

AUDITED FINANCIAL STATEMENTS
AND
SUPPLEMENTAL INFORMATION

*TOWN OF SPRINGDALE,
SOUTH CAROLINA*

June 30, 2021

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June 30, 2021

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June 30, 2021

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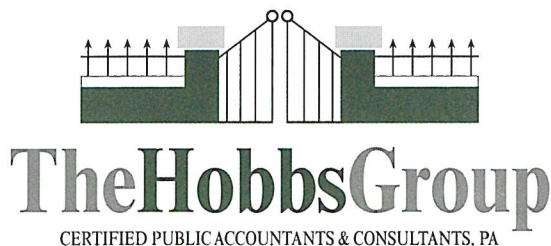
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1704 Laurel Street
Columbia, SC 29201

P.O. Box 2411
Columbia, SC 29202

Phone (803) 799-0555
Fax (803) 799-4212



INDEPENDENT AUDITORS' REPORT

125 W. Stone Avenue
Greenville, SC 29609

Phone (864) 271-7503
Fax (864) 751-5889

www.hobbscpa.com

To the Honorable Mayor and Town Council of
Town of Springdale, South Carolina

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Springdale, South Carolina (the "Town"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Town's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

AUDITORS' RESPONSIBILITY

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

OPINIONS

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Springdale, South Carolina, as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension plan schedules on pages 4-9, 36-39, and 40-43, respectively, be presented to supplement the basic financial statements. Such information, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. Schedule I through Schedule III, as defined in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying Schedule I through Schedule III, as defined in the table of contents, are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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, Schedule I through Schedule III, as defined in the table of contents, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2022, on our consideration of the Town'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 the

effectiveness of 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 Town's internal control over financial reporting and compliance.

Columbia, South Carolina
November 28, 2022

The Hall Group, P.A.

Town of Springdale, South Carolina
Management's Discussion and Analysis
Year Ended June 30, 2021

Overview of the Financial Statements and Financial Analysis

As management of the Town of Springdale, South Carolina (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2021. The Management's Discussion and Analysis (MD&A) section is designed to assist the reader in focusing on significant financial issues, providing an overview of the Town's financial activity and identifying changes in the Town's financial condition, material deviations from financial budget and individual fund issues and concerns. While audited financial statements for fiscal year 2020 are not presented with this report, condensed operations and financial position data will be presented in this section in order to illustrate certain increases and decreases.

The reporting entity includes the activities of the Town. There are no component units included in the reporting entity.

Financial Highlights

- The assets and deferred outflows of resources for the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$492,638 (net position).
- The government's total net position decreased by \$202,621 from activities during the fiscal year ended June 30, 2021.
- At the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$1,129,032 a decrease of \$413,955 in comparison with the prior year. Approximately 66.31% of this total amount, \$748,645, is available for spending at the government's discretion (unassigned fund balances).
- The Town's long-term debt balances excluding accrued interest and compensated absences at June 30, 2021 was \$987,717, a decrease of \$100,454 from the prior year.
- Total liabilities overall decreased by \$343,405. The increase is due to a decrease in the net pension liability of \$256,007.
- Cash and cash equivalents decreased by \$385,173
- Net capital assets increased by \$119,821 after depreciation of \$150,799 was recorded for the current year. The historical cost of capital asset acquisitions was \$277,310. Historical cost of disposals was \$67,234.
- Overall revenues increased by \$96,033. This increase was attributable to increases in charges for services; licenses, permits, and fees; and other nonprogram revenues.
- Overall governmental activity expenses were up \$182,623. Increases and decreases in expenses were as follows:
 - General government decreased \$53,851
 - Public safety and law enforcement increased \$199,942
 - Public works increased by \$39,203
 - Interest on long-term debt decreased by \$2,671

Condensed Financial Statement Information & Overview

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) entity-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Entity-wide financial statements

The entity-wide financial statements provide a broad overview of our operations in a manner similar to a private sector business. The statements provide both short-term and long-term information about the Town's financial position that assists in assessing the Town's economic condition at the end of the fiscal year. The entity-wide financial statements consists of two statements – the Statement of Net Position and the Statement of Activities.

The entity-wide financial statements of the Town report governmental activities, which are principally supported by taxes and intergovernmental revenues. The governmental activities of the Town include general government administration, public safety and law enforcement, public works, and interest and other charges.

The Statement of Net Position presents to the readers of the financial statements a fiscal snapshot of the Town. This statement presents end of year data concerning assets (current and non-current), liabilities (current and non-current), deferred flows of resources (inflows and outflows), and net position. From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue the operations of the Town. They are also able to determine how much the Town owes vendors, grantors, and lending institutions. Finally, the Statement of Net Position provides a picture of the net position and its availability for expenditure by the Town and may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The portion of net position invested in capital assets net of related debt represents the majority of total net position. The Town uses its capital assets to provide services to citizens; consequently, these assets are not available for future spending.

The Governmental Accounting Standards Board (GASB) issued an accounting and financial reporting standard that was implemented in FY 2017, and it continues to have a substantial impact on the reporting requirements for employers participating in pension plans. The purpose of the standard, according to GASB, is to improve the way state and local governments report their pension liabilities and expenses, resulting in a more realistic representation of the complete impact of pension obligations. GASB's view is that pension benefits are part of an overall compensation package offered by an employer and certain pension-related costs should be included in the employer's financial statements. GASB believes the changes will improve the decision-usefulness of the reported information and increase the transparency, consistency, and comparability of pension information across state and local governments.

In addition to assets, the Statement of Net Position 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 position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has one item that meets this criterion--pension-related deferrals. In addition to liabilities, the Statement of Net Position can also report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has one item that meets this criterion--pension-related deferrals. These two amounts are reflected on the condensed Statement of Net Position on the following page.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the South Carolina Retirement System (SCRS) and the Police Officers' Retirement System (PORS) and additions to/deductions from SCRS's and PORS's fiduciary net position have been determined on the same basis as they are reported by these plans. The net pension liability is reflected on the condensed Statement of Net Position below.

Condensed Statements of Net Position

	June 30, 2020	June 30, 2021	Increase (Decrease)
Assets			
Current assets	\$ 1,656,442	\$ 1,253,133	\$ (403,309)
Non-current assets	-	-	-
Capital assets, net	1,324,674	1,444,495	119,821
Total assets	<u>\$ 2,981,116</u>	<u>\$ 2,697,628</u>	<u>\$ (283,488)</u>
Deferred outflows of resources	<u>\$ 722,423</u>	<u>\$ 569,672</u>	<u>\$ (152,751)</u>
Total assets and deferred outflows of resources	<u>\$ 3,703,539</u>	<u>\$ 3,267,300</u>	<u>\$ (436,239)</u>
Liabilities			
Current liabilities	\$ 317,721	\$ 353,359	\$ 35,638
Non-current liabilities	2,325,388	1,946,345	(379,043)
Total liabilities	<u>\$ 2,643,109</u>	<u>\$ 2,299,704</u>	<u>\$ (343,405)</u>
Deferred inflows of resources	<u>\$ 365,171</u>	<u>\$ 474,958</u>	<u>\$ 109,787</u>
Net position			
Net investment in capital assets	\$ 665,264	\$ 808,490	\$ 143,226
Restricted	279,111	293,405	14,294
Unrestricted	(249,116)	(609,257)	(360,141)
Total net position	<u>\$ 695,259</u>	<u>\$ 492,638</u>	<u>\$ (202,621)</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 3,703,539</u>	<u>\$ 3,267,300</u>	<u>\$ (436,239)</u>

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 the 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 (e.g., uncollected taxes and earned but unused vacation leave). The Statement of Activities also presents a comparison between direct expenses and program revenues for each function of the Town.

The Statement of Activities includes the impact of GASB 68. Expenses include the actuarially determined employer retirement expense. These rates are actuarially determined as amounts that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Condensed Statements of Activities

			Increase
	June 30, 2020	June 30, 2021	(Decrease)
Governmental activities expenses			
General government	\$ 516,453	\$ 462,602	\$ (53,851)
Public safety and law enforcement	992,025	1,191,967	199,942
Public works	490,646	529,849	39,203
Interest on long-term debt	30,289	27,618	(2,671)
Total functional expenses	<u>2,029,413</u>	<u>2,212,036</u>	<u>182,623</u>
Program revenues			
Operating grants and contributions	-	23,815	23,815
Charges for services	169,623	256,921	87,298
Total program revenues	<u>169,623</u>	<u>280,736</u>	<u>111,113</u>
Net program expense (income)	<u>1,859,790</u>	<u>1,931,300</u>	<u>71,510</u>
Change in net position before non-program revenues (expenses)	(1,859,790)	(1,931,300)	(71,510)
Non-program revenues (expenses)			
Taxes	773,165	776,672	3,507
Licenses, permits, and fees	782,624	828,516	45,892
Homestead exemption	47,238	46,764	(474)
Local government fund	62,599	64,991	2,392
Gain (loss) on disposition of assets	(7,713)	9,910	17,623
Interest income	5,478	1,264	(4,214)
Other	80,368	562	(79,806)
Total general revenues	<u>1,743,759</u>	<u>1,728,679</u>	<u>(15,080)</u>
Change in net position	<u>\$ (116,031)</u>	<u>\$ (202,621)</u>	<u>\$ (86,590)</u>

Fund financial statements

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, like other state agencies and political subdivisions, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. Governmental funds are used to account for essentially the same functions reported as governmental activities in the entity-wide financial statements. However, unlike the entity-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Town's near-term financing requirements. This approach is known as using the flow of current financial resources measurement focus and the modified accrual basis of accounting. These statements provide a detailed short-term view of the Town's finances that assists in determining whether there will be adequate financial resources available to meet the current needs of the Town. All of the funds of the Town are governmental funds as opposed to enterprise funds. The Town's three major governmental funds are the general fund, victim's assistance fund, and hospitality fund. All other funds maintained by the Town, including the accommodations tax fund and the police and drug seizure fund, are considered non-major. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, victim's assistance fund, hospitality fund and collectively for the remaining non-major governmental funds.

Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information, which includes comparisons of original and final budget to actual outflow (expenses) on a budgetary basis for each major fund. Also, included is the schedules of proportionate share of net pension liability and contributions that are required components from the adopting of GASB 68 as disclosed in the notes to the financial statements.

The Town adopts an annual appropriated budget for its general fund, victim's assistance fund, and hospitality fund. A budgetary comparison statement has been provided for the each of these major funds to demonstrate compliance with this budget.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the entity-wide and fund financial statements.

Analysis of Overall Financial Position and Budget to Actual Comparison

The fiscal year 2021 budget included no millage increase. Below are some highlights from the budget to actual comparison.

Actual general fund revenues for 2021 were \$1,862,471 which is an increase of \$64,012 over prior year. General fund revenues are \$229,593 lower than the \$2,092,064 that was initially budgeted for fiscal year 2021. The primary reason is a decrease in the licenses, permits and fees. Overall revenues remained strong in fiscal year 2021.

Actual general fund expenditures were less than the budgeted expenditures for fiscal year 2021 by \$194,903 due to pausing the capital outlay for the renovations of the new City Hall building at 2909 Platt Springs Road. The budgeted expenditure amount was \$2,594,064 and the actual expenditures were \$2,399,161.

Capital Asset and Debt Administration

Capital assets. The Town's investment in capital assets for its governmental activities as of June 30, 2021, was \$1,444,495 (net of accumulated depreciation), an increase of \$119,821 from the prior year-end. Following is a summary of capital assets and for more information see Note D in the notes to the financial statements.

	June 30, 2020	July 1, 2021
Land	\$ 52,194	\$ 52,194
Construction in progress	681,366	681,366
Buildings and land improvements	313,110	380,152
Vehicles	221,704	169,902
Equipment and furnishings	56,300	160,881
	<u>\$ 1,324,674</u>	<u>\$ 1,444,495</u>

The Town completed several capital asset purchases during 2021 including the playground equipment located adjacent to the town hall, one sign, body cameras and radios for the police department and the purchase of one new vehicle for the police department to replace an old vehicle taken out of service and sold at auction.

Debt Administration. At the end of the current fiscal year, the Town had total debt outstanding of \$987,717. Of this amount, \$134,053 comprises debt backed by the full faith and credit of the government. The remaining balance is comprised of \$230,164 in revenue bonds for sewer lines owned by the City of Cayce and \$623,500 in general obligation bonds to purchase a new facility adjacent to their current location. The Town's total debt decreased by \$100,454 during 2021.

	June 30, 2020	July 1, 2021
Installment purchase	\$ 70,883	\$ 134,053
General obligation bonds	688,500	623,500
State revolving fund loans	328,788	230,164
	<u>\$ 1,088,171</u>	<u>\$ 987,717</u>

Economic Issues

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of the Coronavirus ("COVID-19 outbreak") and the risks to the international community as the virus spreads globally. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic. The Town continues to monitor the impact from the COVID-19 outbreak on its financial condition, liquidity, operations, workforce and citizens.

Although the COVID-19 outbreak put the Municipal Complex Improvements on hold, it did allow the Town to focus on improvements in the Felton C. Benton Park. The Town replaced all the existing playground equipment with safer, more updated playground equipment. Other plans include improving the Splash Pad with new features.

Requests for Information

This financial report is designed to provide a general overview of the Town of Springdale, South Carolina's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Ashley Watkins, Town Administrator, 2915 Platt Springs Rd., Springdale, South Carolina 29170.

AUDITED FINANCIAL STATEMENTS

STATEMENT OF NET POSITION
TOWN OF SPRINGDALE, SOUTH CAROLINA
June 30, 2021

	Governmental Activities
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 1,041,159
Receivables	124,992
Prepaid expenses	86,982
	<hr/>
Total Current Assets	1,253,133
Noncurrent Assets	
Capital assets, net	1,444,495
	<hr/>
Total Assets	2,697,628
DEFERRED OUTFLOWS OF RESOURCES	
Deferred pension charges	569,672
LIABILITIES	
Current Liabilities	
Accounts payable	71,186
Accrued salaries and payroll withholdings	11,186
Customer deposits	2,020
Accrued interest	6,848
Excess funds to the State	39,709
Current maturities of long-term debt	222,410
	<hr/>
Total Current Liabilities	353,359
Noncurrent Liabilities	
Compensated absences	23,456
Net pension liability	1,157,582
Note payable	80,005
South Carolina Water Quality Revolving Fund bond payable	129,302
General Obligation bond payable	556,000
	<hr/>
Total Liabilities	2,299,704
DEFERRED INFLOWS OF RESOURCES	
Deferred pension credits	474,958
NET POSITION	
Net investment in capital assets	808,490
Restricted for:	
Debt service	35,744
Hospitality	181,639
Tourism promotion	10,723
Public safety and law enforcement	40,299
Victim's services	25,000
Unrestricted	(609,257)
	<hr/>
TOTAL NET POSITION	\$ 492,638
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The accompanying notes are an integral part of these financial statements.

STATEMENT OF ACTIVITIES
TOWN OF SPRINGDALE, SOUTH CAROLINA
For the Year Ended June 30, 2021

	Expenses	Charges for Services	Program Revenue Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental Activities					
General government	\$ 462,602	\$ 4,949			\$ (457,653)
Public safety and law enforcement	1,191,967	251,972		\$ 23,815	(916,180)
Public works	529,849				(529,849)
Interest on long-term debt	27,618				(27,618)
Total Governmental Activities	<u>\$ 2,212,036</u>	<u>\$ 256,921</u>	<u>\$ 0</u>	<u>\$ 23,815</u>	<u>(1,931,300)</u>
General Revenues					
Taxes:					
Property tax					664,944
Accommodations tax					47,992
Hospitality tax					63,736
Licenses, Permits and Fees:					
Franchise fees					276,655
Business licenses					551,861
Homestead exemption					46,764
Local government fund					64,991
Gain on sale of assets					9,910
Interest income					1,264
Other					562
Total General Revenues					<u>1,728,679</u>
Change in Net Position					(202,621)
Net Position at Beginning of Year					<u>695,259</u>
Net Position at End of Year					<u>\$ 492,638</u>

The accompanying notes are an integral part of these financial statements.

BALANCE SHEET - GOVERNMENTAL FUNDS
TOWN OF SPRINGDALE, SOUTH CAROLINA
June 30, 2021

	General Fund	Special Revenue Funds		Non-Major Governmental Funds	Total Governmental Funds
		Victim's Assistance Fund	Hospitality Tax Fund		
ASSETS					
Cash and cash equivalents	\$ 757,786	\$ 65,839	\$ 181,639	\$ 35,895	\$ 1,041,159
Receivables	109,936			15,056	124,992
Due from other funds	1,059			71	1,130
Prepaid expenses	86,982				86,982
TOTAL ASSETS	<u>\$ 955,763</u>	<u>\$ 65,839</u>	<u>\$ 181,639</u>	<u>\$ 51,022</u>	<u>\$ 1,254,263</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 71,186				\$ 71,186
Accrued salaries and payroll withholdings	11,186				11,186
Customer deposits	2,020				2,020
Due to other funds		\$ 1,130			1,130
Excess funds to the State		39,709			39,709
Total Liabilities	84,392	40,839	\$ 0	\$ 0	125,231
Fund Balances					
Nonspendable	86,982				86,982
Restricted					
Debt service	35,744				35,744
Hospitality			181,639		181,639
Tourism promotion				10,723	10,723
Public safety and law enforcement				40,299	40,299
Victim's services		25,000			25,000
Unassigned	748,645				748,645
Total Fund Balances	<u>871,371</u>	<u>25,000</u>	<u>181,639</u>	<u>51,022</u>	<u>1,129,032</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 955,763</u>	<u>\$ 65,839</u>	<u>\$ 181,639</u>	<u>\$ 51,022</u>	<u>\$ 1,254,263</u>

The accompanying notes are an integral part of these financial statements.

RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
 TOWN OF SPRINGDALE, SOUTH CAROLINA
 June 30, 2021

Total Fund Balances of the Governmental Funds	\$	1,129,032
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Amounts reported for governmental activities in the Statement of
 Net Position are different because:

Capital assets, net of depreciation, are not current financial resources and are not included in the governmental funds.		1,444,495
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The Town's proportionate shares of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to its participation in the State pension plans are not recorded in the governmental funds but are recorded in the Statement of Net Position.		(1,062,868)
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Long-term liabilities are not due and payable in the current period
 and, therefore, are not reported in the governmental funds.

Long-term liabilities at year end consist of the following:

Compensated absences	(23,456)
Accrued interest	(6,848)
Bond and notes payable	<u>(987,717)</u>

Total Net Position of the Governmental Activities	\$	<u><u>492,638</u></u>
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The accompanying notes are an integral part of these financial statements.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
TOWN OF SPRINGDALE, SOUTH CAROLINA
For the Year Ended June 30, 2021

	General Fund	Special Revenue Funds		Non-Major Governmental Funds	Total Governmental Funds
		Victim's Assistance Fund	Hospitality Tax Fund		
Revenues					
Property taxes	\$ 664,944				\$ 664,944
Intergovernmental revenue	137,905		\$ 63,736	\$ 21,842	223,483
Grants	23,815				23,815
Licenses, permits and fees	828,516				828,516
Charges for services	4,949				4,949
Fines, fees and forfeitures	200,752	\$ 13,721		37,499	251,972
Interest Income	1,028	83		153	1,264
Other revenue	562				562
Total Revenues	1,862,471	13,804	63,736	59,494	1,999,505
Expenditures					
General government administration	390,809				390,809
Town council	45,701				45,701
Buildings and grounds	128,396				128,396
Public safety and law enforcement	1,055,186	2,520		10,692	1,068,398
Administration of justice	27,549				27,549
Public works	337,765				337,765
Tourism promotion			76	15,871	15,947
Service charges		3		8	11
Excess funds due to State		11,281			11,281
Debt Service					
Principal	198,597				198,597
Interest	26,439				26,439
Capital Outlay	188,719			88,591	277,310
Total Expenditures	2,399,161	13,804	76	115,162	2,528,203
Excess of Revenues Over (Under) Expenditures	(536,690)	0	63,660	(55,668)	(528,698)
Other Financing Sources					
Proceeds from sale of assets	10,300			6,300	16,600
Proceeds from issuance of debt	98,143				98,143
Total Other Financing Sources	108,443	0	0	6,300	114,743
Net Change in Fund Balances	(428,247)	0	63,660	(49,368)	(413,955)
Fund Balances at Beginning of Year	1,299,618	25,000	117,979	100,390	1,542,987
FUND BALANCES AT END OF YEAR	\$ 871,371	\$ 25,000	\$ 181,639	\$ 51,022	\$ 1,129,032

The accompanying notes are an integral part of these financial statements.

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
TOWN OF SPRINGDALE, SOUTH CAROLINA
For the Year Ended June 30, 2021

Net Change in Fund Balances - Total Governmental Funds	\$	(413,955)
Amounts reported for governmental activities in the Statement of Activities differs from the amounts in the Statement of Revenues, Expenditures, and Changes in Fund Balances because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. This activity is reconciled as follows:		
Cost of capitalized assets		277,310
Depreciation expense		(150,799)
Cash proceeds from the sale or disposition of assets are reported in the governmental funds as revenue. However, in the Statement of Activities the gain or loss on disposition is reported. The activity is reconciled as follows:		
Proceeds from sale of capital assets		(16,600)
Gain on sale of capital assets		9,910
Change in the Town's proportionate shares of the net pension liability, deferred outflows of resources, and deferred inflows of resources for the current year are not reported in the governmental funds but are reported in the Statement of Activities.		(6,531)
The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This activity is reconciled as follows:		
Proceeds from debt issuance		(98,143)
Principal repayments		198,597
Some expenses reported in the Statement of Activities do not require the use of current financial resources, therefore are not reported as expenditures in governmental funds. This activity is reconciled as follows:		
Current year change in compensated absences		(1,231)
Current year change in accrued interest		(1,179)
Change in Net Position of Governmental Activities	\$	<u>(202,621)</u>

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
TOWN OF SPRINGDALE, SOUTH CAROLINA
June 30, 2021

NOTE A -- NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Town of Springdale, South Carolina (the "Town") is a municipal corporation of the State of South Carolina, located in Lexington County, and as such possesses all of the general powers granted by the Constitution and laws of South Carolina to municipal corporations. The Town operates under the Council form of government. The Town Council is comprised of seven members, one of whom is the Mayor. The Council is the legislative body of the Town and has the major responsibility of determining the policies and direction of the municipal government. The Town Administrator is appointed by Council, and serves as the chief administrative officer of the Town. As such, the Town Administrator administers the daily operations of the Town through appointed department heads.

Summary of Significant Accounting Policies

The accounting and reporting policies of the Town in the accompanying basic financial statements conform in all material respects to accounting principles generally accepted in the United States of America applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for governmental accounting and financial reporting principles. The following significant accounting policies were applied in the preparation of the accompanying basic financial statements:

Basis of Accounting and Measurement Focus: The accounts of the Town are organized on the basis of governmental funds. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government-Wide Financial Statements

The Town's Government-Wide Financial Statements include a statement of net position and a statement of activities (including changes in net position). These statements present summaries of Governmental Activities for the Town.

These statements are presented on an "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, all of the Town's assets and liabilities, including capital assets and long-term debt, are included in the accompanying statement of net position. The statement of activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. The types of transactions reported as program revenues for the Town are reported as either charges for services, operating grants and contributions, or capital grants and contributions. Charges for services include revenues received for charges to recipients for goods or services provided by the program. Grant and contributions include revenues restricted to meeting the operational or capital requirements of a particular function.

NOTES TO THE FINANCIAL STATEMENTS
TOWN OF SPRINGDALE, SOUTH CAROLINA

NOTE A -- NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
- Continued

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the statement of net position have been eliminated.

Governmental Fund Financial Statements

Governmental Fund Financial Statements include a balance sheet and a statement of revenues, expenditures, and changes in fund balances for all major governmental funds and aggregated non-major funds. An accompanying schedule is presented to reconcile and explain the differences in fund balances as presented in these statements to net position presented in the Government-Wide Financial Statements. The Town has presented all major funds that met the qualifications of GASB Statement No. 34.

All governmental funds are accounted for on a spending, or “*current financial resources*” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current position. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except those revenues subject to accrual (generally 60-days after year-end) are recognized when due.

The Town reports the following major governmental funds:

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

The *Victims Assistance Fund* is the government’s special revenue fund that accounts for Victims Assistance resources received through a portion of the Town’s fines, fees and forfeitures collected throughout the year and their associated allowable expenditures.

The *Hospitality Fund* is the government’s special revenue fund that accounts for Hospitality tax resources received by the Town and their associated allowable expenditures.

Net Position and Fund Balances: In the Government-Wide financial statements, the difference between the Town’s total assets and liabilities represent net position. Net position for the governmental fund types are reported in three classifications, as follows:

Net Investment in Capital Assets: Consists of capital assets, net of accumulated depreciation, reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

NOTES TO THE FINANCIAL STATEMENTS
TOWN OF SPRINGDALE, SOUTH CAROLINA

NOTE A -- NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
- Continued

Restricted Net Position: Result when constraints placed on the use of assets reduced by liabilities and deferred inflows of resources related to those assets are either externally imposed by creditors, grantors, contributors, and the like or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position: Consists of the net amount of the net position, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

The Town applies expenses that can be used both for restricted and unrestricted resources against restricted resources first.

The Town reports under the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement establishes criteria for classifying governmental fund balances into specifically defined classifications. Classifications are hierarchical and are based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in the funds may be spent. Application of the Statement requires the Town to classify, and report amounts in the appropriate fund balance classifications. The Town's accounting and finance policies are used to interpret the nature and/or requirements of the funds and their appropriate classification. The Town reports the following classifications:

Non-spendable Fund Balance: Non-spendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form – such as inventory or prepaid insurance or (b) legally or contractually required to be maintained intact – such as a trust that must be retained in perpetuity.

Restricted Fund Balance: Restricted fund balances are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance: Committed fund balances are amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the Town Council, the government's highest level of decision-making authority. Those committed amounts cannot be used for any other purposes unless the Town Council removes the specified use by taking the same type of action imposing the commitment.

Assigned Fund Balance: Assigned fund balances are amounts that are constrained by the Town's intent to be used for specific purposes but are neither restricted nor committed.

Unassigned Fund Balance: Unassigned fund balance is the residual classification for the General Fund. This classification represents the General Fund balance that has not been assigned to other funds, and has not been restricted, committed, or assigned to specific purposes within the General Fund.

NOTES TO THE FINANCIAL STATEMENTS
TOWN OF SPRINGDALE, SOUTH CAROLINA

NOTE A -- NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
- Continued

Reconciliation of Government-Wide and Fund Financial Statements: Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position – Following the governmental fund balance sheet is a reconciliation between *fund balances - total governmental funds and net position of governmental activities* as reported in the government-wide statement of net position. The details of these differences are explained in the above referenced financial statement.

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities – Following the governmental fund statements of revenues, expenditures, and change in fund balances, there is a reconciliation between *net changes in fund balances – total governmental funds and change in net position of governmental activities* as reported in the government-wide statement of activities. The details of these differences are explained in the above referenced financial statement.

Budgets: Annual operating budgets are adopted for the General Fund and all other funds controlled by the Town. All budgets are adopted on a basis consistent with generally accepted accounting principles. All budgets are adopted and amended, as considered necessary, by approval from the Town Council.

Cash and Cash Equivalents: Cash and cash equivalents include all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of three months or less.

Interfund Receivables and Payables: During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due from and to other funds”. Short-term interfund loans are reported as “interfund receivables and payables”. Long-term interfund loans (noncurrent portion) are reported as “advances from and to other funds”. Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position.

Receivables: In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. No allowance for receivables is established as of June 30, 2021 because all receivables are considered fully collectible. Major receivable balances for the governmental activities include property taxes, franchise fees, and intergovernmental revenues.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as local option sales tax, property taxes, franchise fees, and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with the modified accrual basis but not deferred in the government-wide financial statements in accordance with the accrual basis. In instances in which differences between the use of the full accrual method and the modified accrual method (i.e. 60 day rule) of revenue recognition is not considered to be material the Town utilizes the modified-accrual basis for both government-wide and governmental fund financial reporting where both are reasonably expected to result in similar results.

NOTES TO THE FINANCIAL STATEMENTS
TOWN OF SPRINGDALE, SOUTH CAROLINA

NOTE A -- NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
- Continued

Prepaid Items: Prepaid items consist of a long-term debt payment paid in advance and fees paid to the City of Cayce for sewer taps not yet purchased by Town residents.

Capital Assets: Capital assets include equipment and furnishings, land, buildings and improvements, and vehicles. Capital assets are defined by the Town as those assets with an initial, individual cost of more than \$5,000 and an estimated useful life of two years or more. All capital assets are valued at historical cost if purchased or constructed or estimated historical cost if actual historical costs are not available. Donated fixed assets are valued at their estimated fair value on the date donated. Unless repair and maintenance cost (1) add value to or (2) materially extends the life of an asset, it is expended. Public domain (rights-of-way and easements), if booked, are capitalized using estimated historical or depreciable cost. Depreciation of all exhaustible capital assets has been provided based on the estimated useful lives of the class of assets, or individual assets using the straight-line method with service lives as follows:

Buildings and improvements	15-40 years
Equipment and furnishings	5-15 years
Vehicles	5-15 years

Compensated Absences: The Town allows employees to earn five to thirty days of annual vacation leave depending on length of service. All vacation pay is accrued when earned in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignation or retirement.

Long-Term Debt: All long-term debt to be repaid from governmental resources is reported as a liability in the government-wide statements. The long-term debt consists of two bonds payable and two notes payable.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures.

Use of 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 that affect the reported amounts of assets, liabilities, and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

General Obligation Debt: The State of South Carolina limits the amount of outstanding general obligation bonded debt of the Town for non-utility or non-street purposes to no more than eight percent of net assessed property value. For the year ended June 30, 2021, the Town had outstanding general obligation debt of \$623,500 which is in compliance with the limits outlined by the state.

NOTES TO THE FINANCIAL STATEMENTS
TOWN OF SPRINGDALE, SOUTH CAROLINA

NOTE A -- NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
- Continued

Deposits and Investments - Laws and Regulations: In accordance with South Carolina State law the Town is authorized to invest in the following types of investments:

- a) Direct obligations of the U.S. Government or its agencies or instrumentalities to which the full faith and credit of the U.S. Government is pledged.
- b) General obligations of the State of South Carolina or any of its political units.
- c) Savings and loan associations to the extent they are secured by the Federal Deposit Insurance Corporation.
- d) 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, with a market value not less than the amount of the certificate of deposit so secured, including interest.

Property Taxes: Real property and all personal property taxes, other than automobile property taxes, attach as an enforceable lien on January 1st of each year. Real property taxes are levied in September of each year and are payable before January 15th of the subsequent year.

In the fund financial statements, property taxes are recorded as revenue in the period they are levied and become due and available within the current period or expected to be collected soon enough thereafter, within 60 days of each year end, to be used to pay liabilities of the current period. Additional amounts due to be collected after the 60 day period are considered immaterial in total and no additional accrual in the government-wide financial statements is recorded.

Deferred Outflows and 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 position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town currently has one type of deferred outflows of resources. The Town reports deferred pension charges in its Statement 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 position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town currently has one type of deferred inflows of resources. The Town reports deferred pension credits in its Statement 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.

NOTES TO THE FINANCIAL STATEMENTS
TOWN OF SPRINGDALE, SOUTH CAROLINA

NOTE A -- NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
- Continued

Deficit Prohibition: South Carolina State Law prohibits the creation of a deficit fund balance in any individual fund of the Town's primary government.

Subsequent Events: The Town was awarded the first and second payment of American Rescue Plan Act funding in September of 2021 for \$680,304 and in October of 2022 for \$680,304, respectively. Subsequent events have been evaluated through November 28, 2022, which represents the date the financial statements were available to be issued.

NOTE B -- DEPOSITS AND INVESTMENTS

Deposits: Statutes authorize the Town to invest in obligations of the United States and its agencies, general obligations (not revenue obligations) of the State of South Carolina and its subdivisions, savings and loan associations to the extent of federal insurance, certificates of deposit collaterally secured, repurchase agreements secured by the foregoing obligations, and the State Treasurer's Investment Pool.

For deposits, custodial credit risk is the risk that in the event of the failure of a depository financial institution, the Town will not be able to recover collateral securities that are in possession of an outside party. The Town does not have a policy regarding custodial credit risk for deposits.

As of June 30, 2021, the Town's cash deposits were as follows:

	Carrying Amount	Bank Balance
Demand Deposits	\$ 894,820	\$ 979,394

Of the Town's bank balance, \$299,345 was covered by federal depository insurance and the remaining \$680,049 was collateralized by securities held by the pledging financial institution's trust department or agent in the Town's name.

Investments: The Town invests funds in accordance with South Carolina law applicable to local government deposits and investments. As of June 30, 2021, the Town maintained \$146,339 in the South Carolina Local Government Investment Pool (the "Pool"). The Pool's funds are invested with the South Carolina State Treasurer's Office, which established the 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 town treasurer or any governing body of a political subdivision of the State, may be deposited. The Pool is a 2a 7-like pool which is not registered with the Securities and Exchange Commission ("SEC") as an investment company but has a policy that it will operate in a manner consistent with the SEC's Rule 2a 7 of the Investment Company Act of 1940. In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments are carried at fair value determined annually based upon quoted market prices. As of June 30, 2021, the Town's account balance held with the Pool consisted of cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS
TOWN OF SPRINGDALE, SOUTH CAROLINA

NOTE B -- DEPOSITS AND INVESTMENTS - Continued

Interest rate risk is the risk that the market value of securities in the portfolio will fall due to changes in the market interest rates. The Town has no policy regarding interest rate risk for investments. Concentration of credit risk is the risk of loss attributable to the magnitude of the Town's investment in a single issuer. The Town does not have a policy limiting percentages of investment maturities held.

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Town does not maintain deposits that are denominated in a currency other than the United States dollar; therefore, the Town is not exposed to this risk.

NOTE C -- RECEIVABLES

Receivables at June 30, 2021 consist of the following:

	General Fund	Accommodations Tax Fund	Total Governmental Funds
Licenses, permits and fees	\$ 81,880		\$ 81,880
Intergovernmental	16,822	\$ 15,056	31,878
Property taxes	10,753		10,753
Other	481		481
	<u>\$ 109,936</u>	<u>\$ 15,056</u>	<u>\$ 124,992</u>

NOTE D -- CAPITAL ASSETS

Depreciation expense is charged to the following activities:

General government	\$ 27,841
Public safety	80,362
Public works	42,596
	<u>\$ 150,799</u>

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NOTES TO THE FINANCIAL STATEMENTS
TOWN OF SPRINGDALE, SOUTH CAROLINA

NOTE D -- CAPITAL ASSETS - Continued

Capital assets activity for the year ended June 30, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital Assets Not Depreciated:</u>				
Land	\$ 52,194			\$ 52,194
Construction in progress	681,366			681,366
<i>Total Capital Assets Not Depreciated</i>	<u>733,560</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>733,560</u>
<u>Capital Assets Depreciated:</u>				
Buildings and land improvements	573,096	88,591		661,687
Vehicles	912,754	44,439	30,176	927,017
Equipment and furnishings	349,849	144,280	37,058	457,071
<i>Total Capital Assets Depreciated</i>	<u>1,835,699</u>	<u>277,310</u>	<u>67,234</u>	<u>2,045,775</u>
Less Accumulated Depreciation For:				
Buildings and land improvements	258,601	22,934		281,535
Vehicles	692,435	91,838	27,158	757,115
Equipment and furnishings	293,549	36,027	33,386	296,190
<i>Total Accumulated Depreciation</i>	<u>1,244,585</u>	<u>150,799</u>	<u>60,544</u>	<u>1,334,840</u>
<i>Total Capital Assets Depreciated, Net</i>	<u>591,114</u>	<u>126,511</u>	<u>6,690</u>	<u>710,935</u>
Governmental Activities Capital Assets, Net	<u>\$ 1,324,674</u>	<u>\$ 126,511</u>	<u>\$ 6,690</u>	<u>\$ 1,444,495</u>

NOTE E -- NOTES PAYABLE

The following comprises the Town's notes payable as of June 30, 2021:

Note payable to a financial institution, secured by two public work vehicles, payable in annual installments of \$36,872 including interest at the rate of 2.68% per year. Final maturity is scheduled for March 2022.

\$ 35,910

Note payable to a financial institution, secured by twelve car radios and fourteen portable radios, payable in annual installments of \$22,015 including interest at the rate of 3.88% per year. Final maturity is scheduled for December of 2025.

98,143

Total Balance Outstanding on June 30, 2021 \$ 134,053

NOTES TO THE FINANCIAL STATEMENTS
TOWN OF SPRINGDALE, SOUTH CAROLINA

NOTE E -- NOTES PAYABLE - Continued

The following is a summary of notes payable transactions for the year ended June 30, 2021:

Balance on July 1, 2020	\$	70,883
Add: new note payable issuance		98,143
Less: debt retired		(34,973)
Balance on June 30, 2021	\$	<u>134,053</u>

The annual debt-service requirements to amortize the outstanding notes payable as of June 30, 2021, including interest payments are:

Year Ended June 30,	Principal	Interest	Total
2022	\$ 54,048	\$ 4,838	\$ 58,886
2023	18,855	3,160	22,015
2024	19,599	2,416	22,015
2025	20,373	1,642	22,015
2026	21,178	837	22,015
	<u>\$ 134,053</u>	<u>\$ 12,893</u>	<u>\$ 146,946</u>

NOTE F -- SOUTH CAROLINA WATER QUALITY REVOLVING FUND BOND PAYABLE

The Town has issued a South Carolina Water Quality Revolving Fund bond to finance upgrades to the sewer system which serves the Town. The bond outstanding at June 30, 2021 is as follows:

\$1,605,115 South Carolina Water Quality Revolving Fund bond payable in quarterly installments of \$26,298 including interest at the rate of 2.25% per year. Final maturity is scheduled for September 2023. \$ 230,164

The following is a summary of bond transactions for the year ended June 30, 2021:

Balance on July 1, 2020	\$	328,788
Less debt retired		(98,624)
Balance on June 30, 2021	\$	<u>230,164</u>

The annual debt-service requirements to amortize the outstanding South Carolina Water Quality Revolving Fund bond as of June 30, 2021, including interest payments, are as follows:

Year Ended June 30,	Principal	Interest	Total
2022	\$ 100,862	\$ 4,332	\$ 105,194
2023	103,151	2,043	105,194
2024	26,151	147	26,298
	<u>\$ 230,164</u>	<u>\$ 6,522</u>	<u>\$ 236,686</u>

NOTES TO THE FINANCIAL STATEMENTS
TOWN OF SPRINGDALE, SOUTH CAROLINA

NOTE G -- OPERATING LEASE

The Town leases Xerox copiers under a non-cancelable operating lease that expires June 30, 2024. Copier expense under this lease totaled \$7,394 for the year ended June 30, 2021. Future minimum lease payments are \$5,554 for each of the years ending June 30, 2022, through June 30, 2024.

NOTE H -- GENERAL OBLIGATION BOND PAYABLE

The Town has issued a General Obligation Bond to finance the purchase of a new facility adjacent to their current location. The bond outstanding at June 30, 2021 is as follows:

\$750,000 General Obligation Fund bond payable in yearly installments beginning April 1, 2020, at a fixed rate of 2.61%, 30/360-day basis. Final maturity is scheduled for April 1, 2029. \$ 623,500

The following is a summary of bond transactions for the year ended June 30, 2021:

Balance on July 1, 2020	\$	688,500
Less debt retired		(65,000)
Balance on June 30, 2021	\$	<u>623,500</u>

The annual debt-service requirements to amortize the outstanding South Carolina Water Quality Revolving Fund bond as of June 30, 2021, including interest payments, are as follows:

Year Ended June 30,	Principal	Interest	Total
2022	\$ 67,500	\$ 16,273	\$ 83,773
2023	70,000	14,512	84,512
2024	73,000	12,685	85,685
2025	76,000	10,779	86,779
2026	79,000	8,796	87,796
2027 and beyond	258,000	13,624	271,624
	<u>\$ 623,500</u>	<u>\$ 76,669</u>	<u>\$ 700,169</u>

NOTE I -- PENSION PLANS

The South Carolina Public Employee Benefit Authority (PEBA), created July 1, 2012, is the state agency responsible for the administration and management of the various Retirement Systems (collectively referred to as the "Systems") and retirement programs of the state of South Carolina, including the State Optional Retirement Program and the S.C. Deferred Compensation Program, as well as the state's employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems' five defined benefit pension plans. PEBA has an 11-member Board of Directors, 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.

NOTES TO THE FINANCIAL STATEMENTS
TOWN OF SPRINGDALE, SOUTH CAROLINA

NOTE I -- PENSION PLANS – Continued

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, and 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 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 generally accepted accounting principles (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.

PEBA issues an Annual Comprehensive Financial Report (ACFR) containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The ACFR is publicly available through the Retirement Benefits' link on 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. 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 comprehensive annual financial report of the state.

Plan Descriptions

- The South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan, was established July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits for teachers and employees of the state, and its political subdivisions. SCRS covers employees of state agencies, public school districts, higher education institutions, other participating local subdivisions of government and individuals newly elected to the South Carolina General Assembly at or after the 2012 general election.
- The South Carolina Police Officers Retirement System (PORS), a cost-sharing multiple-employer defined benefit pension plan, was established July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits to police officers and firefighters. PORS also covers peace officers, coroners, probate judges, and magistrates.

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, teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

NOTES TO THE FINANCIAL STATEMENTS
TOWN OF SPRINGDALE, SOUTH CAROLINA

NOTE I -- PENSION PLANS – 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 PORS. Magistrates are required to participate in 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.

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 the 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 of 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 years or more 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.

NOTES TO THE FINANCIAL STATEMENTS
TOWN OF SPRINGDALE, SOUTH CAROLINA

NOTE I -- PENSION PLANS – Continued

- PORS (continued) – Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty. The retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

Plan Contributions

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

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

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NOTES TO THE FINANCIAL STATEMENTS
TOWN OF SPRINGDALE, SOUTH CAROLINA

NOTE I -- PENSION PLANS – Continued

Required employee contribution rates¹ are as follows:

	<u>Fiscal Year 2021¹</u>	<u>Fiscal Year 2020¹</u>
SCRS		
Employee Class Two	9.00%	9.00%
Employee Class Three	9.00%	9.00%
PORS		
Employee Class Two	9.75%	9.75%
Employee Class Three	9.75%	9.75%

Required employer contribution rates¹ are as follows:

	<u>Fiscal Year 2021¹</u>	<u>Fiscal Year 2020¹</u>
SCRS		
Employee Class Two	15.41%	15.41%
Employee Class Three	15.41%	15.41%
Employer Incidental Death Benefit	0.15%	0.15%
PORS		
Employee Class Two	17.84%	17.84%
Employee Class Three	17.84%	17.84%
Employer Incidental Death Benefit	0.20%	0.20%
Employer Accidental Death Program	0.20%	0.20%

¹ Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.

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, for first use in the July 1, 2021, actuarial valuation.

The June 30, 2019, total pension liability (TPL), net pension liability (NPL), and sensitivity information shown in this report were determined by our consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on an actuarial valuation performed as of July 1, 2019. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2020, using generally accepted actuarial principles.

NOTES TO THE FINANCIAL STATEMENTS
TOWN OF SPRINGDALE, SOUTH CAROLINA

NOTE I -- PENSION PLANS – Continued

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2020.

	SCRS	PORS
	Entry Age Normal	Entry Age Normal
Actuarial cost method		
Actuarial assumptions:		
Investment rate of return ¹	7.25%	7.25%
Projected salary increases	3.0% to 12.5% (varies by service) ¹	3.5% to 9.5% (varies by service) ¹
Benefit adjustments	Lesser of 1% or \$500 annually	Lesser of 1% or \$500 annually

¹ 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 2016 Public Retirees of South Carolina Mortality table (2016 PRSC), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using published Scale AA projected from the year 2016.

Assumptions used in the determination of the June 30, 2020, TPL are as follows:

Former Job Class	Males	Females
Educators	2016 PRSC Males multiplied by 92%	2016 PRSC Females multiplied by 98%
General Employees and Members of the General Assembly	2016 PRSC Males multiplied by 100%	2016 PRSC Females multiplied by 111%
Public Safety and Firefighters	2016 PRSC Males multiplied by 125%	2016 PRSC Females multiplied by 111%

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability (TPL) determined in accordance with GASB No. 67 less that System's fiduciary net position. NPL totals as of June 30, 2020, for SCRS and PORS are presented below.

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	\$ 51,844,187,763	\$ 26,292,418,682	\$ 25,551,769,081	50.7%
PORS	\$ 8,046,386,629	\$ 4,730,174,642	\$ 3,316,211,987	58.8%

The TPL is calculated by the Systems' actuary, and each plan's fiduciary net position is reported in the Systems' financial statements. The NPL is disclosed in accordance with the requirements of GASB 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.

NOTES TO THE FINANCIAL STATEMENTS
TOWN OF SPRINGDALE, SOUTH CAROLINA

NOTE I -- PENSION 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 rates of return represents assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market-based inputs. Expected returns are net of investment fees.

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

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Global Equity	51.0%		
Global Public Equity ^{1,2}	35.0%	7.81%	2.73%
Private Equity ^{2,3}	9.0%	8.91%	0.80%
Equity Options Strategies ¹	7.0%	5.09%	0.36%
Real Assets	12.0%		
Real Estate (Private) ^{2,3}	8.0%	5.55%	0.44%
Real Estate (REITs) ²	1.0%	7.78%	0.08%
Infrastructure (Private) ^{2,3}	2.0%	4.88%	0.10%
Infrastructure (Public) ²	1.0%	7.05%	0.07%
Opportunistic	8.0%		
Global Tactical Asset Allocation ¹	7.0%	3.56%	0.25%
Other Opportunistic Strategies	1.0%	4.41%	0.04%
Credit	15.0%		
High Yield Bonds/ Bank Loans ^{1,2}	4.0%	4.21%	0.17%
Emerging Markets Debt	4.0%	3.44%	0.14%
Private Debt ^{2,3}	7.0%	5.79%	0.40%
Rate Sensitive	14.0%		
Core Fixed Income ¹	13.0%	1.60%	0.21%
Cash and Short Duration (Net)	1.0%	0.56%	0.01%
Total Expected Real Return ⁴	100%		5.80%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal			8.05%

¹ Portable Alpha Strategies will be capped at 12% of total assets; Hedge funds (including all hedge funds used in portable alpha implementation) capped at 20% of total assets.

NOTES TO THE FINANCIAL STATEMENTS
TOWN OF SPRINGDALE, SOUTH CAROLINA

NOTE I -- PENSION PLANS – Continued

² The target weights to Private Equity, Private Debt, Private Infrastructure and Private Real Estate will be equal to their actual weights as of prior month end. Private Equity and Public Equity combine for 44 percent of entire portfolio. Private Debt and High Yield/Bank Loans combine for 11 percent of the entire portfolio. Private Infrastructure and Public Infrastructure combine for 3 percent of the entire portfolio. Private Real Estate and Real Estate (REITs) combine for 9 percent of entire portfolio.

³ RSIC staff and Consultant will notify the Commission if Private Markets assets exceed 25% of total assets.

⁴ The expected return for each of the Portable Alpha asset classes includes the expected return attributed to the Overlay Program. For benchmarking purposes there is a 10% weight assigned to Portable Alpha Hedge Funds in the Policy Benchmark.

Discount Rate

The discount rate used to measure the TPL was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina State Code of Laws. Based on those assumptions, the 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 Town's proportionate share of the NPL calculated using the discount rate of 7.25 percent, as well as what the Town's proportionate share of the employers' NPL would be if it were calculated using a discount rate that is 1.00 percent lower (6.25 percent) or 1.00% higher (8.25 percent) than the current rate.

System	1.00% Decrease (6.25%)	Current Discount Rate (7.25%)	1.00% Increase (8.25%)
SCRS	\$ 596,031	\$ 480,912	\$ 384,786
PORS	\$ 895,798	\$ 676,670	\$ 500,725

Additional Financial and Actuarial Information

Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the Systems' audited financial statements for the fiscal year ended June 30, 2020 (including the unmodified audit opinion on the financial statements). Additional actuarial information is available in the accounting and financial reporting actuarial valuation as of June 30, 2020.

NOTES TO THE FINANCIAL STATEMENTS
TOWN OF SPRINGDALE, SOUTH CAROLINA

NOTE I -- PENSION PLANS – Continued

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2021, the Town recognized pension expense of \$55,700 and \$95,350 for the SCRS and PORS, respectively. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
SCRS		
Differences between expected and actual experience	\$ 5,549	\$ 1,819
Assumption changes	589	
Net difference between projected and actual earnings on pension plan investments	35,376	
Changes in proportionate share and differences between Town contributions and proportionate share of contributions	114,276	226,141
Town's contributions subsequent to the measurement date	55,700	
Total SCRS	211,490	227,960
PORS		
Differences between expected and actual experience	14,381	2,979
Assumption changes	8,258	
Net difference between projected and actual earnings on pension plan investments	69,290	
Changes in proportionate share and differences between Town contributions and proportionate share of contributions	170,903	244,019
Town's contributions subsequent to the measurement date	95,350	
Total PORS	358,182	246,998
TOTAL SCRS AND PORS	\$ 569,672	\$ 474,958

The Town reported \$55,700 and \$95,350 as deferred outflows of resources related to the Town's contributions subsequent to the measurement date to the SCRS and PORS, respectively, which will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows (inflows) of resources will be recognized in pension expense in future years. The following schedule reflects the amortization of the Town's proportional share of the net balance of remaining deferred outflows (inflows) of resources at June 30, 2021. Average remaining services lives of all employees provided with pensions through the pension plans at June 30, 2021 was 3.984 years for SCRS and 4.176 years for PORS.

NOTES TO THE FINANCIAL STATEMENTS
TOWN OF SPRINGDALE, SOUTH CAROLINA

NOTE I -- PENSION PLANS – Continued

Measurement Periods Ending June 30,	For the Years Ended June 30,	SCRS	PORS	Total
2021	2022	\$ (60,078)	\$ 2,841	\$ (57,237)
2022	2023	11,585	13,554	25,139
2023	2024	(32,704)	(10,312)	(43,016)
2024	2025	9,027	9,751	18,778
		<u>\$ (72,170)</u>	<u>\$ 15,834</u>	<u>\$ (56,336)</u>

NOTE J -- RISK MANAGEMENT AND CONTINGENCIES

The Town is exposed to various risks of losses related to torts; thefts of; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disaster. The Town manages risk through employee educational and prevention programs and through the purchase of casualty and liability insurance. 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 the Town considers all events that might give rise to possible claims both reported and unreported.

In the normal course of operations, the Town participates in various federal and state grant/loan programs from year to year. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. Any liability for reimbursement that may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

NOTE K -- UNCERTAINTY

Impact of COVID-19

In March 2020, the World Health Organization categorized COVID-19 as a pandemic, and the President of the United States of America declared the COVID-19 outbreak as a national emergency. The impact of the accompanying financial statements of the COVID-19 outbreak cannot be readily determined. Financial markets, distribution networks and the ultimate impact of this outbreak to the financial operations of the Town are difficult to assess and predict. Management is taking steps to mitigate the impact of the outbreak; but the ultimate success of this endeavor cannot be predicted at this time.

REQUIRED SUPPLEMENTAL INFORMATION

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
TOWN OF SPRINGDALE, SOUTH CAROLINA
For the Year Ended June 30, 2021

	Budgeted Amounts Original & Final	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	\$ 695,200	\$ 664,944	\$ (30,256)
Intergovernmental revenue	141,800	137,905	(3,895)
Grants	6,000	23,815	17,815
Licenses, permits and fees	977,600	828,516	(149,084)
Charges for services	84,700	4,949	(79,751)
Fines, fees and forfeitures	170,000	200,752	30,752
Interest Income	7,000	1,028	(5,972)
Other revenue	9,764	562	(9,202)
Total Revenues	2,092,064	1,862,471	(229,593)
Expenditures			
General government administration	345,250	390,809	(45,559)
Town council	49,800	45,701	4,099
Buildings and grounds	142,700	128,396	14,304
Public safety and law enforcement	942,150	1,055,186	(113,036)
Administration of justice	24,170	27,549	(3,379)
Public works	298,300	337,765	(39,465)
Debt service			
Principal	198,624	198,597	27
Interest	28,440	26,439	2,001
Capital outlay	564,630	188,719	375,911
Total Expenditures	2,594,064	2,399,161	194,903
Other Financing Sources			
Proceeds from debt issuance		98,143	98,143
Proceeds from sale of assets	2,000	10,300	8,300
Transfer from reserve	500,000		(500,000)
Total Other Financing Sources	502,000	108,443	(393,557)
Net Change in Fund Balance	\$ 0	(428,247)	\$ (428,247)
Fund Balance at Beginning of Year		1,299,618	
FUND BALANCE AT END OF YEAR		\$ 871,371	

See accompanying note to budgetary comparison schedule.

BUDGETARY COMPARISON SCHEDULE - VICTIM'S ASSISTANCE FUND
TOWN OF SPRINGDALE, SOUTH CAROLINA
For the Year Ended June 30, 2021

	Budgeted Amounts Original & Final	Actual	Variance Favorable (Unfavorable)
Revenues			
Fines, fees and forfeitures	\$ 15,000	\$ 13,721	\$ (1,279)
Interest Income		83	83
Total Revenues	<u>15,000</u>	<u>13,804</u>	<u>(1,196)</u>
Expenditures			
Public safety and law enforcement	15,000	2,520	12,480
Service charges		3	(3)
Excess funds due to State		11,281	(11,281)
Total Expenditures	<u>15,000</u>	<u>13,804</u>	<u>1,196</u>
Net Change in Fund Balance	<u>\$ 0</u>	0	<u>\$ 0</u>
Fund Balance at Beginning of Year		<u>25,000</u>	
FUND BALANCE AT END OF YEAR		<u>\$ 25,000</u>	

See accompanying notes to budgetary comparison schedule.

BUDGETARY COMPARISON SCHEDULE - HOSPITALITY TAX FUND
TOWN OF SPRINGDALE, SOUTH CAROLINA
For the Year Ended June 30, 2021

	Budgeted Amounts Original & Final	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental revenue	\$ 150,000	\$ 63,736	\$ (86,264)
Interest Income	100		(100)
Total Revenues	<u>150,100</u>	<u>63,736</u>	<u>(86,364)</u>
Expenditures			
Tourism promotion		76	(76)
Capital Outlay	150,100		150,100
Total Expenditures	<u>150,100</u>	<u>76</u>	<u>150,024</u>
Net Change in Fund Balance	<u>\$ 0</u>	63,660	<u>\$ 63,660</u>
Fund Balance at Beginning of Year		<u>117,979</u>	
FUND BALANCE AT END OF YEAR		<u>\$ 181,639</u>	

See accompanying notes to budgetary comparison schedule.

NOTES TO BUDGETARY COMPARISON SCHEDULES
TOWN OF SPRINGDALE, SOUTH CAROLINA
June 30, 2021

The Town adopts an annual legal budget, which covers the General Fund and all other funds controlled by the Town. Budgets for all Town funds are prepared on the modified accrual basis except for encumbrances which are treated as budgeted expenditures. Any revisions that alter total expenditures of any fund controlled by the Town must be approved by the Town Council.

The budgetary comparison schedules included in the required supplementary information presents a comparison of budgetary data to actual results of operations for the General Fund, Victim's Assistance Fund, and Hospitality Tax Fund all of which were covered when legally adopting the annual operating budget. The all funds presented in comparison schedules utilize the same basis of accounting for both budgetary purposes and actual results.

SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET
PENSION LIABILITY - SOUTH CAROLINA RETIREMENT SYSTEM
TOWN OF SPRINGDALE, SOUTH CAROLINA

	2021	2020	2019	June 30, 2018	2017	2016	2015	2014
Town's proportion of the net pension liability	0.001882%	0.002724%	0.001703%	0.003278%	0.001815%	0.002407%	0.002689%	0.002689%
Town's proportionate share of the net pension liability	\$ 480,912	\$ 622,008	\$ 381,541	\$ 737,931	\$ 387,681	\$ 456,499	\$ 462,957	\$ 482,311
Town's covered-employee payroll	\$ 357,969	\$ 278,415	\$ 240,916	\$ 274,066	\$ 175,796	\$ 225,706	\$ 244,142	\$ 269,566
Town's proportionate share of the net pension liability as a percentage of its covered employee payroll	134.34%	223.41%	158.37%	269.25%	220.53%	202.25%	189.63%	178.92%
Plan fiduciary net position as a percentage of the total pension liability	50.70%	54.40%	54.10%	53.30%	52.90%	56.99%	59.92%	56.39%

Note: The amounts presented were determined as of June 30th of the previous year.
Only eight years of data were available; thus only eight years presented.

SCHEDULE OF THE TOWN'S CONTRIBUTIONS - SOUTH CAROLINA RETIREMENT SYSTEM
TOWN OF SPRINGDALE, SOUTH CAROLINA

	For the Years Ended June 30,							
	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 55,700	\$ 43,322	\$ 35,077	\$ 30,733	\$ 31,682	\$ 19,443	\$ 24,602	\$ 25,879
Actual contributions	<u>55,700</u>	<u>43,322</u>	<u>35,077</u>	<u>30,733</u>	<u>31,682</u>	<u>19,443</u>	<u>24,602</u>	<u>25,879</u>
Contribution deficiency	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Town's covered-employee payroll	\$ 357,969	\$ 278,415	\$ 240,916	\$ 226,645	\$ 274,066	\$ 175,796	\$ 225,706	\$ 244,142
Contributions as a percentage of covered-employee payroll	15.56%	15.56%	14.56%	13.56%	11.56%	11.06%	10.90%	10.60%

Note: Only eight years of data were available; thus only eight years presented.

SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET
PENSION LIABILITY - POLICE OFFICERS RETIREMENT SYSTEM
TOWN OF SPRINGDALE, SOUTH CAROLINA

	2021	2020	2019	2018	June 30, 2017	2016	2015	2014
Town's proportion of the net pension liability	0.0204050%	0.0276200%	0.0017025%	0.030300%	0.018560%	0.024632%	0.025629%	0.025629%
Town's proportionate share of the net pension liability	\$ 676,670	\$ 791,581	\$ 482,411	\$ 830,114	\$ 470,770	\$ 536,854	\$ 490,649	\$ 531,282
Town's covered-employee payroll	\$ 522,752	\$ 408,120	\$ 326,547	\$ 339,157	\$ 308,020	\$ 305,153	\$ 308,263	\$ 333,520
Town's proportionate share of the net pension liability as a percentage of its covered employee payroll	129.44%	193.96%	147.73%	244.76%	152.84%	175.93%	159.17%	159.30%
Plan fiduciary net position as a percentage of the total pension liability	58.80%	62.70%	61.70%	60.90%	60.40%	64.57%	67.55%	67.55%

Note: The amounts presented were determined as of June 30th of the previous year.
Only eight years of data were available; thus only eight years presented.

SCHEDULE OF THE TOWN'S CONTRIBUTIONS -POLICE OFFICERS RETIREMENT SYSTEM
TOWN OF SPRINGDALE, SOUTH CAROLINA

	For the Years Ended June 30,							
	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 95,350	\$ 74,441	\$ 56,297	\$ 51,040	\$ 48,296	\$ 42,322	\$ 40,921	\$ 39,581
Actual contributions	95,350	74,441	56,297	51,040	48,296	42,322	40,921	39,581
Contribution deficiency	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Town's covered-employee payroll	\$ 522,752	\$ 408,120	326,547	\$ 318,204	\$ 339,157	\$ 308,020	\$ 305,153	\$ 308,263
Contributions as a percentage of covered-employee payroll	18.24%	18.24%	17.24%	16.04%	14.24%	13.74%	13.41%	12.84%

Note: Only eight years of data were available; thus only eight years presented.

OTHER SUPPLEMENTAL INFORMATION

SCHEDULE I - COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS

TOWN OF SPRINGDALE, SOUTH CAROLINA

June 30, 2021

		Special Revenue Funds		Total Non-Major Governmental Funds
		Accommodations Tax Fund	Police and Drug Seizure Fund	
ASSETS				
Cash and cash equivalents		\$ 1,968	\$ 33,927	\$ 35,895
Receivables		15,056		15,056
Due from other funds			6,372	6,372
	TOTAL ASSETS	<u>\$ 17,024</u>	<u>\$ 40,299</u>	<u>\$ 57,323</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Due to other funds		\$ 6,301		\$ 6,301
	Total Liabilities	6,301	\$ 0	6,301
Fund Balances				
Restricted		10,723	40,299	51,022
	Total Fund Balances	<u>10,723</u>	<u>40,299</u>	<u>51,022</u>
TOTAL LIABILITIES AND FUND BALANCES		\$ 17,024	\$ 40,299	\$ 57,323

SCHEDULE II - COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - NON-MAJOR GOVERNMENTAL FUNDS
TOWN OF SPRINGDALE, SOUTH CAROLINA
For the Year Ended June 30, 2021

	Special Revenue Funds		Total Non-Major Governmental Funds
	Accommodations Tax Fund	Police and Drug Seizure Fund	
Revenues			
Intergovernmental revenue	\$ 21,842		\$ 21,842
Fines, fees and forfeitures		\$ 37,499	37,499
Interest Income	129	24	153
Total Revenues	21,971	37,523	59,494
Expenditures			
Public safety and law enforcement		10,692	10,692
Tourism promotion	15,871		15,871
Service charges	2	6	8
Capital outlay	88,591		88,591
Total Expenditures	104,464	10,698	115,162
Excess of Revenues Over (Under) Expenditures	(82,493)	26,825	(55,668)
Other Financing Sources			
Proceeds from sale of assets	0	6,300	6,300
Total Other Financing Sources	0	6,300	6,300
Net Change in Fund Balances	(82,493)	33,125	(49,368)
Fund Balances at Beginning of Year	93,216	7,174	100,390
FUND BALANCES AT END OF YEAR	\$ 10,723	\$ 40,299	\$ 51,022

SCHEDULE III - UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES
TOWN OF SPRINGDALE, SOUTH CAROLINA
For the Year Ended June 30, 2021

For the State Treasurer's Office:

Municipal Funds Collected by Clerk of Court	Municipal Court
Court Fines and Assessments:	
Court fines and assessments collected	\$ 214,473
Court fines and assessments remitted to State Treasurer	(118,870)
Total Court Fines and Assessments Retained	<u>\$ 95,603</u>
Surcharges and Assessments retained for victim services:	
Surcharges collected and retained	\$ 3,804
Assessments retained	9,917
Total Surcharges and Assessments Retained for Victim Services	<u>\$ 13,721</u>

For the Department of Crime Victim Compensation:

Victim Service Funds Collected	Municipal Court
Carryforward from Previous Year - Beginning Balance	\$ 25,000
Victim Service Revenue:	
Interest income	83
Victim service assessments retained by municipal treasurer	9,917
Victim service surcharges retained by municipal treasurer	3,804
Total Funds Allocated to Victim Service Fund Plus Beginning Balance	<u>38,804</u>
Expenditures for Victim Service Program:	
Operating expenditures	2,523
Excess funds to the State	11,281
Total Expenditures from Victim Service Fund	<u>13,804</u>
Total Victim Service Funds Retained by Municipal Treasurer	25,000
Less Prior Year Fund Deficit Repayment	0
Carryforward Funds - End of Year	<u>\$ 25,000</u>

GOVERNMENTAL AUDITING REPORT

1704 Laurel Street
Columbia, SC 29201

P.O. Box 2411
Columbia, SC 29202

Phone (803) 799-0555
Fax (803) 799-4212



125 W. Stone Avenue
Greenville, SC 29609

Phone (864) 271-7503
Fax (864) 751-5889

www.hobbscpa.com

INDEPENDENT AUDITORS' 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*

To the Honorable Mayor and Town Council of
Town of Springdale, South Carolina

We have audited, in accordance with 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, each major fund, and the aggregate remaining fund information of the Town of Springdale, South Carolina (the "Town") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated November 28, 2022.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the Town'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 Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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

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

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Town'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 an instance of noncompliance or other matter that are required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings and responses as item 2021-001.

TOWN'S RESPONSE TO FINDING

The Town's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Columbia, South Carolina
November 28, 2022

The Hollar Group, P.A.

SCHEDULE OF FINDINGS AND RESPONSES
TOWN OF SPRINGDALE, SOUTH CAROLINA
For the Year Ended June 30, 2021

Finding 2021-001

Noncompliance - Unspent Victim Service Funds

Criteria: Proviso 59.15 requires municipal governments to remit any unspent funds that are greater than the allowed carryforward funds to the State Victim Assistance Program (SVAP) with the Office of Attorney General within 120 days after the end of the fiscal year.

Condition: For the year ended June 30, 2021, the Town failed to remit unspent carryforward funds to SVAP in the amount of \$39,709 within the required 120 days after year end.

Effect of Potential Effect: The Town could face penalties for not submitting the funds within the required time.

Cause: Proviso 59.15 was amended, effective July 1, 2019, for this requirement and the Town was not aware of the change included in the amendment.

Recommendation: The Town should designate someone to be responsible for ensuring management is aware of all provisos and amendments thereof that are applicable to the Town and following up to ensure that they were complied with.

Views of Responsible Official(s) and Planned Corrective Actions: The Town will designate an individual to ensure management is aware of all provisos and amendments thereof that are applicable to the Town. That individual will also ensure any corrective actions necessary are made timely and in accordance with the applicable provisos and amendments.