

**CITY OF BELTON,
SOUTH CAROLINA**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

CITY OF BELTON, SOUTH CAROLINA

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CITY OF BELTON, SOUTH CAROLINA
LISTING OF PRINCIPAL OFFICIALS
YEAR ENDED JUNE 30, 2023

Established

1855

MAYOR

Eleanor Dorn

CITY COUNCIL MEMBERS

Tony Saville

Mark Spence

Josh Stephenson

Joshua Hawkins

Ricky Campbell

Brandy Vaughn

CITY ADMINISTRATOR

Alan Sims

CITY CLERK/TREASURER

Amanda Gambrell, CPA

Listed officials are as of June 30, 2023.

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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, 2023, 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, 2023, 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.

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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, is presented for purposes of additional analysis and is 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 is 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 1, 2024 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 1, 2024

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CITY OF BELTON, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2023

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, 2023 ("FY 2023" or "2023") compared to the fiscal year ended June 30, 2022 ("FY 2022" or "2022"). 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 \$12,263,000 (*net position*). Of this amount, approximately \$3,574,000 and \$8,689,000 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 (\$472,000) for its governmental activities and approximately \$2,031,000 for its business-type activities.
- The City's total revenues of approximately \$8,237,000 exceeded total expenses of approximately \$6,343,000 resulting in an increase in net position of approximately \$1,895,000 for 2023.
- At the close of 2023, the City's governmental funds reported ending fund balance of approximately \$2,201,000, a decrease of approximately \$315,000 from the prior year. This decrease in fund balance is primarily due to the decrease in the General Fund.
- Approximately 63% of the total fund balance in the governmental funds, or approximately \$1,378,000, is available for spending at the City's discretion (*unassigned fund balance*). The unassigned fund balance for the General Fund was approximately 28% of total General Fund expenditures for FY 2023.
- General Fund revenues and other financing sources were approximately \$4,608,000 for the current fiscal year compared to approximately \$5,062,000 in the prior fiscal year. General Fund expenditures and other financing sources were approximately \$5,052,000 for the current fiscal year compared to approximately \$4,251,000 in the prior fiscal year.
- At the close of 2023, the City's proprietary funds reported ending net position of approximately \$8,689,000, an increase of approximately \$574,000 from the prior year net position. This increase in net position is primarily due to an increase in both the Water Fund and Wastewater Fund.
- Water Fund and Wastewater Fund revenues and transfers in were approximately \$2,938,000 for the current fiscal year compared to approximately \$3,260,000 in the prior fiscal year. Water Fund and Wastewater Fund expenses and transfers out were approximately \$2,364,000 for the current fiscal year compared to approximately \$2,204,000 in the prior fiscal year.
- The City's total net capital assets increased by approximately \$1,811,000 (14%) during the current fiscal year, primarily due to additions of approximately \$2,510,000, partially offset by depreciation expense of approximately \$691,000 and disposals of \$8,000.
- The City's total debt decreased by approximately \$246,000 (5%) during the current fiscal year due to principal payments.

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, 2023

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, Fire Explorer Post Fund, and Fireman's 1% 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, 2023

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, 2023

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 2023 compared to 2022:

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets:						
Current and Other Assets	\$ 3,240,434	2,888,284	3,453,122	3,141,807	6,693,556	\$ 6,030,091
Capital Assets, Net	4,146,923	2,648,868	10,768,804	10,455,620	14,915,727	13,104,488
Total Assets	7,387,357	5,537,152	14,221,926	13,597,427	21,609,283	19,134,579
Deferred Outflows of Resources	529,606	667,220	79,752	91,332	609,358	758,552
Liabilities:						
Long-Term Obligations	708,415	813,040	4,385,151	4,524,250	5,093,566	5,337,290
Net Pension Liability	2,436,803	2,301,934	614,768	589,760	3,051,571	2,891,694
Other	994,945	330,295	578,039	355,506	1,572,984	685,801
Total Liabilities	4,140,163	3,445,269	5,577,958	5,469,516	9,718,121	8,914,785
Deferred Inflows of Resources	203,045	505,559	34,155	104,023	237,200	609,582
Net Position:						
Net Investment in Capital Assets	3,427,139	2,527,401	6,221,079	5,915,367	9,648,218	8,442,768
Restricted	618,442	389,770	437,406	381,090	1,055,848	770,860
Unrestricted	(471,826)	(663,627)	2,031,080	1,818,763	1,559,254	1,155,136
Total Net Position	\$ 3,573,755	2,253,544	8,689,565	8,115,220	12,263,320	\$ 10,368,764

The City's total assets of approximately \$21,609,000 increased approximately \$2,475,000 from the prior year primarily due to an increase in cash and investments and an increase in capital assets, partially offset by a decrease in prepaids. The City's total liabilities of approximately \$9,718,000 increased by approximately \$803,000 from the prior year primarily due to an increase in unearned revenue and an increase 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 \$1,895,000 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 \$12,263,000 as of June 30, 2023. Approximately 79% of total net position (\$9,648,000) 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 financed 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 financed 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 8% of net position (\$1,056,000) represents resources that are subject to external restrictions on how they may be used. This net position is restricted primarily for tourism related costs (hospitality taxes), debt service, and recreation facilities, and public safety. The remaining portion of the City's net position of approximately 13% (\$1,559,000) 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, 2023

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The following table shows the changes in the City's net position for 2023 compared to 2022.

	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program Revenues:						
Charges for Services	\$ 540,913	532,012	2,203,017	2,120,693	2,743,930	\$ 2,652,705
Operating Grants and Contributions	792,686	1,014,299	3,558	203,558	796,244	1,217,857
Capital Grants and Contributions	535,400	25,561	593,725	118,839	1,129,125	144,400
General Revenues:						
Taxes	1,814,674	1,572,165	-	-	1,814,674	1,572,165
Other	1,724,205	1,353,897	29,221	21,190	1,753,426	1,375,087
Total Revenues	5,407,878	4,497,934	2,829,521	2,464,280	8,237,399	6,962,214
Expenses:						
Administration	581,345	529,187	-	-	581,345	529,187
Public Safety	2,108,689	2,007,631	-	-	2,108,689	2,007,631
Public Works	661,305	605,847	-	-	661,305	605,847
Culture, Recreation, and Tourism	637,181	593,217	-	-	637,181	593,217
Community Development	19,851	17,165	-	-	19,851	17,165
Interest and Other Charges	16,836	24,464	-	-	16,836	24,464
Water	-	-	1,012,376	1,010,564	1,012,376	1,010,564
Wastewater	-	-	1,305,260	1,068,403	1,305,260	1,068,403
Total Expenses	4,025,207	3,777,511	2,317,636	2,078,967	6,342,843	5,856,478
Change in Net Position Before Transfers	1,382,671	720,423	511,885	385,313	1,894,556	1,105,736
Transfers	(62,460)	(670,334)	62,460	670,334	-	-
Change in Net Position	1,320,211	50,089	574,345	1,055,647	1,894,556	1,105,736
Net Position - Beginning of Year	2,253,544	2,203,455	8,115,220	7,059,573	10,368,764	9,263,028
Net Position - End of Year	\$ 3,573,755	2,253,544	8,689,565	8,115,220	12,263,320	\$10,368,764

Governmental Activities: Net position related to governmental activities increased approximately \$1,320,000 in the current year. Total revenues increased by approximately \$910,000 (20%) from the prior year. Key changes in revenue compared to the prior year were primarily due to the following:

- Total program revenues increased approximately \$297,000 from the prior year primarily due to donated capital assets from Belton Emergency Medical Services ("EMS"), partially offset by less use of American Rescue Plan Act ("ARPA") grants in the current year.
- Total tax revenues and other general revenues increased approximately \$613,000. This increase was primarily due to an increase in property tax revenues of approximately \$227,000 (millage increased from 124 mills to 125 mills and an increase in assessed values) and an increase in other tax and general revenues of approximately \$386,000 primarily due to an increase in growth revenues.

Total expenses increased by approximately \$248,000 (7%) from the prior year, primarily due to higher salaries and benefits (i.e. COLA, being more fully staffed, etc.), repair and maintenance costs, and other operating expenses.

CITY OF BELTON, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2023

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Business-Type Activities: Net position related to business-type activities (water and wastewater operations) increased by approximately \$574,000. This increase was due to revenues of approximately \$2,830,000 and transfers of approximately \$62,000 exceeding expenses of approximately \$2,318,000. Revenues increased approximately \$365,000 from the prior year primarily due to the increase in water and wastewater fees and an increase in grant funding primarily related to the Big O'Neal Subbasin project. Expenses increased from the prior year by approximately \$239,000 primarily due an increase in repairs and maintenance costs and higher salaries and benefits.

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 \$2,201,000, a decrease of approximately \$315,000, or 13%, from the prior year fund balance. This change is primarily attributable to the decrease in the General Fund.

Approximately 63% of the total fund balance of the governmental funds (\$1,378,000) constitutes unassigned fund balance, which is available for spending at the City's discretion. The City had nonspendable fund balance of approximately \$13,000 related to prepaids and inventories. The City also has assigned fund balance of approximately \$192,000 for City Hall improvements, for paving projects, and the use of fund balance appropriated in the fiscal year 2024 budget. The remainder of the fund balance is restricted to indicate that it is not available for new spending: (1) for tourism-related expenditures (\$429,000), (2) for municipal court (\$14,000), (3) for drug enforcement (\$2,000), (4) for recreation facilities (\$60,000), (5) for Fireman's 1% costs (\$11,000), (6) for Fire Explorers Post costs (\$2,000) and (7) Public Safety (\$100,000). Total unassigned fund balance of the governmental funds (General Fund) represents approximately 27% of total governmental funds expenditures.

Highlights for the General Fund were as follows:

- Total General Fund revenues and other financing sources of approximately \$4,608,000 decreased approximately \$454,000 from the prior year primarily due to a decrease in federal grants of approximately \$242,000 (due to less ARPA funds being used in the current year) and no financed purchases (\$701,000 in the prior year), partially offset by an increase in tax revenues of approximately \$212,000 (millage increased from 124 mills to 125 mills and an increase in assessed values) and an increase in growth and other revenue of approximately \$277,000.
- Total General Fund expenditures and other financing uses of approximately \$5,052,000 were approximately \$802,000 higher than the prior year. The increase was primarily due to an increase in capital outlay of approximately \$897,000 primarily related to two pumper trucks and an increase in salaries and benefits, partially offset by lower transfers out (ARPA grant funds were transferred to the Water Fund in the prior year for projects).

The Hospitality Tax 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. The fund balance for the Hospitality Tax Fund increased by approximately \$136,000 from the prior year balance. The increase is primarily attributable to revenues of approximately \$305,000 exceeding expenditures and transfers out of approximately \$169,000. Fund balance was approximately \$429,000 at June 30, 2023 and was restricted for tourism related costs.

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.

CITY OF BELTON, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2023

FINANCIAL ANALYSIS OF THE CITY'S FUNDS (CONTINUED)

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 amend the budget during the current year. General Fund total revenues for 2023 of approximately \$4,456,000 came in over budget by approximately \$815,000 (22%) due to conservative budgeting, an improving economy, and additional grant funding. General Fund total expenditures for 2023 of approximately \$4,946,000 came in over budget by approximately \$1,167,000 (31%) primarily due to higher capital outlay (related to the two pumper trucks that were prepaid in the prior year), and higher grant expenditures.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets as of June 30, 2023 amounted to approximately \$14,916,000. 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, 2023 and 2022 were as follows:

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 708,338	455,463	57,418	57,418	765,756	\$ 512,881
Construction in Progress	35,571	35,571	522,363	964,495	557,934	1,000,066
Buildings, Improvements, and Systems	924,869	679,010	9,743,761	8,972,592	10,668,630	9,651,602
Improvements Other than Buildings	915,758	868,385	-	-	915,758	868,385
Machinery and Equipment	438,096	311,852	375,727	335,804	813,823	647,656
Vehicles	1,121,517	291,036	69,535	125,311	1,191,052	416,347
Other	2,774	7,551	-	-	2,774	7,551
Total	\$ 4,146,923	2,648,868	10,768,804	10,455,620	14,915,727	\$ 13,104,488

The total increase in the City's capital assets for 2023 was approximately \$1,811,000 or 14%. Major capital asset events during 2023 included the following:

- Capital asset additions of approximately \$2,510,000 consisted primarily of:
 - Additions to construction in process for the Water Meter Project, the Water System Improvement Project, the Big O'Neal Subbasin Project, and the Sewer Lift Station Project of approximately \$664,000.
 - Purchase of pumper fire trucks for the fire department of approximately \$836,000
 - Land, building, and other donations primarily from Belton EMS of approximately \$535,000
 - Purchases of other vehicles, equipment, and capital assets of approximately \$475,000
- Depreciation expense of approximately \$260,000 for governmental activities and \$431,000 for business-type activities
- Disposals of approximately \$8,000 for governmental 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, 2023

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Debt

As of June 30, 2023, the City had total outstanding debt of approximately \$5,056,000. 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, 2023 and 2022 was as follows:

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenue Bond	\$ -	-	4,043,065	4,130,500	4,043,065	\$ 4,130,500
Financed Purchase Obligations	648,937	709,479	337,673	390,989	986,610	1,100,468
Note Payable	26,485	71,531	-	-	26,485	71,531
Total	\$ 675,422	781,010	4,380,738	4,521,489	5,056,160	\$ 5,302,499

The total decrease in the City's debt for 2023 was approximately \$246,000 or 5% and was due to principal payments.

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, 2023 was approximately \$1,049,000. As of June 30, 2023, the City had no bonded debt subject to the 8% limit resulting in an unused legal debt margin of approximately \$1,049,000.

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, 2024 ("FY 2024" or "2024") 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 \$4,232,000.
- Millage: The City's 2024 millage was 127 mills.
- Revenues are expected to remain consistent in FY 2024 overall with changes in textile business and other small businesses closing but opening of new businesses taking over formerly closed locations. Water revenues are expected to increase due to rate increases.
- Employee Benefits are expected to increase in FY 2024 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.

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.

Basic Financial Statements

CITY OF BELTON, SOUTH CAROLINA

STATEMENT OF NET POSITION

JUNE 30, 2023

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and Cash Equivalents	\$ 2,175,488	2,309,786	\$ 4,485,274
Restricted Cash and Cash Equivalents	577,081	672,843	1,249,924
Investments	63,033	128,833	191,866
Restricted Investments	36,434	-	36,434
Due from County Treasurer	12,071	-	12,071
Due from Other Governments	7,920	-	7,920
Receivables, Net			
Property Taxes	49,485	-	49,485
Grants	55,008	61,500	116,508
Accounts	183,886	346,529	530,415
Interest	-	96	96
Internal Balances	67,379	(67,379)	-
Prepays	11,008	914	11,922
Inventory	1,641	-	1,641
Capital Assets:			
Non-Depreciable	743,909	579,781	1,323,690
Depreciable, Net	3,403,014	10,189,023	13,592,037
TOTAL ASSETS	7,387,357	14,221,926	21,609,283
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Charges	529,606	79,752	609,358
LIABILITIES			
Accounts Payable	221,159	335,699	556,858
Accrued Salaries and Fringe Benefits	32,485	6,903	39,388
Escheat and Customer Deposits	8,132	235,437	243,569
Unearned Revenue	733,169	-	733,169
Non-Current Liabilities:			
Long-Term Obligations - Due Within One Year	99,792	144,801	244,593
Long-Term Obligations - Due in More Than One Year	608,623	4,240,350	4,848,973
Net Pension Liability - Due in More Than One Year	2,436,803	614,768	3,051,571
TOTAL LIABILITIES	4,140,163	5,577,958	9,718,121
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Credits	203,045	34,155	237,200
NET POSITION			
Net Investment in Capital Assets	3,427,139	6,221,079	9,648,218
Restricted For:			
Municipal Court	13,723	-	13,723
Recreation Facilities	60,458	-	60,458
Tourism Related Costs (Hospitality Taxes)	428,947	-	428,947
Drug Enforcement	1,941	-	1,941
Fireman's 1% Costs	11,392	-	11,392
Fire Explorers Post Costs	1,981	-	1,981
Public Safety	100,000	-	100,000
Meter Deposits	-	33,881	33,881
Debt Service	-	403,525	403,525
Unrestricted	(471,826)	2,031,080	1,559,254
TOTAL NET POSITION	\$ 3,573,755	8,689,565	\$ 12,263,320

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, 2023

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	\$ 581,345	6,600	549,110	527,600	501,965	-	\$ 501,965
Public Safety	2,108,689	89,117	223,602	7,800	(1,788,170)	-	(1,788,170)
Public Works	661,305	322,327	-	-	(338,978)	-	(338,978)
Culture, Recreation, and Tourism	637,181	122,869	19,974	-	(494,338)	-	(494,338)
Community Development	19,851	-	-	-	(19,851)	-	(19,851)
Interest and Other Charges	16,836	-	-	-	(16,836)	-	(16,836)
Total Governmental Activities	4,025,207	540,913	792,686	535,400	(2,156,208)	-	(2,156,208)
Business-Type Activities:							
Water	1,012,376	1,199,739	2,135	-	-	189,498	189,498
Wastewater	1,305,260	1,003,278	1,423	593,725	-	293,166	293,166
Total Business-Type Activities	2,317,636	2,203,017	3,558	593,725	-	482,664	482,664
TOTAL - PRIMARY GOVERNMENT	\$ 6,342,843	2,743,930	796,244	1,129,125	(2,156,208)	482,664	(1,673,544)
General Revenues and Transfers:							
Taxes:							
Property Taxes					1,529,937	-	1,529,937
Hospitality Taxes					284,737	-	284,737
Business Licenses					771,374	-	771,374
Franchise Fees					298,047	-	298,047
Intergovernmental Revenue					390,474	-	390,474
Insurance Proceeds					10,660	12,745	23,405
Miscellaneous Revenue					154,662	-	154,662
Investment Earnings					31,245	16,476	47,721
Gain on Sale/Disposal of Capital Assets					67,743	-	67,743
Transfers					(62,460)	62,460	-
Total General Revenues and Transfers					3,476,419	91,681	3,568,100
CHANGE IN NET POSITION					1,320,211	574,345	1,894,556
NET POSITION, Beginning of Year					2,253,544	8,115,220	10,368,764
NET POSITION, End of Year					3,573,755	8,689,565	\$ 12,263,320

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, 2023

	GENERAL FUND	HOSPITALITY FUND	NON MAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and Cash Equivalents	\$ 2,175,488	-	-	\$ 2,175,488
Restricted Cash and Cash Equivalents	187,531	372,834	16,716	577,081
Investments	63,033	-	-	63,033
Restricted Investments	-	36,434	-	36,434
Due from County Treasurer	12,071	-	-	12,071
Due from Other Governments	7,920	-	-	7,920
Other Receivables, Net				
Property Taxes	49,485	-	-	49,485
Grants	55,008	-	-	55,008
Accounts	162,662	21,224	-	183,886
Due from Other Funds	67,154	19,617	-	86,771
Prepays	11,008	-	-	11,008
Inventories	1,641	-	-	1,641
TOTAL ASSETS	\$ 2,793,001	450,109	16,716	\$ 3,259,826
LIABILITIES				
Accounts Payable	\$ 199,393	21,162	604	\$ 221,159
Accrued Salaries and Fringe Benefits	32,485	-	-	32,485
Escheat Deposits	8,132	-	-	8,132
Due to Other Funds	18,594	-	798	19,392
Unearned Revenue	733,169	-	-	733,169
TOTAL LIABILITIES	991,773	21,162	1,402	1,014,337
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	44,741	-	-	44,741
TOTAL DEFERRED INFLOWS OF RESOURCES	44,741	-	-	44,741
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	1,036,514	21,162	1,402	1,059,078
FUND BALANCES				
Nonspendable:				
Prepays and Inventories	12,649	-	-	12,649
Restricted for:				
Municipal Court	13,723	-	-	13,723
Recreation Facilities	60,458	-	-	60,458
Tourism Related Costs (Hospitality Taxes)	-	428,947	-	428,947
Drug Enforcement	-	-	1,941	1,941
Fireman's 1% Costs	-	-	11,392	11,392
Fire Explorers Post Costs	-	-	1,981	1,981
Public Safety	100,000	-	-	100,000
Assigned for:				
City Hall Capital Improvements	45,750	-	-	45,750
Paving Projects	32,950	-	-	32,950
Appropriated for Use in Fiscal Year 2024 Budget	112,850	-	-	112,850
Unassigned	1,378,107	-	-	1,378,107
TOTAL FUND BALANCES	1,756,487	428,947	15,314	2,200,748
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 2,793,001	450,109	16,716	\$ 3,259,826

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, 2023

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$	2,200,748
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 \$7,622,094 and the accumulated depreciation was \$3,475,171.		4,146,923
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.		44,741
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.		(2,110,242)
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	(675,422)	
Compensated Absences (Annual Leave)	(32,993)	(708,415)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	\$	3,573,755

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, 2023

	GENERAL FUND	HOSPITALITY FUND	NON MAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Taxes	\$ 1,527,715	284,737	-	\$ 1,812,452
Franchise Fees	298,047	-	-	298,047
Grants	766,193	19,974	-	786,167
Licenses and Permits	771,374	-	-	771,374
Intergovernmental	397,074	-	6,520	403,594
Charges for Services	439,051	-	-	439,051
Fines and Forfeitures	62,272	-	23,475	85,747
Investment Earnings	31,218	27	-	31,245
Miscellaneous	163,403	-	773	164,176
TOTAL REVENUES	4,456,347	304,738	30,768	4,791,853
EXPENDITURES				
Current:				
Administration	686,118	3,956	-	690,074
Public Safety	2,062,724	-	36,936	2,099,660
Public Works	691,764	-	-	691,764
Culture, Recreation, and Tourism	431,214	61,360	-	492,574
Community Development	-	19,851	-	19,851
Capital Outlay	964,189	49,582	-	1,013,771
Debt Service:				
Principal	94,685	10,903	-	105,588
Interest	15,469	1,367	-	16,836
TOTAL EXPENDITURES	4,946,163	147,019	36,936	5,130,118
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(489,816)	157,719	(6,168)	(338,265)
OTHER FINANCING SOURCES (USES)				
Insurance Recoveries	10,660	-	-	10,660
Sale of Capital Assets	75,343	-	-	75,343
Transfers In	65,690	-	-	65,690
Transfers Out	(106,267)	(21,883)	-	(128,150)
TOTAL OTHER FINANCING SOURCES (USES)	45,426	(21,883)	-	23,543
CHANGES IN FUND BALANCES	(444,390)	135,836	(6,168)	(314,722)
FUND BALANCES, Beginning of Year	2,200,877	293,111	21,482	2,515,470
FUND BALANCES, End of Year	\$ 1,756,487	428,947	15,314	\$ 2,200,748

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, 2023

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS **\$ (314,722)**

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.	2,222
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.	105,588
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.	(963)
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.	30,031
In the Statement of Activities the loss on the disposal of capital assets is reported, whereas in the governmental funds, proceeds from the disposal of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the assets disposed.	(7,600)
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.	535,400
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 cash capital asset additions of \$1,230,879 exceeded depreciation expense of \$260,624 in the current year.	<u>970,255</u>

TOTAL CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 1,320,211**

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, 2023

	ENTERPRISE FUNDS		
	WATER FUND	WASTEWATER FUND	TOTAL
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 1,469,830	839,956	\$ 2,309,786
Restricted Cash and Cash Equivalents	269,318	403,525	672,843
Investments	128,833	-	128,833
Accounts Receivables, Net	144,667	201,862	346,529
Grant Receivable	-	61,500	61,500
Interest Receivable	96	-	96
Due From Other Funds	-	83,531	83,531
Prepays	457	457	914
Total Current Assets	2,013,201	1,590,831	3,604,032
Noncurrent Assets			
Capital Assets:			
Non-Depreciable	104,368	475,413	579,781
Depreciable Capital Assets, Net	2,092,845	8,096,178	10,189,023
Total Noncurrent Assets	2,197,213	8,571,591	10,768,804
TOTAL ASSETS	4,210,414	10,162,422	14,372,836
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Charges	46,661	33,091	79,752
LIABILITIES			
Current Liabilities			
Accounts Payable	91,051	244,648	335,699
Accrued Salaries and Fringe Benefits	4,127	2,776	6,903
Customer Deposits	235,437	-	235,437
Due to Other Funds	145,576	5,334	150,910
Current Portion - Compensated Absences	316	568	884
Current Portion - Revenue Bonds	-	89,311	89,311
Current Portion - Financed Purchase Obligations	43,374	11,232	54,606
Total Current Liabilities	519,881	353,869	873,750
Noncurrent Liabilities			
Net Pension Liability	359,683	255,085	614,768
Compensated Absences, Less Current Portion	1,262	2,267	3,529
Revenue Bonds, Less Current Portion	-	3,953,754	3,953,754
Financed Purchase Obligations, Less Current Portion	255,265	27,802	283,067
Total Non-Current Liabilities	616,210	4,238,908	4,855,118
TOTAL LIABILITIES	1,136,091	4,592,777	5,728,868
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Credits	19,983	14,172	34,155
NET POSITION			
Net Investment in Capital Assets	1,862,116	4,358,963	6,221,079
Restricted for Meter Deposits	33,881	-	33,881
Restricted for Debt Service	-	403,525	403,525
Unrestricted	1,205,004	826,076	2,031,080
TOTAL NET POSITION	\$ 3,101,001	5,588,564	\$ 8,689,565

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, 2023

	ENTERPRISE FUNDS		
	WATER FUND	WASTEWATER FUND	TOTAL
OPERATING REVENUES			
Charges for Services:			
Water Fees	\$ 1,199,739	-	\$ 1,199,739
Sewer Fees	-	1,003,278	1,003,278
TOTAL OPERATING REVENUES	1,199,739	1,003,278	2,203,017
OPERATING EXPENSES			
Cost of Sales and Services	850,932	798,697	1,649,629
Administrative Fees	91,569	49,271	140,840
Depreciation	61,748	369,002	430,750
TOTAL OPERATING EXPENSES	1,004,249	1,216,970	2,221,219
OPERATING INCOME (LOSS)	195,490	(213,692)	(18,202)
NONOPERATING REVENUES (EXPENSES)			
Capital Grant Revenue	-	593,725	593,725
Intergovernmental Revenue	2,135	1,423	3,558
Interest Income	16,413	63	16,476
Interest Expense	(8,127)	(88,290)	(96,417)
Insurance Recoveries	12,745	-	12,745
TOTAL NONOPERATING REVENUES (EXPENSES)	23,166	506,921	530,087
INCOME (LOSS) BEFORE TRANSFERS	218,656	293,229	511,885
Transfers In	92,298	16,621	108,919
Transfers Out	(46,459)	-	(46,459)
CHANGES IN NET POSITION	264,495	309,850	574,345
NET POSITION, Beginning of Year	2,836,506	5,278,714	8,115,220
NET POSITION, End of Year	\$ 3,101,001	5,588,564	\$ 8,689,565

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, 2023

	ENTERPRISE FUNDS		
	WATER FUND	WASTEWATER FUND	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 1,233,542	980,023	\$ 2,213,565
Cash Payments for Goods and Services	(937,000)	(643,182)	(1,580,182)
Cash Payments for Personal Services	2,178	(31,431)	(29,253)
NET CASH PROVIDED BY OPERATING ACTIVITIES	298,720	305,410	604,130
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Advances and Transfers (to) from Other Funds	78,056	12,900	90,956
State Contributions	2,135	1,423	3,558
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	80,191	14,323	94,514
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital Grants	-	532,225	532,225
Acquisition of Capital Assets	(257,243)	(486,691)	(743,934)
Proceeds from Insurance Recoveries	12,745	-	12,745
Principal Paid on Revenue Bonds and Financed Purchase Obligations	(42,414)	(98,337)	(140,751)
Interest Payments	(8,127)	(88,290)	(96,417)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(295,039)	(141,093)	(436,132)
CASH FLOWS FROM INVESTING ACTIVITIES			
Change in Investments	(386)	-	(386)
Income on Investments	16,413	63	16,476
NET CASH PROVIDED BY INVESTING ACTIVITIES	16,027	63	16,090
NET INCREASE IN RESTRICTED AND UNRESTRICTED CASH AND CASH EQUIVALENTS	99,899	178,703	278,602
RESTRICTED AND UNRESTRICTED CASH AND CASH EQUIVALENTS, Beginning of Year	1,639,249	1,064,778	2,704,027
RESTRICTED AND UNRESTRICTED CASH AND CASH EQUIVALENTS, End of Year	\$ 1,739,148	1,243,481	\$ 2,982,629
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities:			
Operating Income (Loss)	\$ 195,490	(213,692)	\$ (18,202)
Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities:			
Depreciation Expense	61,748	369,002	430,750
Change in Balance Sheet Accounts that Impacted Operating Activities:			
Accounts Receivables, Net	22,956	(23,255)	(299)
Prepays	441	535	976
Deferred Pension Charges	3,751	7,829	11,580
Accounts Payable	5,060	204,251	209,311
Accrued Salaries and Fringe Benefits	1,520	855	2,375
Customer Deposits	10,847	-	10,847
Compensated Absences	180	1,472	1,652
Net Pension Liability	34,160	(9,152)	25,008
Deferred Pension Credits	(37,433)	(32,435)	(69,868)
Net Cash Provided by Operating Activities	\$ 298,720	305,410	\$ 604,130

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, 2023

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), culture, recreation, and tourism, and community development. 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, Fire Explorer Post Fund, and Fireman's 1% 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.

CITY OF BELTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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. 96 “*Subscription-Based Information Technology Arrangements*” (“SBITAs”) for the year ended June 30, 2023 (“GASB #96” or “Statement”). The objective of GASB #96 is to better meet the information needs of financial statement users by (a) establishing uniform accounting and financial reporting requirements for SBITAs; (b) improving the comparability of financial statements among governments that have entered into SBITAs; and (c) enhancing the understandability, reliability, relevance, and consistency of information about SBITAs. Under this Statement, a government should generally recognize a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability. The adoption of GASB #96 had no impact as the City did not have any significant long-term SBITAs.

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.
- (f) Repurchase agreements when collateralized by securities as set forth in this section.

CITY OF BELTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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)

- (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 or placed into service. 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. Debt premiums and discounts are deferred and amortized over the life of the debt using the straight-line method (as it approximates the effective interest method) if material. Debt is reported net of applicable premiums and discounts. Issuance costs are expensed when incurred.

In the governmental fund financial statements, debt premiums, discounts, and issuance costs are recognized immediately. The face amount of debt, financed purchases, or 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, financed purchases, 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, 2023

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

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, 2023, none of the City’s bank balances of approximately \$5,212,000 (with a carrying value of approximately \$5,194,000) were exposed to custodial credit risk.

Investments

As of June 30, 2023, the City’s investment portfolio consisted of:

Investment Type	Fair Value Levels (1)	Credit Rating ^	Fair Value	WAM
				Less than One Year
State Local Government Investment Pool	N/A	NR, NR, NR	\$ 769,322	\$ 769,322

^ 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.

WAM - Weighted Average Maturity.

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.

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.

CITY OF BELTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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

A. Deposits and Investments (Continued)

Investments (Continued)

Certain cash, cash equivalents, and investments of the City are legally restricted for specified purposes. The major types of restrictions at June 30, 2023 were those imposed by the lender or the revenue source (i.e. debt service, hospitality taxes, customer deposits, 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	\$ 5,194,176
Fair Value of Investments	769,322
Total Deposits and Investments	<u>\$ 5,963,498</u>
Statement of Net Position:	
Cash and Cash Equivalents	\$ 4,485,274
Restricted Cash and Cash Equivalents	1,249,924
Investments	191,866
Restricted Investments	36,434
Total Cash, Cash Equivalents, and Investments	<u>\$ 5,963,498</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, 2023

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 2023 real and business personal property taxes (which was for tax year 2022) were levied in October 2022 based on a millage rate of 125 mills (124 mills in the prior year) and were due beginning on that date. The City's assessed value of real and personal property was approximately \$13.1 million for tax year 2022 (\$11.5 million in the prior year). 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, 2023 of approximately \$49,000 (which is net of an allowance for uncollectible accounts of approximately \$21,000). The City recognized outstanding delinquent property taxes of approximately \$4,000 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 \$45,000 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, 2023, consisted of the following individual fund receivables and payables:

Fund	Receivables	Payables
<u>Governmental Funds:</u>		
General Fund	\$ 67,154	\$ 18,594
Hospitality Fund	19,617	-
Fireman's 1% Fund (Non Major Governmental Fund)	-	798
<u>Proprietary/Enterprise Funds:</u>		
Water Fund	-	145,576
Wastewater Fund	83,531	5,334
Totals	<u>\$ 170,302</u>	<u>\$ 170,302</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 are expected to be repaid within one year.

CITY OF BELTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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, 2023, consisted of the following:

Fund	Transfers In	Transfers Out
<u>Governmental Funds:</u>		
General Fund	\$ 65,690	\$ 106,267
Hospitality Fund	-	21,883
<u>Proprietary/Enterprise Funds:</u>		
Water Fund	92,298	46,459
Wastewater Fund	16,621	-
Totals	<u>\$ 174,609</u>	<u>\$ 174,609</u>

Transferred funds from the Hospitality fund to the General Fund and Water 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 with the purchase of new fire trucks. Transferred funds from the General fund to the Water Fund are for premium pay and the purchase of equipment that was funded with American Rescue Plan funds.

CITY OF BELTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital Assets, Non-Depreciable:					
Land	\$ 455,463	260,475	7,600	-	\$ 708,338
Construction In Progress	35,571	-	-	-	35,571
Total Capital Assets, Non-Depreciable	491,034	260,475	7,600	-	743,909
Capital Assets, Depreciable:					
Buildings and Improvements	1,517,480	267,125	-	-	1,784,605
Improvements Other than Buildings	1,727,906	118,800	-	-	1,846,706
Machinery and Equipment	810,526	193,590	-	-	1,004,116
Vehicles	1,688,726	926,289	386,587	-	2,228,428
Other	14,330	-	-	-	14,330
Total Capital Assets, Depreciable	5,758,968	1,505,804	386,587	-	6,878,185
Less: Accumulated Depreciation for:					
Buildings and Improvements	838,470	21,266	-	-	859,736
Improvements Other than Buildings	859,521	71,427	-	-	930,948
Machinery and Equipment	498,674	67,346	-	-	566,020
Vehicles	1,397,690	95,808	386,587	-	1,106,911
Other	6,779	4,777	-	-	11,556
Total Accumulated Depreciation	3,601,134	260,624	386,587	-	3,475,171
Total Capital Assets, Depreciable, Net	2,157,834	1,245,180	-	-	3,403,014
Governmental Activities Capital Assets, Net	\$ 2,648,868	1,505,655	7,600	-	\$ 4,146,923

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

Functions/Programs	Capital Asset Additions	Depreciation Expense
Administration	\$ 646,400	\$ 21,019
Public Safety	1,075,947	118,848
Public Works	43,932	18,367
Culture, Recreation, and Tourism	-	102,390
Total - Governmental Activities	\$ 1,766,279	\$ 260,624

The City's governmental activities received donated assets (primarily from Belton Emergency Management System) of approximately \$535,000 for the year ended June 30, 2023, 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, 2023

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, 2023, 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	964,495	664,390	-	(1,106,522)	522,363
Total Capital Assets, Non-Depreciable	<u>1,021,913</u>	<u>664,390</u>	<u>-</u>	<u>(1,106,522)</u>	<u>579,781</u>
Capital Assets, Depreciable:					
Buildings and Systems	16,252,447	-	-	1,106,522	17,358,969
Machinery and Equipment	1,154,488	79,544	-	-	1,234,032
Vehicles	559,020	-	-	-	559,020
Total Capital Assets, Depreciable	<u>17,965,955</u>	<u>79,544</u>	<u>-</u>	<u>1,106,522</u>	<u>19,152,021</u>
Less: Accumulated Depreciation for:					
Buildings and Systems	7,279,855	335,353	-	-	7,615,208
Machinery and Equipment	818,684	39,621	-	-	858,305
Vehicles	433,709	55,776	-	-	489,485
Total Accumulated Depreciation	<u>8,532,248</u>	<u>430,750</u>	<u>-</u>	<u>-</u>	<u>8,962,998</u>
Total Capital Assets, Depreciable, Net	<u>9,433,707</u>	<u>(351,206)</u>	<u>-</u>	<u>1,106,522</u>	<u>10,189,023</u>
Business-Type Activities Capital Assets, Net	<u>\$ 10,455,620</u>	<u>313,184</u>	<u>-</u>	<u>-</u>	<u>\$ 10,768,804</u>

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	\$ 257,243	\$ 61,748
Wastewater	486,691	369,002
Total - Business-Type Activities	<u>\$ 743,934</u>	<u>\$ 430,750</u>

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

CITY OF BELTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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, 2023 are as follows:

<i>Note Payable</i>	<u>Balance at June 30, 2023</u>
\$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.	\$ 26,485
<i>Financed Purchases</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 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.	78,067
\$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.	480,388
\$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.	70,608
\$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.	129,516
\$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.	\$ 228,031

CITY OF BELTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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. \$4,043,065

Presented below is a summary of changes in long-term obligations for the City's governmental activities for the year ended June 30, 2023:

Long-Term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Debt:					
Note Payables					
2021 NP - Vehicles	\$ 71,531	-	45,046	26,485	\$ 26,485
Total Note Payables	<u>71,531</u>	<u>-</u>	<u>45,046</u>	<u>26,485</u>	<u>26,485</u>
Financed Purchases:					
2021 FP - CAT	49,936	-	10,903	39,033	11,232
2022 FP - Pumper	517,497	-	37,109	480,388	41,503
2022 FP - Mini Pumper	142,046	-	12,530	129,516	13,973
Total Financed Purchases	<u>709,479</u>	<u>-</u>	<u>60,542</u>	<u>648,937</u>	<u>66,708</u>
Total Debt	781,010	-	105,588	675,422	93,193
Compensated Absences	32,030	31,110	30,147	32,993	6,599
Total Governmental Activities	<u>\$ 813,040</u>	<u>31,110</u>	<u>135,735</u>	<u>708,415</u>	<u>\$ 99,792</u>

Resources from the Hospitality Fund were used to pay the debt service on 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, 2023

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, 2023:

Year Ended June 30,	Note Payable		Financed Purchases		Total
	Principal	Interest	Principal	Interest	
<u>Governmental Activities:</u>					
2024	\$ 26,485	93	66,708	15,868	\$ 109,154
2025	-	-	68,463	14,112	82,575
2026	-	-	74,577	12,204	86,781
2027	-	-	59,836	10,470	70,306
2028	-	-	61,365	8,941	70,306
2029-2033	-	-	305,385	20,789	326,174
2034	-	-	12,603	53	12,656
Totals	\$ 26,485	93	648,937	82,437	\$ 757,952

Presented below is a summary of changes in long-term obligations for the City's business-type activities for the year ended June 30, 2023:

Long-Term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-Type Activities:					
Debt:					
Revenue Bonds:					
2015 Revenue Bond	\$ 4,130,500	-	87,435	4,043,065	\$ 89,311
Total Revenue Bonds	<u>4,130,500</u>	<u>-</u>	<u>87,435</u>	<u>4,043,065</u>	<u>89,311</u>
Financed Purchases:					
2021 FP - CAT	49,936	-	10,902	39,034	11,232
2022 FP - CAT Loader	91,053	-	20,445	70,608	20,781
2022 FP - Meter Project	250,000	-	21,969	228,031	22,593
Total Financed Purchases	<u>390,989</u>	<u>-</u>	<u>53,316</u>	<u>337,673</u>	<u>54,606</u>
Total Debt	4,521,489	-	140,751	4,380,738	143,917
Compensated Absences	2,761	11,324	9,672	4,413	884
Total Business-Type Activities	<u>\$ 4,524,250</u>	<u>11,324</u>	<u>150,423</u>	<u>4,385,151</u>	<u>\$ 144,801</u>

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. Resources from the Water Fund have been used to 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, 2023

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, 2023:

Year Ended June 30,	Revenue Bonds		Financed Purchases		Total
	Principal	Interest	Principal	Interest	
<u>Business-Type Activities:</u>					
2024	\$ 89,311	85,048	54,606	8,205	\$ 237,170
2025	91,228	83,132	55,927	6,883	237,170
2026	93,185	81,174	61,595	5,422	241,376
2027	95,185	79,175	31,808	4,216	210,384
2028	97,228	77,132	25,271	3,493	203,124
2029-2033	518,343	353,456	108,466	6,591	986,856
2034-2038	576,395	295,404	-	-	871,799
2039-2043	640,948	230,852	-	-	871,800
2044-2048	712,731	159,067	-	-	871,798
2049-2053	792,553	79,245	-	-	871,798
2054-2055	335,958	7,378	-	-	343,336
Totals	\$ 4,043,065	1,531,063	337,673	34,810	\$ 5,946,611

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, 2023, the City had no debt subject to the 8% limit resulting in an unused legal debt margin of approximately \$1,049,000.

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, 2023.

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.

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 retirement systems and benefit 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 ("ACFR") containing financial statements and required supplementary information for the System' Pension Trust Funds. The ACFR 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 ACFR 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. The SCRS covers employees of state agencies, public school districts and participating charter schools, public higher education institutions, other participating local subdivisions of government and first-term individuals elected to the South Carolina General Assembly.

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. The PORS also covers peace officers, coroners, probate judges, and magistrates.

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 first-term individuals elected to the South Carolina General Assembly. 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.

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Plan Membership (Continued)

- 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.

- 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.

CITY OF BELTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

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, the 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. The Retirement Funding and Administration Act of 2017 increased, but also established a ceiling for the SCRS and PORS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for the SCRS and 9.75 percent for the PORS. The legislation also increased employer contribution rates beginning July 1, 2017 for both the 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. 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. In accordance with the legislative funding schedule, employer contribution rates will continue to increase by 1 percentage point each year until reaching 18.56 percent for the SCRS and 21.24 percent for the PORS but may be increased further, if the scheduled contributions are not sufficient to meet the funding periods set for the applicable year. The PEBA Board shall increase the employer contribution rates as necessary to meet the amortization period set in statute.

Pension reform legislation modified the statute such that the employer contribution rates for the SCRS and PORS to be further increased, not to exceed one-half of one percent in any one year if necessary, in order to improve the funding of the plans. The statute set rates intended to reduce the unfunded liability of the SCRS and PORS to the maximum amortization period of 20 years from 30 years over a ten-year schedule, as determined by the annual actuarial valuations of the Plans. Finally, under the revised statute, the contribution rates for the SCRS and PORS may not be decreased until the Plans are at least 85 percent funded.

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
	2023	2023
Employer Contribution Rate: ^		
Retirement	17.41%	19.84%
Incidental Death Benefit	0.15%	0.20%
Accidental Death Contributions	0.00%	0.20%
	17.56%	20.24%
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 \$119,000 and \$193,000 respectively, for the year ended June 30, 2023 and include the nonemployer contributions noted below.

CITY OF BELTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

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, 2023. 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, 2023 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, 2022 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, 2021. The TPL was rolled-forward from the valuation date to the Plans’ fiscal year end, June 30, 2022, using generally accepted actuarial principles. There was no legislation enacted during the 2022 legislative session that had a material change in the benefit provisions for any of the systems.

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2022 (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%

CITY OF BELTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

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 2022 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 7.00 percent assumed annual investment rate of return used in the calculation of the TPL includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

Allocation/Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long-Term Expected Portfolio Real Rate of Return
Public Equity	46.0%	6.79%	3.12%
Bonds	26.0%	-0.35%	-0.09%
Private Equity	9.0%	8.75%	0.79%
Private Debt	7.0%	6.00%	0.42%
Real Assets	12.0%		
Real Estate	9.0%	4.12%	0.37%
Infrastructure	3.0%	5.88%	0.18%
Total Expected Real Rate of Return	100.0%		4.79%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			7.04%

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, 2022 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	\$ 56,454,779,872	32,212,626,932	\$ 24,242,152,940	57.1%
PORS	\$ 8,937,686,946	5,938,707,767	\$ 2,998,979,179	66.4%

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.

CITY OF BELTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

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

At June 30, 2023, the City reported liabilities of approximately \$1,311,000 and \$1,741,000 for its proportionate share of the NPL for the SCRS and PORS, respectively. The NPL were measured as of June 30, 2022, and the TPL for the Plans used to calculate the NPL were determined based on the most recent actuarial valuation report of July 1, 2021 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, 2022 measurement date, the City's SCRS proportion was 0.005406 percent, which was a decrease of 0.000344 from its proportion measured as of June 30, 2021. At the June 30, 2022 measurement date, the City's PORS proportion was 0.058053 percent, which was a decrease of 0.005971 from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the City recognized pension expense of approximately \$61,000 and \$188,000 for the SCRS and PORS, respectively. At June 30, 2023, 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:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
SCRS		
Differences Between Expected and Actual Experience	\$ 11,386	\$ 5,711
Change in Assumptions	42,033	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2,021	-
Changes in Proportion and Differences Between the Employer's		
Contributions and Proportionate Share of Contributions	2,569	67,102
Employer Contributions Subsequent to the Measurement Date	112,009	-
Total SCRS	<u>170,018</u>	<u>72,813</u>
PORS		
Differences Between Expected and Actual Experience	29,210	34,417
Change in Assumptions	72,498	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	5,258	-
Changes in Proportion and Differences Between the Employer's		
Contributions and Proportionate Share of Contributions	146,555	129,970
Employer Contributions Subsequent to the Measurement Date	185,819	-
Total PORS	<u>439,340</u>	<u>164,387</u>
Total SCRS and PORS	<u>\$ 609,358</u>	<u>\$ 237,200</u>

Approximately \$112,000 and \$186,000 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, 2024. 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:

CITY OF BELTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

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

Year Ended June 30,	SCRS	PORS	Total
2024	\$ 925	68,213	\$ 69,138
2025	(2,615)	44,230	41,615
2026	(47,293)	(90,981)	(138,274)
2027	34,179	67,672	101,851
Total	<u>\$ (14,804)</u>	<u>89,134</u>	<u>\$ 74,330</u>

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.

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	\$ 1,680,323	1,310,578	\$ 1,003,184
City's proportionate share of the net pension liability of the PORS	2,427,709	1,740,993	1,178,850
Total	<u>\$ 4,108,032</u>	<u>3,051,571</u>	<u>\$ 2,182,034</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 ACFR containing financial statements and required supplementary information for the SCRS and PORS. The ACFR 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 \$34,000 to the PEBA as of June 30, 2023, representing required employer and employee contributions for the month of June 2023 for the SCRS and PORS. This amount is included in Accounts Payable on the financial statements and was paid in July 2023.

CITY OF BELTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

IV. OTHER INFORMATION (CONTINUED)

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.

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, 2023.

Recreational Center Lease

In October 2020, the City (Lessor) entered into a lease agreement with Elite Integrated Therapy Centers (Lessee) 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 a short-term lease as both parties have the right to terminate the lease by giving 30 days notice.

Trash Service Agreement

In March 2022, the City (lessor) 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 cost is approximately \$20,000 per month.

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 requirements. For these services, DataMax will be paid 50% of the first two years of any additional business licenses collected by the City. This agreement is initially for one year but will automatically be extended for one year terms unless cancelled by either party by giving 60 day notice.

Engineering Services

In May 2023, the City entered into an agreement with Dunn & Shirley for engineering services for approximately \$1,265,000 related to the Water System Distribution Improvements and Sewer Lift Station projects.

CITY OF BELTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

IV. OTHER INFORMATION (CONTINUED)

D. Contingent Liabilities and Commitments (Continued)

South Carolina Rural Infrastructure Authority

In June 2023, the City accepted a grant award from the South Carolina Rural Infrastructure Authority for approximately \$9,432,000. This grant along with debt and other local funds will be used for the City's Water System Distribution Improvements and Sewer Lift Station projects which is scheduled to be completed by the end of fiscal year 2026.

E. Related Party Transaction

Through its normal procurement process in fiscal year 2023, AirOne Heating and Air, LLC ("AirOne") was awarded the City's HVAC project. The Treasurer's brother-in-law owns AirOne. The City paid approximately \$119,000 to AirOne during the year ended June 30, 2023.

F. Subsequent Events

In July 2023, the City entered into a contract (for July 1, 2023 to June 30, 2024) with a school district (the "District") to provide three school resource officers. The District will pay the City approximately \$209,000 per year less approximately \$58,000 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%. The contract is effective until either party provides 60 day notice of termination.

In November 2023, the City contracted with Greenstone Construction, LLC for construction work for approximately \$3,134,000 related to the Sewer Lift Station Project.

In January 2024, the City received a loan assistance agreement with the Rural Infrastructure Authority in the amount of \$990,000 which will provide resources to be used on the Water System Distribution Improvements project.

In February 2024, the City awarded Talbot Tennis a contract for approximately \$111,000 to install six pickleball courts at Terry Martin Field. This project will be funded from resources from the Hospitality Tax Fund.

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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, 2023

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH REVISED BUDGET
	ORIGINAL	REVISED		
REVENUES				
Taxes:				
Property	\$ 1,150,000	1,150,000	1,328,130	\$ 178,130
Auto	170,000	170,000	199,585	29,585
Franchise Fees	297,650	297,650	298,047	397
Grants	553,105	553,105	766,193	213,088
Licenses and Permits	605,600	605,600	771,374	165,774
Intergovernmental	370,400	370,400	397,074	26,674
Charges for Services	387,750	387,750	439,051	51,301
Fines and Forfeitures	65,000	65,000	62,272	(2,728)
Investment Earnings	200	200	31,218	31,018
Miscellaneous	42,100	42,100	163,403	121,303
TOTAL REVENUES	3,641,805	3,641,805	4,456,347	814,542
EXPENDITURES				
Current:				
Administration	667,585	667,585	686,118	(18,533)
Public Safety	1,855,975	1,855,975	2,062,724	(206,749)
Public Works	695,810	695,810	691,764	4,046
Culture and Recreation	364,310	364,310	431,214	(66,904)
Capital Outlay	79,100	79,100	964,189	(885,089)
Debt Service				
Principal	99,065	99,065	94,685	4,380
Interest and Other Charges	16,960	16,960	15,469	1,491
TOTAL EXPENDITURES	3,778,805	3,778,805	4,946,163	(1,167,358)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(137,000)	(137,000)	(489,816)	(352,816)
OTHER FINANCING SOURCES (USES)				
Insurance Recoveries	-	-	10,660	10,660
Sale of Capital Assets	-	-	75,343	75,343
Transfers In	37,000	37,000	65,690	28,690
Transfers Out	-	-	(106,267)	(106,267)
TOTAL OTHER FINANCING SOURCES (USES)	37,000	37,000	45,426	8,426
CHANGES IN FUND BALANCES	(100,000)	(100,000)	(444,390)	(344,390)
FUND BALANCES, Beginning of Year	2,200,877	2,200,877	2,200,877	-
FUND BALANCES, End of Year	\$ 2,100,877	2,100,877	1,756,487	\$ (344,390)

Note: The City's original and revised budget reflected an expected use of fund balance of approximately \$100,000.

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.

Note: The City's expenditures were over budget primarily due to pumper trucks that were prepaid and budgeted for in the prior year but not received until the current year along with grant expenditures that were approved by City Council but for which they chose not to amend the budget.

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, 2023

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH REVISED BUDGET
	ORIGINAL	REVISED		
REVENUES				
Taxes:				
Hospitality	\$ 200,000	200,000	284,737	\$ 84,737
Grants	-	-	19,974	19,974
Investment Earnings	-	-	27	27
TOTAL REVENUES	200,000	200,000	304,738	104,738
EXPENDITURES				
Current:				
Administration	5,175	5,175	3,956	1,219
Culture, Recreation, and Tourism:				
Culture and Recreation	25,500	25,500	14,151	11,349
Tourism	72,700	72,700	47,209	25,491
Community Development	20,000	20,000	19,851	149
Capital Outlay	467,800	467,800	49,582	418,218
Debt Service				
Principal	33,900	33,900	10,903	22,997
Interest and Other Charges	8,570	8,570	1,367	7,203
TOTAL EXPENDITURES	633,645	633,645	147,019	486,626
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(433,645)	(433,645)	157,719	591,364
OTHER FINANCING SOURCES (USES)				
Issuance of Note Payable	400,000	400,000	-	(400,000)
Transfers Out	(40,800)	(40,800)	(21,883)	18,917
TOTAL OTHER FINANCING SOURCES (USES)	359,200	359,200	(21,883)	(381,083)
CHANGES IN FUND BALANCES	(74,445)	(74,445)	135,836	210,281
FUND BALANCES, Beginning of Year	293,111	293,111	293,111	-
FUND BALANCES, End of Year	\$ 218,666	218,666	428,947	\$ 210,281

Note: The City's original and revised budget reflected an expected use of fund balance of approximately \$74,000.

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 TEN FISCAL YEARS

	Year Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
City's Proportion of the Net Pension Liability (Asset)	0.005406%	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)	\$ 1,310,578	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	\$ 643,752	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	203.58%	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	57.06%	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 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 TEN FISCAL YEARS

	Year Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 119,126	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	112,009	99,489	94,025	92,300	82,998	80,745	74,477	77,161	73,342	68,485
Contributions from the State	7,117	7,116	7,116	7,117	7,116	7,116	-	-	-	-
Contribution Deficiency (Excess)	\$ -	-	-	-	-	-	-	-	-	\$ -
City's Covered Payroll	\$ 678,392	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	17.56%	16.56%	15.56%	15.56%	14.56%	13.56%	11.56%	11.06%	10.90%	10.60%

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 TEN FISCAL YEARS

	Year Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
City's Proportion of the Net Pension Liability (Asset)	0.058053%	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)	\$ 1,740,993	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	\$ 918,742	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	189.50%	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	66.45%	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 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 TEN FISCAL YEARS

	Year Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 193,067	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	185,819	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	7,248	-	-	-	-
Contribution Deficiency (Excess)	\$ -	-	-	-	-	-	-	-	-	\$ -
City's Covered Payroll	\$ 953,887	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	20.24%	19.24%	18.24%	18.24%	17.24%	16.24%	14.24%	13.74%	13.41%	12.84%

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Supplementary Information

CITY OF BELTON, SOUTH CAROLINA

COMBINING BALANCE SHEET - NON MAJOR GOVERNMENTAL FUNDS

JUNE 30, 2023

	DRUG FUND	FIRE EXPLORER POST FUND	FIREMAN'S 1% FUND	TOTAL NON MAJOR FUNDS
ASSETS				
Restricted Cash and Cash Equivalents	\$ 1,941	1,981	12,794	\$ 16,716
TOTAL ASSETS	\$ 1,941	1,981	12,794	\$ 16,716
LIABILITIES AND FUND BALANCES				
Accounts Payable	\$ -	-	604	\$ 604
Due to Other Funds	-	-	798	798
Held in Custody for Others	-	-	-	-
TOTAL LIABILITIES	-	-	1,402	1,402
Fund Balances				
Restricted For:				
Drug Enforcement	1,941	-	-	1,941
Fireman's 1% Costs	-	-	11,392	11,392
Fire Explorers Post Costs	-	1,981	-	1,981
TOTAL FUND BALANCES	1,941	1,981	11,392	15,314
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,941	1,981	12,794	\$ 16,716

CITY OF BELTON, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2023

	DRUG FUND	FIRE EXPLORER POST FUND	FIREMAN'S 1% FUND	TOTAL NON MAJOR FUNDS
REVENUES				
Intergovernmental	\$ -	-	6,520	\$ 6,520
Fines and Forfeitures	23,475	-	-	23,475
Miscellaneous	-	773	-	773
TOTAL REVENUES	23,475	773	6,520	30,768
EXPENDITURES				
Current:				
Public Safety	28,359	324	8,253	36,936
TOTAL EXPENDITURES	28,359	324	8,253	36,936
CHANGES IN FUND BALANCES	(4,884)	449	(1,733)	(6,168)
FUND BALANCES, Beginning of Year	6,825	1,532	13,125	21,482
FUND BALANCES, End of Year	\$ 1,941	1,981	11,392	\$ 15,314

CITY OF BELTON, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2023

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			\$ 63,057	\$ 63,057
Court fines and assessments remitted to State Treasurer			(34,019)	(34,019)
Total Court Fines and Assessments retained			29,038	29,038
Surcharges and Assessments retained for victim services:				
Surcharges collected and retained			1,545	1,545
Assessments retained			2,988	2,988
Total Surcharges and Assessments retained for victim services			\$ 4,533	\$ 4,533

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	\$ 2,988		\$ 2,988
Victim Service Surcharges Retained by City/County Treasurer	1,545		1,545
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)	\$ 4,533		\$ 4,533
Expenditures for Victim Service Program:	Municipal	County	Total
Salaries and Benefits			
Operating Expenditures	\$ 4,533		\$ 4,533
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)	4,533		4,533
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)	-		-
Less: Prior Year Fund Deficit Repayment			
Carryforward Funds – End of Year	\$ -		\$ -



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, 2023, 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 1, 2024.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2023-001 that we consider to be a significant deficiency.

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*.

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City's Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the finding identified in our audit and described in the accompanying schedule of findings and responses. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 1, 2024

CITY OF BELTON, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND RESPONSES

YEAR ENDED JUNE 30, 2023

2023-001: FAILURE TO PROPERLY RECORD ACCRUED EXPENSES AND CAPITAL ASSETS

Condition:	In order to report the City’s activities in the appropriate accounting period, the City needs to ensure all costs are recorded in the year for which they relate. The City failed to accrue and capitalize a construction invoice as of June 30, 2023. The accounts payable and construction in progress balances were adjusted when brought to the City’s attention.
Criteria:	The City should have appropriate internal controls in place to ensure all construction activity has been properly recorded in accordance with generally accepted accounting principles.
Context, Cause and Effect:	The City inadvertently failed to accrue a late invoice that was not received until September 2023 back to June 2023 (construction invoice of approximately \$24,500 was for work completed as of June 30, 2023). This resulted in the City’s accounts payable and construction in progress balances being understated.
Recommendation:	We recommend that the City develop and implement appropriate internal controls and accounting procedures to ensure that all accounts payable, including construction activity, are recorded in the appropriate accounting period.
Response:	The City agrees and is working to ensure that all transactions are recorded in the correct accounting period.