

**CITY OF BELTON,
SOUTH CAROLINA**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

CITY OF BELTON, SOUTH CAROLINA

TABLE OF CONTENTS

YEAR ENDED JUNE 30, 2022

	<u>Page Number</u>
Table of Contents	i
Listing of Principal Officials	iii
 <u>FINANCIAL SECTION</u>	
INDEPENDENT AUDITOR'S REPORT	1
Management's Discussion and Analysis	5
Basic Financial Statements:	
<i>Government-Wide Financial Statements:</i>	
Statement of Net Position	16
Statement of Activities	17
<i>Fund Financial Statements:</i>	
Balance Sheet - Governmental Funds	18
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	19
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	20
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	21
Statement of Net Position - Proprietary Funds	22
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	23
Statement of Cash Flows - Proprietary Funds	24
<i>Notes to the Financial Statements</i>	25
Required Supplementary Information:	
<u>Budgetary Comparison Schedules:</u>	
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budgets and Actual - General Fund	56
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budgets and Actual - Hospitality Fund	57
<u>Pension Plan Schedules:</u>	
Schedule of the City's Proportionate Share of the Net Pension Liability - South Carolina Retirement System	58
Schedule of Contributions - South Carolina Retirement System	59
Schedule of the City's Proportionate Share of the Net Pension Liability - South Carolina Police Officers Retirement System	60
Schedule of Contributions - South Carolina Police Officers Retirement System	61

(Continued)

CITY OF BELTON, SOUTH CAROLINA

TABLE OF CONTENTS

YEAR ENDED JUNE 30, 2022

	<u>Page Number</u>
Supplementary Information:	
Combining Balance Sheet - Non Major Governmental Funds	64
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Non Major Governmental Funds	65
Uniform Schedule of Fines, Assessments, and Surcharges (Per Act 96)	66
 <u>COMPLIANCE SECTION</u>	
Schedule of Expenditures of Federal Awards	68
Notes to the Schedule of Expenditures of Federal Awards	69
Independent Auditor's Report - Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	71
Independent Auditor's Report - Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	73
Summary Schedule of Prior Audit Findings	76
Schedule of Findings and Questioned Costs	77

CITY OF BELTON, SOUTH CAROLINA
LISTING OF PRINCIPAL OFFICIALS
YEAR ENDED JUNE 30, 2022

Established

1855

MAYOR

Eleanor Dorn

CITY COUNCIL MEMBERS

Tony Saville

Mark Spence

Josh Stephenson

Lynda McCoy

Ricky Campbell

Brandy Vaughn

CITY ADMINISTRATOR

Alan Sims

CITY CLERK/TREASURER

Amanda Gambrell, CPA

Listed officials are as of June 30, 2022.

(This page intentionally left blank.)



Greene Finney Cauley, LLP

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members of City Council
City of Belton
Belton, South Carolina

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Belton, South Carolina (the "City"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* ("Government Auditing Standards"), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists.

GREENEFINNEYCAULEY.CPA · INFO@GREENEFINNEY.COM

GREENVILLE, SC
864.232.0653

MAULDIN, SC
864.232.5204

CHARLESTON, SC
843.735.5805

ANDERSON, SC
864.225.8713

ASHEVILLE, NC
828.771.0847

OPEN BY
APPOINTMENT ONLY

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedules, and the pension plan schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplementary information, as listed in the table of contents, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2023 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Greene Finney Cauley, LLP

Greene Finney Cauley, LLP
Mauldin, South Carolina
March 7, 2023

(This page intentionally left blank.)

CITY OF BELTON, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2022

The management of the City of Belton ("City") offers readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2022 ("FY 2022" or "2022") compared to the fiscal year ended June 30, 2021 ("FY 2021" or "2021"). The intent of this management's discussion and analysis ("MD&A") is to look at the City's financial performance as a whole. Readers are encouraged to not only consider the information presented here, but also the information provided in the financial statements, the notes to the financial statements, the required supplementary information, and the supplementary information to enhance their understanding of the City's overall financial performance.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the current fiscal year by approximately \$10,369,000 (*net position*). Of this amount, approximately \$2,254,000 and \$8,115,000 were related to the City's governmental and business-type activities, respectively. In addition, the City's unrestricted net position (which may be used to meet the government's ongoing obligations to citizens and creditors) was approximately (\$664,000) for its governmental activities and approximately \$1,819,000 for its business-type activities.
- The City's total revenues of approximately \$6,962,000 exceeded total expenses of approximately \$5,856,000 resulting in an increase in net position of approximately \$1,106,000 for 2022.
- At the close of 2022, the City's governmental funds reported ending fund balance of approximately \$2,515,000 an increase of approximately \$671,000 from the prior year. This increase in fund balance is primarily due to the increase in the General Fund.
- Approximately 44% of the total fund balance in the governmental funds, or approximately \$1,107,000, is available for spending at the City's discretion (*unassigned fund balance*). The unassigned fund balance for the General Fund was approximately 32% of total General Fund expenditures for FY 2022.
- General Fund revenues and other financing sources were approximately \$5,062,000 for the current fiscal year compared to approximately \$3,496,000 in the prior fiscal year. General Fund expenditures and other financing sources were approximately \$4,251,000 for the current fiscal year compared to approximately \$3,297,000 in the prior fiscal year.
- At the close of 2022, the City's proprietary funds reported ending net position of approximately \$8,115,000, an increase of approximately \$1,056,000 from the prior year net position. This increase in net position is primarily due to an increase in the Water Fund.
- Water Fund and Wastewater Fund revenues and transfers in were approximately \$3,260,000 for the current fiscal year compared to approximately \$1,941,000 in the prior fiscal year. Water Fund and Wastewater Fund expenses and transfers out were approximately \$2,204,000 for the current fiscal year compared to approximately \$2,105,000 in the prior fiscal year.
- The City's total net capital assets increased by approximately \$545,000 (4%) during the current fiscal year, primarily due to additions of approximately \$1,212,000, partially offset by depreciation expense of approximately \$667,000.
- The City's total debt increased by approximately \$606,000 (13%) during the current fiscal year due to the issuance of four finance purchases of approximately \$1,056,000, partially offset by principal payments of approximately \$449,000.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of two parts – *Financial Section* (which includes management's discussion and analysis, the financial statements, the required supplementary information, and the supplementary information) and the *Compliance Section*.

Financial Statements

The MD&A is intended to serve as an introduction to the City's financial statements. The City's financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The financial statements present two different views of the City through the use of government-wide and fund financial statements. In addition to the financial statements, this report contains required supplementary information and supplementary information that will enhance the reader's understanding of the financial condition of the City.

CITY OF BELTON, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2022

OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

Financial Statements (Continued)

Government-Wide Financial Statements. The financial statements include two statements that present different views of the City. These are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the differences between these reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements are divided into two categories: 1) governmental activities; and 2) business-type activities. The governmental activities include administration, public safety, public works, and culture, recreation, and tourism. The business-type activities are the City's water and wastewater operations. The government-wide financial statements can be found as listed in the table of contents.

Fund Financial Statements - The fund financial statements provide a more detailed look at the City's most significant activities. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like all other governmental entities in South Carolina, uses fund accounting to ensure and reflect compliance with finance-related legal requirements, such as the General Statutes or the City's budget ordinance. All of the funds of the City can be divided into the following categories: governmental funds and proprietary funds.

Governmental Funds – The City uses *governmental funds* to account for those functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are accounted for in governmental funds. The focus of these funds is on how assets can readily be converted into cash flow (in and out), and what monies are left at year-end that will be available for spending in the next year. The governmental funds report using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental funds financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's services. The relationship between *governmental activities* (reported in the government-wide financial statements) and *governmental funds* is described in a reconciliation that is a part of the fund financial statements.

The City maintains five individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenue, expenditures and changes in fund balances for the City's major funds (General Fund and Hospitality Fund) and nonmajor funds (Drug Fund, Fireman's 1% Fund, and Fire Explorer Post Fund). The governmental funds financial statements can be found as listed in the table of contents.

Proprietary Funds – The City maintains one type of proprietary fund. *Enterprise Funds* are used to account for operations that (a) are financed and operated in a manner similar to private business enterprises — where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The City uses enterprise funds to account for its water and wastewater operations. The proprietary fund financial statements can be found as listed in the table of contents.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found as listed in the table of contents.

CITY OF BELTON, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2022

OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

Financial Statements (Continued)

Other Information – In addition to the financial statements and accompanying notes, this report includes certain required supplementary information. A budgetary comparison schedule has been provided for the General Fund and the Hospitality Fund to demonstrate compliance with its budget. Required pension schedules have also been included which provide relevant information regarding the City's participation in the South Carolina Retirement System and the South Carolina Police Officers Retirement System ("State Retirement Plans"), cost-sharing multiple-employer defined benefit plans. Required supplementary information can be found as listed in the table of contents.

The supplementary information is presented immediately following the required supplementary information. These schedules can be found as listed in the table of contents.

Figure A-1 Major Features of the City's Government-Wide and Fund Financial Statements			
Government-Wide Financial Statements		Fund Financial Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire City government.	The activities of the City that are not proprietary.	Activities the City operates similar to private businesses.
Required Financial Statements	<ul style="list-style-type: none"> Statement of Net Position. Statement of Activities. 	<ul style="list-style-type: none"> Balance Sheet. Statement of Revenues, Expenditures, and Changes in Fund Balances. 	<ul style="list-style-type: none"> Statement of Net Position. Statement of Revenues, Expenses, and Changes in Net Position. Statement of Cash Flows.
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial resources focus.	Accrual accounting and economic resources focus.
Type of Balance Sheet Information	All balance sheet elements, both financial and capital, and short-term and long-term.	Only balance sheet elements that come due during the year or shortly thereafter. No capital assets or long-term obligations are included.	All balance sheet elements, both financial and capital, and short-term and long-term.
Type of Inflow/Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during year, regardless of when cash is received or paid.

CITY OF BELTON, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2022

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The following table provides a summary of the City's net position for 2022 compared to 2021:

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets:						
Current and Other Assets	\$ 2,888,284	2,057,387	3,141,807	2,631,900	6,030,091	\$ 4,689,287
Capital Assets, Net	2,648,868	2,830,040	10,455,620	9,729,000	13,104,488	12,559,040
Total Assets	5,537,152	4,887,427	13,597,427	12,360,900	19,134,579	17,248,327
Deferred Outflows of Resources:						
Deferred Pension Charges	667,220	584,324	91,332	109,160	758,552	693,484
Liabilities:						
Long-Term Obligations	813,040	450,109	4,524,250	4,278,373	5,337,290	4,728,482
Net Pension Liability	2,301,934	2,577,366	589,760	724,954	2,891,694	3,302,320
Other	330,295	157,792	355,506	367,377	685,801	525,169
Total Liabilities	3,445,269	3,185,267	5,469,516	5,370,704	8,914,785	8,555,971
Deferred Inflows of Resources:						
Deferred Pension Credits	505,559	83,029	104,023	39,783	609,582	122,812
Net Position:						
Net Investment in Capital Assets	2,527,401	2,410,618	5,915,367	5,392,509	8,442,768	7,803,127
Restricted	389,770	533,524	381,090	325,922	770,860	859,446
Unrestricted	(663,627)	(740,687)	1,818,763	1,341,142	1,155,136	600,455
Total Net Position	\$ 2,253,544	2,203,455	8,115,220	7,059,573	10,368,764	\$ 9,263,028

The City's total assets of approximately \$19,135,000 increased approximately \$1,886,000 from the prior year primarily due to an increase in cash and investments, an increase in prepaids, and an increase in capital assets. The City's total liabilities of approximately \$8,915,000 increased by approximately \$359,000 from the prior year primarily due to an increase in long-term obligations and an increase in unearned revenue, partially offset by a decrease in the net pension liability. The changes in deferred outflows of resources and deferred inflows of resources were due to differences between expected and actual liability/investment experience, changes in assumptions, and changes in the percentage of the City's proportionate share of the net pension liability in the State retirement plans.

The City's net position increased by approximately \$1,106,000 during the current fiscal year due to current year revenues exceeding current year expenses. Please see the discussion following the next table regarding this increase.

The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by approximately \$10,369,000 as of June 30, 2022. Approximately 82% of total net position (\$8,443,000) reflects the City's net investment in capital assets (i.e., land, construction in progress, buildings, improvements, water and sewer utility system, equipment, vehicles, etc.) less any related outstanding debt and lease purchase obligations used to acquire those assets. 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 its capital assets is reported net of related debt and lease purchase obligations, it should be noted that the resources needed to repay these obligations generally must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Approximately 7% of net position (\$771,000) represents resources that are subject to external restrictions on how they may be used. This net position is restricted primarily for tourism related expenditures (hospitality taxes), debt service, and recreation facilities. The remaining portion of the City's net position of approximately 11% (\$1,155,000) is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.

CITY OF BELTON, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2022

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The following table shows the changes in the City's net position for 2022 compared to 2021.

	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program Revenues:						
Charges for Services	\$ 532,012	452,760	2,120,693	1,786,550	2,652,705	\$ 2,239,310
Operating Grants and Contributions	1,014,299	69,277	203,558	3,570	1,217,857	72,847
Capital Grants and Contributions	25,561	161,700	118,839	149,682	144,400	311,382
General Revenues:						
Taxes	1,572,165	1,593,358	-	-	1,572,165	1,593,358
Other	1,353,897	1,476,850	21,190	812	1,375,087	1,477,662
Total Revenues	4,497,934	3,753,945	2,464,280	1,940,614	6,962,214	5,694,559
Expenses:						
Administration	529,187	469,848	-	-	529,187	469,848
Public Safety	2,007,631	1,929,231	-	-	2,007,631	1,929,231
Public Works	605,847	563,293	-	-	605,847	563,293
Culture, Recreation, and Tourism	593,217	471,682	-	-	593,217	471,682
Community Development	17,165	-	-	-	17,165	-
Interest and Other Charges	24,464	23,235	-	-	24,464	23,235
Water	-	-	1,010,564	922,570	1,010,564	922,570
Wastewater	-	-	1,068,403	1,182,736	1,068,403	1,182,736
Total Expenses	3,777,511	3,457,289	2,078,967	2,105,306	5,856,478	5,562,595
Change in Net Position Before Transfers	720,423	296,656	385,313	(164,692)	1,105,736	131,964
Transfers	(670,334)	(407)	670,334	407	-	-
Change in Net Position	50,089	296,249	1,055,647	(164,285)	1,105,736	131,964
Net Position - Beginning of Year,	2,203,455	1,907,206	7,059,573	7,223,858	9,263,028	9,131,064
Net Position - End of Year	\$ 2,253,544	2,203,455	8,115,220	7,059,573	10,368,764	\$ 9,263,028

Governmental Activities: Net position related to governmental activities increased approximately \$50,000 in the current year. Total revenues increased by approximately \$744,000 (20%) from the prior year. Total expenses increased by \$320,000 (9%) from the prior year.

Key changes in revenue compared to the prior year were primarily due to the following:

- Total program revenues increased approximately \$888,000 from the prior year.
- Total tax revenues and other general revenues decreased approximately \$144,000. This decrease was primarily due to a decrease in property tax revenues of approximately \$42,000 (millage remained at 124 mills and assessed values decreased slightly) and a decrease in other tax and general revenues of approximately \$123,000, partially offset by an increase in hospitality taxes of approximately \$21,000.

CITY OF BELTON, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2022

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Governmental Activities (Continued)

Key changes in expenses compared to the prior year were primarily due to the following:

- Total administration expenses increased approximately \$59,000 primarily due to an increase in federal grant expenses in the current year.
- Total public safety expenses increased approximately \$78,000 primarily due to an increase in salaries and benefits.
- Total culture, recreation, and tourism expenses increased approximately \$122,000 primarily due to an increase in federal grant expenses in the current year.

Business-Type Activities: Net position related to business-type activities (water and wastewater operations) increased by approximately \$1,056,000. This increase was due to revenues of approximately \$2,464,000 and transfers of approximately \$670,000 exceeding expenses of approximately \$2,079,000. Revenues increased approximately \$524,000 from the prior year primarily due to the increase in water and wastewater fees. Expenses decreased from the prior year by approximately \$26,000 primarily due to lower pension cost.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental funds: The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported ending fund balance of approximately \$2,515,000, an increase of approximately \$671,000, or 36%, from the prior year fund balance. This change is primarily attributable to the increase in the General Fund.

Approximately 42% of the total fund balance of the governmental funds (\$1,107,000) constitutes unassigned fund balance, which is available for spending at the City's discretion. The City had nonspendable fund balance of approximately \$873,000 related to prepaids and inventories. The City also has assigned fund balance of approximately \$146,000 for City Hall improvements and the use of fund balance appropriated in the fiscal year 2023 budget. The remainder of the fund balance is restricted to indicate that it is not available for new spending: (1) for tourism-related expenditures (\$293,000), (2) for municipal court (\$12,000), (3) for drug enforcement (\$7,000), (4) for recreation facilities (\$63,000), (5) for Fireman's 1% costs (\$13,000), and (6) for Fire Explorers Post costs (\$1,000). Total unassigned fund balance of the governmental funds (General Fund) represents approximately 29% of total governmental funds expenditures.

Highlights for the General Fund were as follows:

- Total General Fund revenues and other financing sources of approximately \$5,062,000 increased approximately \$1,566,000 from the prior year primarily due to an increase in federal grants, financed purchases issued and an increase in transfers in.
- Total General Fund expenditures and other financing uses of approximately \$4,251,000 were approximately \$954,000 higher than the prior year. The increase was primarily due to an increase in administration, public safety, culture and recreation expenditures and transfers out.

The major events for the Hospitality Fund were payments for the total debt service outstanding on the Belton Community and Recreation Center note payable.

CITY OF BELTON, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2022

FINANCIAL ANALYSIS OF THE CITY'S FUNDS (CONTINUED)

Proprietary Funds: The City's proprietary funds provide the same type of information found in the government-wide statements, but in more detail. Please see "Business-Type Activities" discussion in the previous section for details.

General Fund Budgetary Highlights: If budget amendments are made, they generally fall into one of three categories: amendments made to adjust the estimates used to prepare the original budget ordinance once exact information is available; amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and increases in appropriations that become necessary to maintain services. The City did not have any budget adjustments during the year. General Fund total revenues for 2022 of approximately \$4,197,000 came in over budget by approximately \$1,050,000 (33%) due to conservative budgeting, an improving economy, and additional grant funding. General Fund total expenditures for 2022 of approximately \$3,459,000 came in under budget by approximately \$591,000 (15%) primarily due to lower capital outlay, partially offset by higher operating costs.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets as of June 30, 2022 amounted to approximately \$13,104,000. The City's capital assets include land, construction in progress, buildings, improvements, machinery and equipment, vehicles, other assets, and the water and sewer utility systems ("Systems"). The City's capital assets (net of depreciation) as of June 30, 2022 and 2021 were as follows:

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 455,463	446,963	57,418	57,418	512,881	\$ 504,381
Construction in Progress	35,571	35,571	964,495	140,020	1,000,066	175,591
Buildings, Improvements, and Systems	679,010	700,276	8,972,592	9,124,691	9,651,602	9,824,967
Improvements Other than Buildings	868,385	881,895	-	-	868,385	881,895
Machinery and Equipment	311,852	368,776	335,804	260,814	647,656	629,590
Vehicles	291,036	384,231	125,311	146,057	416,347	530,288
Other	7,551	12,328	-	-	7,551	12,328
Total	\$ 2,648,868	2,830,040	10,455,620	9,729,000	13,104,488	\$ 12,559,040

The total increase in the City's capital assets for 2022 was approximately \$545,000 or 4%. Major capital asset events during 2022 included the following:

- Capital asset additions of approximately \$1,212,000 consisted primarily of:
 - Purchase of 2021 CAT Loader of approximately \$105,000.
 - Additions to construction in process for the Water Meter Project of approximately \$954,000 and for Kay Street Water Project of approximately \$47,000.
 - Replacement of the roof at City Hall of approximately \$54,000.
 - Purchase of other equipment and capital assets of approximately \$52,000.
- Depreciation expense of approximately \$252,000 for governmental activities and \$415,000 for business-type activities

Additional information on the City's capital assets can be found in Notes I.C.4 and III.D in the notes to the financial statements.

CITY OF BELTON, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2022

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Debt

As of June 30, 2022, the City had total outstanding debt of approximately \$5,302,000. Of this total, none was general obligation debt (which is backed by the full faith and credit of the City). The City's total debt as of June 30, 2022 and 2021 was as follows:

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenue Bond	\$ -	-	4,130,500	4,216,099	4,130,500	\$ 4,216,099
Financed Purchase Obligations	709,479	60,520	390,989	60,520	1,100,468	121,040
Note Payable	71,531	358,902	-	-	71,531	358,902
Total	\$ 781,010	419,422	4,521,489	4,276,619	5,302,499	\$ 4,696,041

The total decrease in the City's debt for 2022 was approximately \$606,000 or 13%. Major events during 2022 included the following:

- Issuance of four new financed purchase obligations of approximately \$1,056,000 for the purchase of a new compact tract loader for the water department, a pumper and mini pumper for the fire department and water meter equipment.
- Principal payments of approximately \$449,000.

The State of South Carolina limits the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The City's statutory debt limit at June 30, 2022 was approximately \$917,000. As of June 30, 2022, the City had no bonded debt subject to the 8% limit resulting in an unused legal debt margin of approximately \$917,000.

Additional information regarding the City's long-term obligations can be found in Note III.E in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City's elected officials and staff considered many factors when setting the year ended June 30, 2023 ("FY 2023" or "2023") budget. The state of the economy, anticipated construction activity, future capital needs, and the best interests of the City's residents were all taken into account.

- Total General Fund expenditure budget of approximately \$3,779,000.
- Millage: The City's 2023 millage was 125 mills.
- Revenues are expected to remain consistent in FY 2023 overall with changes in textile business and other small businesses closing but opening of new restaurant and some other businesses taking over formerly closed locations. Water revenues are expected to increase due to rate increases.
- Employee Benefits are expected to increase in FY 2023 due to the rising cost of health insurance and the increase in the employer retirement contribution rates.

The safety and welfare of the citizens of Belton is the City's number one priority, along with providing needed services to our residents efficiently as possible. The City still has seen some new businesses open and it has made some positive impact after we had experienced a decline due to the struggling economy.

The Combined Utilities Department continues to operate on a day to day basis providing water and sewer to customers.

The City has partnered with Anderson County on storm water management and building codes. This has saved the City money by creating an alliance to assist each other with needed services.

CITY OF BELTON, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2022

REQUESTS FOR CITY INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's financing. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Treasurer, Post Office Box 828, Belton, South Carolina 29627. General information about the City can also be obtained from our website at www.cityofbeltonsc.com.

(This page intentionally left blank.)

Basic Financial Statements

CITY OF BELTON, SOUTH CAROLINA

STATEMENT OF NET POSITION

JUNE 30, 2022

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and Cash Equivalents	\$ 1,304,684	2,098,347	\$ 3,403,031
Restricted Cash and Cash Equivalents	330,318	605,680	935,998
Investments	62,381	128,447	190,828
Restricted Investments	36,334	-	36,334
Due from County Treasurer	9,412	-	9,412
Due from Other Governments	9,021	-	9,021
Receivables, Net			
Property Taxes	52,053	-	52,053
Grants	354	-	354
Accounts	171,442	346,230	517,672
Interest	73	96	169
Internal Balances	38,883	(38,883)	-
Prepays	869,104	1,890	870,994
Inventory	4,225	-	4,225
Capital Assets:			
Non-Depreciable	491,034	1,021,913	1,512,947
Depreciable, Net	2,157,834	9,433,707	11,591,541
TOTAL ASSETS	5,537,152	13,597,427	19,134,579
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Charges	667,220	91,332	758,552
LIABILITIES			
Accounts Payable	147,167	126,388	273,555
Accrued Salaries and Fringe Benefits	15,484	4,528	20,012
Escheat and Customer Deposits	8,132	224,590	232,722
Unearned Revenue	159,512	-	159,512
Non-Current Liabilities:			
Long-Term Obligations - Due Within One Year	118,347	141,306	259,653
Long-Term Obligations - Due in More Than One Year	694,693	4,382,944	5,077,637
Net Pension Liability - Due in More Than One Year	2,301,934	589,760	2,891,694
TOTAL LIABILITIES	3,445,269	5,469,516	8,914,785
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Credits	505,559	104,023	609,582
NET POSITION			
Net Investment in Capital Assets	2,527,401	5,915,367	8,442,768
Restricted For:			
Municipal Court	12,532	-	12,532
Recreation Facilities	62,645	-	62,645
Tourism Related Costs (Hospitality Taxes)	293,111	-	293,111
Drug Enforcement	6,825	-	6,825
Fireman's 1% Costs	13,125	-	13,125
Fire Explorers Post Costs	1,532	-	1,532
Meter Deposits	-	28,234	28,234
Debt Service	-	352,856	352,856
Unrestricted	(663,627)	1,818,763	1,155,136
TOTAL NET POSITION	\$ 2,253,544	8,115,220	\$ 10,368,764

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

CITY OF BELTON, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
PRIMARY GOVERNMENT:							
Governmental Activities:							
Administration	\$ 529,187	6,600	955,470	-	432,883	-	\$ 432,883
Public Safety	2,007,631	91,027	58,829	-	(1,857,775)	-	(1,857,775)
Public Works	605,847	327,087	-	-	(278,760)	-	(278,760)
Culture, Recreation, and Tourism	593,217	107,298	-	25,561	(460,358)	-	(460,358)
Community Development	17,165	-	-	-	(17,165)	-	(17,165)
Interest and Other Charges	24,464	-	-	-	(24,464)	-	(24,464)
Total Governmental Activities	3,777,511	532,012	1,014,299	25,561	(2,205,639)	-	(2,205,639)
Business-Type Activities:							
Water	1,010,564	1,149,432	202,135	-	-	341,003	341,003
Wastewater	1,068,403	971,261	1,423	118,839	-	23,120	23,120
Total Business-Type Activities	2,078,967	2,120,693	203,558	118,839	-	364,123	364,123
TOTAL - PRIMARY GOVERNMENT	\$ 5,856,478	2,652,705	1,217,857	144,400	(2,205,639)	364,123	(1,841,516)
General Revenues and Transfers:							
Taxes:							
Property Taxes					1,302,970	-	1,302,970
Hospitality Taxes					269,195	-	269,195
Business Licenses					660,150	-	660,150
Franchise Fees					292,838	-	292,838
Intergovernmental Revenue					355,981	-	355,981
Insurance Proceeds					11,996	6,285	18,281
Miscellaneous Revenue					30,291	-	30,291
Investment Earnings					540	455	995
Gain on Sale/Disposal of Capital Assets					2,101	14,450	16,551
Transfers					(670,334)	670,334	-
Total General Revenues and Transfers					2,255,728	691,524	2,947,252
CHANGE IN NET POSITION					50,089	1,055,647	1,105,736
NET POSITION, Beginning of Year					2,203,455	7,059,573	9,263,028
NET POSITION, End of Year					2,253,544	8,115,220	\$ 10,368,764

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

CITY OF BELTON, SOUTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2022

	GENERAL FUND	HOSPITALITY FUND	NON MAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and Cash Equivalents	\$ 1,304,684	-	-	\$ 1,304,684
Restricted Cash and Cash Equivalents	75,177	233,659	21,482	330,318
Investments	62,381	-	-	62,381
Restricted Investments	-	36,334	-	36,334
Due from County Treasurer	9,412	-	-	9,412
Due from Other Governments	9,021	-	-	9,021
Other Receivables, Net				
Property Taxes	52,053	-	-	52,053
Grants	354	-	-	354
Accounts	147,131	24,311	-	171,442
Interest	-	73	-	73
Due from Other Funds	36,839	2,169	-	39,008
Prepays	869,104	-	-	869,104
Inventories	4,225	-	-	4,225
TOTAL ASSETS	\$ 2,570,381	296,546	21,482	\$ 2,888,409
LIABILITIES				
Accounts Payable	\$ 143,732	3,435	-	\$ 147,167
Accrued Salaries and Fringe Benefits	15,484	-	-	15,484
Escheat Deposits	8,132	-	-	8,132
Due to Other Funds	125	-	-	125
Unearned Revenue	159,512	-	-	159,512
TOTAL LIABILITIES	326,985	3,435	-	330,420
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	42,519	-	-	42,519
TOTAL DEFERRED INFLOWS OF RESOURCES	42,519	-	-	42,519
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	369,504	3,435	-	372,939
FUND BALANCES				
Nonspendable:				
Prepays and Inventories	873,329	-	-	873,329
Restricted for:				
Municipal Court	12,532	-	-	12,532
Recreation Facilities	62,645	-	-	62,645
Tourism Related Costs (Hospitality Taxes)	-	293,111	-	293,111
Drug Enforcement	-	-	6,825	6,825
Fireman's 1% Costs	-	-	13,125	13,125
Fire Explorers Post Costs	-	-	1,532	1,532
Assigned for:				
City Hall Capital Improvements	45,750	-	-	45,750
Appropriated for Use in Fiscal Year 2023 Budget	100,000	-	-	100,000
Unassigned	1,106,621	-	-	1,106,621
TOTAL FUND BALANCES	2,200,877	293,111	21,482	2,515,470
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 2,570,381	296,546	21,482	\$ 2,888,409

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

CITY OF BELTON, SOUTH CAROLINA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

JUNE 30, 2022

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$	2,515,470
Amounts reported for the governmental activities in the Statement of Net Position are different because of the following:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds. The cost of the assets was \$6,250,002 and the accumulated depreciation was \$3,601,134.		2,648,868
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are unavailable in the governmental funds.		42,519
The City's proportionate shares of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to its participation in the State retirement plans are not recorded in the governmental funds but are recorded in the Statement of Net Position.		(2,140,273)
Long-term liabilities are not due or payable in the current period and therefore are not reported as liabilities in the governmental funds. Long-term liabilities consisted of the following:		
Long-Term Debt/Financed Purchases	(781,010)	
Compensated Absences (Annual Leave)	(32,030)	(813,040)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	\$	2,253,544

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

CITY OF BELTON, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2022

	GENERAL FUND	HOSPITALITY FUND	NON MAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Taxes	\$ 1,315,253	269,195	-	\$ 1,584,448
Franchise Fees	292,838	-	-	292,838
Grants	1,007,986	-	-	1,007,986
Licenses and Permits	660,150	-	-	660,150
Intergovernmental	371,642	-	6,313	377,955
Charges for Services	412,307	-	-	412,307
Fines and Forfeitures	84,109	-	5,895	90,004
Investment Earnings	468	73	-	541
Miscellaneous	52,457	3	931	53,391
TOTAL REVENUES	4,197,210	269,271	13,139	4,479,620
EXPENDITURES				
Current:				
Administration	508,727	3,436	-	512,163
Public Safety	1,805,317	-	7,516	1,812,833
Public Works	590,984	-	-	590,984
Culture, Recreation, and Tourism	390,743	57,149	-	447,892
Community Development	-	17,165	-	17,165
Capital Outlay	66,750	42,043	-	108,793
Debt Service:				
Principal	82,152	257,260	-	339,412
Interest	14,134	10,330	-	24,464
TOTAL EXPENDITURES	3,458,807	387,383	7,516	3,853,706
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	738,403	(118,112)	5,623	625,914
OTHER FINANCING SOURCES (USES)				
Issuance of Financed Purchase Obligations	701,000	-	-	701,000
Insurance Recoveries	11,996	-	-	11,996
Sale of Capital Assets	2,101	-	-	2,101
Transfers In	149,534	-	-	149,534
Transfers Out	(791,964)	(27,904)	-	(819,868)
TOTAL OTHER FINANCING SOURCES (USES)	72,667	(27,904)	-	44,763
CHANGES IN FUND BALANCES	811,070	(146,016)	5,623	670,677
FUND BALANCES, Beginning of Year	1,389,807	439,127	15,859	1,844,793
FUND BALANCES, End of Year	\$ 2,200,877	293,111	21,482	\$ 2,515,470

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

CITY OF BELTON, SOUTH CAROLINA

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2022

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS **\$ 670,677**

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

Revenues that do not provide current financial resources are not reported as revenues in the governmental funds. They are considered revenues in the Statement of Activities. (12,283)

Repayment of principal on debt is recognized in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This amount is the total reduction in outstanding principal in the current year. 339,412

Debt proceeds provide current financial resources to the governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. (701,000)

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 the governmental funds. (1,343)

Changes in the City's proportionate shares of the net pension liability, deferred outflows of resources, and deferred inflows of resources for the current year related to its participation in the State retirement plans are not reported in the governmental funds but are reported in the Statement of Activities. (64,202)

In the Statement of Activities, capital assets contributed by outside parties are reported as revenues. Since such contributions result in neither the receipt nor the use of current financial resources, they are not reflected in the governmental funds. 16,500

The governmental funds report capital asset additions as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense of \$251,922 exceeded cash capital asset additions of \$54,250 in the current year. (197,672)

TOTAL CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 50,089**

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

CITY OF BELTON, SOUTH CAROLINA

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

JUNE 30, 2022

	ENTERPRISE FUNDS		
	WATER FUND	WASTEWATER FUND	TOTAL
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 1,386,425	711,922	\$ 2,098,347
Restricted Cash and Cash Equivalents	252,824	352,856	605,680
Investments	128,447	-	128,447
Accounts Receivables, Net	167,623	178,607	346,230
Interest Receivable	96	-	96
Due From Other Funds	-	85,113	85,113
Prepays	898	992	1,890
Total Current Assets	1,936,313	1,329,490	3,265,803
Noncurrent Assets			
Capital Assets:			
Non-Depreciable	1,021,913	-	1,021,913
Depreciable Capital Assets, Net	979,805	8,453,902	9,433,707
Total Noncurrent Assets	2,001,718	8,453,902	10,455,620
TOTAL ASSETS	3,938,031	9,783,392	13,721,423
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Charges	50,412	40,920	91,332
LIABILITIES			
Current Liabilities			
Accounts Payable	85,991	40,397	126,388
Accrued Salaries and Fringe Benefits	2,607	1,921	4,528
Customer Deposits	224,590	-	224,590
Due to Other Funds	113,359	10,637	123,996
Current Portion - Compensated Absences	280	273	553
Current Portion - Revenue Bonds	-	87,435	87,435
Current Portion - Financed Purchase Obligations	42,415	10,903	53,318
Total Current Liabilities	469,242	151,566	620,808
Noncurrent Liabilities			
Net Pension Liability	325,523	264,237	589,760
Compensated Absences, Less Current Portion	1,118	1,090	2,208
Revenue Bonds, Less Current Portion	-	4,043,065	4,043,065
Financed Purchase Obligations, Less Current Portion	298,638	39,033	337,671
Total Non-Current Liabilities	625,279	4,347,425	4,972,704
TOTAL LIABILITIES	1,094,521	4,498,991	5,593,512
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Credits	57,416	46,607	104,023
NET POSITION			
Net Investment in Capital Assets	1,641,901	4,273,466	5,915,367
Restricted for Meter Deposits	28,234	-	28,234
Restricted for Debt Service	-	352,856	352,856
Unrestricted	1,166,371	652,392	1,818,763
TOTAL NET POSITION	\$ 2,836,506	5,278,714	\$ 8,115,220

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

CITY OF BELTON, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2022

	ENTERPRISE FUNDS		
	WATER FUND	WASTEWATER FUND	TOTAL
OPERATING REVENUES			
Charges for Services:			
Water Fees	\$ 1,149,432	-	\$ 1,149,432
Sewer Fees	-	971,261	971,261
TOTAL OPERATING REVENUES	1,149,432	971,261	2,120,693
OPERATING EXPENSES			
Cost of Sales and Services	878,766	563,260	1,442,026
Administrative Fees	79,351	51,313	130,664
Depreciation	51,375	363,383	414,758
TOTAL OPERATING EXPENSES	1,009,492	977,956	1,987,448
OPERATING INCOME (LOSS)	139,940	(6,695)	133,245
NONOPERATING REVENUES (EXPENSES)			
Capital Grant Revenue	-	118,839	118,839
Intergovernmental Revenue	202,135	1,423	203,558
Interest Income	398	57	455
Interest Expense	(1,072)	(90,447)	(91,519)
Insurance Recoveries	-	6,285	6,285
Gain on Sale of Capital Assets	14,450	-	14,450
TOTAL NONOPERATING REVENUES (EXPENSES)	215,911	36,157	252,068
INCOME (LOSS) BEFORE TRANSFERS	355,851	29,462	385,313
Transfers In	775,149	20,185	795,334
Transfers Out	(125,000)	-	(125,000)
CHANGES IN NET POSITION	1,006,000	49,647	1,055,647
NET POSITION, Beginning of Year	1,830,506	5,229,067	7,059,573
NET POSITION, End of Year	\$ 2,836,506	5,278,714	\$ 8,115,220

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

CITY OF BELTON, SOUTH CAROLINA

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2022

	ENTERPRISE FUNDS		
	WATER FUND	WASTEWATER FUND	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 1,121,203	944,393	\$ 2,065,596
Cash Payments for Goods and Services	(967,569)	(613,983)	(1,581,552)
Cash Payments for Personal Services	(5,616)	(46,373)	(51,989)
NET CASH PROVIDED BY OPERATING ACTIVITIES	148,018	284,037	432,055
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Advances and Transfers (to) from Other Funds	655,581	17,854	673,435
State Contributions	202,135	1,423	203,558
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	857,716	19,277	876,993
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital Grants	-	118,839	118,839
Acquisition of Capital Assets	(1,118,218)	(34,582)	(1,152,800)
Proceeds from Sale of Capital Assets	14,450	-	14,450
Proceeds from Insurance Recoveries	-	6,285	6,285
Principal Paid on Revenue Bonds and Financed Purchase Obligations	(13,447)	(96,186)	(109,633)
Interest Payments	(1,072)	(90,444)	(91,516)
Proceeds from Financed Purchase Obligations	354,500	-	354,500
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(763,787)	(96,088)	(859,875)
CASH FLOWS FROM INVESTING ACTIVITIES			
Change in Investments	(385)	-	(385)
Income on Investments	385	57	442
NET CASH PROVIDED BY INVESTING ACTIVITIES	-	57	57
NET INCREASE IN RESTRICTED AND UNRESTRICTED CASH AND CASH EQUIVALENTS	241,947	207,283	449,230
RESTRICTED AND UNRESTRICTED CASH AND CASH EQUIVALENTS, Beginning of Year	1,397,302	857,495	2,254,797
RESTRICTED AND UNRESTRICTED CASH AND CASH EQUIVALENTS, End of Year	\$ 1,639,249	1,064,778	\$ 2,704,027
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities:			
Operating Income (Loss)	\$ 139,940	(6,695)	\$ 133,245
Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities:			
Depreciation Expense	51,375	363,383	414,758
Change in Balance Sheet Accounts that Impacted Operating Activities:			
Accounts Receivables, Net	(35,849)	(26,868)	(62,717)
Prepays	(287)	(376)	(663)
Deferred Pension Charges	5,894	11,934	17,828
Accounts Payable	(9,165)	966	(8,199)
Accrued Salaries and Fringe Benefits	(447)	577	130
Customer Deposits	7,620	-	7,620
Compensated Absences	454	553	1,007
Net Pension Liability	(48,413)	(86,781)	(135,194)
Deferred Pension Credits	36,896	27,344	64,240
Net Cash Provided by Operating Activities	\$ 148,018	284,037	\$ 432,055

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

CITY OF BELTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

The City of Belton ("City") was incorporated in 1855. Section 47-26 of the 1962 Code of Laws, as amended (Home Rule Act), requires that municipalities adopt a specific form of government. The City operates under a Council Form of government with a Mayor and six council members elected on a single member ward basis by a nonpartisan general election for four years staggered terms. The Mayor and Council are vested with the legislative and policymaking powers of the City. The Council appoints a City Administrator who serves as the chief executive officer of the City and is responsible to the Council for proper administration of all affairs of the City.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Reporting Entity

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"), as applied to governmental units. The Governmental Accounting Standards Board ("GASB") 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.

As required by GAAP, the financial statements must present the City's financial information with any of its component units. The primary criterion for determining inclusion or exclusion of a legally separate entity (component unit) is financial accountability, which is presumed to exist if the City both appoints a voting majority of the entity's governing body, and either 1) the City is able to impose its will on the entity or, 2) there is a potential for the entity to provide specific financial benefits to, or impose specific financial burdens on the City. If either or both of the foregoing conditions are not met, the entity could still be considered a component unit if it is fiscally dependent on the City and there is a potential that the entity could either provide specific financial benefits to, or to impose specific financial burdens on the City.

In order to be considered fiscally independent, an entity must have the authority to do all of the following: (a) determine its budget without the City having the authority to approve or modify that budget; (b) levy taxes or set rates or charges without approval by the City; and (c) issue bonded debt without approval by the City. An entity has a financial benefit or burden relationship with the City if, for example, any one of the following conditions exists: (a) the City is legally entitled to or can otherwise access the entity's resources, (b) the City is legally obligated or has otherwise assumed the obligation to finance the deficits or, or provide financial support to, the entity, or (c) the City is obligated in some manner for the debt of the entity. Finally, an entity could be a component unit even if it met all the conditions described above if excluding it would cause the City's financial statements to be misleading.

Blended component units, although legally separate entities, are in substance, part of the government's operations and data from these units are combined with data of the primary government in the fund financial statements. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the City. Based on the criteria above, the City does not have any component units.

Major Operations

The City's major governmental operations include: administration, public safety (police and fire), public works (streets maintenance and sanitation), and culture, recreation, and tourism. In addition, the City provides water and wastewater operations through its utility funds.

B. Measurement Focus, Basis of Accounting, and Basis of Presentation

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the City (the "Primary Government"). For the most part, the effect of interfund activity (except for interfund services provided and used between functions) has been removed from these financial 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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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*. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

The **government-wide financial statements** are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the Proprietary Fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, includes taxes, business licenses, franchise fees, grants, and donations. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

The government-wide financial statements are prepared using a different measurement focus from the manner in which the governmental fund financial statements are prepared (see further detail below). Governmental fund financial statements therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements and the governmental fund financial statements.

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. Property taxes, hospitality taxes, charges for services, fines and forfeitures, business licenses and permits, franchise fees, intergovernmental revenues, and interest associated with the current fiscal period are all considered to be measurable and susceptible to accrual and so have been recognized as revenues of the current fiscal period. For this purpose, the government generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period with the exception of certain reimbursement expenditure grants for which a twelve-month availability period is generally used.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, lease purchase expenditures, capital lease expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payments are due and payable. Capital asset acquisitions are reported as capital outlay expenditures in the governmental funds. Proceeds of long-term debt and financed purchase obligations are reported as other financing sources.

Fund financial statements report detailed information about the City. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non major funds are aggregated and presented in a single column.

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

The accounts of the government are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. The following fund types and funds are used by the City.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Governmental Fund Types are those through which most governmental functions of the City are financed. The City's expendable financial resources (except for those accounted for in the Proprietary Fund) are accounted for through governmental funds. The governmental funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. The City's governmental funds are as follows:

The **General Fund, a major fund** and a budgeted fund, is the general operating fund of the City and accounts for all governmental revenues and expenditures of the City. All general tax revenues and other receipts that (a) are not allocated by law or contractual agreement to other funds or (b) that have not been restricted, committed, or assigned to other funds are accounted for in the General Fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.

The **Hospitality Fund, a major special revenue fund** and a budgeted fund, is used to account for and report the financial resources received and disbursed related to the City's 2% fee imposed on prepared food and beverage sales within the City. These funds are restricted and thus can only be spent for tourism related expenditures.

Special revenue funds are used to account for the specific revenue sources (other than major capital projects) that are restricted by donor, law, or administrative actions to expenditures for specified purposes. These funds may or may not have a legally adopted budget and any remaining fund balance is generally restricted for the purpose of the specific revenue sources. The City has three non major special revenue funds – the Drug Fund, Fireman's 1% Fund, and Fire Explorer Post Fund.

Proprietary Fund Types are accounted for based on the economic resources measurement focus and use of the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Proprietary funds are made up of two classes: enterprise funds and internal service funds. The City does not have any internal service funds and has two enterprise funds.

A proprietary fund distinguishes operating revenues and expenses from non-operating 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 enterprise funds are primarily charges for services and fees. Operating expenses for the enterprise fund include the expense for providing goods and services, administrative expenses, maintenance, and depreciation of capital assets. All revenues and expenses not meeting these general definitions are reported as non-operating revenues and expenses. The City's only proprietary funds are as follows:

Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises — where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City has the following Enterprise Funds:

The **Water Fund, a major fund** and a budgeted fund, is used to account for the City's water operations.

The **Wastewater Fund, a major fund** and a budgeted fund, is used to account for the City's wastewater operations.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Change in Accounting Principle

The City adopted GASB Statement No. 87 “Leases” (“Statement” or “GASB #87”) for the year ended June 30, 2022. The objective of GASB #87 is to better meet the information needs of financial users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities. The adoption of GASB #87 had no impact as the City did not have any significant long-term leases.

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity

1. Cash, Cash Equivalents, and Investments

The City considers all highly liquid investments (including restricted assets) with original maturities of three months or less when purchased to be cash equivalents. Securities with an initial maturity of more than three months (from when initially purchased) are reported as investments.

The City’s operating cash and investment policy is designed to operate within existing statutes (which are identical for all non-fiduciary funds, fund types and component units within the State of South Carolina). The statutes of the State of South Carolina authorize the City to invest in the following:

- (a) Obligations of the United States and its agencies, the principal and interest of which is fully guaranteed by the United States.
- (b) Obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, the Bank of Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, and the Farmers Home Administration, if, at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
- (c) (i) General obligations of the State of South Carolina or any of its political units; or (ii) revenue obligations of the State of South Carolina or its political units, if at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
- (d) Savings and Loan Associations to the extent that the same are insured by an agency of the federal government.
- (e) Certificates of deposit where the certificates are collaterally secured by securities of the type described in (a) and (b) 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; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government.

CITY OF BELTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

1. Cash, Cash Equivalents, and Investments (Continued)

- (f) Repurchase agreements when collateralized by securities as set forth in this section.
- (g) No load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit, political subdivision, or county treasurer if the particular portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in items (a), (b), (c), and (f) of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

The City's cash and investment objectives are preservation of capital, liquidity, and yield. The City reports its cash and investments at fair value which is normally determined by quoted market prices. The City currently or in the past year has primarily used the following investments in its operating activities:

- Certificates of Deposit ("CD") are bond-type investments issued by a bank when a person or company deposits a certain amount of money for a determined amount of time. The maturity can be up to five years, and interest is paid to the holder of the CD at an agreed upon rate. Money removed before maturity is subject to a penalty.
- South Carolina Local Government Investment Pool ("South Carolina LGIP" or "Pool") investments are invested with the South Carolina State Treasurer's Office, which established the South Carolina Pool pursuant to Section 6-6-10 of the South Carolina Code. The Pool is an investment trust fund, in which public monies in excess of current needs, which are under the custody of any city treasurer or any governing body of a political subdivision of the State, may be deposited. In accordance with GASB Statement No. 31 *"Accounting and Financial Reporting for Certain Investments and for External Investment Pools"* and GASB Statement No. 72 *"Fair Value Measurement and Application"*, investments are carried at fair value determined annually based upon (a) quoted market prices for identical or similar investments or (b) observable inputs other than quoted market prices. The total fair value of the Pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of \$1.00. Funds may be deposited by Pool participants at any time and may be withdrawn upon 24 hours' notice. Financial statements for the Pool may be obtained by writing the Office of State Treasurer, Local Government Investment Pool, P.O. Box 11778, Columbia, SC 29211-1960.

2. Receivables and Payables

During the course of its operations, the City has numerous transactions occurring between funds. These transactions include expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers in (out). To the extent that certain transactions between funds had not been paid or received as of year-end, balances of interfund amounts or payables have been recorded.

All trade and property taxes receivable are shown net of an allowance for uncollectible amounts (if material). Trade receivables are comprised of amounts due from entities and individuals for a variety of types of fees, charges and services, including franchise fees, hospitality fees, water, wastewater, and other fees and charges.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

3. *Prepays and Inventories*

Prepays and inventories in the governmental and enterprise funds are reported under the consumption method as they are recorded as an expenditure/expense at the time individual prepaid or inventory items are consumed. Inventories are valued at cost (first-in, first-out). Prepays and inventories in the governmental funds are offset by a fund balance constraint (nonspendable) to reflect that portion of fund balance does not represent available expendable resources.

4. *Capital Assets*

General capital assets are those assets not specifically related to activities reported in the Water and Wastewater Funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the Government-Wide Statement of Net Position, but are not reported in the fund financial statements. Capital assets utilized by the Water and Wastewater Funds are reported both in the business-type activities column of the Government-Wide Statement of Net Position and in the respective fund financial statements.

The City defines capital assets as assets with an initial, individual cost of more than \$5,000 (amount not rounded) or groupings of similar items with individual costs is less than \$5,000, but when purchased together the total is greater than \$15,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if not purchased or constructed. Donated capital assets are recorded at estimated acquisition value (as estimated by the City) at the date of donation.

Capital assets are depreciated on the straight-line method generally using the following estimated useful lives:

Buildings and Improvements	20 - 40 years
Improvements Other than Buildings	15 - 40 years
Water and Sewer Utility Systems	5 - 50 years
Machinery and Equipment	5 - 20 years
Vehicles	5 - 15 years
Other	3 - 5 years

5. *Compensated Absences*

It is the City's policy to permit employees to accumulate earned but unused vacation leave and sick leave. Unused vacation leave is accumulated in varying amounts based on years of service. The amount of accumulated vacation leave that can be carried over is the amount earned in a year plus forty hours. Unused vacation leave will be paid for at termination at a rate of 100% only if the employee is terminated for non-disciplinary reasons or if the employee gives and properly works a two-week notice of resignation. The City Administrator may authorize payment without a two-week notice. Sick leave with pay may be taken by an eligible employee but only for personal illness or the illness of a member of the employee's immediate family (no amounts will be paid out at termination).

The City reports compensated absences in accordance with the provisions of GASB Statement No. 16 "Accounting for Compensated Absences." The entire compensated absence liability and expense is reported on the government-wide financial statements. The portion applicable to the proprietary fund is also recorded in the utility enterprise funds. The governmental funds will also recognize a liability for compensated absences if they have matured, for example, as a result of employee resignation or retirement prior to fiscal year end (if material).

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

6. *Accrued Liabilities and Long-Term Obligations*

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. The portion applicable to the Proprietary Funds is also recorded in the Proprietary Funds financial statements. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method (as it approximates the effective interest method) if material. Debt is reported net of applicable bond premiums and discounts. Issuance costs are expensed when incurred.

In the governmental fund financial statements, bond premiums, discounts, and bond issuance costs are recognized immediately. The face amount of debt, lease purchases, or capital leases issued is reported as other financing sources. Premiums received on issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

In general, payables and accrued liabilities that will be paid from the governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current financial resources. However, claims and judgments, debt, lease purchases, capital leases, compensated absences, and other related long-term liabilities that will eventually be paid from the governmental funds are not reported as a liability in the fund financial statements until due and payable.

7. *Deferred Outflows/Inflows of Resources*

In addition to assets, the Statement of Net Position and the Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City currently has one type of deferred outflows of resources. The City reports *deferred pension charges* in its Statements of Net Position in connection with its participation in the South Carolina Retirement System and the South Carolina Police Officers Retirement System. These *deferred pension charges* are either (a) recognized in the subsequent period as a reduction of the net pension liability (which includes pension contributions made after the measurement date) or (b) amortized in a systematic and rational method as pension expense in future periods in accordance with GAAP.

In addition to liabilities, the Statement of Net Position and the Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City currently has two types of deferred inflows of resources: (1) The City reports *unavailable revenue – property taxes* only in the governmental funds Balance Sheet; it is deferred and recognized as an inflow of resources (property tax revenues) in the period the amounts become available. (2) The City also reports *deferred pension credits* in its Statements of Net Position in connection with its participation in the South Carolina Retirement System and South Carolina Police Officers Retirement System. These *deferred pension credits* are amortized in a systematic and rational method and recognized as a reduction of pension expense in future periods in accordance with GAAP.

8. *Fund Balance*

In accordance with GAAP, the City classifies its governmental fund balances as follows:

Nonspendable – includes amounts that inherently cannot be spent either because it is not in spendable form (i.e. prepaids, inventories, etc.) or because of legal or contractual requirements (i.e. principal on an endowment, etc.).

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

8. Fund Balance (Continued)

Restricted – includes amounts that are constrained by specific purposes which are externally imposed by (a) other governments through laws and regulations, (b) grantors or contributions through agreements, (c) creditors through debt covenants or other contracts, or (d) imposed by law through constitutional provisions or enabling legislation.

Committed – includes amounts that are constrained for specific purposes that are internally imposed by the government through formal action made by the highest level of decision-making authority (City Council) before the end of the reporting period. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Assigned – includes amounts that are intended to be used for specific purposes that are neither considered restricted or committed and that such assignments are made before the report issuance date. City Council and the Mayor are the only ones who have the right to make assignments of fund balance for the City.

Unassigned – includes amounts that do not qualify to be accounted for and reported in any of the other fund balance categories. This classification represents the amount of fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

The City generally uses restricted amounts to be spent first when both restricted and unrestricted (committed, assigned, and unassigned) fund balance is available unless there are legal documents, contracts, or agreements that prohibit doing such. Additionally, the City generally would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The City's fund balance policy is for the General Fund unassigned fund balance to be a minimum of 25% of the most recently approved General Fund budget, approved annually. Additionally, the City maintains a fund balance target of 30%.

9. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in the Statement of Net Position. Net position is classified as net investment in capital assets; restricted; and unrestricted. Net investment in capital assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Outstanding debt obligations which have not been spent are included in the same net position component as the unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments.

10. Pensions

In government-wide financial statements, pensions are required to be recognized and disclosed using the accrual basis of accounting (see Note IV.B and the required supplementary information immediately following the notes to the financial statements for more information), regardless of the amount recognized as pension expenditures on the modified accrual basis of accounting.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

10. Pensions (Continued)

The City recognizes a net pension liability for each qualified pension plan in which it participates, which represents the excess of the total pension liability over the fiduciary net position of the qualified pension plan, or the City's proportionate share thereof in the case of a cost-sharing multiple-employer plan, measured as of the City's fiscal year-end. Changes in the net pension liability during the period are recorded as pension expense, or as deferred outflows or inflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred outflows or inflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred outflows or inflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

11. Fair Value

The fair value measurement and disclosure framework provides for a three-tier fair value hierarchy that gives highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City can access at the measurement date.

Level 2 – Inputs to the valuation methodology, other than quoted prices included in Level 1, which are observable for an asset or liability either directly or indirectly and include:

- Quoted prices for similar assets and liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted market prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology that are unobservable for an asset or liability and include:

- Fair value is often based on developed models in which there are few, if any, observable inputs.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of future net realizable values or reflective of future fair values. The City believes that the valuation methods used are appropriate and consistent with GAAP. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no significant changes from the prior year in the methodologies used to measure fair value.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

12. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditures are recorded to reflect the use of the applicable spending appropriations, is used by the governmental funds during the year to control expenditures. Encumbrances do not constitute expenditures or liabilities. For budget purposes encumbrances and unused expenditure appropriations lapse at year end.

13. Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and deferred outflows of resources and liabilities and deferred inflows of resources and disclosure of these balances as of the date of the financial statements. In addition, they affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates and assumptions.

14. Comparative Data

Comparative data (i.e. presentation of prior year totals by fund type) has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

The City follows the following procedures in establishing its annual budgets:

1. At least 40 days prior to July 1st, the City Administrator submits to City Council a proposed operating budget for the fiscal year beginning July 1st. The operating budget includes proposed expenditures/expenses and the means of financing them. The budget is prepared by fund, function and department, and includes information on the past year, the current year budget and requested appropriations for the next fiscal year.
2. Two public hearings are conducted at City Hall to obtain taxpayer comments.
3. Prior to July 1st, the budget is legally enacted through passage of an ordinance. The City Administrator is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures/expenses of any fund must be approved by City Council.
4. Legally adopted budgets are employed as a management control device during the year for the General Fund and the Hospitality Fund. The City also adopts budgets for its Water and Wastewater Funds. All annual appropriations lapse at fiscal year-end. Expenditures/expenses may not legally exceed appropriations on the fund level.
5. The budgets for the budgeted funds are legally adopted on a basis consistent with GAAP. The budgets at the end of the year for these funds represent the budgets adopted and amended (revised) by the City Council.

CITY OF BELTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information (Continued)

6. Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting (under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation) is utilized in the governmental funds. Encumbrances outstanding at year end lapse and may be included in the succeeding year's budget.

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES

A. Deposits and Investments

Deposits

Custodial Credit Risk for Deposits: Custodial credit risk for deposits is the risk that, in the event of a bank failure, the City's deposits might not be recovered. The City does not have a formal deposit policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of June 30, 2022, none of the City's bank balances of approximately \$4,497,000 (with a carrying value of approximately \$4,410,000) were exposed to custodial credit risk.

Investments

As of June 30, 2022, the City's investment portfolio consisted of:

Investment Type	Fair Value Levels (1)	Credit Rating ^	Fair Value	Weighted Average Maturity Less than One Year
State Local Government Investment Pool	N/A	NR, NR, NR	\$ 156,430	\$ 156,430

^ If available, credit ratings are for Standard & Poor's, Moody's Investors Service, and Fitch Ratings.

(1) See Note I.C.11 for details of the City's fair value hierarchy.

NR – Not rated.

N/A - Not Applicable or not available.

Interest Rate Risk: The City does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

Custodial Credit Risk for Investments: Custodial credit risk for investments is the risk that, in the event of a bank failure, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have an investment policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina.

Credit Risk for Investments: Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City does not have an investment policy for credit risk but follows the investment policy statutes of the State of South Carolina.

CITY OF BELTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

A. Deposits and Investments (Continued)

Investments (Continued)

Concentration of Credit Risk for Investments: The City places no limit on the amount the City may invest in any one issuer. Investments issued by or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools and other pooled investments are exempt from concentration of credit risk disclosures.

Certain cash, cash equivalents, and investments of the City are legally restricted for specified purposes. The major types of restrictions at June 30, 2022 were those imposed by the lender or the revenue source (i.e. debt service, hospitality taxes, customer deposits, grants, etc.).

Reconciliation to the Financial Statements

A reconciliation of cash, cash equivalents, and investments as shown in the statement of net position for all activities is as follows:

Description	Amount
Carrying Amount of Deposits	\$ 4,409,761
Fair Value of Investments	156,430
Total Deposits and Investments	<u>\$ 4,566,191</u>
Statement of Net Position:	
Cash and Cash Equivalents	\$ 3,403,031
Restricted Cash and Cash Equivalents	935,998
Investments	190,828
Restricted Investments	36,334
Total Cash, Cash Equivalents, and Investments	<u>\$ 4,566,191</u>

B. Receivables and Unavailable Revenues

Property Taxes and Unavailable Revenues

Property taxes receivable represent current real and personal property as well as delinquent real and personal property taxes, less an allowance for amounts estimated to be uncollectible (if material). All property taxes receivable at year end, except those collected within 60 days, are recorded as deferred tax revenue and thus not recognized as revenue until collected in the governmental funds.

Gross property taxes represent current real and personal property as well as delinquent real and personal property taxes for the past ten years, less an allowance for amounts estimated to be uncollectible (if material). All net property taxes receivable at year end, except those collected within 60 days, are recorded as unavailable revenue (component of deferred inflows of resources) on the governmental fund financial statements and thus not recognized as revenue until collected in the governmental funds (if material).

Property taxes are assessed and collected by Anderson County. The County levies its real property taxes each September based upon current assessed valuation. Assessed values are established by the County Assessor, the County Auditor, and the South Carolina Department of Revenue and Taxation at various rates of 4 to 10.5 percent of the estimated market value. Real property and all personal property taxes other than vehicle property taxes attach as an enforceable lien on property as of January 16th. Taxes are levied and billed in September on all property other than vehicles and are payable without penalty until January 15th of the following year. Penalties are assessed on unpaid taxes on the following dates:

January 16 th	3%
February 2 nd	an additional 7%
March 17 th	an additional 5%

CITY OF BELTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

B. Receivables and Unavailable Revenues (Continued)

Property Taxes and Unavailable Revenues (Continued)

After proper notification, the law requires "exclusive possession" of property necessary to satisfy the delinquent taxes. Properties with unpaid taxes are sold at a public auction during the month of October. Vehicle property taxes attach a lien and are levied throughout the year depending on when the vehicles' license tags expire. The lien and collection date for motor vehicle taxes is the last day of the month in which the motor vehicle license expires.

The City's fiscal year 2022 real and business personal property taxes (which was for tax year 2021) were levied in October 2021 based on a millage rate of 124 mills (same as the prior year) and were due beginning on that date. The City's assessed value of real and personal property was approximately \$11.5 million for tax year 2021. Amounts received by the County but not yet remitted to the City at year end are included in "Due from County Treasurer" in the balance sheet and statement of net position.

The City has recorded uncollected property taxes at June 30, 2022 of approximately \$52,000 (which is net of an allowance for uncollectible accounts of approximately \$22,000). The City recognized outstanding delinquent property taxes of approximately \$9,000 as revenue in the current year because the amount was collected within 60 days after year end. The remaining delinquent property tax receivable of approximately \$43,000 has been recorded as unavailable revenue (component of deferred inflows of resources) on the governmental funds balance sheet.

Other Receivables

The City has receivables (a) for grant projects where expenditures have been incurred by the City but have not been reimbursed by the grantor by the end of the year, (b) accounts receivable related to sanitation, hospitality, franchise fees, utility services, etc., (c) intergovernmental revenues due from the state for local government aid, and (d) other miscellaneous receivables.

C. Interfund Receivables, Payables, and Transfers

Interfund Receivables and Payables

Interfund balances at June 30, 2022, consisted of the following individual fund receivables and payables:

Fund	Receivables	Payables
<u>Governmental Funds:</u>		
General Fund	\$ 36,839	\$ 125
Hospitality Fund	2,169	-
<u>Proprietary/Enterprise Funds:</u>		
Water Fund	-	113,359
Wastewater Fund	85,113	10,637
Totals	<u>\$ 124,121</u>	<u>\$ 124,121</u>

The outstanding balance between funds result primarily 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. In particular, interfund receivables and payables are primarily the result of the Water Fund handling all of the utility billings and the cash being collected in this account. Once amounts are received, the City transfers money from the Water Fund to the General Fund and the Wastewater Fund to clear up the interfund amounts. These amounts will be repaid within one year.

CITY OF BELTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

C. Interfund Receivables, Payables, and Transfers (Continued)

Interfund Transfers

Interfund transfers for the year ended June 30, 2022, consisted of the following:

Fund	Transfers In	Transfers Out
<u>Governmental Funds:</u>		
General Fund	\$ 149,534	\$ 791,964
Hospitality Fund	-	27,904
<u>Proprietary/Enterprise Funds:</u>		
Water Fund	775,149	125,000
Wastewater Fund	20,185	-
Totals	<u>\$ 944,868</u>	<u>\$ 944,868</u>

Transferred funds from the Hospitality Fund to the General Fund, Water Fund, and Wastewater Fund are to support general government and enterprise costs related to special events. Transferred funds from the Water Fund to the General Fund were to assist in the purchase of a mini pumper for the fire department. Transferred funds from the General Fund to the Water Fund and Wastewater Fund are for premium pay and the water meter project that was funded with American Rescue Plan funds.

CITY OF BELTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

D. Capital Assets

Capital asset activity for the City's governmental activities for the year ended June 30, 2022, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital Assets, Non-Depreciable:					
Land	\$ 446,963	8,500	-	-	\$ 455,463
Construction In Progress	35,571	-	-	-	35,571
Total Capital Assets, Non-Depreciable	482,534	8,500	-	-	491,034
Capital Assets, Depreciable:					
Buildings and Improvements	1,517,480	-	-	-	1,517,480
Improvements Other than Buildings	1,673,656	54,250	-	-	1,727,906
Machinery and Equipment	877,679	-	67,153	-	810,526
Vehicles	1,754,096	8,000	73,370	-	1,688,726
Other	14,330	-	-	-	14,330
Total Capital Assets, Depreciable	5,837,241	62,250	140,523	-	5,758,968
Less: Accumulated Depreciation for:					
Buildings and Improvements	817,204	21,266	-	-	838,470
Improvements Other than Buildings	791,761	67,760	-	-	859,521
Machinery and Equipment	508,903	56,924	67,153	-	498,674
Vehicles	1,369,865	101,195	73,370	-	1,397,690
Other	2,002	4,777	-	-	6,779
Total Accumulated Depreciation	3,489,735	251,922	140,523	-	3,601,134
Total Capital Assets, Depreciable, Net	2,347,506	(189,672)	-	-	2,157,834
Governmental Activities Capital Assets, Net	\$ 2,830,040	(181,172)	-	-	\$ 2,648,868

Capital asset additions and depreciation expense for governmental activities were charged to functions/programs as follows:

Functions/Programs	Capital Asset Additions	Depreciation Expense
Administration	\$ 62,750	\$ 16,497
Public Safety	-	117,763
Public Works	-	14,660
Culture, Recreation, and Tourism	8,000	103,002
Total - Governmental Activities	\$ 70,750	\$ 251,922

The City's governmental activities received donated assets of approximately \$17,000 for the year ended June 30, 2022, which is included in the above totals.

Construction in progress in the City's governmental activities represent ongoing construction to the Leda Poore Park.

CITY OF BELTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

D. Capital Assets (Continued)

Capital asset activity for the City's business-type activities for the year ended June 30, 2022, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-Type Activities					
Capital Assets, Non-Depreciable:					
Land	\$ 57,418	-	-	-	\$ 57,418
Construction In Progress	140,020	1,001,795	-	(177,320)	964,495
Total Capital Assets, Non-Depreciable	197,438	1,001,795	-	(177,320)	1,021,913
Capital Assets, Depreciable:					
Buildings and Systems	16,075,127	-	-	177,320	16,252,447
Machinery and Equipment	1,049,489	104,999	-	-	1,154,488
Vehicles	524,436	34,584	-	-	559,020
Total Capital Assets, Depreciable	17,649,052	139,583	-	177,320	17,965,955
Less: Accumulated Depreciation for:					
Buildings and Systems	6,950,436	329,419	-	-	7,279,855
Machinery and Equipment	788,675	30,009	-	-	818,684
Vehicles	378,379	55,330	-	-	433,709
Total Accumulated Depreciation	8,117,490	414,758	-	-	8,532,248
Total Capital Assets, Depreciable, Net	9,531,562	(275,175)	-	177,320	9,433,707
Business-Type Activities Capital Assets, Net	\$ 9,729,000	726,620	-	-	\$ 10,455,620

Capital asset additions and depreciation expense for business-type activities were charged to functions/programs as follows:

Functions/Programs	Capital Asset Additions	Depreciation Expense
Water	\$ 1,106,794	\$ 51,375
Wastewater	34,584	363,383
Total - Business-Type Activities	\$ 1,141,378	\$ 414,758

Construction in progress costs in the City's Water Fund represents engineering costs related to water projects.

CITY OF BELTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

E. Long-Term Obligations

The City may issue bonds to provide funds for the acquisition and construction of major capital facilities. General Obligation Bonds (“GOB”) are direct obligations and pledge the full faith and credit of the City and are subject to the 8% debt limit requirement if not issued under a bond referendum. Revenue Bonds (“RB”) are obligations of the City that are secured by revenue from a specific source. Financed Purchase (“FP”) obligations and Note Payables (“NP”) of the City are generally collateralized/secured by the property underlying the obligation and are payable from the general revenues of the City and are subject to acceleration clauses in an event of default (as defined). The full faith, credit, and taxing powers of the City are not pledged for the payment of RB, FP, and NP obligations nor the interest thereon.

All of the City’s outstanding debt and lease purchase issues are direct borrowings/placements (“DBP”) – as the City does not have any publicly traded (“PT”) debt. The City’s DBP debt generally contain provisions that in an event of default, (a) outstanding amounts can become immediately due if the City is unable to make payment and (b) lender could exercise its option to demand return of the financed assets.

Details on the City’s debt/financed purchase obligations outstanding as of June 30, 2022 are as follows:

	Balance at June 30, 2022
<i>Note Payable (Direct Borrowings/Placements)</i>	
\$115,900 note payable issued in June 2021 (“2021 NP – Vehicles”). The City obtained this note with a better interest rate to consolidate and payoff the City’s 2020 note payables. The note has regularly scheduled payments of \$3,809 due monthly with interest at 1.40% for a term of 31 months.	\$ 71,531
<i>Financed Purchases (Direct Borrowings/Placements)</i>	
\$131,677 financed purchase issued in December 2020 (“2021 FP – CAT”). The City obtained this agreement to purchase a compact tract loader for the recreation and wastewater departments and is being split evenly between the Hospitality Fund and Wastewater Fund. This agreement has regularly scheduled payments of \$2,045 due monthly with interest at 2.99% for a term of 60 months.	99,872
\$551,000 financed purchase issued in September 2021 (“2022 FP – Pumper”). The City obtained this agreement to purchase a pumper truck for the fire department. This agreement has regularly scheduled payments of \$4,458 due monthly with interest at 2.6% for a term of 144 months.	517,497
\$104,500 financed purchase issued in October 2021 (“2022 FP – CAT Loader”). The City obtained this agreement to purchase a compact tract loader for the water department. This agreement has regularly scheduled payments of \$1,815 due monthly with interest at 1.63% for a term of 60 months.	91,053
\$150,000 financed purchase issued in December 2021 (“2022 FP – Mini Pumper”). The City obtained this agreement to purchase a compact tract loader for the water department. This agreement has regularly scheduled payments of \$1,400 due monthly with interest at 2.3% for a term of 120 months.	142,046
\$250,000 financed purchase issued in June 2022 (“2022 FP – Meter Project”). The City obtained this agreement to purchase a compact tract loader for the water department. This agreement has regularly scheduled payments of \$7,191 due quarterly with interest at 2.81% for a term of 40 quarters.	\$ 250,000

CITY OF BELTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

E. Long-Term Obligations (Continued)

Revenue Bond (Direct Borrowing/Placement)

\$4,687,000 USDA Waterworks & Sewer System Revenue Bond, Series 2015 issued in July 2015 ("2015 Revenue Bond" or "Bond"). The City used the proceeds from this issuance to pay off the March 2014 Revenue Bond Anticipation Note. The 2015 Revenue Bond has regularly scheduled payments of \$14,530 due monthly which includes interest at 2.13% for a term of 480 months. This Bond is a special obligation bond that is payable solely from the net revenues of the utility system and is secured by an irrevocable pledge of the revenues of the utility system and a statutory lien upon the utility system. The City is required to set utility system rates sufficient to provide sufficient funds to meet (a) the ongoing operating costs, (b) debt service requirements of the Bond, and to build up reserves required by the bond documents. The City is required to maintain, preserve and keep the utility system in good repair and working order and will conduct the operations of the utility system in an economical and efficient manner. \$4,130,500

Presented below is a summary of changes in long-term obligations for the City's governmental activities for the year ended June 30, 2022:

Long-Term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Debt:					
Note Payables					
2018 NP – Rec Center	\$ 246,676	-	246,676	-	\$ -
2021 NP - Vehicles	112,226	-	40,695	71,531	44,993
Total Note Payables	<u>358,902</u>	<u>-</u>	<u>287,371</u>	<u>71,531</u>	<u>44,993</u>
Financed Purchases:					
2021 FP - CAT	60,520	-	10,584	49,936	10,903
2022 FP – Pumper	-	551,000	33,503	517,497	37,109
2022 FP – Mini Pumper	-	150,000	7,954	142,046	12,530
Total Financed Purchases	<u>60,520</u>	<u>701,000</u>	<u>52,041</u>	<u>709,479</u>	<u>60,542</u>
Total Debt	419,422	701,000	339,412	781,010	105,535
Compensated Absences	30,687	21,390	20,047	32,030	6,406
Total Governmental Activities	<u>\$ 450,109</u>	<u>722,390</u>	<u>359,459</u>	<u>813,040</u>	<u>\$ 111,941</u>

Resources from the Hospitality Fund were used to pay the debt service on the 2018 NP – Rec Center and half of the 2021 FP - CAT. Resources from the General Fund have been used to pay the debt service on all of the City's other governmental activities long-term obligations.

CITY OF BELTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

E. Long-Term Obligations (Continued)

Presented below is a summary of debt requirements to maturity by year for the City's governmental activities as of June 30, 2022:

Year Ended June 30,	Note Payable		Financed Purchases		Total
	Principal	Interest	Principal	Interest	
Governmental Activities:					
2023	\$ 44,993	714	60,542	16,175	\$ 122,424
2024	26,538	124	66,708	15,868	109,238
2025	-	-	68,463	14,112	82,575
2026	-	-	74,577	12,174	86,751
2027	-	-	59,836	10,470	70,306
2028-2032	-	-	314,314	28,642	342,956
2033-2034	-	-	65,039	1,123	66,162
Totals	\$ 71,531	838	709,479	98,564	\$ 880,412

Presented below is a summary of changes in long-term obligations for the City's business-type activities for the year ended June 30, 2022:

Long-Term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-Type Activities:					
Debt:					
Revenue Bonds:					
2015 Revenue Bond	\$ 4,216,099	-	85,599	4,130,500	\$ 87,435
Total Revenue Bonds	4,216,099	-	85,599	4,130,500	87,435
Financed Purchases:					
2021 FP - CAT	60,520	-	10,584	49,936	10,903
2022 FP - CAT Loader	-	104,500	13,447	91,053	20,446
2022 FP - Meter Project	-	250,000	-	250,000	21,969
Total Financed Purchases	60,520	354,500	24,031	390,989	53,318
Total Debt	4,276,619	354,500	109,630	4,521,489	140,753
Compensated Absences	1,754	9,362	8,355	2,761	553
Total Business-Type Activities	\$ 4,278,373	363,862	117,985	4,524,250	\$ 141,306

Resources from the Wastewater Fund have been used to pay the debt for 2015 Revenue Bond as well as half of the 2021 FP – CAT. The Water Fund will pay the debt for the 2022 FP – CAT Loader and the 2022 FP – Meter Project. The Water and Wastewater Funds have been used in prior years to liquidate their respective liabilities for compensated absences.

CITY OF BELTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

E. Long-Term Obligations (Continued)

Presented below is a summary of debt requirements to maturity by year for the City's business-type activities as of June 30, 2022:

Year Ended June 30,	Revenue Bonds		Financed Purchases		Total
	Principal	Interest	Principal	Interest	
<u>Business-Type Activities:</u>					
2023	\$ 87,435	86,925	53,318	9,234	\$ 236,912
2024	89,311	85,048	54,606	8,541	237,506
2025	91,228	83,132	55,927	7,223	237,510
2026	93,185	81,174	61,622	5,370	241,351
2027	95,185	79,175	31,807	4,191	210,358
2028-2032	507,454	364,345	133,709	10,083	1,015,591
2033-2037	564,287	307,512	-	-	871,799
2038-2042	627,483	244,317	-	-	871,800
2043-2047	697,759	174,040	-	-	871,799
2048-2052	775,903	95,894	-	-	871,797
2053-2055	501,270	16,389	-	-	517,659
Totals	\$ 4,130,500	1,617,951	390,989	44,642	\$ 6,184,082

Article Eight, Section Seven of the South Carolina Constitution of 1895, as amended, provides that no City or Town shall incur any bonded debt which shall exceed eight percent (8%) of the assessed value of the property therein and no such debt shall be created without the electors of such City or Town voting in favor of such further bonded debt. Prior to Home Rule Act of July 1, 1976, the bonded debt exemption was thirty five percent (35%). In 1976, the General Assembly reduced the general obligation debt limit without voter approval to eight percent (8%) of assessed valuation; whereas, with a referendum any amount can be floated. As of June 30, 2022, the City had no debt subject to the 8% limit resulting in an unused legal debt margin of approximately \$917,000.

Interest paid on the debt issued by the City is generally exempt from federal income tax. The City sometimes temporarily reinvests the proceeds of such tax-exempt debt in higher-yielding taxable securities, especially during construction projects. The federal tax code refers to this practice as arbitrage. Excess earnings (the difference between the interest on the debt and the investment earnings received) resulting from arbitrage must be rebated to the federal government. The City does not have any arbitrage liability at June 30, 2022.

IV. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to workers' injuries, torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters. The City continues to carry commercial insurance coverage for property and casualty insurance and has effectively managed risk through various employee education and prevention programs. All risk management activities are accounted for in the General Fund. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. Settled claims have not exceeded insurance coverage in any of the last three years. There were no significant reductions of coverage compared to the prior year.

CITY OF BELTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans

The City participates in the State of South Carolina's retirement plans. The South Carolina Public Employee Benefit Authority ("PEBA"), created July 1, 2012, is the state agency responsible for the administration and management of the various retirement systems and retirement programs of the state of South Carolina, including the State Optional Retirement Program and the S.C. Deferred Compensation Program, as well as the state's employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems' ("Systems") five defined benefit pension plans. PEBA has an 11-member Board of Directors ("PEBA Board"), appointed by the Governor and General Assembly leadership, which serves as custodian, co-trustee and co-fiduciary of the Systems and the assets of the retirement trust funds. The Retirement System Investment Commission (Commission as the governing body, RSIC as the agency), created by the General Assembly in 2005, has exclusive authority to invest and manage the retirement trust funds' assets. The Commission, an eight-member board, serves as co-trustee and co-fiduciary for the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority ("SFAA"), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems.

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Systems and additions to/deductions from the Systems fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems in accordance with GAAP. For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

The PEBA issues an Annual Comprehensive Financial Report (formerly known as the "Comprehensive Annual Financial Report") containing financial statements and required supplementary information for the System's Pension Trust Funds. The Annual Comprehensive Financial Report is publicly available through the PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. The PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the Annual Comprehensive Financial Report of the state.

Plan Description

The South Carolina Retirement System ("SCRS"), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits for teachers and employees of the state and its political subdivisions. SCRS covers employees of state agencies, public school districts, higher education institutions, other participating local subdivisions of government and individuals newly elected to the South Carolina General Assembly at or after the 2012 general election.

The South Carolina Police Officers Retirement System ("PORS"), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits to police officers and firefighters. PORS also covers peace officers, coroners, probate judges, and magistrates.

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Plan Membership

Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A brief summary of the requirements under each system is presented below.

- SCRS – Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.
- PORS – To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; be a coroner in a full-time permanent position; or be a peace officer employed by the Department of Corrections, the Department of Juvenile Justice, or the Department of Mental Health. Probate judges and coroners may elect membership in the PORS. Magistrates are required to participate in the PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

Plan Benefits

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation/current annual salary. A brief summary of benefit terms for each system is presented below.

- SCRS – A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Plan Benefits (Continued)

- PORS – A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of age. Both Class Two and Class Three members are eligible to receive a deferred annuity at age 55 with five or eight years of earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty.

The retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

Plan Contributions

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS and PORS (“Plans”) contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (“UAAL”) over a period that does not exceed the number of years scheduled in state statute. Legislation in 2017 increased, but also established a ceiling for SCRS and PORS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS and 9.75 percent for PORS. The legislation also increased employer contribution rates beginning July 1, 2017 for both SCRS and PORS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year in accordance with state statute. However, the General Assembly postponed the one percent increase in the SCRS and PORS employer contribution rates that was scheduled to go into effect beginning July 1, 2020. If the scheduled contributions are not sufficient to meet the funding periods set in state statute, the PEBA Board shall increase the employer contribution rates as necessary to meet the funding periods set for the applicable year. The maximum funding period of SCRS and PORS is scheduled to be reduced over a ten-year schedule from 30 years beginning fiscal year 2018 to 20 years by fiscal year 2028.

Additionally, the PEBA Board is prohibited from decreasing the SCRS and PORS contribution rates until the funded ratio is at least 85 percent. If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than 85 percent, then the PEBA Board, effective on the following July 1, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than 85 percent. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than 85 percent, then effective on the following July 1, and annually thereafter as necessary, the PEBA Board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 85 percent.

CITY OF BELTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Plan Contributions (Continued)

As noted earlier, both employees and the City are required to contribute to the Plans at rates established and as amended by the PEBA. The City's contributions are actuarially determined but are communicated to and paid by the City as a percentage of the employees' annual eligible compensation. Required employer and employee contribution rates for the past year are as follows:

	SCRS Rates	PORS Rates
	2022	2022
Employer Contribution Rate: ^		
Retirement	16.41%	18.84%
Incidental Death Benefit	0.15%	0.20%
Accidental Death Contributions	0.00%	0.20%
	16.56%	19.24%
Employee Contribution Rate ^	9.00%	9.75%

^ Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.

The actual and required contributions to the SCRS and PORS were approximately \$107,000 and \$177,000, respectively, for the year ended June 30, 2022 and include the nonemployer contributions noted below.

Nonemployer Contributions

In an effort to help offset a portion of the burden of the increased contribution requirement for employers, the State General Assembly ("State") funded 1 percent of the SCRS and PORS contribution increases for the year ended June 30, 2022. The State's budget appropriated these funds directly to the PEBA for the South Carolina Retirement System Trust Fund and the Police Officers Retirement System Trust Fund. The amount of funds appropriated by the State (nonemployer contributing entity) for the year ended June 30, 2022 were approximately \$7,000 and \$7,000 for the SCRS and PORS, respectively. These contributions (on-behalf benefits) from the State were recognized as intergovernmental revenues and pension expenditures in the City's governmental fund financial statements.

Actuarial Assumptions and Methods

Actuarial valuations of the plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued for the period ending June 30, 2019.

The June 30, 2021 total pension liability ("TPL"), net pension liability ("NPL"), and sensitivity information shown in this report were determined by the consulting actuary, Gabriel, Roeder, Smith and Company, and are based on an actuarial valuation performed as of July 1, 2020. The TPL was rolled-forward from the valuation date to the Plans' fiscal year end, June 30, 2021, using generally accepted actuarial principles. There was no legislation enacted during the 2021 legislative session that had a material change in the benefit provisions for any of the systems. In FY 2021, the PEBA Board adopted updated demographic assumptions. Also, the General Assembly permitted the investment return assumption at July 1, 2021 to decrease from 7.25% to 7.00%, as provided by Section 9-16-335 in South Carolina State Code.

CITY OF BELTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Actuarial Assumptions and Methods (Continued)

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2021 (measurement date) for the SCRS and PORS.

	SCRS	PORS
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Investment Rate of Return*	7.00%	7.00%
Projected Salary Increases*	3.0% to 11.0% (varies by service)	3.5% to 10.5% (varies by service)
Benefit Adjustments	Lesser of 1% or \$500 annually	Lesser of 1% or \$500 annually

* Includes inflation at 2.25%.

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2020 Public Retirees of South Carolina Mortality table ("2020 PRSC"), were developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using 80% of Scale UMP projected from the year 2020.

Former Job Class	Males	Females
Educators	2020 PRSC Males multiplied by 95%	2020 PRSC Females multiplied by 94%
General Employees and Members of the General Assembly	2020 PRSC Males multiplied by 97%	2020 PRSC Females multiplied by 107%
Public Safety and Firefighters	2020 PRSC Males multiplied by 127%	2020 PRSC Females multiplied by 107%

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments is based upon 20-year capital market assumptions. The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2020 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the following table. For actuarial purposes, the 7.25 percent assumed annual investment rate of return used in the calculation of the TPL includes a 5.00 percent real rate of return and a 2.25 percent inflation component.

CITY OF BELTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Long-Term Expected Rate of Return (Continued)

Allocation/Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long-Term Expected Portfolio Real Rate of Return
Public Equity	46.0%	6.87%	3.16%
Bonds	26.0%	0.27%	0.07%
Private Equity	9.0%	9.68%	0.87%
Private Debt	7.0%	5.47%	0.39%
Real Assets	12.0%		
Real Estate	9.0%	6.01%	0.54%
Infrastructure	3.0%	5.08%	0.15%
Total Expected Real Rate of Return	100.0%		5.18%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			7.43%

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

The NPL is calculated separately for each System and represents that particular System's TPL determined in accordance with GASB No. 67 less that System's fiduciary net position. NPL totals, as of the June 30, 2021 measurement date, for the SCRS and PORS, are presented in the following table:

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	\$ 55,131,579,363	33,490,305,970	\$ 21,641,273,393	60.7%
PORS	\$ 8,684,586,488	6,111,672,064	\$ 2,572,914,424	70.4%

The TPL is calculated by the Systems' actuary, and each Plans' fiduciary net position is reported in the Systems' financial statements. The NPL is disclosed in accordance with the requirements of GASB No. 67 in the Systems' notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB Nos. 67 and 68 are not applicable for other purposes, such as determining the Plans' funding requirements.

At June 30, 2022, the City reported liabilities of approximately \$1,244,000 and \$1,647,000 for its proportionate share of the NPL for the SCRS and PORS, respectively. The NPL were measured as of June 30, 2021, and the TPL for the Plans used to calculate the NPL were determined based on the most recent actuarial valuation report of July 1, 2020 that was projected forward to the measurement date. The City's proportion of the NPL were based on a projection of the City's long-term share of contributions to the Plans relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined. At the June 30, 2021 measurement date, the City's SCRS proportion was 0.005750 percent, which was an increase of 0.000023 from its proportion measured as of June 30, 2020. At the June 30, 2021 measurement date, the City's PORS proportion was 0.064024 percent, which was an increase of 0.008570 from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the City recognized pension expense of approximately \$54,000 and \$240,000 for the SCRS and PORS, respectively. At June 30, 2022, the City reported deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to pensions from the following sources:

CITY OF BELTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
SCRS		
Differences Between Expected and Actual Experience	\$ 21,197	\$ 1,680
Change in Assumptions	68,115	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	180,768
Changes in Proportion and Differences Between the Employer's Contributions and Proportionate Share of Contributions	3,914	37,046
Employer Contributions Subsequent to the Measurement Date	99,489	-
Total SCRS	192,715	219,494
PORS		
Differences Between Expected and Actual Experience	56,039	5,130
Change in Assumptions	117,491	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	369,312
Changes in Proportion and Differences Between the Employer's Contributions and Proportionate Share of Contributions	222,789	15,646
Employer Contributions Subsequent to the Measurement Date	169,518	-
Total PORS	565,837	390,088
Total SCRS and PORS	\$ 758,552	\$ 609,582

Approximately \$99,000 and \$170,000 that were reported as deferred outflows of resources related to the City's contributions subsequent to the measurement date to the SCRS and PORS, respectively, will be recognized as a reduction of the NPL in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to the SCRS and PORS will increase (decrease) pension expense as follows:

Year Ended June 30,	SCRS	PORS	Total
2023	\$ (34,068)	43,429	\$ 9,361
2024	(10,137)	55,488	45,351
2025	(14,422)	30,210	15,788
2026	(67,641)	(122,896)	(190,537)
Total	\$ (126,268)	6,231	\$ (120,037)

Discount Rate

The discount rate used to measure the TPL was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in the SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, each System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

CITY OF BELTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Sensitivity Analysis

The following table presents the sensitivity of the City's proportionate share of the NPL of the Plans to changes in the discount rate, calculated using the discount rate of 7.00 percent, as well as what it would be if it were calculated using a discount rate that is 1% point lower (6.00 percent) or 1% point higher (8.00 percent) than the current rate:

System	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of the net pension liability of the SCRS	\$ 1,630,034	1,244,419	\$ 923,893
City's proportionate share of the net pension liability of the PORS	2,389,986	1,647,275	1,038,882
Total	<u>\$ 4,020,020</u>	<u>2,891,694</u>	<u>\$ 1,962,775</u>

Plans Fiduciary Net Position

Detailed information regarding the fiduciary net position of the Plans administered by the PEBA is available in the separately issued Annual Comprehensive Financial Report containing financial statements and required supplementary information for the SCRS and PORS. The Annual Comprehensive Financial Report is publicly available through the PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223.

Payable to Plans

The City reported a payable of approximately \$40,000 to the PEBA as of June 30, 2022, representing required employer and employee contributions for the month of June 2022 for the SCRS and PORS. This amount is included in Accounts Payable on the financial statements and was paid in July 2022.

C. Health Insurance and Other Postemployment Benefits

The City provides a health insurance program through the State for its eligible employees. The City pays a monthly premium to the insurer for its health coverage (insured plan) with the insurer being responsible for claims.

In 2015, the GASB issued Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" ("GASB #75"). GASB #75 establishes standards for the measurement, recognition and display of Other Postemployment Benefits ("OPEB") expenditures and related liabilities, note disclosures, and, if applicable, required supplementary information in the financial reports of state and local governmental employers. The City adopted GASB #75 in 2018 and its implementation had no impact – as the City currently does not provide any significant OPEB benefits (i.e. retiree health benefits, etc.) to its retirees.

D. Contingent Liabilities and Commitments

Litigation

The City is periodically the subject of litigation by a variety of plaintiffs. The City's management believes that such amounts claimed by these plaintiffs, net of the applicable insurance coverage, are immaterial.

CITY OF BELTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

IV. OTHER INFORMATION (CONTINUED)

D. Contingent Liabilities and Commitments (Continued)

Grants

The City receives financial assistance from various federal, state, and local governmental agencies in the form of grants. Disbursements of funds received under these programs generally require compliance with the terms and conditions specified in the grant agreements. The disbursements are also subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements included herein or on the overall financial position of the City at June 30, 2022.

School Resource Officers

In June 2020, the City entered into a three-year contract (for July 1, 2020 to June 30, 2023) with a school district (the "District") to provide three school resource officers. The District will pay the City approximately \$193,000 per year less approximately \$59,000 which is to be paid by the State of South Carolina Department of Education for these services. There is a potential for a change in cost to the District if there is a significant change in status and/or if the annual cost of living and merit increase for the officers should exceed 5%.

Recreational Center Lease

In October 2020, the City entered into a lease agreement with Elite Integrated Therapy Centers to lease a room at the recreation center. In March 2022, this agreement was revised to include additional space. The updated lease agreement was for \$3,700 per month for 60 months with an option to extend for two, three year periods. This lease is considered short term as both parties have the option to cancel the lease with 30 days notice.

Trash Service Agreement

In March 2022, the City entered into a five year agreement, with an option to extend for five additional years, with D&S Sanitation for Trash Services. The City agrees to pay D&S Sanitation \$10 per cart per household and \$2 per extra cart with a 3% increase each year. The estimated monthly cost is approximately \$20,000.

DataMax Agreement

In June 2022, the City entered into an agreement with DataMax for their services in gathering lists of businesses within the City that have unpaid business licenses and assist the businesses in becoming compliant with the City's business license structure. DataMax will keep 50% of the first two years of the additional business licenses the City collects. This agreement is for one year.

E. Subsequent Events

In October 2022, the City received approximately \$1,109,000 of the approximately \$2,218,000 that they were awarded in American Rescue Plan Act funding. The City Council has approved these funds to be used to replace lost revenues.

In December 2022, the City received a loan assistance agreement with the Rural Infrastructure Authority in the amount of \$425,000. As of March 2023, the City has received approximately \$84,000.

(This page intentionally left blank.)

Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board, but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedules
 - General Fund
 - Hospitality Fund
- Pension Plan Schedules

CITY OF BELTON, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETS AND ACTUAL

YEAR ENDED JUNE 30, 2022

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH REVISED BUDGET
	ORIGINAL	REVISED		
REVENUES				
Taxes:				
Property	\$ 1,140,000	1,140,000	1,126,831	\$ (13,169)
Auto	155,000	155,000	188,422	33,422
Franchise Fees	323,250	323,250	292,838	(30,412)
Grants	10,000	10,000	1,007,986	997,986
Licenses and Permits	601,000	601,000	660,150	59,150
Intergovernmental	469,875	469,875	371,642	(98,233)
Charges for Services	373,150	373,150	412,307	39,157
Fines and Forfeitures	55,500	55,500	84,109	28,609
Investment Earnings	200	200	468	268
Miscellaneous	19,100	19,100	52,457	33,357
TOTAL REVENUES	3,147,075	3,147,075	4,197,210	1,050,135
EXPENDITURES				
Current:				
Administration	498,910	498,910	508,727	(9,817)
Public Safety	1,692,875	1,692,875	1,805,317	(112,442)
Public Works	656,010	656,010	590,984	65,026
Culture and Recreation	329,710	329,710	390,743	(61,033)
Capital Outlay	760,000	760,000	66,750	693,250
Debt Service				
Principal	90,000	90,000	82,152	7,848
Interest and Other Charges	22,760	22,760	14,134	8,626
TOTAL EXPENDITURES	4,050,265	4,050,265	3,458,807	591,458
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(903,190)	(903,190)	738,403	1,641,593
OTHER FINANCING SOURCES (USES)				
Issuance of Financed Purchase Obligations	750,000	750,000	701,000	(49,000)
Insurance Recoveries	-	-	11,996	11,996
Sale of Capital Assets	-	-	2,101	2,101
Transfers In	36,700	36,700	149,534	112,834
Transfers Out	-	-	(791,964)	(791,964)
TOTAL OTHER FINANCING SOURCES (USES)	786,700	786,700	72,667	(714,033)
CHANGES IN FUND BALANCES	(116,490)	(116,490)	811,070	927,560
FUND BALANCES, Beginning of Year	1,389,807	1,389,807	1,389,807	-
FUND BALANCES, End of Year	\$ 1,273,317	1,273,317	2,200,877	\$ 927,560

Note: The City's original and revised budget reflected an expected use of fund balance of approximately \$116,000.

Note: The budget is presented on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.

CITY OF BELTON, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE - HOSPITALITY FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETS AND ACTUAL

YEAR ENDED JUNE 30, 2022

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH REVISED BUDGET
	ORIGINAL	REVISED		
REVENUES				
Taxes:				
Hospitality	\$ 190,000	190,000	269,195	\$ 79,195
Investment Earnings	-	-	73	73
Miscellaneous	-	-	3	3
TOTAL REVENUES	190,000	190,000	269,271	79,271
EXPENDITURES				
Current:				
Administration	3,700	3,700	3,436	264
Culture, Recreation, and Tourism:				
Culture and Recreation	27,500	27,500	9,983	17,517
Tourism	61,200	61,200	47,166	14,034
Community Development	15,000	15,000	17,165	(2,165)
Capital Outlay	34,800	34,800	42,043	(7,243)
Debt Service				
Principal	27,530	27,530	257,260	(229,730)
Interest and Other Charges	13,520	13,520	10,330	3,190
TOTAL EXPENDITURES	183,250	183,250	387,383	(204,133)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	6,750	6,750	(118,112)	(124,862)
OTHER FINANCING SOURCES (USES)				
Transfers Out	(40,500)	(40,500)	(27,904)	12,596
TOTAL OTHER FINANCING SOURCES (USES)	(40,500)	(40,500)	(27,904)	12,596
CHANGES IN FUND BALANCES	(33,750)	(33,750)	(146,016)	(112,266)
FUND BALANCES, Beginning of Year	439,127	439,127	439,127	-
FUND BALANCES, End of Year	\$ 405,377	405,377	293,111	\$ (112,266)

Note: The City's original and revised budget reflected an expected use of fund balance of approximately \$34,000.

Note: The budget is presented on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.

CITY OF BELTON, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SOUTH CAROLINA RETIREMENT SYSTEM**

LAST NINE FISCAL YEARS

	Year Ended June 30,								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
City's Proportion of the Net Pension Liability (Asset)	0.005750%	0.005727%	0.005868%	0.006253%	0.006385%	0.007204%	0.007176%	0.007216%	0.007216%
City's Proportionate Share of the Net Pension Liability (Asset)	\$ 1,244,419	1,463,354	1,339,803	1,401,012	1,437,366	1,538,764	1,360,963	1,242,356	\$ 1,294,293
City's Covered Payroll	\$ 650,008	638,925	618,916	647,945	644,269	697,657	672,859	646,081	\$ 682,770
City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	191.45%	229.03%	216.48%	216.22%	223.10%	220.56%	202.27%	192.29%	189.57%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	60.75%	50.71%	54.40%	54.10%	53.34%	52.91%	56.99%	59.92%	56.39%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of June 30th of the preceding year.

The City adopted GASB #68/71 during the year ended June 30, 2015. Information before 2014 is not available.

The discount rate was lowered from (a) 7.25% to 7.00% beginning with the year ended June 30, 2021 measurement date and (b) 7.50% to 7.25% beginning with the year ended June 30, 2017 measurement date.

CITY OF BELTON, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES

**SCHEDULE OF CONTRIBUTIONS
SOUTH CAROLINA RETIREMENT SYSTEM**

LAST NINE FISCAL YEARS

	Year Ended June 30,								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 106,605	101,141	99,417	90,114	87,861	74,477	77,161	73,342	\$ 68,485
Contributions in Relation to the Contractually Required Contribution									
Contributions from the City	99,489	94,025	92,300	82,998	80,745	74,477	77,161	73,342	68,485
Contributions from the State	7,116	7,116	7,117	7,116	7,116	-	-	-	-
Contribution Deficiency (Excess)	\$ -	-	-	-	-	-	-	-	\$ -
City's Covered Payroll	\$ 643,752	650,008	638,925	618,916	647,945	644,269	697,657	672,859	\$ 646,081
Contributions as a Percentage of Covered Payroll	16.56%	15.56%	15.56%	14.56%	13.56%	11.56%	11.06%	10.90%	10.60%

Notes to Schedule:

The City adopted GASB #68/71 during the year ended June 30, 2015. Information before 2014 is not available.

CITY OF BELTON, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SOUTH CAROLINA POLICE OFFICERS RETIREMENT SYSTEM**

LAST NINE FISCAL YEARS

	Year Ended June 30,								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
City's Proportion of the Net Pension Liability (Asset)	0.06402%	0.05545%	0.05287%	0.05463%	0.05615%	0.05330%	0.05319%	0.05683%	0.05683%
City's Proportionate Share of the Net Pension Liability (Asset)	\$ 1,647,275	1,838,966	1,515,113	1,547,930	1,538,318	1,402,620	1,159,186	1,087,912	\$ 1,178,008
City's Covered Payroll	\$ 962,718	837,712	766,804	756,144	724,397	704,969	658,899	683,478	\$ 702,200
City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	171.11%	219.52%	197.59%	204.71%	212.36%	198.96%	175.93%	159.17%	167.76%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.37%	58.79%	62.69%	61.73%	60.94%	60.44%	64.57%	67.55%	62.98%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of June 30th of the preceding year.
The City adopted GASB #68/71 during the year ended June 30, 2015. Information before 2014 is not available.
The discount rate was lowered from (a) 7.25% to 7.00% beginning with the year ended June 30, 2021 measurement date and (b) 7.50% to 7.25% beginning with the year ended June 30, 2017 measurement date.

CITY OF BELTON, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES

**SCHEDULE OF CONTRIBUTIONS
SOUTH CAROLINA POLICE OFFICERS RETIREMENT SYSTEM**

LAST NINE FISCAL YEARS

	Year Ended June 30,								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 176,766	175,600	152,799	132,197	122,798	103,154	96,863	88,358	\$ 87,759
Contributions in Relation to the Contractually Required Contribution									
Contributions from the City	169,518	168,352	145,551	124,949	115,550	103,154	96,863	88,358	87,759
Contributions from the State	7,248	7,248	7,248	7,248	7,248	-	-	-	-
Contribution Deficiency (Excess)	\$ -	-	-	-	-	-	-	-	\$ -
City's Covered Payroll	\$ 918,742	962,718	837,712	766,804	756,144	724,397	704,969	658,899	\$ 683,478
Contributions as a Percentage of Covered Payroll	19.24%	18.24%	18.24%	17.24%	16.24%	14.24%	13.74%	13.41%	12.84%

Notes to Schedule:

The City adopted GASB #68/71 during the year ended June 30, 2015. Information before 2014 is not available.

(This page intentionally left blank.)

Supplementary Information

CITY OF BELTON, SOUTH CAROLINA

COMBINING BALANCE SHEET - NON MAJOR GOVERNMENTAL FUNDS

JUNE 30, 2022

	DRUG FUND	FIRE EXPLORER POST FUND	FIREMAN'S 1% FUND	TOTAL NON MAJOR FUNDS
ASSETS				
Restricted Cash and Cash Equivalents	\$ 6,825	1,532	13,125	\$ 21,482
TOTAL ASSETS	\$ 6,825	1,532	13,125	\$ 21,482
LIABILITIES AND FUND BALANCES				
TOTAL LIABILITIES	\$ -	-	-	\$ -
Fund Balances				
Restricted For:				
Drug Enforcement	6,825	-	-	6,825
Fireman's 1% Costs	-	-	13,125	13,125
Fire Explorers Post Costs	-	1,532	-	1,532
TOTAL FUND BALANCES	6,825	1,532	13,125	21,482
TOTAL LIABILITIES AND FUND BALANCES	\$ 6,825	1,532	13,125	\$ 21,482

CITY OF BELTON, SOUTH CAROLINA

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NON MAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2022

	DRUG FUND	FIRE EXPLORER POST FUND	FIREMAN'S 1% FUND	TOTAL NON MAJOR FUNDS
REVENUES				
Intergovernmental	\$ -	-	6,313	\$ 6,313
Fines and Forfeitures	5,895	-	-	5,895
Miscellaneous	-	931	-	931
TOTAL REVENUES	5,895	931	6,313	13,139
EXPENDITURES				
Current:				
Public Safety	2,443	938	4,135	7,516
TOTAL EXPENDITURES	2,443	938	4,135	7,516
CHANGES IN FUND BALANCES	3,452	(7)	2,178	5,623
FUND BALANCES, Beginning of Year	3,373	1,539	10,947	15,859
FUND BALANCES, End of Year	\$ 6,825	1,532	13,125	\$ 21,482

CITY OF BELTON, SOUTH CAROLINA

UNIFORM SCHEDULE OF FINES, ASSESSMENTS, AND SURCHARGES (PER ACT 96)

YEAR ENDED JUNE 30, 2022

FOR THE STATE TREASURER'S OFFICE:

COUNTY / MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT	General Sessions	Magistrate Court	Municipal Court	Total
Court Fines and Assessments:				
Court fines and assessments collected			\$ 83,429	\$ 83,429
Court fines and assessments remitted to State Treasurer			(46,303)	(46,303)
Total Court Fines and Assessments retained			37,126	37,126
Surcharges and Assessments retained for victim services:				
Surcharges collected and retained			1,117	1,117
Assessments retained			4,059	4,059
Total Surcharges and Assessments retained for victim services			\$ 5,176	\$ 5,176

FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC)

VICTIM SERVICE FUNDS COLLECTED	Municipal	County	Total
Carryforward from Previous Year – Beginning Balance	-		-
Victim Service Revenue:			
Victim Service Fines Retained by City/County Treasurer			
Victim Service Assessments Retained by City/County Treasurer	\$ 4,059		\$ 4,059
Victim Service Surcharges Retained by City/County Treasurer	1,117		1,117
Interest Earned			
Grant Funds Received			
Grant from:			
General Funds Transferred to Victim Service Fund			
Contribution Received from Victim Service Contracts:			
(1) Town of			
(2) Town of			
(3) City of			
Total Funds Allocated to Victim Service Fund + Beginning Balance (A)	\$ 5,176		\$ 5,176
Expenditures for Victim Service Program:	Municipal	County	Total
Salaries and Benefits			
Operating Expenditures	\$ 5,176		\$ 5,176
Victim Service Contract(s):			
(1) Entity's Name			
(2) Entity's Name			
Victim Service Donation(s):			
(1) Domestic Violence Shelter:			
(2) Rape Crisis Center:			
(3) Other local direct crime victims service agency:			
Transferred to General Fund			
Total Expenditures from Victim Service Fund/Program (B)	5,176		5,176
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)	-		-
Less: Prior Year Fund Deficit Repayment			
Carryforward Funds – End of Year	\$ -		\$ -

COMPLIANCE SECTION

CITY OF BELTON, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2022

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Pass Through Grantor's Number	Federal Expenditures
US Department of Treasury			
Direct Programs:			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds (American Rescue Plan)	21.027	1505-0271	\$ 952,943
Total US Department of Treasury			952,943
TOTAL FEDERAL ASSISTANCE EXPENDED			\$ 952,943

There were no expenditures to subrecipients for the year ended June 30, 2022.

See accompanying notes to the schedule of expenditures of federal awards.

CITY OF BELTON, SOUTH CAROLINA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2022

A. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) presents the activity of all federal award programs of the City of Belton, South Carolina (the “City”) for the year ended June 30, 2022. Expenditures for federal financial assistance awarded directly from federal agencies, as well as those passed through other government agencies, are included on the Schedule.

B. BASIS OF ACCOUNTING

The accompanying Schedule is presented using the modified accrual basis of accounting, which is described in the notes to the City’s financial statements.

C. RELATIONSHIP TO THE FINANCIAL STATEMENTS

Federal award expenditures are reported in the City’s financial statements generally as expenditures or expenses in the City’s General Fund and enterprise funds.

D. MATCHING COSTS

Matching costs (i.e., the non-federal share of certain program costs) are not included in the accompanying Schedule.

E. INDIRECT COST RATE

The City has elected not to use the 10-percent de minimus indirect cost rate allowed under the Uniform Guidance.

(This page intentionally left blank.)



Greene Finney Cauley, LLP

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members of City Council
City of Belton
Belton, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Belton, South Carolina (the "City"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 7, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitation, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

GREENEFINNEYCAULEY.CPA • INFO@GREENEFINNEY.COM

GREENVILLE, SC
864.232.0653

MAULDIN, SC
864.232.5204

CHARLESTON, SC
843.735.5805

ANDERSON, SC
864.225.8713

ASHEVILLE, NC
828.771.0847

OPEN BY
APPOINTMENT ONLY

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Greene Finney Cauley, LLP

Greene Finney Cauley, LLP
Mauldin, South Carolina
March 7, 2023



Greene Finney Cauley, LLP

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members of City Council
City of Belton
Belton, South Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Belton, South Carolina's (the "City") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2022. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

GREENEFINNEYCAULEY.CPA • INFO@GREENEFINNEY.COM

GREENVILLE, SC
864.232.0653

MAULDIN, SC
864.232.5204

CHARLESTON, SC
843.735.5805

ANDERSON, SC
864.225.8713

ASHEVILLE, NC
828.771.0847

OPEN BY
APPOINTMENT ONLY

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Greene Finney Cauley, LLP

Greene Finney Cauley, LLP
Mauldin, South Carolina
March 7, 2023

CITY OF BELTON, SOUTH CAROLINA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2022

There were no audit findings in the prior year.

CITY OF BELTON, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	<u> </u> Yes	<u> X </u> None Reported
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	<u> </u> Yes	<u> X </u> None Reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (Uniform Guidance)?	<u> </u> Yes	<u> X </u> No
--	-----------------------	---------------------

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds (American Rescue Plan)

Dollar threshold used to distinguish between type A and type B programs:	<u> \$ 750,000 </u>
--	------------------------------

Auditee qualified as low-risk auditee?	<u> </u> Yes	<u> X </u> No
--	-----------------------	---------------------

Section II - Current Year Financial Statement Findings

No matters to report.

Section III - Findings and Questioned Costs - Major Federal Awards Programs Audit

No matters to report.