

AUDITED FINANCIAL STATEMENTS
AND
SUPPLEMENTAL INFORMATION

*TOWN OF SPRINGDALE,
SOUTH CAROLINA*

June 30, 2022

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June 30, 2022

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INDEPENDENT AUDITORS' REPORT

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions

We have audited 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, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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 is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other

knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. Schedules 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 was 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, the accompanying 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 4, 2024 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 4, 2024

The Hall Group, P.A.

Town of Springdale, South Carolina
Management's Discussion and Analysis
Year Ended June 30, 2022

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, 2022. 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 2021 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 \$780,067 (net position).
- The government's total net position increased by \$287,429 from activities during the fiscal year ended June 30, 2022.
- At the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$1,429,131 an increase of \$300,099 in comparison with the prior year. Approximately 67.88% of this total amount, \$970,077, 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, 2022 was \$765,307, a decrease of \$222,410 from the prior year.
- Total liabilities overall increased by \$599,733. The increase is due to an increase in the net pension liability of \$666,434.
- Cash and cash equivalents increased by \$483,757.
- Net capital assets decreased by \$99,378 after depreciation of \$131,986 was recorded for the current year. The historical cost of capital asset acquisitions was \$40,689. Historical cost of disposals was \$40,225.
- Overall revenues increased by \$978,974. This increase was attributable to \$715,334 in operating and capital grants as well as increases in charges for services; licenses, permits, and fees; and other nonprogram revenues.
- Overall governmental activity expenses were up \$488,924. Increases and decreases in expenses were as follows:
 - General government increased \$79,727
 - Public safety and law enforcement increased \$328,167
 - Public works increased by \$84,357
 - Interest on long-term debt decreased by \$3,327

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

	<u>June 30, 2021</u>	<u>June 30, 2022</u>	Increase (Decrease)
Assets			
Current assets	\$ 1,253,133	\$ 1,705,630	\$ 452,497
Non-current assets	-	-	-
Capital assets, net	<u>1,444,495</u>	<u>1,345,117</u>	<u>(99,378)</u>
Total assets	<u>\$ 2,697,628</u>	<u>\$ 3,050,747</u>	<u>\$ 353,119</u>
Deferred outflows of resources	<u>\$ 569,672</u>	<u>\$ 1,205,186</u>	<u>\$ 635,514</u>
Total assets and deferred outflows of resources	<u>\$ 3,267,300</u>	<u>\$ 4,255,933</u>	<u>\$ 988,633</u>
Liabilities			
Current liabilities	\$ 353,359	\$ 474,049	\$ 120,690
Non-current liabilities	<u>1,946,345</u>	<u>2,425,388</u>	<u>479,043</u>
Total liabilities	<u>\$ 2,299,704</u>	<u>\$ 2,899,437</u>	<u>\$ 599,733</u>
Deferred inflows of resources	<u>\$ 474,958</u>	<u>\$ 576,429</u>	<u>\$ 101,471</u>
Net position			
Net investment in capital assets	\$ 808,490	\$ 709,112	\$ (99,378)
Restricted	293,405	376,941	83,536
Unrestricted	<u>(609,257)</u>	<u>(305,986)</u>	<u>303,271</u>
Total net position	<u>\$ 492,638</u>	<u>\$ 780,067</u>	<u>\$ 287,429</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 3,267,300</u>	<u>\$ 4,255,933</u>	<u>\$ 988,633</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

	June 30, 2021	June 30, 2022	Increase (Decrease)
Governmental activities expenses			
General government	\$ 462,602	\$ 542,329	\$ 79,727
Public safety and law enforcement	1,191,967	1,520,134	328,167
Public works	529,849	614,206	84,357
Interest on long-term debt	27,618	24,291	(3,327)
Total functional expenses	<u>2,212,036</u>	<u>2,700,960</u>	<u>488,924</u>
Program revenues			
Operating grants and contributions	23,815	680,304	656,489
Charges for services	256,921	379,407	122,486
Capital grants and contributions	-	35,030	35,030
Total program revenues	<u>280,736</u>	<u>1,094,741</u>	<u>814,005</u>
Net program expense (income)	<u>1,931,300</u>	<u>1,606,219</u>	<u>(325,081)</u>
Change in net position before non-program revenues (expenses)	(1,931,300)	(1,606,219)	325,081
Non-program revenues (expenses)			
Taxes	776,672	803,462	26,790
Licenses, permits, and fees	828,516	954,398	125,882
Homestead exemption	46,764	47,368	604
Local government fund	64,991	62,164	(2,827)
Gain (loss) on disposition of assets	9,910	(8,081)	(17,991)
Interest income	1,264	1,364	100
Other	562	32,973	32,411
Total general revenues	<u>1,728,679</u>	<u>1,893,648</u>	<u>164,969</u>
Change in net position	<u>\$ (202,621)</u>	<u>\$ 287,429</u>	<u>\$ 490,050</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 the same functions reported as governmental activities in the entity-wide financial statements. However, unlike the entity-wide financial statements, the fund financial statements focus on near-term inflows and outflows of spendable resources, and 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. 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, each major fund, and collectively for the 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. A budgetary comparison statement has been provided for the general fund 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 2022 budget included no millage increase. Below are some highlights from the budget to actual comparison.

Actual general fund revenues for 2022 were \$2,845,634 which is an increase of \$983,163 over prior year. General fund revenues are \$605,034 higher than the \$2,240,600 that was initially budgeted for fiscal year 2022. The primary reason is the grant revenue received by the Town during the fiscal year. Overall revenues remained strong in fiscal year 2022.

Actual general fund expenditures were higher than the budgeted expenditures for fiscal year 2022 by \$413,325 due to an increase in salaries and related fringes, capital grant expenditures, increases in utilities

cost, and other general increases. The budgeted expenditure amount was \$2,242,600 and the actual expenditures were \$2,655,925.

Capital Asset and Debt Administration

Capital assets. The Town’s investment in capital assets for its governmental activities as of June 30, 2022, was \$1,345,117 (net of accumulated depreciation), a decrease of \$99,378 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.

	<u>June 30, 2021</u>	<u>June 30, 2022</u>
Land	\$ 52,194	\$ 52,194
Construction In Progress	681,366	681,366
Buildings and land improvements	378,767	355,363
Vehicles	173,309	106,882
Equipment and furnishings	158,859	149,312
	<u>\$ 1,444,495</u>	<u>\$ 1,345,117</u>

The Town replaced an engine of one of its vehicles and purchased two speed alert trailers during fiscal year 2022, while it disposed of six mirror kits, two firearms, a sign, and a laptop.

Debt Administration. At the end of fiscal year, the Town had total debt outstanding of \$765,307. Of this amount, \$80,005 comprises debt backed by the full faith and credit of the government. The remaining balance is comprised of \$129,302 in revenue bonds for sewer lines owned by the City of Cayce and \$556,000 in general obligation bonds to purchase a new facility adjacent to their current location. The Town’s total debt decreased by \$222,410 during 2022.

	<u>June 30, 2021</u>	<u>June 30, 2022</u>
Installment purchase	\$ 134,053	\$ 80,005
General obligation bonds	623,500	556,000
State revolving fund loans	230,164	129,302
	<u>\$ 987,717</u>	<u>\$ 765,307</u>

Economic Issues

During fiscal year 2020, the World Health Organization (“WHO”) announced a global pandemic because of the Coronavirus (“COVID-19”) and the risks to the international community as the virus spreads globally. The Town continues to monitor the impact from COVID-19 on its financial condition, liquidity, operations, workforce and citizens. The Town received American Rescue Plan (ARP) funding to soften the impact of COVID-19 on its financial condition to cover lost revenue. During 2022, the Town used a portion of this funding to cover premium pay. The Town also intends to resume its construction of the Springdale Municipal Complex during the next fiscal year; Town Council approved ARP Funds to be used for this project. The Town will also seek funding for a sewer expansion project next year.

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, 2909 Platt Springs Rd., Springdale, South Carolina 29170.

AUDITED FINANCIAL STATEMENTS

STATEMENT OF NET POSITION
TOWN OF SPRINGDALE, SOUTH CAROLINA
June 30, 2022

	<u>Governmental Activities</u>
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 1,524,916
Receivables	98,601
Prepaid expenses	82,113
	<u>1,705,630</u>
	Total Current Assets
Noncurrent Assets	
Capital assets, net	1,345,117
	<u>3,050,747</u>
	Total Assets
DEFERRED OUTFLOWS OF RESOURCES	
Deferred pension charges	1,205,186
LIABILITIES	
Current Liabilities	
Accounts payable	200,941
Accrued salaries and payroll withholdings	18,833
Customer deposits	2,020
Accrued interest	5,545
Excess funds to the State	54,705
Current maturities of long-term debt	192,005
	<u>474,049</u>
	Total Current Liabilities
Noncurrent Liabilities	
Compensated absences	28,069
Net pension liability	1,824,016
Note payable	61,151
South Carolina Water Quality Revolving Fund bond payable	26,152
General Obligation bond payable	486,000
	<u>2,899,437</u>
	Total Liabilities
DEFERRED INFLOWS OF RESOURCES	
Deferred pension credits	576,429
NET POSITION	
Net investment in capital assets	709,112
Restricted for:	
Debt service	35,749
Hospitality	240,873
Tourism promotion	46,047
Public safety and law enforcement	29,272
Victim's services	25,000
Unrestricted	(305,986)
	<u>780,067</u>
	<u>\$ 780,067</u>
	TOTAL NET POSITION

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, 2022

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenue Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
Governmental Activities					
General government	\$ 542,329	\$ 101,385	\$ 680,304		\$ 239,360
Public safety and law enforcement	1,520,134	278,022		\$ 35,030	(1,207,082)
Public works	614,206				(614,206)
Interest on long-term debt	24,291				(24,291)
Total Governmental Activities	<u>\$ 2,700,960</u>	<u>\$ 379,407</u>	<u>\$ 680,304</u>	<u>\$ 35,030</u>	<u>(1,606,219)</u>
		General Revenues			
		Taxes:			
					671,044
					62,178
					70,240
		Licenses, Permits and Fees:			
					280,732
					673,666
					47,368
					62,164
					(8,081)
					1,364
					32,973
			Total General Revenues		<u>1,893,648</u>
				Change in Net Position	287,429
				Net Position at Beginning of Year	<u>492,638</u>
				Net Position at End of Year	<u>\$ 780,067</u>

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

BALANCE SHEET - GOVERNMENTAL FUNDS
TOWN OF SPRINGDALE, SOUTH CAROLINA
June 30, 2022

	General Fund	Special Revenue Funds		Non-Major Governmental Funds	Total Governmental Funds
		Victim's Assistance Fund	Hospitality Tax Fund		
ASSETS					
Cash and cash equivalents	\$ 1,178,198	\$ 80,651	\$ 241,194	\$ 24,873	\$ 1,524,916
Receivables	78,721			19,880	98,601
Due from other funds	1,267			30,566	31,833
Prepaid expenses	82,113				82,113
TOTAL ASSETS	\$ 1,340,299	\$ 80,651	\$ 241,194	\$ 75,319	\$ 1,737,463
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 200,941				\$ 200,941
Accrued salaries and payroll withholdings	18,833				18,833
Customer deposits	2,020				2,020
Due to other funds	30,566	\$ 946	\$ 321		31,833
Excess funds to the State		54,705			54,705
Total Liabilities	252,360	55,651	321	\$ 0	308,332
Fund Balances					
Nonspendable	82,113				82,113
Restricted					
Debt service	35,749				35,749
Hospitality			240,873		240,873
Tourism promotion				46,047	46,047
Public safety and law enforcement				29,272	29,272
Victim's services		25,000			25,000
Unassigned	970,077				970,077
Total Fund Balances	1,087,939	25,000	240,873	75,319	1,429,131
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,340,299	\$ 80,651	\$ 241,194	\$ 75,319	\$ 1,737,463

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, 2022

Total Fund Balances of the Governmental Funds	\$	1,429,131
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.		1,345,117
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.		(1,195,259)
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		(28,069)
Accrued interest		(5,545)
Bond and notes payable		(765,308)
		<hr/>
Total Net Position of the Governmental Activities	\$	<u>780,067</u>

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, 2022

	General Fund	Special Revenue Funds		Non-Major Governmental Funds	Total Governmental Funds
		Victim's Assistance Fund	Hospitality Tax Fund		
Revenues					
Property taxes	\$ 671,044				\$ 671,044
Intergovernmental revenue	109,532		\$ 70,240	\$ 62,178	241,950
Grants	715,334				715,334
Licenses, permits and fees	954,398				954,398
Charges for services	101,385				101,385
Fines, fees and forfeitures	259,708	\$ 16,277		2,037	278,022
Interest Income	1,260	73		31	1,364
Other revenue	32,973				32,973
Total Revenues	2,845,634	16,350	70,240	64,246	2,996,470
Expenditures					
General government administration	448,519				448,519
Town council	49,281				49,281
Buildings and grounds	170,753				170,753
Public safety and law enforcement	1,298,215	1,354		13,090	1,312,659
Administration of justice	23,692				23,692
Public works	376,772				376,772
Tourism promotion			11,006		11,006
Excess funds due to State		14,996			14,996
Debt Service					
Principal	222,410				222,410
Interest	25,594				25,594
Capital Outlay	40,689				40,689
Total Expenditures	2,655,925	16,350	11,006	13,090	2,696,371
Excess of Revenues Over (Under) Expenditures	189,709	0	59,234	51,156	300,099
Other Financing Sources					
Transfers out				(26,859)	(26,859)
Transfers in	26,859				26,859
Total Other Financing Sources	26,859	0	0	(26,859)	0
Net Change in Fund Balances	216,568	0	59,234	24,297	300,099
Fund Balances at Beginning of Year	871,371	25,000	181,639	51,022	1,129,032
FUND BALANCES AT END OF YEAR	\$ 1,087,939	\$ 25,000	\$ 240,873	\$ 75,319	\$ 1,429,131

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, 2022

Net Change in Fund Balances - Total Governmental Funds	\$	300,099
<p>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:</p>		
<p>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:</p>		
Cost of capitalized assets		40,689
Depreciation expense		(131,986)
<p>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:</p>		
Loss on disposal of capital assets		(8,081)
<p>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.</p>		
		(132,394)
<p>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:</p>		
Principal repayments		222,410
<p>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:</p>		
Current year change in compensated absences		(4,611)
Current year change in accrued interest		1,303
		<hr/>
Change in Net Position of Governmental Activities	\$	<u><u>287,429</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS
TOWN OF SPRINGDALE, SOUTH CAROLINA
June 30, 2022

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:

Nonspendable Fund Balance: Nonspendable 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, 2022 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 expensed. 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, 2022, the Town had outstanding general obligation debt of \$556,000 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.

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, 2022, the Town’s cash deposits were as follows:

	Carrying Amount	Bank Balance
Demand Deposits	\$ 1,378,091	\$ 1,154,651

Of the Town’s bank balance, \$299,292 was covered by federal depository insurance and the remaining \$855,359 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, 2022, the Town maintained \$146,825 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, 2022, the Town’s account balance held with the Pool consisted of cash equivalents.

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.

NOTES TO THE FINANCIAL STATEMENTS
TOWN OF SPRINGDALE, SOUTH CAROLINA

NOTE B -- DEPOSITS AND INVESTMENTS - Continued

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, 2022 consist of the following:

	General Fund	Accommodations Tax Fund	Total Governmental Funds
Licenses, permits and fees	\$ 52,182		\$ 52,182
Intergovernmental	1,106	\$ 19,880	20,986
Property taxes	9,889		9,889
Other	15,544		15,544
	<u>\$ 78,721</u>	<u>\$ 19,880</u>	<u>\$ 98,601</u>

NOTE D -- CAPITAL ASSETS

Depreciation expense is charged to the following activities:

General government	\$ 26,145
Public safety	80,276
Public works	25,565
	<u>\$ 131,986</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, 2022 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>	733,560	\$ 0	\$ 0	733,560
<u>Capital Assets Depreciated:</u>				
Buildings and land improvements	661,687			661,687
Vehicles	927,017	40,689	37,411	930,295
Equipment and furnishings	457,071		2,814	454,257
<i>Total Capital Assets Depreciated</i>	2,045,775	40,689	40,225	2,046,239
Less Accumulated Depreciation For:				
Buildings and land improvements	281,535	23,404		304,939
Vehicles	757,115	71,913	29,330	799,698
Equipment and furnishings	296,190	36,669	2,814	330,045
<i>Total Accumulated Depreciation</i>	1,334,840	131,986	32,144	1,434,682
<i>Total Capital Assets Depreciated, Net</i>	710,935	(91,297)	8,081	611,557
Governmental Activities Capital Assets, Net	<u>\$ 1,444,495</u>	<u>\$ (91,297)</u>	<u>\$ 8,081</u>	<u>\$ 1,345,117</u>

NOTE E -- NOTE PAYABLE

The following comprises the Town's note payable as of June 30, 2022:

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.

	\$ 80,005
Total Balance Outstanding on June 30, 2022	<u>\$ 80,005</u>

NOTES TO THE FINANCIAL STATEMENTS
TOWN OF SPRINGDALE, SOUTH CAROLINA

NOTE E -- NOTE PAYABLE - Continued

The following is a summary of note payable transactions for the year ended June 30, 2022:

Balance on July 1, 2021	\$	134,053
Less: debt retired		<u>(54,048)</u>
Balance on June 30, 2022	\$	<u>80,005</u>

The annual debt-service requirements to amortize the outstanding notes payable as of June 30, 2022, including interest payments are:

Year Ended June 30,	Principal	Interest	Total
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>\$ 80,005</u>	<u>\$ 8,055</u>	<u>\$ 88,060</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, 2022 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. \$ 129,302

The following is a summary of bond transactions for the year ended June 30, 2022:

Balance on July 1, 2021	\$	230,164
Less debt retired		<u>(100,862)</u>
Balance on June 30, 2022	\$	<u>129,302</u>

The annual debt-service requirements to amortize the outstanding South Carolina Water Quality Revolving Fund bond as of June 30, 2022, including interest payments, are as follows:

Year Ended June 30,	Principal	Interest	Total
2023	\$ 103,150	\$ 2,043	\$ 105,193
2024	26,152	147	26,299
	<u>\$ 129,302</u>	<u>\$ 2,190</u>	<u>\$ 131,492</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, 2022. 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, 2022 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. \$ 556,000

The following is a summary of bond transactions for the year ended June 30, 2022:

Balance on July 1, 2021	\$	623,500
Less debt retired		(67,500)
Balance on June 30, 2022	\$	556,000

The annual debt-service requirements to amortize the outstanding South Carolina Water Quality Revolving Fund bond as of June 30, 2022, including interest payments, are as follows:

Year Ended June 30,	Principal	Interest	Total
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
	\$ 556,000	\$ 60,396	\$ 616,396

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 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. The Retirement System Investment Commission (Commission as the governing body, RSIC as the

NOTES TO THE FINANCIAL STATEMENTS
TOWN OF SPRINGDALE, SOUTH CAROLINA

NOTE I -- PENSION PLANS – Continued

agency), created by the General Assembly in 2005, has exclusive authority to invest and manage the retirement trust funds' assets.

The Commission, an eight-member board, serves as co-trustee and co-fiduciary for the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems.

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Systems and additions to/deductions from the Systems fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems in accordance with 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 containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The Annual Comprehensive Financial Report is publicly available through 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 annual comprehensive 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 and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class

NOTES TO THE FINANCIAL STATEMENTS
TOWN OF SPRINGDALE, SOUTH CAROLINA

NOTE I -- PENSION PLANS – Continued

Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

PORS - To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; be a coroner in a full-time permanent position; or be a peace officer employed by the Department of Corrections, the Department of Juvenile Justice or the Department of Mental Health. Probate judges and coroners may elect membership in 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.

Plan Benefits

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation/current annual salary. A brief summary of 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 credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

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

PORS - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of age. Both Class Two and Class Three members are eligible to receive a deferred annuity at age 55 with five or eight years of earned

NOTES TO THE FINANCIAL STATEMENTS
TOWN OF SPRINGDALE, SOUTH CAROLINA

NOTE I -- PENSION PLANS – Continued

service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty.

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

Plan Contributions

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS and PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. Legislation in 2017 increased, but also established a ceiling for SCRS and PORS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS and 9.75 percent for PORS. The legislation also increased employer contribution rates beginning July 1, 2017 for both SCRS and PORS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year in accordance with state statute.

However, the General Assembly postponed the one percent increase in the SCRS and PORS employer contribution rates that was scheduled to go into effect beginning July 1, 2020. If the scheduled contributions are not sufficient to meet the funding periods set in state statute, the board shall increase the employer contribution rates as necessary to meet the funding periods set for the applicable year. The maximum funding period of SCRS and PORS is scheduled to be reduced over a ten-year schedule from 30 years beginning fiscal year 2018 to 20 years by fiscal year 2028.

Additionally, the 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 1, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than 85 percent. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than 85 percent, then effective on the following July 1, and annually thereafter as necessary, the 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.

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 2022¹</u>	<u>Fiscal Year 2021¹</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%

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

Required employer contribution rates¹ are as follows:

	<u>Fiscal Year 2022¹</u>	<u>Fiscal Year 2021¹</u>
SCRS		
Employer Class Two	16.41%	15.41%
Employer Class Three	16.41%	15.41%
Employer Incidental Death Benefit	0.15%	0.15%
PORS		
Employee Class Two	18.84%	17.84%
Employee Class Three	18.84%	17.84%
Employer Incidental Death Benefit	0.20%	0.20%
Employer Accidental Death Benefit	0.20%	0.20%

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

Actuarial Assumptions and Methods

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

The June 30, 2021, total pension liability (TPL), net pension liability (NPL), and sensitivity information shown in this report were determined by our consulting actuary, Gabriel Roeder Smith & Company (GRS) and are based on an actuarial valuation performed as of July 1, 2020. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2021, using generally accepted actuarial principles. There was no legislation enacted during the 2021 legislative session that had a material change in the benefit provisions for any of the systems. In FY 2021 the Board adopted updated demographic

NOTES TO THE FINANCIAL STATEMENTS
TOWN OF SPRINGDALE, SOUTH CAROLINA

NOTE I -- PENSION PLANS – Continued

assumptions. Also, the General Assembly permitted the investment return assumption at July 1, 2021 to decrease from 7.25% to 7.00%, as provided by Section 9-16-335 in South Carolina State Code.

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2021.

Actuarial cost method	SCRS	PORS
	Entry Age Normal	Entry Age Normal
Actuarial assumptions:		
Investment rate of return ¹	7%	7%
Projected salary increases	3.0% to 11.0% (varies by service) ¹	3.5% to 10.5% (varies by services) ¹
Benefit adjustments	Lesser of 1% or \$500 annually	Lesser of 1% or \$500 annually

¹Includes inflation at 2.25%

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

Assumptions used in the determination of the June 30, 2021, TPL are as follows.

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

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system’s total pension liability determined in accordance with GASB No. 67 less that system’s fiduciary net position. As of June 30, 2021, NPL totals for SCRS and PORS are as follows:

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	\$ 55,131,579,363	\$ 33,490,305,970	\$ 21,641,273,393	60.7%
PORS	\$ 8,684,586,488	\$ 6,111,672,064	\$ 2,572,914,424	70.4%

The TPL is calculated by the Systems’ actuary, and each 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 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

The Town’s proportionate share of the net pension liability was calculated on the basis of historical employer contributions. Although GASB 68 encourages the use of the employer’s projected long-term contribution effort to the retirement plan, allocating on the basis of historical employer contributions is considered acceptable. For the year ending June 30, 2021, the Town’s percentage of the SCRS and PORS net pension liability was 0.003656% and 0.041014%, respectively. The Town’s proportionate share is determined by its percentage of total contributions to SCRS and PORS during the respective fiscal year. The change in percentage resulted in the Town recognizing a change in its proportionate share of the SCRS and PORS net pension liability as related deferred outflows and inflows of resources.

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 represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market-based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2021 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 percent assumed annual investment rate of return used in the calculation of the TPL includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

Allocation/Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Public Equity¹	46.0%	6.87%	3.16%
Bonds	26.0%	0.27%	0.07%
Private Equity^{1,2}	9.0%	9.68%	0.87%
Private Debt²	7.0%	5.47%	0.39%
Real Assets	12.0%		
Real Estate ²	9.0%	6.01%	0.54%
Infrastructure ²	3.0%	5.08%	0.15%
Total Expected Return ³	<u>100%</u>		<u>5.18%</u>
Inflation for Actuarial Purposes			<u>2.25%</u>
			<u>7.43%</u>

¹The target weight to Private Equity will be equal to its actual weight, reported by the custodial bank, as of prior month end. When flows have occurred, flow adjusted weights are used to more accurately reflect the impact of the asset class weight. Private Equity and Public Equity combine for 55% of the entire portfolio.

²Staff and Consultant will notify the Commission if Private Markets assets exceed 25% of total assets.

³Portable Alpha Strategies, which are not included in the Policy Target, will be capped at 12% of total assets; hedge funds (including all hedge funds used in portable alpha implementation) are capped at 20% of total assets.

NOTES TO THE FINANCIAL STATEMENTS
TOWN OF SPRINGDALE, SOUTH CAROLINA

NOTE I -- PENSION PLANS -- Continued

Discount Rate

The discount rate used to measure the TPL was 7 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 Code of Laws. Based on those assumptions, the System's fiduciary net position was projected to be available to make all the 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 collective NPL of the participating employers calculated using the discount rate of 7 percent, as well as what the employers' NPL would be if it were calculated using a discount rate that is 1 percent lower (6 percent) or 1 percent higher (8 percent) than the current rate.

System	1.00% Decrease (6%)	Current Discount Rate (7%)	1.00% Increase (8%)
SCRS	\$ 3,671,288	\$ 2,802,776	\$ 2,080,863
PORS	\$ 2,978,563	\$ 2,052,947	\$ 1,294,725

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NOTES TO THE FINANCIAL STATEMENTS
TOWN OF SPRINGDALE, SOUTH CAROLINA

NOTE I -- PENSION PLANS – Continued

Deferred Outflows (Inflows) of Resources

For the year ended June 30, 2022, the Town recognized pension expense of \$62,963 and \$104,825 for the SCRS and PORS, respectively. At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources and will be amortized to pension expense as noted in the following schedules.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
SCRS		
Differences between expected and actual experience	\$ 13,478	\$ 1,068
Assumption changes	43,310	
Net difference between projected and actual earnings		114,938
Changes in proportionate share and differences between Town contributions and proportionate share of contributions	364,738	99,911
Town's contributions subsequent to the measurement date	62,963	
Total SCRS	<u>484,489</u>	<u>215,917</u>
PORS		
Differences between expected and actual experience	35,134	3,216
Assumption changes	73,662	
Net difference between projected and actual earnings		231,544
Changes in proportionate share and differences between Town contributions and proportionate share of contributions	507,076	125,752
Town's contributions subsequent to the measurement date	104,825	
Total PORS	<u>720,697</u>	<u>360,512</u>
TOTAL SCRS AND PORS	<u>\$ 1,205,186</u>	<u>\$ 576,429</u>

The Town reported \$62,963 as deferred outflows of resources related to the Town's contributions subsequent to the measurement date to the SCRS, which will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the SCRS will be recognized in pension expense as follows:

<u>Measurement Periods Ending June 30,</u>	<u>For the Years Ended June 30,</u>	<u>SCRS</u>
2022	2023	\$ 102,511
2023	2024	59,288
2024	2025	86,818
2025	2026	(43,008)
Net Balance of Deferred Outflows/(Inflows) of Resources		<u>\$ 205,609</u>

NOTES TO THE FINANCIAL STATEMENTS
TOWN OF SPRINGDALE, SOUTH CAROLINA

NOTE I -- PENSION PLANS – Continued

The Town reported \$104,825 as deferred outflows of resources related to the Town’s contributions subsequent to the measurement date to the PORS, which will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the PORS will be recognized in pension expense as follows:

Measurement Periods Ending June 30,	For the Years Ended June 30,	PORS
2022	2023	\$ 116,914
2023	2024	93,346
2024	2025	109,129
2025	2026	(64,029)
Net Balance of Deferred Outflows/(Inflows) of Resources		<u>\$ 255,360</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 -- SUBSEQUENT EVENTS

The Town was awarded the second payment of American Rescue Plan Act Funding in October 2022 for \$680,304. As of the date of the audit report, the Town has paid off the South Carolina Water Quality Bond Payable, and moved into their new administration building.

Subsequent events have been evaluated through November 4, 2024, which represents the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
TOWN OF SPRINGDALE, SOUTH CAROLINA
For the Year Ended June 30, 2022

	Budgeted Amounts Original & Final	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	\$ 718,000	\$ 671,044	\$ (46,956)
Intergovernmental revenue	140,500	109,532	(30,968)
Grants	6,000	715,334	709,334
Licenses, permits and fees	1,061,000	954,398	(106,602)
Charges for services	102,100	101,385	(715)
Fines, fees and forfeitures	210,000	259,708	49,708
Interest Income	0	1,260	1,260
Other revenue	3,000	32,973	29,973
Total Revenues	<u>2,240,600</u>	<u>2,845,634</u>	<u>605,034</u>
Expenditures			
General government administration	382,950	448,519	(65,569)
Town council	48,500	49,281	(781)
Buildings and grounds	122,700	170,753	(48,053)
Public safety and law enforcement	1,072,050	1,298,215	(226,165)
Administration of justice	25,050	23,692	1,358
Public works	402,400	376,772	25,628
Debt service			
Principal	100,862	222,410	(121,548)
Interest	4,332	25,594	(21,262)
Capital outlay	83,756	40,689	43,067
Total Expenditures	<u>2,242,600</u>	<u>2,655,925</u>	<u>(413,325)</u>
Other Financing Sources			
Transfers out		26,859	26,859
Proceeds from sale of assets	2,000	0	(2,000)
Total Other Financing Sources	<u>2,000</u>	<u>26,859</u>	<u>24,859</u>
Net Change in Fund Balance	<u>\$ 0</u>	216,568	<u>\$ 216,568</u>
Fund Balance at Beginning of Year		<u>871,371</u>	
FUND BALANCE AT END OF YEAR		<u>\$ 1,087,939</u>	

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, 2022

	Budgeted Amounts Original & Final	Actual	Variance Favorable (Unfavorable)
Revenues			
Fines, fees and forfeitures	\$ 15,000	\$ 16,277	\$ 1,277
Interest Income	150	73	(77)
Total Revenues	<u>15,150</u>	<u>16,350</u>	<u>1,200</u>
Expenditures			
Public safety and law enforcement	15,150	1,354	13,796
Excess funds due to State	0	14,996	(14,996)
Total Expenditures	<u>15,150</u>	<u>16,350</u>	<u>(1,200)</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, 2022

	Budgeted Amounts Original & Final	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental revenue	\$ 60,000	\$ 70,240	\$ 10,240
Interest Income	100		(100)
Total Revenues	<u>60,100</u>	<u>70,240</u>	<u>10,140</u>
Expenditures			
Tourism promotion	60,100	11,006	49,094
Total Expenditures	<u>60,100</u>	<u>11,006</u>	<u>49,094</u>
Net Change in Fund Balance	<u>\$ 0</u>	59,234	<u>\$ 59,234</u>
Fund Balance at Beginning of Year		<u>181,639</u>	
FUND BALANCE AT END OF YEAR		<u>\$ 240,873</u>	

See accompanying notes to budgetary comparison schedule.

NOTES TO BUDGETARY COMPARISON SCHEDULES
TOWN OF SPRINGDALE, SOUTH CAROLINA
June 30, 2022

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. 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

	2022	2021	2020	2019	June 30, 2018	2017	2016	2015	2014
Town's proportion of the net pension liability	0.003656%	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	\$ 791,240	\$ 480,912	\$ 622,008	\$ 381,541	\$ 737,931	\$ 387,681	\$ 456,499	\$ 462,957	\$ 482,311
Town's covered-employee payroll	\$ 380,211	\$ 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	208.11%	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	60.70%	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 nine years of data were available; thus only nine years presented.

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

	For the Years Ended								
	2022	2021	2020	2019	June 30, 2018	2017	2016	2015	2014
Contractually required contribution	\$ 62,963	\$ 55,700	\$ 43,322	\$ 35,077	\$ 30,733	\$ 31,682	\$ 19,443	\$ 24,602	\$ 25,879
Actual contributions	<u>62,963</u>	<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>	<u>\$ 0</u>
Town's covered-employee payroll	\$ 380,211	\$ 357,969	\$ 278,415	\$ 240,916	\$ 226,645	\$ 274,066	\$ 175,796	\$ 225,706	\$ 244,142
Contributions as a percentage of covered-employee payroll	16.56%	15.56%	15.56%	14.56%	13.56%	11.56%	11.06%	10.90%	10.60%

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

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

	2022	2021	2020	2019	June 30, 2018	2017	2016	2015	2014
Town's proportion of the net pension liability	0.0410140%	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	\$ 1,032,776	\$ 676,670	\$ 791,581	\$ 482,411	\$ 830,114	\$ 470,770	\$ 536,854	\$ 490,649	\$ 531,282
Town's covered-employee payroll	\$ 544,828	\$ 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	189.56%	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	70.40%	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 nine years of data were available; thus only nine years presented.

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

	For the Years Ended								
	2022	2021	2020	2019	June 30, 2018	2017	2016	2015	2014
Contractually required contribution	\$ 104,825	\$ 95,350	\$ 74,441	\$ 56,297	\$ 51,040	\$ 48,296	\$ 42,322	\$ 40,921	\$ 39,581
Actual contributions	<u>104,825</u>	<u>95,350</u>	<u>74,441</u>	<u>56,297</u>	<u>51,040</u>	<u>48,296</u>	<u>42,322</u>	<u>40,921</u>	<u>39,581</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>	<u>\$ 0</u>
Town's covered-employee payroll	\$ 544,828	\$ 522,752	\$ 408,120	326,547	\$ 318,204	\$ 339,157	\$ 308,020	\$ 305,153	\$ 308,263
Contributions as a percentage of covered-employee payroll	19.24%	18.24%	18.24%	17.24%	16.04%	14.24%	13.74%	13.41%	12.84%

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

OTHER SUPPLEMENTAL INFORMATION

SCHEDULE I - COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
TOWN OF SPRINGDALE, SOUTH CAROLINA
June 30, 2022

	Special Revenue Funds		Total Non-Major Governmental Funds
	Accommodations Tax Fund	Police and Drug Seizure Fund	
ASSETS			
Cash and cash equivalents	\$ 1,973	\$ 22,900	\$ 24,873
Receivables	19,880		19,880
Due from other funds	24,194	6,372	30,566
TOTAL ASSETS	\$ 46,047	\$ 29,272	\$ 75,319
LIABILITIES AND FUND BALANCES			
Liabilities			
Due to other funds			
Total Liabilities	\$ 0	\$ 0	\$ 0
Fund Balances			
Restricted	46,047	29,272	75,319
Total Fund Balances	46,047	29,272	75,319
TOTAL LIABILITIES AND FUND BALANCES	\$ 46,047	\$ 29,272	\$ 75,319

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, 2022

	Special Revenue Funds		Total Non-Major Governmental Funds
	Accommodations Tax Fund	Police and Drug Seizure Fund	
Revenues			
Intergovernmental revenue	\$ 62,178		\$ 62,178
Fines, fees and forfeitures		\$ 2,037	2,037
Interest Income	5	26	31
Total Revenues	<u>62,183</u>	<u>2,063</u>	<u>64,246</u>
Expenditures			
Public safety and law enforcement		13,090	13,090
Total Expenditures	<u>0</u>	<u>13,090</u>	<u>13,090</u>
Excess of Revenues Over (Under) Expenditures	62,183	(11,027)	51,156
Other Financing Sources			
Transfers out	(26,859)		(26,859)
Total Other Financing Sources	<u>(26,859)</u>	<u>0</u>	<u>(26,859)</u>
Net Change in Fund Balances	35,324	(11,027)	24,297
Fund Balances at Beginning of Year	<u>10,723</u>	<u>40,299</u>	<u>51,022</u>
FUND BALANCES AT END OF YEAR	<u>\$ 46,047</u>	<u>\$ 29,272</u>	<u>\$ 75,319</u>

SCHEDULE III - UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES
TOWN OF SPRINGDALE, SOUTH CAROLINA
For the Year Ended June 30, 2022

For the State Treasurer's Office:

Municipal Funds Collected by Clerk of Court	Municipal Court
Court Fines and Assessments:	
Court fines and assessments collected	\$ 275,985
Court fines and assessments remitted to State Treasurer	(161,106)
Total Court Fines and Assessments Retained	\$ 114,879
 Surcharges and Assessments retained for victim services:	
Surcharges collected and retained	\$ 3,869
Assessments retained	12,408
Total Surcharges and Assessments Retained for Victim Services	\$ 16,277

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	73
Victim service assessments retained by municipal treasurer	12,408
Victim service surcharges retained by municipal treasurer	3,869
Total Funds Allocated to Victim Service Fund Plus Beginning Balance	41,350
 Expenditures for Victim Service Program:	
Operating expenditures	1,354
Excess funds to the State	14,996
Total Expenditures from Victim Service Fund	16,350
Total Victim Service Funds Retained by Municipal Treasurer	25,000
Less Prior Year Fund Deficit Repayment	0
Carryforward Funds - End of Year	\$ 25,000

GOVERNMENTAL AUDITING REPORT

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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, 2022, 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 4, 2024.

Report on 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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

Report on 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 is required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings and responses as item 2022-01.

Town's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Town's response to the finding identified in our audit and 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 4, 2024

The Hall Group, P.A.

SCHEDULE OF FINDINGS AND RESPONSES
TOWN OF SPRINGDALE, SOUTH CAROLINA
For the Year Ended June 30, 2022

Finding 2022-001

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, 2022, the Town failed to remit unspent carryforward funds to SVAP in the amount of \$54,705 (\$39,709 from June 30, 2021 and \$14,996 from June 30, 2022) 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. Further, the Town Administrator has made contact with an individual at the Attorney General's office and will remit the related schedules and funds, once ready.