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Darrell L. Keller, CPA, PA

TOWN OF BOILING SPRINGS
BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008

Town of Boiling Springs, North Carolina
Table of Contents
June 30, 2008

Exhibit

Page

Financial Section:

Independent Auditor's Report

1

Management's Discussion and Analysis

3-11

Basic Financial Statements:

Government-wide Financial Statements:

1 Statement of Net Assets 12

2 Statement of Activities 13

Fund Financial Statements:

3 Balance Sheet – Governmental Funds 14

3 Reconciliation of the Governmental Funds Balance Sheet to the
Statement of Net Assets 14

4 Statement of Revenues, Expenditures, and Changes in Fund Balances
– Governmental Funds 15

5 Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the Statement
of Activities 16

6 Statement of Revenues, Expenditures, and Changes in Fund Balances
– Annual Budget and Actual – General and Major Special Revenue
Fund 17

7 Statement of Fund Net Assets – Proprietary Funds 18

8 Statement of Revenues, Expenses, and Changes in Fund Net Assets –
Proprietary Funds 19

9 Statement of Cash Flows – Proprietary Funds 20

<u>Exhibit</u>	<u>Page</u>
Notes to the Financial Statements	21-34
Required Supplemental Financial Data:	
Individual Fund Statements and Schedules:	
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	35-37
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:	
Water and Sewer Fund	38-39
Other Schedules:	
Schedule of Ad Valorem Taxes Receivable	40
Analysis of Current Tax Levy – Town-Wide Levy	41
Schedule of Expenditures of State Awards	42

FINANCIAL SECTION

Independent Auditor's Report

To the Honorable Mayor
and Members of the Town Council
Boiling Springs, North Carolina

I have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the Town of Boiling Springs, North Carolina, as of and for the year ended June 30, 2008, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Boiling Springs's management. My responsibility is to express opinions on these basic financial statements based on my audit.

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

In my opinion, based on my audit, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the Town of Boiling Springs, North Carolina as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis and the Schedule of Expenditures of State Awards are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit this information and express no opinion thereon.


Darrell L Keller, CPA, PA
October 2, 2008

TOWN OF BOILING SPRINGS, NORTH CAROLINA

Management's Discussion and Analysis

June 30, 2008

As management of the Town of Boiling Springs, we offer readers of the Town of Boiling Springs' financial statements this narrative overview and analysis of the financial activities of the Town of Boiling Springs for the fiscal year ended June 30, 2008. We encourage readers to consider the information presented. All amounts, unless otherwise indicated, are expressed in dollars.

Financial Highlights

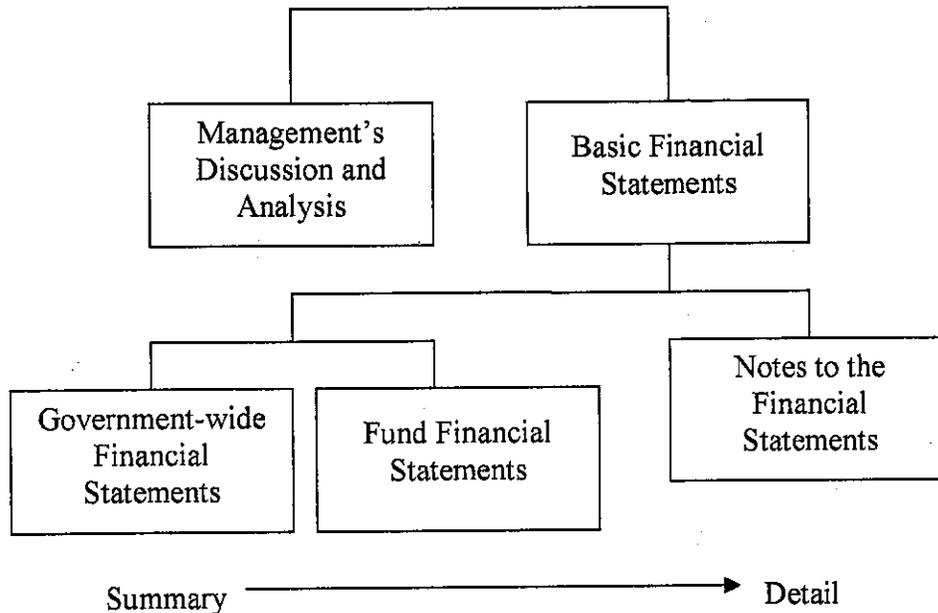
- The assets of the Town of Boiling Springs exceeded its liabilities at the close of the most recent fiscal year by \$5,966,784 (*net assets*). Of this amount, \$1,904,721 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$702,689, primarily due to increases in the governmental activities net assets.
- As of the close of the current fiscal year, the Town of Boiling Springs' governmental funds reported combined ending fund balances of \$1,989,393, an increase of \$438,877 in comparison with the prior year. Approximately 55.9 percent of this total amount, or \$1,112,608, is available for spending at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$1,112,608, or 156.68 % of total general fund expenditures for the fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town of Boiling Springs' basic financial statements. The Town's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the Town through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Town of Boiling Springs.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (pages 13 through 14) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental fund statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the Town's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Town's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the Town's financial status as a whole.

The two government-wide statements report the Town's net assets and how they have changed. Net assets are the difference between the Town's total assets and total liabilities. Measuring net assets is one way to gauge the Town's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities; and 2) business-type activities. The governmental activities include most of the Town's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include the water and sewer services offered by the Town of Boiling Springs.

Fund Financial Statements

The fund financial statements (see Figure 1) provide a more detailed look at the Town'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 Town of Boiling Springs, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. The Town of Boiling Springs has two funds: governmental fund and proprietary fund.

Governmental Fund – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Town's basic services are accounted for in the governmental fund. These funds focus 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. Governmental funds are reported using an accounting method called *modified accrual accounting*, which provides a short-term spending focus. As a result, the governmental fund 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 Town's programs. The relationship between government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is part of the fund financial statements.

The Town of Boiling Springs maintains one governmental fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures, and changes in fund balance for the General Fund, which is considered to be a major fund.

The Town of Boiling Springs adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format,

language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is show at the end of the budgetary statement.

Proprietary Fund – The Town of Boiling Springs has one proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of Boiling Springs uses an enterprise fund to account for its water and sewer activity. This fund is the same as those functions shown in the business-type activities in the Statement of Net Assets and the Statement of Activities.

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 are on pages 22 through 36 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information. Required supplementary information can be found on pages 36 through 41 of this report.

Government-Wide Financial Analysis

Boiling Springs Net Assets

Figure 2

	Governmental		Business-type		Total	
	Activities		Activities			
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 2,028,525	\$ 1,620,944	\$ 714,534	\$ 573,121	\$ 2,743,059	\$ 2,194,065
Capital assets	1,065,908	1,091,035	4,865,731	5,022,901	5,931,639	6,113,936
Total assets	3,094,433	2,711,979	5,580,265	5,596,022	8,674,698	8,308,001
Long term liabilities outstanding	37,706	107,842	2,606,504	2,794,645	2,644,210	2,902,487
Other liabilities	16,482	49,006	47,222	92,413	63,704	141,419
Total liabilities	54,188	156,848	2,653,726	2,887,058	2,707,914	3,043,906
Net assets:						
Invested in capital assets						
net of related debt	1,028,202	983,193	2,259,227	2,228,256	3,287,429	3,211,449
Restricted	774,634	617,910	-	-	774,634	617,910
Unrestricted	1,237,409	954,028	667,312	480,708	1,904,721	1,434,736
Total assets	\$ 3,040,245	\$ 2,555,131	\$ 2,926,539	\$ 2,708,964	\$ 5,966,784	\$ 5,264,095

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of the Town of Boiling Springs exceeded liabilities by \$5,966,784 as of June 30, 2008. The Town's net assets increased by \$702,689 for the fiscal year ended June 30, 2008. However, the largest portion (55.1%) reflects the Town's investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. The Town of Boiling Springs uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Boiling Springs' investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Boiling Springs' net assets (12.98%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$1,904,721 is unrestricted.

Several particular aspects of the Town's financial operations positively influenced the total unrestricted governmental net assets:

- Increased property tax revenue due to Town growth with a tax collection percentage of 97.54%.
- Increase in projected sales tax revenue for the county resulted in actual revenue from the Local Option Sales and Use Tax exceeding the budgeted amount.

The Town of Boiling Springs' Changes in Net Assets

Figure 3

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Revenues:						
Program revenues:						
Charges for services	\$ 131,298	\$ 127,347	\$ 1,320,217	\$ 1,298,008	\$ 1,451,515	\$ 1,425,355
Operating grants and contributions	187,801	161,031	-	-	187,801	161,031
Capital grants and contribution					-	-
General revenues:						
Property taxes	723,147	684,956	-	-	723,147	684,956
Other taxes	305,753	297,560	-	-	305,753	297,560
Other	341,151	348,664	55,632	35,828	396,783	384,492
Total revenues	1,689,150	1,619,558	1,375,849	1,333,836	3,064,999	2,953,394
Expenses:						
General government	370,076	347,458	-	-	370,076	347,458
Public safety	493,841	425,066	-	-	493,841	425,066
Transportation	49,110	57,612	-	-	49,110	57,612
Environmental protection	170,849	144,156	-	-	170,849	144,156
Culture and recreation	116,966	105,921	-	-	116,966	105,921
Interest on long-term debt	3,194	8,675	-	-	3,194	8,675
Water and sewer	-	-	1,158,274	1,124,311	1,158,274	1,124,311
Total expenses	1,204,036	1,088,888	1,158,274	1,124,311	2,362,310	2,213,199
Increase in net assets	485,114	530,670	217,575	209,525	702,689	740,195
Net assets, beginning of year	2,555,131	2,024,461	2,708,964	2,499,439	5,264,095	4,523,900
Net assets, end of year	\$ 3,040,245	\$ 2,555,131	\$ 2,926,539	\$ 2,708,964	\$ 5,966,784	\$ 5,264,095

Governmental activities: Governmental activities increased the Town's net assets by \$485,114. Key elements of this increase are as follows:

- Current Powell Bill allocation was received but most was not spent.
- Property tax increased \$41,750 over last year.

Business-type activities: Business-type activities increased the Town of Boiling Springs' net assets by \$215,575. A key element of this increase is water and sewer revenues increased \$22,209 from the prior year.

Financial Analysis of the Town's Funds

As noted earlier, the Town of Boiling Springs used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The focus of the Town of Boiling Springs' governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town of Boiling Springs' financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the Town of Boiling Springs. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$1,112,608, while total fund balance reached \$1,989,393. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 89.08% of total General Fund expenditures, while total fund balance represents 156.68% of that same amount.

General Fund Budgetary Highlights: During the fiscal year, the Town revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

The actual operating revenues for the General Fund were more than the budget amount by \$171,726. Factors concerning the finances of this fund have already been addressed in the discussion of the Town of Boiling Springs' governmental activities.

Proprietary Fund: The Town of Boiling Springs' proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net assets at the fiscal year-end in the Water and Sewer Fund were \$667,312. Factors concerning the finances of this fund have already been addressed in the discussion of the Town of Boiling Springs' business-type activities.

Capital Asset and Debt Administration

Capital assets: The Town of Boiling Springs' investment in capital assets for its governmental and business-type activities as of June 30, 2008 totals \$5,931,639 (net of accumulated depreciation). These assets include buildings, roads, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include the following additions (there were no significant demolitions or disposals):

- Purchase of a new police vehicle and two trucks for the Water and Sewer Fund.
- The Town disposed of two old police cars.

The Town of Boiling Springs' Capital Assets

Figure 4

	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Land	\$ 292,865	\$ 274,845	\$ 33,342	\$ 33,342	\$ 326,207	\$ 308,187
Buildings and system	176,887	183,768	2,583,167	2,690,686	2,760,054	2,874,454
Machinery and equipment	118,010	122,329	2,211,045	2,284,719	2,329,055	2,407,048
Infrastructure	21,798	21,798	-	-	21,798	21,798
Vehicles and motorized equipment	456,348	488,295	38,177	14,154	494,525	502,449
Total capital assets (net of depreciation)	\$ 1,065,908	\$ 1,091,035	\$ 4,865,731	\$ 5,022,901	\$ 5,931,639	\$ 6,113,936

Additional information on the Town's capital assets can be found in note 4 of the Basic Financial Statements.

Long-term Debt: As of June 30, 2008, the Town of Boiling Springs had total outstanding debt of \$2,644,210 of which \$493,200 is debt backed by the full faith and credit of the Town. The remaining \$2,151,010 is G.S 160A-20 financing that pledges the assets purchased as collateral instead of the taxing authority of the Town.

The Town of Boiling Springs' Outstanding Debt

Figure 5

	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Installment purchase	\$ 37,706	\$ 107,842	\$ -	\$ -	\$ 37,706	\$ 107,842
State Revolving Loan Fund	-	-	998,780	1,051,348	998,780	1,051,348
BB&T Govt. Finance Center	-	-	1,008,328	1,054,116	1,008,328	1,054,116
State Revolving Loan Fund	-	-	493,200	575,400	493,200	575,400
State Revolving Loan Fund	-	-	106,196	113,780	106,196	113,780

Total capital assets (net of accumulated depreciation)	\$ 37,706	\$ 107,842	\$ 2,606,504	\$ 2,794,644	\$ 2,644,210	\$ 2,902,486
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North Carolina general statutes limit 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 legal debt margin for the Town of Boiling Springs is \$16,735,283.

Additional information regarding the Town of Boiling Springs' long-term debt can be found in note 5 of the basic financial statements.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the growth and prosperity of the Town:

- The unemployment rate in the Cleveland County area increased from 4.0% in June 2007 to 7.9% in June 2008. The statewide average in June 2008 is 6.2%.
- The Town of Boiling Springs' reputation as a family-oriented, quiet town has made the Town a highly desired place to live in the last several years. This has resulted in higher property tax valuations and increased revenues for services provided.

Budget Highlights for Fiscal Year Ending June 30, 2009

Governmental Activities: The governmental fund's primary revenue resource is property taxes. The property tax rate decreased to \$.29 per \$100 from \$.30 per \$100 due to revaluation, economic growth is expected to increase property tax revenue by 3.0%. The Town has begun a series of sidewalk and drainage projects that is expected to take approximately five years to complete and use approximately \$1,000,000 in Powell Bill funds.

Business-type Activities: The Town of Boiling Springs purchases water from the City of Shelby for resale to town residents. In order to cover the cost of a 5% increase in water rates by the City of Shelby, an increase of 2% in water rates was budgeted for the June 30, 2009 fiscal year. Sewer rates were also raised by approximately 5% in order to fund the debt service on the Beaverdam sewer line.

Requests for Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Officer, Town of Boiling Springs, P.O. Box 1014, Boiling Springs, NC 28017-1014.

Basic Financial Statements

Town of Boiling Springs, North Carolina
Statement of Net Assets
June 30, 2008

	Primary Government			Boiling Springs Tourism Authority
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,973,524	\$ 543,334	\$ 2,516,858	\$ 15,123
Taxes receivables (net)	22,650	-	22,650	-
Accounts receivable (net)	-	168,889	168,889	-
Due from other governments	26,654	-	26,654	1,262
Prepaid Assets	5,697	2,311	8,008	-
Total current assets	2,028,525	714,534	2,743,059	16,385
Capital assets (Note 1):				
Land, non-depreciable improvements, and construction in progress	292,865	33,342	326,207	-
Construction In Progress	-	-	-	-
Other capital assets, net of depreciation	773,043	4,832,389	5,605,432	-
Total capital assets	1,065,908	4,865,731	5,931,639	-
Total assets	\$ 3,094,433	\$ 5,580,265	\$ 8,674,698	\$ 16,385
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 16,482	\$ 13,749	\$ 30,231	\$ -
Customer deposits	-	33,473	33,473	-
Long-term liabilities:				
Due within one year	37,706	190,037	227,743	-
Due in more than one year	-	2,416,467	2,416,467	-
Total liabilities	54,188	2,653,726	2,707,914	-
NET ASSETS				
Invested in capital assets, net of related debt	1,028,202	2,259,227	3,287,429	-
Restricted for:				
Powell Bill	774,634	-	774,634	-
Unrestricted	1,237,409	667,312	1,904,721	16,385
Total net assets	\$ 3,040,245	\$ 2,926,539	\$ 5,966,784	\$ 16,385

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

Exhibit 2

Town of Boiling Springs, North Carolina
Statement of Activities
For the Year Ended June 30, 2008

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Boiling Springs Tourism Development Authority
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Primary government:							
Governmental Activities:							
General government	\$ 370,076	\$ -	\$ -	\$ -	\$ (370,076)	\$ -	\$ (370,076)
Public safety	483,841	-	44,880	-	(448,961)	-	(448,961)
Transportation	49,110	-	142,921	-	93,811	-	93,811
Environmental protection	170,849	131,298	-	-	(39,551)	-	(39,551)
Cultural and recreation	116,966	-	-	-	(116,966)	-	(116,966)
Interest on long-term debt	3,194	-	-	-	(3,194)	-	(3,194)
Total governmental activities (See Note 1)	1,204,036	131,298	187,801	-	(884,937)	-	(884,937)
Business-type activities:							
Water and sewer	1,158,274	1,320,217	-	-	-	161,943	161,943
Total business-type activities	1,158,274	1,320,217	-	-	-	161,943	161,943
Total primary government	\$ 2,362,310	\$ 1,451,515	\$ 187,801	\$ -	(884,937)	161,943	(722,994)
Component unit:							
Tourism Development Authority	\$ 4,302	-	-	-	-	-	(4,302)
Total component unit	\$ 4,302	\$ -	\$ -	\$ -	\$ -	\$ -	(4,302)
General revenues:							
Taxes:							
Property taxes, levied for general purpose					723,147		723,147
Other taxes					305,753		305,753
Unrestricted investment earnings					78,202	20,845	99,047
Miscellaneous					262,949	34,787	297,736
Total general revenues and transfers					1,370,051	55,632	1,425,683
Change in net assets					485,114	217,575	702,689
Net assets, beginning					2,555,131	2,708,964	5,264,095
Net assets, ending					\$ 3,040,245	\$ 2,926,539	\$ 5,966,784

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

**Town of Boiling Springs
Balance Sheet
Governmental Fund
June 30, 2008**

	General Fund
ASSETS	
Cash and cash equivalents	\$ 1,973,524
Receivables, net:	
Taxes	22,650
Accounts	-
Due from other governments	26,654
Prepaid Expenses	5,697
Total assets	\$ 2,028,525
 LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable and accrued liabilities	\$ 16,482
Due to other funds	-
Deferred revenue	22,650
Total liabilities	39,132
 Fund balances:	
Reserved for:	
State statute	26,654
Prepaid Expenses	5,697
Capital Projects	69,800
Streets-Powell bill	774,634
Unreserved, General Fund	1,112,608
Total fund balances	1,989,393
Total liabilities and fund balances	\$ 2,028,525

Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,065,908
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	-
Liabilities for earned but deferred revenues in fund statements.	22,650
Some liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported in the funds (Note 4).	(37,706)
Net assets of governmental activities	\$ 3,040,245

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

Town of Boiling Springs
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
For the Year Ended June 30, 2008

	General Fund
REVENUES	
Ad valorem taxes	\$ 721,919
Other taxes and licenses	305,753
Unrestricted intergovernmental	145,770
Restricted intergovernmental	187,801
Permits and fees	248,477
Investment earnings	78,202
Total revenues	1,687,922
EXPENDITURES	
Current:	
General government	359,800
Public safety	520,039
Transportation	58,719
Environmental protection	197,185
Culture and recreation	113,302
Total expenditures	1,249,045
Excess (deficiency) of revenues over expenditures	438,877
OTHER FINANCING SOURCES (USES)	
Transfers from other funds	-
Transfers to other funds	-
Total other financing sources (uses)	-
Net change in fund balance	438,877
Fund balances, beginning	1,550,516
Fund balances, ending	\$ 1,989,393

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

**Town of Boiling Springs
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2008**

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

Net changes in fund balances - total governmental funds	\$ 438,877
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period	(25,127)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Change in deferred revenue for tax revenues	1,228
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	70,136
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Accrued Interest	-
Total changes in net assets of governmental activities	\$ 485,114

Town of Boiling Springs
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2008

General Fund				
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Ad valorem taxes	701,260	701,260	721,919	20,659
Other taxes and licenses	234,580	234,580	305,753	71,173
Unrestricted intergovernmental	115,005	115,005	145,770	30,765
Restricted intergovernmental	165,425	179,425	187,801	8,376
Permits and fees	239,926	239,926	248,477	8,551
Investment earnings	26,000	46,000	78,202	32,202
Total revenues	1,482,196	1,516,196	1,687,922	171,726
Expenditures:				
Current:				
General government	453,260	413,745	359,800	53,945
Public safety	520,289	554,289	520,039	34,250
Transportation	179,925	179,925	58,719	121,206
Environmental protection	204,999	204,999	197,185	7,814
Cultural and recreation	123,723	123,723	113,302	10,421
Total expenditures	1,482,196	1,476,681	1,249,045	227,636
Revenues over (under) expenditures	-	39,515	438,877	399,362
Other financing sources (uses):				
Fund Balance Appropriated	-	-	-	-
Transfer to Capital Reserve	-	(39,515)	-	-
Capital lease obligations issued	-	-	-	-
Total other financing sources (uses)	-	(39,515)	-	-
Revenues and other sources over (under) expenditures and other uses	\$ -	\$ -	438,877	\$ 399,362
Fund balances, beginning			1,550,516	
Fund balances, ending			\$ 1,989,393	

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

**Town of Boiling Springs
Statement of Net Assets
Proprietary Fund
June 30, 2008**

	<u>Water and Sewer Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 543,334
Accounts receivable (net) - billed	109,086
Accounts receivable (net) - unbilled	59,803
Due from other governments	-
Prepaid Expenses	2,311
Total current assets	<u>714,534</u>
Capital assets:	
Land and other non-depreciable assets	33,342
Construction In Progress	-
Other capital assets, net of depreciation	4,832,389
Capital assets (net)	<u>4,865,731</u>
Total noncurrent assets	<u>4,865,731</u>
Total assets	<u>\$ 5,580,265</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	13,749
Customer deposits	33,473
Compensated absences - current	-
General obligation bonds payable-current	47,684
State Revolving Loan Fund Payable-Current	142,353
Total current liabilities	<u>237,259</u>
Noncurrent liabilities:	
Compensated absences	-
General obligation bonds payable-noncurrent (net)	960,645
State Revolving Loan Fund	1,455,822
Total noncurrent liabilities	<u>2,416,467</u>
Total liabilities	<u>2,653,726</u>
NET ASSETS	
Invested in capital assets, net of related debt	2,259,227
Unrestricted	667,312
Total net assets	<u>\$ 2,926,539</u>

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

TOWN OF BOILING SPRINGS, NORTH CAROLINA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN NET ASSETS
 WATER AND SEWER FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>WATER AND SEWER FUND</u>	
	<u>June 30, 2008</u>	<u>June 30, 2007</u>
OPERATING REVENUES		
Water and Sewer Charges	\$ 1,282,537	\$ 1,268,371
Water and Sewer Taps	37,680	29,637
Total Operating Income	<u>1,320,217</u>	<u>1,298,008</u>
OPERATING EXPENSES		
Salaries	233,211	245,576
Utilities	58,945	55,923
Repairs and Maintenance	24,963	35,409
Materials and Supplies	89,440	72,730
Retirement	21,751	22,255
Social Security	18,108	18,611
Group Insurance	33,423	36,434
Uniforms	4,810	4,905
Gas	14,828	10,952
Contracted and Professional Service	320,521	330,183
Depreciation	245,875	224,502
Total Operating Expenses	<u>1,065,875</u>	<u>1,057,480</u>
Operating Income (Loss)	<u>254,342</u>	<u>240,528</u>
NON-OPERATING REVENUES (EXPENSES)		
Miscellaneous Revenues	34,787	21,325
Investment Earnings	20,845	14,503
Interest on Long Term Debt	(92,399)	(66,831)
Total Non-Operating Revenues (Expenses)	<u>(36,767)</u>	<u>(31,003)</u>
INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	217,575	209,525
OPERATING TRANSFERS IN (OUT)	-	-
TRANSFER TO CAPITAL PROJECT FUND	-	-
CHANGE IN NET ASSETS	<u>217,575</u>	<u>209,525</u>
TOTAL NET ASSETS, BEGINNING	<u>2,708,964</u>	<u>2,499,439</u>
TOTAL NET ASSETS, ENDING	<u>\$ 2,926,539</u>	<u>\$ 2,708,964</u>

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

TOWN OF BOILING SPRINGS, NORTH CAROLINA
WATER AND SEWER FUND
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

EXHIBIT 9

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 1,330,761	\$ 1,253,792
Cash Paid for Goods and Services	(633,807)	(544,438)
Cash Paid to Employees	(233,211)	(245,576)
Customer Deposits - Net	2,334	426
Net Cash Provided by Operating Activities	<u>466,077</u>	<u>464,204</u>
CASH FLOWS FROM NONCAPITAL FINANCIAL ACTIVITIES:		
Rural Center Grant	-	-
Cash from Miscellaneous Revenues	34,787	21,325
Net Cash Provided By Noncapital Financing	<u>34,787</u>	<u>21,325</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Debt Proceeds	-	1,051,348
Acquisition of Capital Assets	(88,706)	(1,084,231)
Principal Paid	(188,140)	(133,752)
Interest Paid	(92,399)	(66,831)
Net Cash Used for Capital and Related Financing Activities	<u>(369,245)</u>	<u>(233,466)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on Investments	20,845	14,503
Net Increase (Decrease) in Cash and Cash Equivalents	152,464	266,566
Cash and Cash Equivalents at Beginning of Year	390,870	124,304
Cash and Cash Equivalents at End of Year	<u>\$ 543,334</u>	<u>\$ 390,870</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating Income (Loss)	<u>\$ 254,342</u>	<u>\$ 240,528</u>
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Depreciation	<u>245,875</u>	<u>224,502</u>
Change in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable and Accrued Interest	10,544	(14,579)
(Increase) Decrease in Due From Other Governments	-	-
(Increase) Decrease in Prepaid Assets	507	1,615
Increase (Decrease) in Accounts Payable	(47,525)	11,712
Increase (Decrease) in Customer Deposits	2,334	426
Total Adjustments	<u>(34,140)</u>	<u>(826)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 466,077</u>	<u>\$ 464,204</u>

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

Town of Boiling Springs, North Carolina

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2008

I. Summary of Significant Accounting Policies

The accounting policies of the Town of Boiling Springs and its discretely presented component unit conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The Town of Boiling Springs is a municipal corporation that is governed by an elected mayor and a five-member council. As required by generally accepted accounting principles, these financial statements present the Town and its component unit, a legally separate entity for which the Town is financially accountable. The discretely presented component unit presented below is reported in a separate column in the Town's financial statements in order to emphasize that it is legally separate from the Town.

Boiling Springs Tourism Development Authority

The members of the Authority's governing board are appointed by the Town. The Authority, which has a June 30 year end, is presented as a governmental fund (discrete presentation). Complete financial statements may be obtained at Town of Boiling Springs, P O Box 1014, Boiling Springs, NC 28017-1014.

B. Basis of Presentation

Government-wide Statements: The statement of net assets and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Town's funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The Town reports the following major governmental fund:

General Fund. The General Fund is the general operating fund of the Town. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State grants, and various other taxes and licenses. The primary expenditures are for public safety, street maintenance and construction, and sanitation services.

The Town reports the following major enterprise fund:

Water and Sewer Fund. This fund is used to account for the Town's water and sewer operations.

C. Measurement Focus and Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the Town are maintained during the year using the modified accrual basis of accounting.

Government-wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Cleveland County is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts in the County, including the Town of Boiling Springs. For motor vehicles registered under the staggered system, property taxes are due the first day of the fourth month after the vehicles are registered.

The billed taxes are applicable to the fiscal year in which they become due. Therefore, the Town's vehicle taxes for vehicles registered in Cleveland County from March 2007 through February 2008 apply to the fiscal year ended June 30, 2008. Uncollected taxes that were billed during this period are shown as a receivable in these financial statements and are offset by deferred revenues. For vehicles registered under the annual system, taxes are due on May 1 of each year. For those vehicles registered and billed under the annual system, uncollected taxes are reported as a receivable on the financial statements and are offset by deferred revenues because the due date and the date upon which interest begins to accrue passed prior to June 30. The taxes for vehicles registered annually that have already been collected as of year-end are also reflected as deferred revenues at June 30, 2008 because they are intended to finance the Town's operations during the 2009 fiscal year.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Grant revenues which are unearned at year-end are recorded as unearned revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

As permitted by generally accepted accounting principles, the Town has elected to apply only applicable FASB Statements and Interpretations issued on or before November 30, 1989 that do not contradict GASB pronouncements in its accounting and reporting practices for its proprietary operations.

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the Emergency Telephone Special Revenue Fund and the Enterprise Funds. All annual appropriations lapse at the fiscal-year end. Project ordinances are adopted for the Grant Projects Special Revenue Fund, the Capital Projects Fund, and the Enterprise Fund Capital Projects Funds, which are consolidated with the operating funds for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$2,500. All amendments must be approved by the governing board. During the year, several immaterial amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

E. Assets, Liabilities, and Fund Equity

1. Deposits and Investments

All deposits of the Town and the Authority are made in board-designated official depositories and are secured as required by State law [G.S. 159-31]. The Town may and the Authority may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also,

the Town and the Authority may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the Town and the Authority to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT).

The Town's and the Authority's investments with a maturity of more than one year at acquisition and non-money market investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, a SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. Non-participating interest earning investment contracts are reported at cost.

2. Cash and Cash Equivalents

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, the Town and the Authority consider that all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

3. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2007. As allowed by State law, the Town has established a schedule of discounts that apply to taxes that are paid prior to the due date.

4. Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

5. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of three years. The minimum capitalization costs are \$500. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	30
Buildings	39
Improvements	39
Vehicles	5
Furniture and equipment	10
Computer equipment	3

6. Long-Term Obligations

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

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

7. Compensated Absences

The vacation policy of the Town provides for the accumulation of up to 240 hours of earned vacation leave with such leave being fully vested when earned. All hours accumulated above this level are converted to sick time. For the Town's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

The Town's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the Town does not have any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

8. Net Assets/Fund Balances

Net assets in government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net assets represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

In the governmental fund financial statements, reservations of fund balance represent amounts that cannot be appropriated or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

State law [G.S. 159-13(b)(16)] restricts appropriation of fund balance for the subsequent year's budget to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts as those amounts stand at the close of the fiscal year preceding the budget year.

The governmental fund types classify fund balances as follows:

Reserved:

Reserved for Capital Projects-portion of fund balance that is available for appropriation but is legally segregated for future capital expenditures.

Reserved by State statute - portion of fund balance which is not available for appropriation under State law [G.S. 159-8(a)]. This amount is usually comprised of accounts receivable and inter-fund receivables, which have not been offset by deferred revenues.

Reserved for streets - Powell Bill - portion of fund balance that is available for appropriation but legally segregated for street construction and maintenance expenditures. This amount represents the balance of the total unexpended Powell Bill funds.

Unreserved:

Designated for subsequent year's expenditures - portion of the total fund balance available for appropriation that has been designated for the adopted 2008 - 2009 budget ordinance.

Undesignated - portion of total fund balance available for appropriation that is uncommitted at year-end.

II. Stewardship, Compliance, and Accountability

A. Material Violations of Finance-Related Legal and Contractual Provisions

1. No material violations noted.

III. Detail Notes on All Funds

A. Assets

1. Deposits

All the deposits of the Town and the Authority are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's or the Authority's agents in the units' name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town and the Authority, these deposits are considered to be held by the Town's and the Authority's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town, the Authority, or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town and the Authority under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town and the Authority have no policy regarding custodial credit risks for deposits.

At June 30, 2008, the Town's deposits had a carrying amount of \$2,516,658 and a bank balance of \$2,629,364. Of the bank balance, \$100,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2008, the Town's petty cash fund totaled \$200. The Authority's deposits had a carrying amount of \$15,123 and a bank balance amount of \$15,235.

2. Receivables - Allowances for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Assets is net of the following allowances for doubtful accounts:

<u>Fund</u>	<u>6/30/2008</u>
General fund:	
Taxes Receivable	\$ 14,118
Accounts Receivable	-
Total	<u>\$ 14,118</u>
Enterprise Funds	<u>24,325</u>
Total	<u>\$ 38,443</u>

4. Capital Assets

Primary Government

Capital asset activity for the Primary Government for the year ended June 30, 2008, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 274,845	\$ -	\$ -	\$ 274,845
Construction in progress	-	18,020	-	18,020
Total capital assets not being depreciated	274,845	18,020	-	292,865
Capital assets being depreciated:				
Buildings	334,105	-	-	334,105
Equipment	222,076	33,986	-	256,062
Vehicles and motorized equipment	1,130,019	20,615	41,726	1,108,908
Infrastructure	23,888	-	-	23,888
Total capital assets being depreciated	1,710,088	54,601	41,726	1,722,963
Less accumulated depreciation for:				
Buildings	150,337	6,881	-	157,218
Equipment	99,747	38,305	-	138,052
Vehicles and motorized equipment	641,724	52,562	41,726	652,560
Infrastructure	2,090	-	-	2,090
Total accumulated depreciation	893,898	97,748	41,726	949,920
Total capital assets being depreciated, net	816,190			773,043
Governmental activity capital assets, net	\$ 1,091,035			\$ 1,065,908

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

General Government	\$ 14,190
Public safety	55,496
Transportation	8,411
Environmental protection	15,987
Cultural and recreational	3,664
Total depreciation expense	\$ 97,748

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Water and Sewer Fund				
Capital assets not being depreciated:				
Land	\$ 33,342	\$ -	\$ -	\$ 33,342
Construction in progress	-	-	-	-
Total capital assets not being depreciated	33,342	-	-	33,342
Capital assets being depreciated:				
Water Lines & Equipment	4,384,621	48,824	-	4,433,445
Clean Water Facility	1,020,720	-	-	1,020,720
Waste Water Treatment Plant	2,495,040	8,452	-	2,503,492
Vehicles	56,620	31,429	-	88,049
Total capital assets being depreciated	7,957,001	88,705	-	8,045,706
Less accumulated depreciation for:				
Water Lines & Equipment	2,099,902	122,498	-	2,222,400
Clean Water Facility	509,058	27,517	-	536,575
Waste Water Treatment Plant	316,016	88,454	-	404,470
Vehicles	42,466	7,406	-	49,872
Total accumulated depreciation	2,967,442	\$ 245,875	\$ -	3,213,317
Total capital assets being depreciated, net	4,989,559			4,832,389
Water and Sewer fund capital assets, net	5,022,901			4,865,731
Business-type activities capital assets, net	\$ 5,022,901			\$ 4,865,731

B. Liabilities

1. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The Town of Boiling Springs contributes to the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Plan members are required to contribute six percent of their annual covered salary. The Town is required to contribute at an actuarially determined rate. For the Town, the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.94% and 4.86%,

respectively, of annual covered payroll. The contribution requirements of members and of the Town of Boiling Springs is established and may be amended by the North Carolina General Assembly. The Town's contributions to LGERS for the years ended June 30, 2008, 2007, and 2006 were \$32,381, \$31,043, and \$29,910, respectively. The contributions made by the Town equaled the required contributions for each year.

b. Law Enforcement Officers Special Separation Allowance

1. *Plan Description.*

The Town of Boiling Springs administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2007, the Separation Allowance's membership consisted of:

Retirees receiving benefits	2
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	<u>7</u>
Total	<u>9</u>

A separate report was not issued for the plan.

2. *Summary of Significant Accounting Policies:*

Basis of Accounting. The Town has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting.

Method Used to Value Investments. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

3. *Contributions.*

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

The Law Enforcement Officers' Special Separation Allowance is a defined benefit pension plan. The Town has not obtained an actuarial valuation for the plan because its required contributions are considered immaterial. The Town funds the plan when the benefit payments are due and records these payments as General Fund Expenditures.

C. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the Town. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

Funding Policy. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2008 were \$18,186, which consisted of \$10,456 from the Town and \$7,730 from the law enforcement officers.

The Town has elected to contribute to the Supplemental Retirement Income for general employees as well as for law enforcement officers. Contributions for the year ended June 30, 2008 for general employees were \$28,656, which consisted of \$22,496 from the Town and \$6,160 from the general employees.

2. Deferred Revenues

The balance in deferred revenues at year-end is composed of the following elements:

	<u>Deferred Revenue</u>
Prepaid taxes (General Fund)	\$ -
Taxes receivable (General Fund)	<u>22,650</u>
Total	<u>\$ 22,650</u>

3. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town carries commercial insurance to cover property, general liability and auto liability. Limits are \$ 1 million per occurrence, workmen's compensation of \$ 100,000 per accident and employee health coverage up to a \$ 1 million lifetime limit. Settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years. The Town does not have flood insurance.

4. Claims, Judgments and Contingent Liabilities

At June 30, 2008, the Town was not involved in any lawsuits.

5. Long-Term Obligations

a. Installment Purchase

In March of 2002 the Town entered into an installment purchase to finance a new fire truck. Payments began in fiscal year 2003 with an interest rate of 4.24 percent.

The future minimum payments of the installment purchases as of June 30, 2008, including \$1,461 of interest, are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2009	\$ 37,706	\$ 1,461
2010	-	-
2011	-	-
2012	-	-
2013	-	-
2014	-	-
Present value of the minimum lease payments	<u>\$ 37,706</u>	
Total interest payments		<u>\$ 1,461</u>

c. General Obligation Indebtedness

General obligation bonds issued to finance the construction of facilities utilized in the operations of the water and sewer system and which are being retired by its resources are reported as long-term debt in the Water and Sewer Fund. All general obligation bonds are collateralized by the full faith, credit, and taxing power of the Town. Principal and interest requirements are appropriated when due.

Bonds payable at June 30, 2008 are comprised of the following individual issues:

General Obligation Bonds

Serviced by the Water and Sewer Fund:

BB&T Governmental Finance Center

\$1,200,500 loan due in semi-annual installments of \$44,271 with interest at 4.10%. There is a balloon payment due at December 23, 2018 of \$396,629 1,008,329

State Revolving Loan Fund

Loan due in annual installments of \$52,567 plus interest at 2.305% through May 2027. 998,781

Loan due in annual installments of \$82,200 through May 1, 2014 plus interest at 2.910%. 493,200

\$151,706 loan due in annual installments of \$7,585 through May 1, 2022 plus interest at 2.57%. 106,194

\$2,606,504

At June 30, 2008, the Town of Boiling Springs had a legal debt margin of \$16,735,283.

Annual debt service requirements to maturity for long-term obligations are as follows:

Year Ending June 30	Business-type Activities	
	Principal	Interest
2009	\$ 190,036	\$ 80,961
2010	192,011	75,187
2011	194,068	69,332
2012	196,210	63,191
2013	198,441	57,361
2014-2018	700,243	207,346
2019-2023	677,492	152,677
2024-2028	258,003	14,205
Total	<u>\$ 2,606,504</u>	<u>\$ 720,260</u>

f. Changes in Long-Term Liabilities

	Balance			Balance	Current Portion
	July 1, 2007	Increases	Decreases	June 30, 2008	of Balance
Governmental activities:					
Installment purchase	\$ 107,842	\$ -	\$ 70,136	\$ 37,706	\$ 37,706
Governmental activity long-term liabilities	\$ 107,842	\$ -	\$ 70,136	\$ 37,706	\$ 37,706
Business-type activities:					
General obligation bonds	\$ -	\$ -	\$ -	\$ -	\$ -
BB&T Governmental Finance Center	1,054,116	-	45,788	1,008,328	47,684
State Revolving Loan Fund	575,400	-	82,200	493,200	82,200
State Revolving Loan Fund	1,051,348	-	52,568	998,780	52,568
State Revolving Loan Fund	113,781	-	7,585	106,196	7,585
Business-type activity long-term liabilities	\$ 2,794,645	\$ -	\$ 188,141	\$ 2,606,504	\$ 190,037

During the fiscal year ended June 30, 2004, the Town refinanced \$1,185,500 of general obligation bonds through BB&T Governmental Finance Center. This was a non-cash transaction and qualified as G.S. 160A-20 financing that pledges the assets as collateral instead of the taxing authority of the Town.

VIII. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

The Town has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant moneys to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant moneys.

Supplementary Statements

This section contains additional statements required by the Local Government Commission in North Carolina.

TOWN OF BOILING SPRINGS, NORTH CAROLINA
GENERAL FUND

SCHEDULE 1

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008
(With Comparative Actual Amounts for the Year Ended June 30, 2007)

	June 30, 2008		VARIANCE FAVORABLE (UNFAVORABLE)	6/30/2007 ACTUAL
	BUDGET	ACTUAL		
REVENUES				
Advalorem Taxes:				
Current Year	\$ 686,760	\$ 708,851	\$ 22,091	\$ 668,948
Prior Years	15,000	14,373	(627)	12,965
Discounts & Interest-Net	(500)	(1,305)	(805)	864
Total	<u>701,260</u>	<u>721,919</u>	<u>20,659</u>	<u>682,777</u>
Other Taxes & Licenses:				
Local Option Sales Tax	232,780	303,880	71,100	295,757
Privilege License	1,800	1,873	73	1,803
Total	<u>234,580</u>	<u>305,753</u>	<u>71,173</u>	<u>297,560</u>
Unrestricted Intergovernmental Revenue:				
Franchise Tax	<u>115,005</u>	<u>145,770</u>	<u>30,765</u>	<u>130,196</u>
Restricted Intergovernmental Revenue:				
Grants	47,000	44,880	(2,120)	17,749
"State Street Aid" Allocation	<u>132,425</u>	<u>142,921</u>	<u>10,496</u>	<u>143,282</u>
	<u>179,425</u>	<u>187,801</u>	<u>8,376</u>	<u>161,031</u>
Permits, fees, other receipts:				
Court Fees	6,500	11,459	4,959	13,932
Cable TV	26,500	23,389	(3,111)	25,343
Zoning	3,500	3,435	(65)	4,930
Waste Fees	126,000	131,298	5,298	127,347
Other	77,426	78,896	1,470	100,756
Total	<u>239,926</u>	<u>248,477</u>	<u>8,551</u>	<u>272,308</u>
Investment Earnings:				
Interest-General Fund	38,000	43,159	5,159	38,883
Interest-Powell Bill	8,000	35,043	27,043	34,624
Total	<u>46,000</u>	<u>78,202</u>	<u>32,202</u>	<u>73,507</u>
TOTAL REVENUES	<u>\$ 1,516,196</u>	<u>\$1,687,922</u>	<u>\$ 171,726</u>	<u>\$ 1,617,379</u>

TOWN OF BOILING SPRINGS, NORTH CAROLINA
GENERAL FUND

SCHEDULE 1

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008
(With Comparative Actual Amounts for the Year Ended June 30, 2007)

	June 30, 2008		VARIANCE FAVORABLE (UNFAVORABLE)	6/30/2007 ACTUAL
	BUDGET	ACTUAL		
EXPENDITURES:				
General Government:				
Operating Expenses	\$ 103,800	\$ 63,381	\$ 40,419	\$ 55,306
Dues	13,200	13,133	67	12,799
Professional Services	22,000	15,203	6,797	15,746
Total	<u>139,000</u>	<u>91,717</u>	<u>47,283</u>	<u>83,851</u>
Administration:				
Salaries	160,457	160,081	376	141,170
Operating Expenses	3,000	2,710	290	3,232
Social Security	11,632	11,605	27	10,002
Retirement	15,236	14,993	243	13,206
Capital Outlay	5,600	3,913	1,687	282,018
Group Insurance	13,620	13,155	465	14,304
General Insurance	52,200	52,168	32	49,312
Total	<u>261,745</u>	<u>258,625</u>	<u>3,120</u>	<u>513,244</u>
Public Buildings:				
Operating Expenses	5,000	1,661	3,339	6,064
Utilities	8,000	7,797	203	7,624
Total	<u>13,000</u>	<u>9,458</u>	<u>3,542</u>	<u>13,688</u>
TOTAL GENERAL GOVERNMENT	\$ 413,745	\$ 359,800	\$ 53,945	\$ 610,783
Public Safety:				
Police:				
Salaries	258,616	250,965	7,651	219,150
Capital Outlay	30,000	29,419	581	32,335
Operating Expenses	178,893	167,235	11,658	145,334
Total	<u>467,509</u>	<u>447,619</u>	<u>19,890</u>	<u>396,819</u>
Fire:				
Capital Outlay	57,600	52,274	5,326	84,513
Operating Expenses	29,180	20,146	9,034	15,337
Total	<u>86,780</u>	<u>72,420</u>	<u>14,360</u>	<u>99,850</u>
TOTAL PUBLIC SAFETY	\$ 554,289	\$ 520,039	\$ 34,250	\$ 496,669
Transportation:				
Operating Expenses	39,500	37,478	2,022	36,160
Street Repair-Powell Bill	140,425	21,241	119,184	11,044
Total	<u>179,925</u>	<u>58,719</u>	<u>121,206</u>	<u>47,204</u>

TOWN OF BOILING SPRINGS, NORTH CAROLINA
GENERAL FUND

SCHEDULE 1

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008
(With Comparative Actual Amounts for the Year Ended June 30, 2007)

	June 30, 2008		VARIANCE	6/30/2007
	BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE)	ACTUAL
Environmental Protection:				
Salaries - Sanitation	\$ 60,768	\$ 60,522	\$ 246	\$ 46,834
Operating Expenses	59,281	54,164	5,117	44,556
Waste Fees	39,100	37,566	1,534	37,413
Capital Outlay	45,850	44,933	917	30,530
Total	<u>204,999</u>	<u>197,185</u>	<u>7,814</u>	<u>159,333</u>
Recreation:				
Salaries	52,928	49,921	3,007	54,253
Operating Expenses	70,795	63,381	7,414	46,701
Capital Outlay	-	-	-	9,096
	<u>123,723</u>	<u>113,302</u>	<u>10,421</u>	<u>110,050</u>
TOTAL EXPENDITURES	<u>1,476,681</u>	<u>1,249,045</u>	<u>227,636</u>	<u>1,424,039</u>
REVENUES OVER (UNDER) EXPENDITURES	39,515	438,877	399,362	193,340
OTHER FINANCING SOURCES				
Fund Balance Appropriated	-	-	-	-
Transfer to Water & Sewer Fund	-	-	-	-
Transfer to Capital Reserve	<u>(39,515)</u>	<u>-</u>	<u>(39,515)</u>	<u>-</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	<u>\$ -</u>	438,877	<u>\$ 438,877</u>	193,340
FUND BALANCE				
Beginning of Year, July 1		1,550,516		1,357,176
End of Year, June 30		<u>\$ 1,989,393</u>		<u>\$ 1,550,516</u>

TOWN OF BOILING SPRINGS, NORTH CAROLINA
WATER AND SEWER FUND

Schedule 2

STATEMENT OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON GAAP)
FOR THE YEAR ENDED JUNE 30, 2008
(With Comparative Actual Amounts for the Year Ended June 30, 2007)

	June 30, 2008		Variable	06/30/07
	Budget	Actual	Favorable (Unfavorable)	Actual
OPERATING REVENUES				
Water & Sewer Charges	\$ 1,196,744	\$ 1,282,537	\$ 85,793	\$ 1,268,371
Water & Sewer Taps	26,000	37,680	11,680	29,637
Total Operating Revenue	<u>1,222,744</u>	<u>1,320,217</u>	<u>97,473</u>	<u>1,298,008</u>
NON OPERATING REVENUES				
Transfer from General Fund	-	-	-	-
Fund Balance Appropriated	-	-	-	-
Interest Income	8,000	20,845	12,845	14,503
Miscellaneous	33,450	34,787	1,337	21,325
TOTAL REVENUES	<u>\$ 1,264,194</u>	<u>\$ 1,375,849</u>	<u>\$ 111,655</u>	<u>\$ 1,333,836</u>
OPERATING EXPENDITURES				
Salaries	\$ 238,029	\$ 233,211	\$ 4,818	\$ 245,576
Social Security	18,761	18,108	653	18,611
Retirement	24,450	21,751	2,699	22,255
Group Insurance	36,320	33,423	2,897	36,434
Utilities	59,900	58,945	955	55,923
Repairs & Maintenance	29,200	24,963	4,237	35,409
Materials & Supplies	38,500	35,775	2,725	29,234
Uniforms	4,800	4,810	(10)	4,905
Gas	14,600	14,828	(228)	10,952
Contracted Services	341,800	320,521	21,279	330,183
Insurance	20,200	20,188	12	20,721
Telephone & Postage	21,700	19,859	1,841	19,381
Travel and Training	3,300	2,499	801	431
Miscellaneous	6,900	11,119	(4,219)	2,963
Total Operating Expenditures	<u>858,460</u>	<u>820,000</u>	<u>38,460</u>	<u>832,978</u>
OTHER EXPENDITURES				
Transfer to Capital Reserve	7,292	-	7,292	-
Transfer to Capital Project Fund	26,000	-	26,000	41,000
Capital Outlay	91,900	88,706	3,194	97,361
Debt Interest	92,402	92,399	3	66,831
Debt Principle	188,140	188,140	-	133,752
Total Other Expenditures	<u>405,734</u>	<u>369,245</u>	<u>36,489</u>	<u>338,944</u>
TOTAL EXPENDITURES	<u>\$ 1,264,194</u>	<u>\$ 1,189,245</u>	<u>\$ 74,949</u>	<u>\$ 1,171,922</u>

Note: Prepared on the budgetary basis which is modified accrual.

TOWN OF BOILING SPRINGS, NORTH CAROLINA
WATER AND SEWER FUND
STATEMENT OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL (NON GAAP)
FOR THE YEAR ENDED JUNE 30, 2008
(With Comparative Actual Amounts for the Year Ended June 30, 2007)

Schedule 2

RECONCILIATION OF MODIFIED ACCRUAL BASIS TO FULL ACCRUAL BASIS

Total Revenues from page 1 of 2	\$ 1,375,849
Total Expenditures from page 1 of 2	<u>1,189,245</u>
Excess Revenues over (under) Expenditures	186,604
Depreciation	(245,875)
Transfer to Capital Project	-
Principle Payment on Debt	188,140
Capital Outlay	<u>88,706</u>
Net Income (Loss) at Exhibit 8	<u><u>\$ 217,575</u></u>

Other Schedules

This section contains additional information required on property taxes.

- Schedule of Ad Valorem Taxes Receivable
- Analysis of Current Tax Levy

TOWN OF BOILING SPRINGS, NORTH CAROLINA
 SCHEDULE OF TAXES RECEIVABLE
 FISCAL YEAR ENDED JUNE 30, 2008

SCHEDULE 3

	Balance 7/1/2007	2007 Levy	Collections	Discoveries Adjustments	Balance 6/30/2008
1997 Levy	\$ 623		\$ -	\$ (623)	\$ -
1998 Levy	641		79	1	563
1999 Levy	1,523		21	(15)	1,487
2000 Levy	1,613		114	(12)	1,487
2001 Levy	1,701		74	(37)	1,590
2002 Levy	1,963		93	(8)	1,862
2003 Levy	2,378		459	27	1,946
2004 Levy	2,684		143	(45)	2,496
2005 Levy	4,070		1,050	(183)	2,837
2006 Levy	17,079		12,341	(118)	4,620
2007 Levy	-	726,731	708,851		17,880
Totals	\$ 34,275	\$726,731	\$ 723,225	\$ (1,013)	\$ 36,768
					14,118
					\$ 22,650

Less: Allowance for uncollectible accounts
 Ad Valorem taxes receivable - net

Adjustments are to write off old taxes and adjust remaining balances to actual per reconciliations.

Reconcilement with revenues:	
Ad valorem taxes - general fund	\$ 721,919
Reconciling items:	
Interest collected	(2,583)
Discounts allowed	3,889
Total Collections	\$ 723,225

TOWN OF BOILING SPRINGS, NORTH CAROLINA
 ANALYSIS OF CURRENT TAX LEVY
 TOWN WIDE LEVY
 FOR THE FISCAL YEAR ENDED JUNE 30, 2008

SCHEDULE 4

	Town Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 242,243,667	\$0.30	\$ 726,731	\$ 625,992	\$ 100,739
Discoveries:					
Current year taxes	-	0.30	-	-	-
Prior year taxes	-	-	-	-	-
Total	<u>242,243,667</u>	0.30	<u>726,731</u>	<u>625,992</u>	<u>100,739</u>
Abatements	-		-	-	-
Total property valuation	<u><u>\$ 242,243,667</u></u>				
Net Levy			726,731	625,992	100,739
Uncollected taxes at June 30, 2008			<u>17,880</u>	<u>8,326</u>	<u>9,554</u>
Current year's taxes collected			<u><u>\$ 708,851</u></u>	<u><u>\$ 617,666</u></u>	<u><u>\$ 91,185</u></u>
Current levy collection percentage			<u><u>97.54%</u></u>	<u><u>98.67%</u></u>	<u><u>90.52%</u></u>

TOWN OF BOILING SPRINGS, NORTH CAROLINA
 SCHEDULE OF EXPENDITURES OF STATE AWARDS
 FOR THE YEAR ENDED JUNE 30, 2008

SCHEDULE 6

<u>Grantor/Pass Through Grantor/Prog. Title</u>	State/ Federal CFDA Number	Program or Award Amount	Receipts/ Revenues Recognized	Fed-Dist & Pass/through Expenditures	State Expen.	Local Expenditures
<u>State Grant:</u>						
<u>Non-Major Programs</u>						
N C Dept of State						
Transportation:						
Powell Bill_Award Amount		\$ 142,921	\$ 142,921	\$ -	\$ 21,241	\$ -
Governor's Highway Safety Program		44,880	44,880	44,880	-	3,590
		<u>\$ 187,801</u>	<u>187,801</u>	<u>44,880</u>	<u>21,241</u>	<u>\$ 3,590</u>
Interest Income			35,043	-	-	-
Total State Assistance			<u>\$ 222,844</u>	<u>\$ 44,880</u>	<u>\$ 21,241</u>	<u>\$ 3,590</u>

The accompanying schedule of expenditures of state awards includes the State grant activity of the Town of Boiling Springs and is presented on the modified accrual basis of accounting. Therefore, some amounts presented in the schedule may differ from amounts presented or used in the preparation of the basic financial statements.