

AUDITED FINANCIAL STATEMENTS  
AND  
SUPPLEMENTAL INFORMATION

*TOWN OF SPRINGDALE,  
SOUTH CAROLINA*

June 30, 2019

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June 30, 2019

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## INDEPENDENT AUDITORS' REPORT

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

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Springdale, South Carolina (the "Town"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

### AUDITORS' RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



## GOVERNMENTAL AUDITING REPORT

## OPINIONS

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Springdale, South Carolina, as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## OTHER MATTERS

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension plan schedules on pages 4-9, 35-36, and 37-40, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

The accompanying Schedule I through Schedule III, as defined in the table of contents, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Schedule I through Schedule III, as defined in the table of contents, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2020, 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 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  
June 12, 2020

*The Halls Group, P.A.*

**Town of Springdale, South Carolina  
Management's Discussion and Analysis  
Year Ended June 30, 2019**

**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, 2019. 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 2018 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 \$811,290 (net position).
- The government's total net position increased by \$22,097 from activities during the fiscal year ended June 30, 2019.
- At the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$1,741,725, a decrease of \$79,348 in comparison with the prior year. Approximately 81.96% of this total amount, \$1,427,592, 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, 2019 was \$1,280,166, an increase of \$622,533 from the prior year.
- Total liabilities overall decreased by \$76,061. The decrease is due to a large decrease in the net pension liability of \$704,093 and payments on existing long-term debt with an offsetting bond issue of \$750,000 in general obligation bonds.
- Cash and cash equivalents decreased by \$21,131.
- Net capital assets increased by \$661,575 after depreciation of \$125,182 was recorded for the current year. The historical cost of capital asset acquisitions was \$915,080. Historical cost of disposals was \$33,886.
- Overall revenues decreased by \$69,171. This decrease was attributable to decreases in charges for services; licenses, permits, and fees; and other nonprogram revenues.
- Overall governmental activity expenses were down \$30,263. Increases and decreases in expenses were as follows:
  - General government decreased \$70,125
  - Public safety and law enforcement decreased \$85,441
  - Public works increased by \$121,935
  - Interest on long-term debt increased by \$3,368

## Condensed Financial Statement Information & Overview

### Overview of the Financial Statements

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

#### *Entity-wide financial statements*

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

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

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

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

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

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

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

#### Condensed Statements of Net Position

	June 30, 2018	June 30, 2019	Increase (Decrease)
<b>Assets</b>			
Current assets	\$ 1,934,055	\$ 1,855,636	\$ (78,419)
Capital assets, net	681,712	1,343,287	661,575
<b>Total assets</b>	<u>\$ 2,615,767</u>	<u>\$ 3,198,923</u>	<u>\$ 583,156</u>
<b>Deferred outflows of resources</b>	<u>\$ 680,854</u>	<u>\$ 459,263</u>	<u>\$ (221,591)</u>
<b>Total assets and deferred outflows of resources</b>	<u>\$ 3,296,621</u>	<u>\$ 3,658,186</u>	<u>\$ 361,565</u>
<b>Liabilities</b>			
Current liabilities	\$ 242,526	\$ 312,433	\$ 69,907
Non-current liabilities	2,112,638	1,966,670	(145,968)
<b>Total liabilities</b>	<u>\$ 2,355,164</u>	<u>\$ 2,279,103</u>	<u>\$ (76,061)</u>
<b>Deferred inflows of resources</b>	<u>\$ 152,264</u>	<u>\$ 567,793</u>	<u>\$ 415,529</u>
<b>Net position</b>			
Net investment in capital assets	\$ 543,599	\$ 583,905	\$ 40,306
Restricted	187,150	228,504	41,354
Unrestricted	58,444	(1,119)	(59,563)
<b>Total net position</b>	<u>\$ 789,193</u>	<u>\$ 811,290</u>	<u>\$ 22,097</u>
<b>Total liabilities, deferred inflows of resources, and net position</b>	<u>\$ 3,296,621</u>	<u>\$ 3,658,186</u>	<u>\$ 361,565</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, 2018	June 30, 2019	Increase (Decrease)
<b>Governmental activities expenses</b>			
General government	\$ 640,414	\$ 570,289	\$ (70,125)
Public safety and law enforcement	791,821	706,380	(85,441)
Public works	363,554	485,489	121,935
Interest on long-term debt	17,144	20,512	3,368
Total functional expenses	<u>1,812,933</u>	<u>1,782,670</u>	<u>(30,263)</u>
<b>Program revenues</b>			
Operating grants and contributions	2,154	-	(2,154)
Charges for services	141,153	109,967	(31,186)
Total program revenues	<u>143,307</u>	<u>109,967</u>	<u>(33,340)</u>
Net program expense (income)	<u>1,669,626</u>	<u>1,672,703</u>	<u>3,077</u>
Change in net position before non-program revenues (expenses)	(1,669,626)	(1,672,703)	(3,077)
<b>Non-program revenues (expenses)</b>			
Taxes	669,191	696,727	27,536
Licenses, permits, and fees	891,688	857,640	(34,048)
Homestead exemption	47,727	47,892	165
Local government fund	60,890	62,017	1,127
Gain (loss) on disposition of assets	(4,390)	(3,626)	764
Interest income	2,465	5,927	3,462
Other	63,060	28,223	(34,837)
Total general revenues	<u>1,730,631</u>	<u>1,694,800</u>	<u>(35,831)</u>
Change in net position	<u>\$ 61,005</u>	<u>\$ 22,097</u>	<u>\$ (38,908)</u>

### *Fund financial statements*

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state agencies and political subdivisions, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. Governmental funds are used to account for essentially the same functions reported as governmental activities in the entity-wide financial statements. However, unlike the entity-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Town's near-term financing requirements. This approach is known as using the flow of current financial resources measurement focus and the modified accrual basis of accounting. These statements provide a detailed short-term view of the Town's finances that assists in determining whether there will be adequate financial resources available to meet the current needs of the Town. All of the funds of the Town are governmental funds as opposed to enterprise funds. The Town's only major governmental fund is the general fund. All other funds maintained by the Town, including the accommodations tax fund, police and drug seizure fund, and victim's assistance fund, are considered non-major. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund 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 2019 budget included no millage increase. Below are some highlights from the budget to actual comparison.

Actual general fund revenues for 2019 were \$1,774,412 which is a decrease of \$85,901 over prior year. General fund revenues are \$84,413 lower than the \$1,859,825 that was initially budgeted for fiscal year 2019. The primary reason is a decrease in the licenses, permits and fees. Overall revenues remained strong in fiscal year 2019.

Actual general fund expenditures were more than the budgeted expenditures for fiscal year 2019 by \$697,542 due to the capital outlay for the purchase and beginning renovations of \$656,391 for the new Town Hall building at 2909 Platt Springs Road. The budgeted expenditure amount was \$1,929,825 and the actual expenditures were \$2,627,367.

## Capital Asset and Debt Administration

**Capital assets.** The Town's investment in capital assets for its governmental activities as of June 30, 2019, was \$1,343,287 (net of accumulated depreciation), an increase of \$661,575 from the prior year-end. Following is a summary of capital assets and for more information see Note D in the notes to the financial statements.

	June 30, 2018	June 30, 2019
Land	\$ 52,194	\$ 52,194
K-9 Bruce Wayne	5,500	5,500
Construction In Progress	124,697	656,391
Buildings and land improvements	202,627	326,631
Vehicles	260,287	250,553
Equipment and furnishings	36,407	52,018
	<u>\$ 681,712</u>	<u>\$ 1,343,287</u>

The Town completed several capital asset purchases during 2019 including two signs, two 2019 Dodge Chargers, a 2018 Ford Explorer, construction costs related to the splash pad, and construction costs related to the Platt Springs Road building project.

**Debt Administration.** At the end of the current fiscal year, the Town had total debt outstanding of \$1,280,166. Of this amount, \$104,942 comprises debt backed by the full faith and credit of the government. The remaining balance is comprised of \$425,224 in revenue bonds for sewer lines owned by the City of Cayce and \$750,000 in general obligation bonds to purchase a new facility adjacent to their current location. The Town's total debt increased by \$622,533 during 2019.

	June 30, 2018	June 30, 2019
Installment purchase	\$ 138,113	\$ 104,942
General obligation bonds	-	750,000
State revolving fund loans	519,520	425,224
	<u>\$ 657,633</u>	<u>\$ 1,280,166</u>

## Economic Issues

As we look at the future for our town, there will be many exciting changes. The Town received a General Obligation Bond to purchase a facility adjacent to their current location. This facility will house the Town Hall and Public Works Departments. Once construction is completed in the new facility, the Police Department will relocate to the current Town Hall. The current police department will also be renovated into a community center that will allow for community events, meeting and training rooms, and more. Town Council also passed an Ordinance allowing for a Hospitality Tax which brought another revenue source for the Town. They are eager to grow but their desired sense of small town community will remain.

## Requests for Information

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

## AUDITED FINANCIAL STATEMENTS

STATEMENT OF NET POSITION  
TOWN OF SPRINGDALE, SOUTH CAROLINA  
June 30, 2019

	Governmental Activities
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 1,698,581
Receivables	71,426
Prepaid expenses	85,629
Total Current Assets	1,855,636
Noncurrent Assets	
Capital assets, net	1,343,287
Total Assets	3,198,923
DEFERRED OUTFLOWS OF RESOURCES	
Deferred pension charges	459,263
LIABILITIES	
Current Liabilities	
Accounts payable	83,761
Accrued salaries and payroll withholdings	28,130
Customer deposits	2,020
Accrued interest	6,526
Current maturities of long-term debt	191,996
Total Current Liabilities	312,433
Noncurrent Liabilities	
Compensated absences	14,548
Net pension liability	863,952
Notes payable	70,882
South Carolina Water Quality Revolving Fund bond payable	328,788
General Obligation Bond Payable	688,500
Total Liabilities	2,279,103
DEFERRED INFLOWS OF RESOURCES	
Deferred pension credits	567,793
NET POSITION	
Net investment in capital assets	583,905
Restricted for:	
Debt service	35,482
Tourism promotion	158,144
Public safety and law enforcement	7,603
Victim's services	27,275
Unrestricted	(1,119)
TOTAL NET POSITION	\$ 811,290

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, 2019

	Expenses	Charges for Services	Program Revenue Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental Activities					
General government	\$ 570,289	\$ 2,845			\$ (567,444)
Public safety and law enforcement	706,380	107,122			(599,258)
Public works	485,489				(485,489)
Interest on long-term debt	20,512				(20,512)
Total Governmental Activities	<u>\$ 1,782,670</u>	<u>\$ 109,967</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>(1,672,703)</u>
General Revenues					
Taxes:					
Property taxes					644,181
Accommodations tax					43,557
Hospitality tax					8,989
Licenses, Permits and Fees:					
Franchise fees					297,770
Business licenses					559,870
Homestead exemption					47,892
Local government fund					62,017
Loss on disposition of assets					(3,626)
Interest income					5,927
Other					28,223
Total General Revenues					<u>1,694,800</u>
Change in Net Position					22,097
Net Position at Beginning of Year					<u>789,193</u>
Net Position at End of Year					<u>\$ 811,290</u>

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



BALANCE SHEET - GOVERNMENTAL FUNDS  
TOWN OF SPRINGDALE, SOUTH CAROLINA  
June 30, 2019

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 1,518,685	\$ 179,896	\$ 1,698,581
Receivables	57,609	13,817	71,426
Due from other funds	691	777	1,468
Prepaid expenses	85,629		85,629
TOTAL ASSETS	<u>\$ 1,662,614</u>	<u>\$ 194,490</u>	<u>\$ 1,857,104</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 83,761		\$ 83,761
Accrued salaries and payroll withholdings	28,130		28,130
Customer deposits	2,020		2,020
Due to other funds		\$ 1,468	1,468
Total Liabilities	<u>113,911</u>	<u>1,468</u>	<u>115,379</u>
Fund Balances			
Nonspendable	85,629		85,629
Restricted			
Debt service	35,482		35,482
Tourism promotion		158,144	158,144
Public safety and law enforcement		7,603	7,603
Victim's services		27,275	27,275
Unassigned	1,427,592		1,427,592
Total Fund Balances	<u>1,548,703</u>	<u>193,022</u>	<u>1,741,725</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,662,614</u>	<u>\$ 194,490</u>	<u>\$ 1,857,104</u>

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

RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF NET POSITION  
*TOWN OF SPRINGDALE, SOUTH CAROLINA*  
 June 30, 2019

Total Fund Balances of the Governmental Funds	\$	1,741,725
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.		1,343,287
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.		(972,482)
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		(14,548)
Accrued interest		(6,526)
Bond and notes payable principal repayments		(1,280,166)
Total Net Position of the Governmental Activities	\$	<u>811,290</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, 2019

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues			
Property taxes	\$ 644,181		\$ 644,181
Intergovernmental revenue	135,942	\$ 26,514	162,456
Licenses, permits and fees	857,640		857,640
Charges for services	2,845		2,845
Fines, fees and forfeitures	99,756	7,366	107,122
Interest Income	5,825	102	5,927
Other revenue	28,223		28,223
Total Revenues	1,774,412	33,982	1,808,394
Expenditures			
General government administration	504,895		504,895
Town council	52,512		52,512
Buildings and grounds	168,248		168,248
Public safety and law enforcement	670,472	10,339	680,811
Administration of justice	25,360		25,360
Public works	272,834		272,834
Service charges		36	36
Debt Service			
Principal	126,601		126,601
Interest	16,063		16,063
Capital Outlay	790,382		790,382
Total Expenditures	2,627,367	10,375	2,637,742
Excess of Revenues Over Expenditures	(852,955)	23,607	(829,348)
Other Financing Sources			
Proceeds from debt issuance	750,000		750,000
Total Other Financing Sources	750,000	0	750,000
Net Change in Fund Balances	(102,955)	23,607	(79,348)
Fund Balances at Beginning of Year	1,651,658	169,415	1,821,073
FUND BALANCES AT END OF YEAR	\$ 1,548,703	\$ 193,022	\$ 1,741,725

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, 2019

Net Change in Fund Balances - Total Governmental Funds	\$	(79,348)
Amounts reported for governmental activities in the Statement of Activities differs from the amounts in the Statement of Revenues, Expenditures, and Changes in Fund Balances because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. This activity is reconciled as follows:		
Cost of capitalized assets		790,382
Depreciation expense		(125,183)
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:		
Loss on disposal of capital assets		(3,626)
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.		
		66,973
The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This activity is reconciled as follows:		
Proceeds from debt issuance		(750,000)
Principal repayments		126,601
Some expenses reported in the Statement of Activities do not require the use of current financial resources, therefore are not reported as expenditures in governmental funds. This activity is reconciled as follows:		
Current year change in compensated absences		(121)
Current year change in accrued interest		(3,581)
Change in Net Position of Governmental Activities	\$	<u>22,097</u>

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

NOTES TO THE FINANCIAL STATEMENTS  
TOWN OF SPRINGDALE, SOUTH CAROLINA  
June 30, 2019

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 fund:

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.

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.

*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.



NOTES TO THE FINANCIAL STATEMENTS  
TOWN OF SPRINGDALE, SOUTH CAROLINA

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

*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.

***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.

NOTES TO THE FINANCIAL STATEMENTS  
TOWN OF SPRINGDALE, SOUTH CAROLINA

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

***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: An annual operating budget is adopted for the General Fund. The budget is adopted on a basis consistent with generally accepted accounting principles. The budget is 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, 2019 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.

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.

NOTES TO THE FINANCIAL STATEMENTS  
TOWN OF SPRINGDALE, SOUTH CAROLINA

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

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) adds value to or (2) materially extends the life of an asset, it is expended. Public domain (rights-of-way and easements), if booked, are capitalized using estimated historical or depreciable cost. Depreciation of all exhaustible capital assets has been provided based on the estimated useful lives of the class of assets, or individual assets using the straight line method with service lives as follows:

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

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS  
TOWN OF SPRINGDALE, SOUTH CAROLINA

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

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

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, 2019, the Town had outstanding general obligation debt of \$750,000 which is in compliance with the limits outlined by the state.

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



NOTES TO THE FINANCIAL STATEMENTS  
TOWN OF SPRINGDALE, SOUTH CAROLINA

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, 2019, the Town's cash deposits were as follows:

	Carrying Amount	Bank Balance
Demand Deposits	\$ 1,555,080	\$ 1,318,830

Of the Town's bank balance, \$355,562 was covered by federal depository insurance and \$963,268 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, 2019, the Town maintained \$143,501 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, 2019, 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.

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.

NOTES TO THE FINANCIAL STATEMENTS  
TOWN OF SPRINGDALE, SOUTH CAROLINA

NOTE C -- RECEIVABLES

Receivables at June 30, 2019 consist of the following:

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
Licenses, permits and fees	\$ 25,659		\$ 25,659
Intergovernmental	15,624	\$ 13,817	29,441
Property taxes	8,073		8,073
Other	8,253		8,253
	<u>\$ 57,609</u>	<u>\$ 13,817</u>	<u>\$ 71,426</u>

NOTE D -- CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
<u>Capital Assets Not Being Depreciated:</u>				
Land	\$ 52,194			\$ 52,194
K-9 Bruce Wayne	5,500			5,500
Construction in progress	124,697	\$ 656,391	\$ 124,697	656,391
<i>Total Capital Assets Not Being Depreciated</i>	<u>182,391</u>	<u>656,391</u>	<u>124,697</u>	<u>714,085</u>
<u>Capital Assets Being Depreciated:</u>				
Buildings and land improvements	422,574	144,297		566,871
Vehicles	840,092	83,395	27,975	895,512
Equipment and furnishings	309,628	30,998	5,910	334,716
<i>Total Capital Assets Being Depreciated</i>	<u>1,572,294</u>	<u>258,690</u>	<u>33,885</u>	<u>1,797,099</u>
<b>Less Accumulated Depreciation For:</b>				
Buildings and land improvements	219,947	18,908		238,855
Vehicles	579,805	17,074	24,940	571,939
Equipment and furnishings	273,221	89,201	5,319	357,103
<i>Total Accumulated Depreciation</i>	<u>1,072,973</u>	<u>125,183</u>	<u>30,259</u>	<u>1,167,897</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>499,321</u>	<u>133,507</u>	<u>3,626</u>	<u>629,202</u>
<b>Governmental Activities Capital Assets, Net</b>	<u>\$ 681,712</u>	<u>\$ 789,898</u>	<u>\$ 128,323</u>	<u>\$ 1,343,287</u>

NOTES TO THE FINANCIAL STATEMENTS  
TOWN OF SPRINGDALE, SOUTH CAROLINA

NOTE D -- CAPITAL ASSETS - Continued

Depreciation expense is charged to the following activities:

General government	\$	27,225
Public safety		42,635
Public works		55,323
	\$	<u>125,183</u>

NOTE E -- NOTES PAYABLE

The following comprises the Town's notes payable as of June 30, 2019:

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

\$ 104,942

The following is a summary of notes payable transactions for the year ended June 30, 2019:

Balance at July 1, 2018	\$	138,113
Less debt retired		33,171
Balance at June 30, 2019	\$	<u>104,942</u>

The annual debt-service requirements to amortize the outstanding notes payable as of June 30, 2019, including interest payments are as follows:

Year Ended June 30,	Principal	Interest	Total
2020	\$ 34,060	\$ 2,812	\$ 36,872
2021	34,972	1,900	36,872
2022	35,910	962	36,872
	<u>\$ 104,942</u>	<u>\$ 5,674</u>	<u>\$ 110,616</u>



NOTES TO THE FINANCIAL STATEMENTS  
TOWN OF SPRINGDALE, SOUTH CAROLINA

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, 2019 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.

	\$ 425,224
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The following is a summary of bond transactions for the year ended June 30, 2019:

Balance at July 1, 2018	\$	519,520
Less debt retired		94,296
Balance at June 30, 2019	\$	<u>425,224</u>

The annual debt-service requirements to amortize the outstanding South Carolina Water Quality Revolving Fund bond as of June 30, 2019, including interest payments, are as follows:

Year Ended June 30,	Principal	Interest	Total
2020	\$ 96,436	\$ 8,758	\$ 105,194
2021	98,624	6,570	105,194
2022	100,862	4,332	105,194
2023	103,151	2,043	105,194
2024	26,151	147	26,298
	<u>\$ 425,224</u>	<u>\$ 21,850</u>	<u>\$ 447,074</u>

NOTE G -- OPERATING LEASE

The Town leases Xerox copiers under a non-cancelable operating lease that expires June 30, 2020. Copier expense under this lease totaled \$5,481 for the year ended June 30, 2019. Future minimum lease payments is \$3,905 for each of the year ending June 30, 2020.

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, 2019 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.

	\$ 750,000
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NOTES TO THE FINANCIAL STATEMENTS  
TOWN OF SPRINGDALE, SOUTH CAROLINA

NOTE H -- GENERAL OBLIGATION BOND PAYABLE - Continued

The annual debt-service requirements to amortize the outstanding South Carolina Water Quality Revolving Fund bond as of June 30, 2019, including interest payments, are as follows:

Year Ended June 30,	Principal	Interest	Total
2020	\$ 61,500	\$ 19,575	\$ 81,075
2021	65,000	17,970	82,970
2022	67,500	16,273	83,773
2023	70,000	14,512	84,512
2024	73,000	12,685	85,685
2025 and beyond	413,000	33,200	446,200
	<u>\$ 750,000</u>	<u>\$ 114,215</u>	<u>\$ 864,215</u>

NOTE I -- PENSION PLANS

The South Carolina Public Employee Benefit Authority (PEBA), which was created July 1, 2012 and governed by an 11-member board, 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. The Retirement Funding and Administration Act of 2017, which became effective July 1, 2017, increased the employer and employee contribution rates, established a ceiling on the SCRS and PORS employee contribution rates, lowered the assumed rate of return, required a scheduled reduction of the funding periods, and addressed various governance issues including the assignment of the PEBA Board as custodian of the retirement trust funds and an assignment of the South Carolina Retirement System Investment Commission (RSIC) and PEBA as co-trustees of 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 a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The CAFR is publicly available through the

NOTES TO THE FINANCIAL STATEMENTS  
TOWN OF SPRINGDALE, SOUTH CAROLINA

NOTE I -- PENSION PLANS – Continued

Retirement Benefits' link on PEBA's website at [www.peba.sc.gov](http://www.peba.sc.gov), or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state.

Plan Descriptions

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

Plan Membership

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

- SCRS – Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees, teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.
- PORS – To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; or to serve as 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 services 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.

NOTES TO THE FINANCIAL STATEMENTS  
TOWN OF SPRINGDALE, SOUTH CAROLINA

NOTE I -- PENSION PLANS – Continued

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. A brief summary of benefit terms is presented below.

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

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

- PORS – A Class Two member who has separated from service with at least five years 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 years of earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of age. Both Class Two and Class Three members are eligible to receive a deferred annuity at age 55 with five or eight years of earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty. The retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

Plan Contributions

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. If the scheduled employee and employer contributions provided in statute, or the rates last adopted by the board, are insufficient to maintain the amortization period set in statute, the board shall increase employer contribution rates as necessary.



NOTES TO THE FINANCIAL STATEMENTS  
TOWN OF SPRINGDALE, SOUTH CAROLINA

NOTE I -- PENSION PLANS – Continued

After June 30, 2027, 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 eighty-five percent, then the board, effective on the following July first, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than eighty-five 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 eighty-five percent, then effective on the following July first, 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 eighty-five percent.

The Retirement System Funding and Administration Act establishes a ceiling on employee contribution rates at 9 percent and 9.75 percent for SCRS and PORS, respectively. The employer contribution rates will continue to increase annually by 1 percent through July 1, 2022. The legislation's ultimate scheduled employer rate is 18.56 percent for SCRS and 21.24 percent for PORS. The amortization period is scheduled to be reduced one year for each of the next 10 years to a twenty-year amortization period.

- Required employee contribution rates for fiscal year 2018-2019 are as follows:

SCRS

Employee Class Two	9.00% of earnable compensation
Employee Class Three	9.00% of earnable compensation

PORS

Employee Class Two	9.75% of earnable compensation
Employee Class Three	9.75% of earnable compensation

- Required employer contribution rates for fiscal year 2018-2019 are as follows:

SCRS

Employer Class Two	14.41% of earnable compensation
Employer Class Three	14.41% of earnable compensation
Employer Incidental Death Benefit	0.15% of earnable compensation

PORS

Employer Class Two	16.84% of earnable compensation
Employer Class Three	16.84% of earnable compensation
Employer Incidental Death Benefit	0.20% of earnable compensation
Employer Accidental Death Program	0.20% of earnable compensation

NOTES TO THE FINANCIAL STATEMENTS  
TOWN OF SPRINGDALE, SOUTH CAROLINA

NOTE I -- PENSION PLANS – Continued

Actuarial Assumptions and Methods

Actuarial valuations of the plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued for the period ending June 30, 2015.

The June 30, 2018, total pension liability (TPL), net pension liability (NPL), and sensitivity information shown in this report were determined by our consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on an actuarial valuation performed as of July 1, 2017. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2018, using generally accepted actuarial principles.

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2018.

	SCRS	PORS
Actuarial cost method	Entry Age Normal	Entry Age Normal
Actuarial assumptions:		
Investment rate of return	7.25%	7.25%
Projected salary increases	3.0% to 12.5% <sup>1</sup>	3.5% to 9.5% <sup>1</sup>
Benefit adjustments	Lesser of 1% or \$500	Lesser of 1% or \$500
<sup>1</sup> Includes inflation at 2.25%		

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2016 Public Retirees of South Carolina Mortality table (2016 PRSC), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using published Scale AA projected from the year 2016.

Assumptions used in the determination of the June 30, 2018, TPL are as follows:

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



NOTES TO THE FINANCIAL STATEMENTS  
TOWN OF SPRINGDALE, SOUTH CAROLINA

NOTE I -- PENSION PLANS – Continued

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, 2018, NPL amounts 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	\$ 48,821,730,067	\$ 26,414,916,370	\$ 22,406,813,697	54.1%
PORS	\$ 7,403,972,673	\$ 4,570,430,247	\$ 2,833,542,426	61.7%

The TPL is calculated by the Systems' actuary, and each plan's fiduciary net position is reported in the Systems' financial statements. The NPL is disclosed in accordance with the requirements of GASB 67 in the Systems' notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB Nos. 67 and 68 are not applicable for other purposes, such as determining the plans' funding requirements.

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments is based upon 30-year capital market assumptions. The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the revised target asset allocation adopted at the beginning of the 2018 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 by adding expected inflation and is summarized in the table below. For actuarial purposes, the 7.25 percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 5.00 percent real rate of return and a 2.25 percent inflation component.

NOTES TO THE FINANCIAL STATEMENTS  
TOWN OF SPRINGDALE, SOUTH CAROLINA

NOTE I -- PENSION PLANS – Continued

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
<b>Global Equity</b>	<b>47.0%</b>		
Global Public Equity	33.0%	6.99%	2.31%
Private Equity	9.0%	8.73%	0.79%
Equity Options Strategies	5.0%	5.52%	0.28%
<b>Real Assets</b>	<b>10.0%</b>		
Real Estate (Private)	6.0%	3.54%	0.21%
Real Estate (REITs)	2.0%	5.46%	0.11%
Infrastructure	2.0%	5.09%	0.10%
<b>Opportunistic</b>	<b>13.0%</b>		
GTAA/Risk Parity	8.0%	3.75%	0.30%
Hedge Funds (non-PA)	2.0%	3.45%	0.07%
Other Opportunistic Strategies	3.0%	3.75%	0.11%
<b>Diversified Credit</b>	<b>18.0%</b>		
Mixed Credit	6.0%	3.05%	0.18%
Emerging Markets Debt	5.0%	3.94%	0.20%
Private Debt	7.0%	3.89%	0.27%
<b>Conservative Fixed Income</b>	<b>12.0%</b>		
Core Fixed Income	10.0%	0.94%	0.09%
Cash and Short Duration (Net)	2.0%	0.34%	0.01%
Total Expected Real Return	<u>100%</u>		<u>5.03%</u>
Inflation for Actuarial Purposes			<u>2.25%</u>
Total Expected Nominal Return			<u>7.28%</u>

Discount Rate

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina State Code of Laws. Based on those assumptions, each system's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity Analysis

The following table presents the Town's proportionate share of the collective NPL calculated using the discount rate of 7.25 percent, as well as what the Town's proportionate share of the employers' NPL would be if it were calculated using a discount rate that is 1.00 percent lower (6.25 percent) or 1.00% higher (8.25 percent) than the current rate.

NOTES TO THE FINANCIAL STATEMENTS  
TOWN OF SPRINGDALE, SOUTH CAROLINA

NOTE I -- PENSION PLANS – Continued

System	1.00% Decrease (6.25%)	Current Discount Rate (7.25%)	1.00% Increase (8.25%)
SCRS	\$ 487,541	\$ 381,541	\$ 305,765
PORS	\$ 650,350	\$ 482,411	\$ 344,854

Additional Financial and Actuarial Information

Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the Systems' audited financial statements for the fiscal year ended June 30, 2018 (including the unmodified audit opinion on the financial statements). Additional actuarial information is available in the accounting and financial reporting actuarial valuation as of June 30, 2018.

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2019, the Town recognized pension expense of \$25,318 and \$27,925 for the SCRS and PORS, respectively. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
SCRS		
Differences between expected and actual experience	\$ 689	\$ 2,245
Assumption changes	15,138	
Net difference between projected and actual earnings on pension plan investments	6,061	
Changes in proportionate share and differences between Town contributions and proportionate share of contributions	144,147	275,280
Town's contributions subsequent to the measurement date	35,077	
Total SCRS	201,112	277,525
PORS		
Differences between expected and actual experience	14,864	
Assumption changes	31,807	
Net difference between projected and actual earnings on pension plan investments	9,647	
Changes in proportionate share and differences between Town contributions and proportionate share of contributions	145,536	290,268
Town's contributions subsequent to the measurement date	56,297	
Total PORS	258,151	290,268
TOTAL SCRS AND PORS	\$ 459,263	\$ 567,793

NOTES TO THE FINANCIAL STATEMENTS  
TOWN OF SPRINGDALE, SOUTH CAROLINA

NOTE I -- PENSION PLANS – Continued

The Town reported \$35,077 and \$56,297 as deferred outflows of resources related to the Town's contributions subsequent to the measurement date to the SCRS and PORS, respectively, which will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows (inflows) of resources will be recognized in pension expense in future years. The following schedule reflects the amortization of the Town's proportional share of the net balance of remaining deferred outflows (inflows) of resources at June 30, 2019. Average remaining services lives of all employees provided with pensions through the pension plans at June 30, 2019 was 4.073 years for SCRS and 4.553 years for PORS.

Measurement Periods Ending June 30,	For the Years Ended June 30,	SCRS	PORS	Total
2019	2020	\$ (23,287)	\$ (16,158)	\$ (39,445)
2020	2021	(3,010)	(11,902)	(14,912)
2021	2022	(78,238)	(35,923)	(114,161)
2022	2023	(6,955)	(24,431)	(31,386)
		<u>\$ (111,490)</u>	<u>\$ (88,414)</u>	<u>\$ (199,904)</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

Subsequent events have been evaluated through June 12, 2020, which represents the date the financial statements were available to be issued.

Impact of COVID-19

The impact of the accompanying financial statements of the COVID-19 outbreak cannot be readily determined. Financial markets, distribution networks and the ultimate impact of this outbreak to the financial operations of the Town are difficult to assess and predict. Management is taking steps to mitigate the impact of the outbreak; but the ultimate success of this endeavor cannot be predicted at this time.

## REQUIRED SUPPLEMENTAL INFORMATION

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
TOWN OF SPRINGDALE, SOUTH CAROLINA  
For the Year Ended June 30, 2019

	Budgeted Amounts Original & Final	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	\$ 642,265	\$ 644,181	\$ 1,916
Intergovernmental revenue	141,800	135,942	(5,858)
Grants	2,660	-	(2,660)
Licenses, permits and fees	999,000	857,640	(141,360)
Charges for services	3,000	2,845	(155)
Fines, fees and forfeitures	67,000	99,756	32,756
Interest Income	1,500	5,825	4,325
Other revenue	2,600	28,223	25,623
Total Revenues	1,859,825	1,774,412	(85,413)
Expenditures			
General government administration	405,900	504,895	(98,995)
Town council	58,846	52,512	6,334
Buildings and grounds	152,000	168,248	(16,248)
Public safety and law enforcement	694,932	670,472	24,460
Administration of justice	22,424	25,360	(2,936)
Public works	289,452	272,834	16,618
Debt service			
Principal	125,296	126,601	(1,305)
Interest	18,975	16,063	2,912
Capital outlay	162,000	790,382	(628,382)
Total Expenditures	1,929,825	2,627,367	(697,542)
Other Financing Sources			
Proceeds from debt issuance	55,000	750,000	695,000
Proceeds from sale of assets	15,000	0	(15,000)
Transfer from reserve	0	0	-
Total Other Financing Sources	70,000	750,000	680,000
Net Change in Fund Balance	\$ 0	(102,955)	\$ (102,955)
Fund Balance at Beginning of Year		1,651,658	
FUND BALANCE AT END OF YEAR		\$ 1,548,703	

See accompanying note to budgetary comparison schedule.



NOTES TO BUDGETARY COMPARISON SCHEDULE  
*TOWN OF SPRINGDALE, SOUTH CAROLINA*  
June 30, 2019

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

The Budgetary Comparison Schedule included in the required supplementary information presents a comparison of budgetary data to actual results of operations for the General Fund, for which an annual operating budget is legally adopted. The fund utilizes 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*

	2019	2018	June 30,		2015	2014
			2017	2016		
Town's proportion of the net pension liability	0.001703%	0.003278%	0.001815%	0.002407%	0.002689%	0.002689%
Town's proportionate share of the net pension liability	\$ 381,541	\$ 737,931	\$ 387,681	\$ 456,499	\$ 462,957	\$ 482,311
Town's covered-employee payroll	\$ 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	158.37%	269.25%	220.53%	202.25%	189.63%	178.92%
Plan fiduciary net position as a percentage of the total pension liability	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 six years of data were available; thus only six years presented.

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

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

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

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

	2019	2018	June 30, 2017	2016	2015	2014
Town's proportion of the net pension liability	0.0017025%	0.030300%	0.018560%	0.024632%	0.025629%	0.025629%
Town's proportionate share of the net pension liability	\$ 482,411	\$ 830,114	\$ 470,770	\$ 536,854	\$ 490,649	\$ 531,282
Town's covered-employee payroll	\$ 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	147.73%	244.76%	152.84%	175.93%	159.17%	159.30%
Plan fiduciary net position as a percentage of the total pension liability	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 six years of data were available; thus only six years presented.

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

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

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

## OTHER SUPPLEMENTAL INFORMATION



SCHEDULE I - COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS  
TOWN OF SPRINGDALE, SOUTH CAROLINA  
June 30, 2019

		Special Revenue Funds			Total Non-Major Governmental Funds
		Accommodations Tax Fund	Police and Drug Seizure Fund	Victim's Assistance Fund	
ASSETS					
Cash and cash equivalents		\$ 145,018	\$ 7,603	\$ 27,275	\$ 179,896
Receivables		13,817			13,817
Due from other funds				777	777
	TOTAL ASSETS	<u>\$ 158,835</u>	<u>\$ 7,603</u>	<u>\$ 28,052</u>	<u>\$ 194,490</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Due to other funds		\$ 691		\$ 777	\$ 1,468
	Total Liabilities	<u>691</u>	<u>\$ 0</u>	<u>777</u>	<u>1,468</u>
Fund Balances					
Restricted		158,144	7,603	27,275	193,022
	Total Fund Balances	<u>158,144</u>	<u>7,603</u>	<u>27,275</u>	<u>193,022</u>
	TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 158,835</u>	<u>\$ 7,603</u>	<u>\$ 28,052</u>	<u>\$ 194,490</u>

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, 2019

	Special Revenue Funds			Total Non-Major Governmental Funds
	Accommodations Tax Fund	Police and Drug Seizure Fund	Victim's Assistance Fund	
Revenues				
Intergovernmental revenue	\$ 26,514			\$ 26,514
Fines, fees and forfeitures		\$ 1,339	\$ 6,027	7,366
Interest Income	81	3	18	102
Total Revenues	26,595	1,342	6,045	33,982
Expenditures				
Public safety and law enforcement		358	9,981	10,339
Service charges	36			36
Total Expenditures	36	358	9,981	10,375
Net Change in Fund Balances	26,559	984	(3,936)	23,607
Fund Balances at Beginning of Year	131,585	6,619	31,211	169,415
FUND BALANCES AT END OF YEAR	\$ 158,144	\$ 7,603	\$ 27,275	\$ 193,022

UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (per ACT 96)  
TOWN OF SPRINGDALE, SOUTH CAROLINA  
For the Year Ended June 30, 2019

For the State Treasurer's Office:

County/Municipal Funds Collected by Clerk of Court	Municipal Court
Court Fines and Assessments:	
Court fines and assessments collected	\$ 75,979
Court fines and assessments remitted to State Treasurer	32,448
Total Court Fines and Assessments Retained	<u>\$ 43,531</u>
Surcharges and Assessments retained for victims services:	
Surcharges collected and retained	\$ 1,363
Assessments retained	4,664
Total Surcharges and Assessments Retained for Victims Services	<u>\$ 6,027</u>

For the Department of Crime Victim Compensation:

Victim Service Funds Collected	Municipal Court
Carryforward from Previous Year - Beginning Balance	\$ 31,211
Interest income	18
Victim Service Revenue:	
Victims service fines retained by town treasurer	0
Victim service assessments retained by town treasurer	4,664
Victim service surcharges retained by town treasurer	1,363
Total Funds Allocated to Victim Service Fund plus Beginning Balance	<u>37,256</u>
Expenditures for Victim Service Program:	
Victim Service Contract	
Lexington County	9,981
Total Expenditures from Victim Service Fund	<u>9,981</u>
Total Victim Service Funds Retained by Municipal Treasurer	27,275
Less Prior Year Fund Deficit Repayment	0
Carryforward Funds - End of Year	<u>\$ 27,275</u>

## 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, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated June 12, 2020.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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

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

## COMPLIANCE AND OTHER MATTERS

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

## 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  
June 12, 2020

*The Hall Group, P.A.*