to the financial statements are an integral part of this statement.

**CITY OF BELTON, SOUTH CAROLINA  
STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUND  
WATER AND SEWER ENTERPRISE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

<b>OPERATING REVENUES</b>	
Charges for services	\$ 1,594,952
<b>OPERATING EXPENSES</b>	
Cost of sales and services	1,306,110
Administration	17,864
Depreciation	244,197
Total operating expenses	1,568,171
Operating income	26,781
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Intergovernmental	900
Investment earnings	10,741
Interest expense	(6,870)
Insurance proceeds	2,187
Total nonoperating revenues (expenses)	6,958
Income before contributions and transfers	33,739
Capital contributions - Grants	57,900
Transfers in	369
Transfers out	(60,000)
Change in net assets	32,008
Total net assets - July 1, 2007	6,298,884
Total net assets - June 30, 2008	\$ 6,330,892

The notes to the financial statements are an integral part of this statement.

**CITY OF BELTON, SOUTH CAROLINA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
WATER AND SEWER ENTERPRISE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash received from customers	\$ 1,595,861
Cash paid to suppliers	(827,927)
Cash paid to employees	(464,591)
Net cash provided (used) by operating activities	<u>303,343</u>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Increase in due from other funds	(30,425)
Transfers to other funds	(60,000)
Transfers from other funds	369
Intergovernmental revenues	900
Other income	2,187
Net cash provided (used) by noncapital financing activities	<u>(86,969)</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Principal payments - revenue bonds and notes	(13,128)
Interest paid	(6,870)
Proceeds from capital grant	57,900
Purchase of fixed assets	(87,910)
Net cash provided (used) by capital and related financing activities	<u>(50,008)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest income	<u>12,159</u>
-----------------	---------------

**NET INCREASE IN CASH AND CASH EQUIVALENTS**

178,525

**CASH AND CASH EQUIVALENTS - JULY 1, 2007**908,779**(Including restricted assets of \$122,677)****CASH AND CASH EQUIVALENTS - JUNE 30, 2008**\$ 1,087,304**(Including restricted assets of \$130,710)****Reconciliation of operating income to net cash provided (used) by operating activities:**

Operating income	<u>\$ 26,781</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	244,197
(Increase) in accounts receivable	(6,097)
(Increase) in prepaid items	(1,344)
Increase in accounts payable	42,599
(Decrease) in accrued liabilities	(11,398)
Increase in compensated absences	1,601
Increase in customer deposits	7,004
Total adjustments	<u>276,562</u>

**Net cash provided by operating activities**\$ 303,343

The notes to the financial statements are an integral part of this statement.

**CITY OF BELTON, SOUTH CAROLINA  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
JUNE 30, 2008**

	<u>Zion Street Senior Citizens Agency Fund</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 1,956
Total Assets	<u>\$ 1,956</u>
 <b>Liabilities</b>	
Zion Street payables	<u>\$ 1,956</u>
Total Liabilities	<u>\$ 1,956</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF BELTON, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

**Note 1 - Summary of significant accounting policies**

The City of Belton, South Carolina ("City") was incorporated in 1855. It is governed by a mayor and six council members who serve staggered four year terms. The City operates under the council/mayor form of government by South Carolina law.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issues on or before November 30, 1989, to its governmental and business type activities and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. The more significant of the government's accounting policies are described below.

**A. Government-wide and fund financial statements**

The City's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable. The City currently has not identified any component units.

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

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

**B. Measurement focus, basis of accounting, and financial statement presentation**

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

**CITY OF BELTON, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

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 recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, state shared revenue, and charges for services associated with the current fiscal period are all considered to be susceptible to accrual and, therefore, have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports unearned revenue on its combined balance sheet. Unearned revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for unearned revenue is removed from the combined balance sheet and revenue is recognized.

The government reports the following major governmental funds:

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

The *hospitality fund* is used to account for the proceeds of hospitality fees to be segregated for the expenditures of tourism related costs.

The government reports the following major proprietary fund:

The *water and sewer fund* accounts for the activities of the water and sewer department. The water and sewer department operates the sewage pumping stations and collection systems, and the water distribution system.

Additionally, the government reports the following fund type:

The *Zion Street senior citizens fund* accounts for assets that the government holds for others in an agency capacity.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both 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 government has elected not to follow subsequent private-sector guidance.

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

**CITY OF BELTON, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

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

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

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

**C. Deposits and investments**

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the government to invest in obligations of the U.S. Treasury, obligations of the State of South Carolina, repurchase agreements, certificates of deposit and the South Carolina Local Government Investment Pool. Investments for the government are reported at fair value. The reported value of the South Carolina Local Government Investment Pool is the same as the fair value of the pool shares.

**D. Receivables and payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles.

Property taxes are levied on October 1, and are payable without penalty through January 15. Unpaid taxes attach as an enforceable lien on property as of the following March 17.

Anderson County bills and collects real and vehicle property taxes for the City. City property tax revenues are recognized when levied to the extent they result in current receivables. Current receivables represent collections within 60 days after the close of the current fiscal year.

**CITY OF BELTON, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

**E. Inventories and prepaid items**

Significant inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**F. Restricted assets and reserves**

The City had restricted cash in the general fund in the amount of \$10,158, the amount of the Escheat account.

The City has designated \$104,992 for the future payment of refunds for Customer Deposits in the proprietary fund. The Water and Sewer fund also has restricted \$25,718 to comply with a loan covenant.

**G. Capital assets**

Capital assets, which include property, plant, equipment, and vehicles, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$500 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair market value at the date of donation.

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

Major outlays for capital asset and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Systems	5-50
Improvements Other Than Buildings	20-30
Machinery and Equipment	3-20
Vehicles	5-15

**H. Compensated absences**

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**I. Long-term obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

In the fund financial statements, governmental fund types show the face amount of debt issued as other financing sources.

**CITY OF BELTON, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

**J. Fund equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**K. Estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires the use of management's estimates. Accordingly, actual results could differ from these estimates.

**Note 2 – Cash and investments**

***Deposits***

Custodial credit risk – deposits. Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2008, none of the City's bank balances of \$2,806,204 were exposed to custodial credit risk.

***Investments***

The City is allowed to invest in (1) obligations of the United States and agencies thereof; (2) general obligations of the State of South Carolina or any of its political units; (3) savings and loan associations to the extent that the same are secured by the Federal Deposit Insurance Corporation; (4) certificates of deposit where the certificates are collaterally secured by securities of the type described in (1) and (2) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest.

**Note 3 – Receivables**

Receivables as of June 30, 2008, including the applicable allowance for uncollectible accounts, are as follows:

	Governmental Activities	Business-type Activities	Total
Receivables:			
Taxes (net of allowance for uncollectibles of \$150,554)	\$ 15,771	\$ -	\$ 15,771
Accounts (net of allowance for uncollectibles of \$185,373 for Business-type Activities)	72,859	358,019	430,878
Interest	516	1,913	2,429
	89,146	359,932	449,078
Due from other governments:			
State Treasurer's Office	38,279	-	38,279
SC Parks and Recreation Department	30,000	-	30,000
SC Department of Transportation	12,993	-	12,993
Anderson County	600	-	600
	81,872	-	81,872
Total Receivables	\$ 171,018	\$ 359,932	\$ 530,950

**CITY OF BELTON, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

**Note 4 – Changes in capital assets**

Capital assets activity for the fiscal year ended June 30, 2008, was as follows:

	<b>2007</b>		<b>2008</b>	
	<b>June 30, Balance</b>		<b>June 30, Balance</b>	
	<b>Increases</b>		<b>Decreases</b>	
<b>Governmental activities:</b>				
Capital assets, not being depreciated:	\$	256,065	\$	256,065
Land				
Total capital assets, not being depreciated	\$	256,065	\$	256,065
Capital assets, being depreciated:				
Buildings and improvements	730,578	-	730,578	-
Improvements other than buildings	630,201	573,390	670,643	(16,948)
Machinery and equipment	549,169	47,826	591,295	(5,700)
Vehicles	1,344,966	23,938	1,368,904	-
Total capital assets, being depreciated	3,254,914	129,154	3,361,420	(22,648)
Less accumulated depreciation for:				
Buildings and improvements	(543,754)	(17,880)	(561,634)	-
Improvements other than buildings	(207,092)	(26,478)	(229,607)	3,963
Machinery and equipment	(326,967)	(35,367)	(356,634)	5,700
Vehicles	(703,088)	(85,295)	(788,383)	-
Total accumulated depreciation	(1,780,901)	(165,020)	(1,936,258)	9,663
Total capital assets, being depreciated, net	1,474,013	(35,866)	1,425,162	(12,985)
Governmental activities capital assets, net	\$ 1,730,078	\$ (35,866)	\$ 1,681,227	\$ (12,985)
<b>Business-type activities:</b>				
Capital assets, not being depreciated:	\$	57,418	\$	57,418
Land				
Capital assets, being depreciated:				
Buildings and systems	8,538,735	87,910	8,626,645	-
Machinery and equipment	674,675	-	674,675	-
Vehicles	361,796	-	361,796	-
Total capital assets, being depreciated	9,575,206	87,910	9,663,116	-
Less accumulated depreciation for:				
Buildings and systems	(3,489,025)	(200,025)	(3,689,050)	-
Machinery and equipment	(473,056)	(26,532)	(499,588)	-
Vehicles	(317,906)	(17,641)	(335,547)	-
Total accumulated depreciation	(4,279,987)	(244,198)	(4,524,185)	-
Total capital assets, being depreciated, net	5,295,219	(156,288)	5,138,931	-
Business-type activities capital assets, net	\$ 5,352,637	\$ (156,288)	\$ 5,196,349	\$ -

**CITY OF BELTON, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

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

<b>Governmental activities:</b>		
General government		\$ 22,265
Police		24,504
Fire		71,448
Public works		16,784
Culture and recreation		30,019
Total depreciation expense – governmental activities		<u>\$ 165,020</u>
<b>Business-type activities:</b>		
Water and sewer		<u>\$ 244,197</u>

**Note 5 – Changes in long-term debt**

The following is a summary of changes in long-term debt of the City for the fiscal year ended June 30, 2008:

	Balance June 30, 2007	Additions	Reductions	Balance June 30, 2008	Amounts due in one year
<b>Governmental activities:</b>					
Notes payable:					
Note	\$ 143,623	\$ -	\$ (34,346)	\$ 109,277	\$ 34,346
Note	240,911	-	(55,110)	185,801	57,578
Compensated absences	67,939	-	(6,415)	61,524	-
Totals	<u>\$ 452,473</u>	<u>\$ -</u>	<u>\$ (95,871)</u>	<u>\$ 356,602</u>	<u>\$ 91,924</u>
<b>Business-type activities:</b>					
Notes payable:					
Note	\$ 221,667	\$ -	\$ (13,128)	\$ 208,539	\$ 13,527
Compensated absences	3,304	1,601	-	4,905	-
Totals	<u>\$ 224,971</u>	<u>\$ 1,601</u>	<u>\$ (13,128)</u>	<u>\$ 213,444</u>	<u>\$ 13,527</u>

Long-term debt at June 30, 2008, was comprised of the following:

**Governmental activities:**

Note Payable To:	Interest Rate:	Monthly Payment:	Maturity Date:	Collateralized By:	Balance at June 30, 2008
Bank	4.95%	\$2,862	November, 2013	Hospitality Taxes	\$ 109,277
Bank	4.30%	\$5,370	July, 2011	Equipment	185,801
					<u>\$ 295,078</u>
<b><u>Business-type Activities:</u></b>					
SCIRF	3.00%	\$1,633	May, 2021	Water Revenues	<u>\$ 208,539</u>

**CITY OF BELTON, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

The annual requirements to amortize notes payable debt outstanding as of June 30, 2008, are as follows:

Notes payable: Year Ending June 30	Governmental activities		Business-type activities	
	Principal	Interest	Principal	Interest
2009	\$ 91,924	\$ 11,946	\$ 13,527	\$ 6,071
2010	94,450	7,824	13,938	5,660
2011	97,085	3,564	14,362	5,236
2012	11,619	309	14,799	4,799
2013	-	-	15,249	4,349
2014-2018	-	-	83,493	14,219
2019-2021	-	-	53,171	2,358
Totals	\$ 295,078	\$ 23,643	\$ 208,539	\$ 42,692

**Note 6 – Interfund receivables, payables, and transfers**

The composition of interfund balances as of June 30, 2008, is as follows:

Due to/from other funds: Receivable fund	Payable fund	Amount
Water	General	\$ 65,270
Other Governmental Funds	General	1,355
		<u>\$ 66,625</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund transfers:

Transferred out:	Transferred In:			Total
	General Fund	Hospitality Fund	Water and Sewer Fund	
General fund	\$ -	\$ -	\$ -	\$ -
Hospitality fund	6,993	-	369	7,362
Water and Sewer Enterprise fund	60,000	-	-	60,000
Total	\$ 66,993	\$ -	\$ 369	\$ 67,362

Transfers are used to move unrestricted general fund revenues to finance various programs that the City must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

**CITY OF BELTON, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

**Note 7 – Restricted assets**

The balances of the restricted asset accounts in the governmental and enterprise fund as of June 30, 2008, are as follows:

	Governmental activities	Business-type activities
Escheat deposits	\$ 10,158	\$ -
Customer meter deposits	-	104,992
Note payable covenant deposit	-	25,718
Total restricted assets	\$ 10,158	\$ 130,710

**Note 8 – Other information**

**A. 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; injuries to employees; and natural disasters. The City has joined together with other municipalities in the state to form the South Carolina Municipal Insurance and Risk Financing Fund (SCMIRF), and the South Carolina Local Government Assurance Group (SCLGAG), which are public entity risk pools currently operating as common risk management and insurance programs. The City pays an annual premium to SCMIRF for its general insurance coverage and a monthly premium to SCLGAG for its employee health, life, and dental insurance coverage.

The SCMIRF is self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$1,000,000 for each insured event. The SCLGAG is also self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$100,000 for each insured event. For claims in excess of \$40,000 but less than \$100,000, the "stop loss" insurance is pooled with other members.

The City also has joined together with other municipalities in the state to form the South Carolina Municipal Insurance Trust (SCMIT), a public entity risk pool operating as a common risk management and insurance program for worker's compensation. The City pays an annual premium to SCMIT.

There were no significant reductions in insurance coverage from coverage in the prior year. Settlements have not exceeded insurance coverage for each of the past three years.

**B. Employee Benefits**

The City contributes to the South Carolina Retirement System (SCRS) and the South Carolina Police Officers Retirement System (PORS). These plans are cost-sharing, multiple-employer pension plans administered by the Retirement Division of the State Budget and Control Board. The SCRS and the PORS offer retirement and disability benefits, cost of living adjustments on an ad-hoc basis, life insurance benefits and survivor benefits. The Plan's provisions are established under Title 9 of the South Carolina Code of Laws. A Comprehensive Annual Financial Report containing financial statements and required supplementary information for the South Carolina Retirement System and Police Officers Retirement System is issued and publicly available by writing the South Carolina Retirement System, Post Office Box 11960, Columbia, South Carolina 29211-1960.

The SCRS plan members are required to contribute 6.50% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 9.06% of annual covered payroll. The contribution requirements of plan members and the City are established by Title 9 of the SC Code of Laws. The City's contributions to the SCRS for the fiscal years ending June 30, 2008, 2007, and 2006, were \$66,304, \$58,925, and \$57,010, respectively, equal to the required contributions for each year.

**CITY OF BELTON, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

The PORS plan members are required to contribute 6.5% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 10.70% of annual covered payroll. The contribution requirements of plan members and the City are established by Title 9 of the SC Code of Laws. The City's contributions to the PORS for the fiscal years ending June 30, 2008, 2007, and 2006, were \$73,722, \$68,025, and \$61,405, respectively, equal to the required contributions for each year.

The City has a tax sheltered annuity program qualified under Section 403(b) of the Internal Revenue Code covering all eligible employees. If an employee elects to do so, they can contribute a minimum of 2% of eligible wages. Since the City contributes to the South Carolina Retirement System, no matching contributions are made to this program by the City.

**C. Lease Agreement**

The City signed an agreement with Anderson County School District Two on February 6, 2007, to provide lighting for a school district football field in the amount of \$44,750 and to pay for electricity to operate these lights in exchange for the use of this field by the Recreation department football teams for a period of twenty years, ending on February 15, 2027.

**D. Subsequent Event**

The City is planning to renovate the upstairs portion of City Hall. Renovations will be funded by a \$250,000 Anderson County bond and are anticipated to start in Spring of 2009.

**CITY OF BELTON, SOUTH CAROLINA  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<b>Budgeted Amounts</b>		
	<b>Original</b>	<b>Final</b>	<b>Actual</b>
	<b>Amounts</b>	<b>Final</b>	<b>Amounts</b>
	<b>Original</b>	<b>Final</b>	<b>Final Budget</b>
	<b>Amounts</b>	<b>Final</b>	<b>Variance with</b>
<b>REVENUES</b>			
Taxes:			
Property	\$ 920,200	\$ 920,200	\$ 829,655
Auto	150,000	150,000	117,167
Payments in lieu of taxes	4,500	4,500	5,003
Franchise fees	251,500	251,500	259,743
Licenses and permits	555,500	555,500	625,372
Intergovernmental	360,700	360,700	577,692
Charges for services	194,190	194,190	205,804
Fines and forfeitures	195,000	195,000	198,192
Investment earnings	5,000	5,000	8,829
Miscellaneous	2,000	2,000	3,629
<b>Total revenues</b>	<b>2,638,590</b>	<b>2,638,590</b>	<b>2,831,086</b>
<b>EXPENDITURES</b>			
Administration	459,925	459,925	455,634
Public safety	1,348,063	1,348,063	1,357,872
Public works	574,930	574,930	558,846
Culture and recreation	211,752	211,752	161,354
Community development	-	-	112,291
Debt service:			
Principal	70,136	70,136	55,110
Interest	9,784	9,784	9,987
Capital outlay	56,000	56,000	158,243
Total expenditures	2,730,590	2,730,590	2,869,337
Excess (deficiency) of revenues over (under) expenditures	(92,000)	(92,000)	(38,251)
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers in	91,000	91,000	66,993
Sale of capital assets	1,000	1,000	-
Total other financing sources (uses)	92,000	92,000	66,993
Net change in fund balance	-	-	28,742
Fund balances - July 1, 2007	966,480	966,480	966,480
Fund balances - June 30, 2008	\$ 966,480	\$ 966,480	\$ 995,222
			28,742

See notes to required supplementary information.

**CITY OF BELTON, SOUTH CAROLINA  
BUDGETARY COMPARISON SCHEDULE  
HOSPITALITY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budgets
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Hospitality	\$ 121,000	\$ 121,000	\$ 142,767	\$ 21,767
Investment earnings	500	500	2,449	1,949
Total revenues	121,500	121,500	145,216	23,716
<b>EXPENDITURES</b>				
Administration	2,006	2,006	927	1,079
Culture and recreation	92,094	92,094	17,870	74,224
Tourism	20,200	20,200	16,818	3,382
Debt Service:				
Principal	-	-	34,346	(34,346)
Interest	7,200	7,200	6,452	748
Total expenditures	121,500	121,500	76,413	45,087
Excess of revenues over expenditures	-	-	68,803	68,803
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers out	-	-	(7,361)	(7,361)
Total other financing sources (uses)	-	-	(7,361)	(7,361)
Net change in fund balance	-	-	61,442	61,442
Fund balance - July 1, 2007	236,114	236,114	236,114	-
Fund balance - June 30, 2008	\$ 236,114	\$ 236,114	\$ 297,556	\$ 61,442

See notes to required supplementary information.

**CITY OF BELTON, SOUTH CAROLINA  
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
 JUNE 30, 2008**

**Note 1 - Budgets**

The City prepares an annual budget on the General Fund, Special Revenue Funds, and the Water and Sewer Enterprise Fund. The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. At least forty days prior to July 1, the City Administrator submits to the City Council a proposed operating budget for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Two public hearings are conducted at City Hall to obtain taxpayer comments.
3. Prior to July 1, the budget is legally enacted through passage of an ordinance.
4. The City Administrator is authorized to transfer budgeted amounts between departments within any fund; however, the revisions that alter the total expenditures of any fund must be approved by the City Council.
5. The budget for the City is adopted on a basis consistent with generally accepted accounting principles (GAAP).

**Note 2 – Excess of Expenditures over Appropriations**

The City’s level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriate amount) is established on the budget as a whole.

<u>Fund</u>	<u>Final Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Difference</u>
General Fund	\$ 2,730,590	\$ 2,869,337	\$ (138,747)

No budgetary amendments were made by council during the year.

**CITY OF BELTON, SOUTH CAROLINA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE FUNDS  
JUNE 30, 2008**

	<b>Drug Fund</b>	<b>Firemens Fund</b>	<b>Victims Compensation Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 12,321	\$ 3,270	\$ 49,030	\$ 64,621
Due from other funds	-	-	1,355	1,355
<b>Total assets</b>	<b>\$ 12,321</b>	<b>\$ 3,270</b>	<b>\$ 50,385</b>	<b>\$ 65,976</b>
<b>FUND BALANCES</b>				
Unreserved, undesignated	\$ 12,321	\$ 3,270	\$ 50,385	\$ 65,976
<b>Total fund balances</b>	<b>\$ 12,321</b>	<b>\$ 3,270</b>	<b>\$ 50,385</b>	<b>\$ 65,976</b>

The notes to the financial statements are an integral part of this statement.

**CITY OF BELTON, SOUTH CAROLINA  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<b>Drug Fund</b>	<b>Firemens Fund</b>	<b>Victims Compensation Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 4,742	\$ -	\$ 4,742
Fines and forfeitures	3,093	-	14,565	17,658
Investment earnings	76	-	255	331
<b>Total revenues</b>	<b>3,169</b>	<b>4,742</b>	<b>14,820</b>	<b>22,731</b>
<b>EXPENDITURES</b>				
Public safety	2,845	4,697	5,087	12,629
<b>Total expenditures</b>	<b>2,845</b>	<b>4,697</b>	<b>5,087</b>	<b>12,629</b>
Excess of revenues over expenditures	324	45	9,733	10,102
Fund balances - July 1, 2007	11,997	3,225	40,652	55,874
Fund balances - June 30, 2008	<b>\$ 12,321</b>	<b>\$ 3,270</b>	<b>\$ 50,385</b>	<b>\$ 65,976</b>

The notes to the financial statements are an integral part of this statement.

**CITY OF BELTON, SOUTH CAROLINA  
SCHEDULE OF MUNICIPAL COURT FINES,  
ASSESSMENTS, AND SURCHARGES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<u>Collected by Municipal Court</u>	<u>Retained by City Treasurer</u>	<u>Remitted to State Treasurer</u>	<u>Allocated to Victims Assistance</u>
Fines	\$ 80,590	\$ 80,590	\$ -	\$ -
Assessments	88,552	-	78,667	9,885
Surcharges	21,996	-	18,622	3,374
	<u>\$ 191,138</u>	<u>\$ 80,590</u>	<u>\$ 97,289</u>	<u>\$ 13,259</u>
Expenditures:				
Public Safety				\$ 5,087
Total Expenditures				<u>\$ 5,087</u>
Balance Carried Forward to July 1, 2008				<u>\$ 49,030</u>

The notes to the financial statements are an integral part of this statement.