

January 12, 2022

To the Honorable Mayor and Town Council
Town of Blacksburg

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **Town of Blacksburg, South Carolina** for the year ended March 31, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 25, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town of Blacksburg, South Carolina are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the Town during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of the useful lives of property and equipment for recording in the government-wide financial statements is a sensitive estimate due to the need to accumulate funds to replace or refurbish these assets. We evaluated the key factors and assumptions used to develop the estimate of useful lives in determining that it is reasonable in relation to the financial statements as a whole.

The estimates of collectability of delinquent taxes receivable and their impact on government-wide revenues is significant to property tax revenues and is based on historical trends. We evaluated the key factors and assumptions used to develop the estimate of collectability of delinquent taxes in determining that it is reasonable in relation to the financial statements as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of the Town's debt service, as described in Note 6 to the financial statements, is a sensitive disclosure because of the need to annually fund the minimum debt service requirements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following material misstatements detected as a result of audit procedures were corrected by management:

- An entry to record activity in the Hospitality Fund resulted in an increase in cash of \$80,430, an increase in income of \$118,921, an increase in expenses of \$19,658 and an increase in transfers of \$18,833.
- An entry to record bond payments from the Bond Fund account resulted in an increase in expenses and a decrease in cash of \$51,396.
- An entry to reclassify property tax receipts coded to an asset account resulted in an increase in income and a decrease in assets of \$74,456.
- An entry to record transfers made from the Electronic Fund to the Water Operating account resulted in a decrease in General Fund liability to the Water Fund and a decrease in General Fund cash of \$197,592.
- An entry to adjust water accounts receivable resulted in a decrease in receivables and income of \$175,810.
- An entry to record water system changes paid for by the South Carolina Department of Transportation resulted in an increase in income and fixed assets of \$1,408,372.
- Entries to adjust the amount due to the Water Fund from the General Fund resulted in a decrease in liabilities of the General Fund of \$13,951 and an increase in receivables of the Water Fund of \$163,878.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 12, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Town's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Town's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis, the budgetary comparison data, Town of Blacksburg's Proportionate Share of Net Pension Liability, and Town of Blacksburg's Contributions – South Carolina Retirement System and South Carolina Police Officer's Retirement System which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining balance sheet and combining statement of revenues, expenditures and changes in fund balances of the nonmajor governmental funds and the schedule of fines, assessments, and surcharges, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Mayor, Town Council, and management of the Town of Blacksburg, South Carolina and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Swift & Pritchard, LLP". The signature is written in a cursive, flowing style.

Spartanburg, South Carolina

Town of Blacksburg, South Carolina
Financial Statements and Additional Information
Year Ended March 31, 2021

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Independent Auditor's Report

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **Town of Blacksburg, South Carolina** as of and for the year ended March 31, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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.

Auditor's 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Blacksburg, South Carolina as of March 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof in conformity 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, the pension schedules, the OPEB schedule, and the budgetary comparison information as listed in the table of contents, 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 of Blacksburg, South Carolina's basic financial statements. The combining nonmajor fund financial statements and schedule of fines, assessments and surcharges listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements and the schedule of fines, assessments and surcharges listed 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, the combining nonmajor fund financial statements and the schedule of fines, assessments and surcharges listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Spartanburg, South Carolina
January 12, 2022

Town of Blacksburg, South Carolina**Management's Discussion and Analysis**

As management of the Town of Blacksburg, South Carolina, we offer readers of the Town of Blacksburg, South Carolina's financial statements this narrative overview and analysis of the financial activities of the Town of Blacksburg, South Carolina for the fiscal year ended March 31, 2021. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

Financial Highlights

- The assets of the Town of Blacksburg, South Carolina exceeded its liabilities at the close of the fiscal year by \$10,677,398 (*net position*).
- The government's total net position increased by \$1,252,425. Depreciation expense (a noncash item) totaled \$610,495 for the year.
- As of the close of the current fiscal year, the Town of Blacksburg, South Carolina's governmental funds reported combined ending fund balances of \$849,314, an increase of \$346,508 in comparison with the prior year. Approximately 86 percent of this total amount is available for spending at the government's discretion (unassigned fund balances).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$727,410 or 45 percent of total general fund expenditures and net transfers for the fiscal year. General fund expenditures included \$6,904 in capital asset additions and \$7,833 in principal payments on long-term debt.
- The Town of Blacksburg, South Carolina's total long-term debt excluding pension and OPEB liabilities and compensated absences decreased by \$102,060 (59%) during the current fiscal year. Principal repayments on capital leases totaled \$52,756 and repayments on general obligation bonds totaled \$49,304. No new debt was issued.
- With the required GASB 68 reporting, the total long-term net pension liability increased \$20,678.
- Actual expenditures of the General Fund exceeded budget by \$51,920 and actual revenues exceeded budget by \$176,141. Property taxes and penalties were under budget by \$71,481 and other revenues were over budget by \$167,553. Fund balance increased by \$239,894.

Overview of the Financial Statements

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

Basic Financial Statements

The first two statements (pages 13 and 14) in the basic financial statements are the Government-Wide Financial Statements. They provide both short and long-term information about the Town's financial status.

The next statements (pages 15 to 27) are Fund Financial Statements. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the proprietary fund statements; and 3) the agency fund statement.

Town of Blacksburg, South Carolina**Management's Discussion and Analysis**

The next section of the basic financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, supplemental information is provided to show details about the Town's individual funds. Required pension plan and OPEB reporting and budgetary information required by state statutes also can be found in this part of the statements.

Government-Wide Financial Statements

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

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

The government-wide financial statements are divided into two categories: 1) governmental activities and 2) business-type activities. The governmental activities include all of the basic services such as general government, police and fire, and street department. Property taxes, business licenses, franchise fee taxes, intergovernmental revenues, and charges for services such as police fines finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include water and sewer services offered by the Town of Blacksburg.

Fund Financial Statements

The fund financial statements provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Blacksburg, South Carolina, like all other governmental entities, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the state statutes, or the Town's budget ordinance. All of the funds of the Town of Blacksburg, South Carolina can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds - Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. All of the Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* that provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Town's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The Town of Blacksburg, South Carolina adopts an annual budget for its General Fund, as required by the State statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the council about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary schedule provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison schedule uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The schedule shows four columns: 1) the original budget as adopted by the council; 2) the final budget as amended by the council; 3) the actual resources,

Town of Blacksburg, South Carolina

Management's Discussion and Analysis

charges to appropriations, and ending balances in the Funds; and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary Funds - The Town of Blacksburg Water and Sewer Fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of Blacksburg uses the enterprise fund to account for its water and sewer operations. This fund is the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 28 to 53 of this report.

Other Information - In addition to the basic financial statements and accompanying notes, this report includes certain supplementary information concerning the Town of Blacksburg, South Carolina's budgetary reporting, combining nonmajor governmental funds statements and other information. Supplementary information can be found beginning on page 54 of this report.

Government-Wide Financial Analysis

The Town of Blacksburg, South Carolina's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 1,279,806	\$ 839,220	\$ 1,813,621	\$ 1,840,357	\$ 3,093,427	\$ 2,679,577
Capital assets, net	1,398,678	1,509,720	9,189,574	8,207,355	10,588,252	9,717,075
Total assets	<u>2,678,484</u>	<u>2,348,940</u>	<u>11,003,195</u>	<u>10,047,712</u>	<u>13,681,679</u>	<u>12,396,652</u>
Deferred outflows of resources	262,314	177,833	174,876	98,020	437,190	275,853
Long-term liabilities	1,771,576	1,775,407	1,184,059	1,157,312	2,955,635	2,932,719
Other liabilities	368,023	292,974	(176,182)	(12,805)	191,841	280,169
Total liabilities	<u>2,139,599</u>	<u>2,068,381</u>	<u>1,007,877</u>	<u>1,144,507</u>	<u>3,147,476</u>	<u>3,212,888</u>
Deferred inflows of resources	212,756	27,977	81,239	6,667	293,995	34,644
Net position						
Net investment in capital assets	1,347,651	1,401,557	9,167,865	8,140,723	10,515,516	9,542,280
Restricted	121,904	84,589			121,904	84,589
Unrestricted	(881,112)	(1,055,731)	921,090	853,835	39,978	(201,896)
Total net position	<u>\$ 588,443</u>	<u>\$ 430,415</u>	<u>\$ 10,088,955</u>	<u>\$ 8,994,558</u>	<u>\$ 10,677,398</u>	<u>\$ 9,424,973</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Blacksburg, South Carolina exceeded liabilities and deferred inflows by \$10,677,398, as of March 31, 2021. The Town's net position increased by \$1,252,425 for the fiscal year ended March 31, 2021.

A large portion (99%) reflects the investment in capital assets (land, buildings, machinery, and equipment). The Town uses these capital assets to provide services to citizens; consequentially, these assets are not available for future spending. Although the Town's investment in capital assets is reported net of the outstanding debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

Town of Blacksburg, South Carolina**Management's Discussion and Analysis**

An additional portion of the Town of Blacksburg's net position, \$121,904 represents resources that are subject to external restrictions on how they may be used.

As a result of the Town implementing GASB Statement 68, unrestricted net position is reported in the amount of \$39,978. With the new reporting change, the Town allocated its proportionate share of the Plans net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense. Current year net position decreased \$33,050 because of this reporting. Decisions regarding the allocations are made by the administrators of the pension plan, not by the Town of Blacksburg's management.

Several particular aspects of the Town's financial operations influenced the total governmental net position as follows:

- Total governmental expenses increased by \$115,799.
- Charges for services increased by \$107,392.
- Other general revenues increased \$137,838.

Town of Blacksburg, South Carolina

Management's Discussion and Analysis

The Town of Blacksburg, South Carolina Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
Program revenues:						
Charges for services	\$ 203,811	\$ 96,419	\$ 1,845,526	\$ 1,779,737	\$ 2,049,337	\$ 1,876,156
Operating grants	99,276	90,431			99,276	90,431
Capital grants/contributions			1,460,372	486,689	1,460,372	486,689
General revenues:						
Taxes	1,435,517	1,471,859			1,435,517	1,471,859
Other general revenues	260,035	122,197	9,280	14,712	269,315	136,909
Total revenues	<u>1,998,639</u>	<u>1,780,906</u>	<u>3,315,178</u>	<u>2,281,138</u>	<u>5,313,817</u>	<u>4,062,044</u>
Expenses						
General government	287,705	287,721			287,705	287,721
Police department	1,106,857	963,691			1,106,857	963,691
Fire department	101,650	101,650			101,650	101,650
Street department	384,270	410,881			384,270	410,881
Cemetery department	14,100	14,250			14,100	14,250
Interest on long-term debt	328	918			328	918
Water and sewer			2,166,482	1,982,115	2,166,482	1,982,115
Total expenses	<u>1,894,910</u>	<u>1,779,111</u>	<u>2,166,482</u>	<u>1,982,115</u>	<u>4,061,392</u>	<u>3,761,226</u>
Increase before transfers	103,729	1,795	1,148,696	299,023	1,252,425	300,818
Transfers in (out)	(15,000)	(100,000)	15,000	100,000		
Change in net position	88,729	(98,205)	1,163,696	399,023	1,252,425	300,818
Net position, beginning	430,415	528,620	8,994,558	8,595,535	9,424,973	9,124,155
Prior period adjustment	69,299		(69,299)			
Net position, ending	<u>\$ 588,443</u>	<u>\$ 430,415</u>	<u>\$ 10,088,955</u>	<u>\$ 8,994,558</u>	<u>\$ 10,677,398</u>	<u>\$ 9,424,973</u>

Governmental activities. Governmental activities increased the Town's net position by \$88,729 compared to a decrease of \$98,205 the prior year. Key elements of this decrease are as follows:

- Charges for services increased by \$107,392.
- Police department expenses increased \$143,166 which consisted primarily of an increase in salaries and employee benefits.
- Street department expenses decreased by \$26,611 primarily due to a decrease in salaries and related expenses.

Business-Type activities. Business-type activities decreased the Town of Blacksburg's net position by \$296,676 compared to an increase of \$399,023 the previous year. Key elements of this increase are as follows:

- Operating revenues increased \$65,789 and operating expenses decreased by \$184,367.
- Capital grants and contributions increased by \$973,683.

Town of Blacksburg, South Carolina**Management's Discussion and Analysis****Financial Analysis of the Town's Funds**

As noted earlier, the Town of Blacksburg, South Carolina uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

The general fund is the chief operating fund of the Town of Blacksburg, South Carolina. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$727,410. As a measure of the General Funds liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 45 percent of total General Fund budgeted expenditures.

At March 31, 2021 the governmental funds of the Town of Blacksburg reported a combined fund balance of \$849,314, a 69 percent increase from last year. The General Fund budgeted for a \$0 decrease and realized an increase of \$239,894.

General Fund Budgetary Highlights. During the fiscal year, the Town revised its budget once to reallocate expense items.

Proprietary Funds. The Town of Blacksburg's proprietary fund provides the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year was \$921,090. The total increase in net position for the Water and Sewer Fund was \$1,163,696. Other factors concerning the finances of the fund have already been addressed in the discussion of the Town of Blacksburg, South Carolina's business-type activities.

Capital Assets and Debt Administration

Capital Assets. The Town of Blacksburg, South Carolina's investment in capital assets for its governmental and business-type activities as of March 31, 2021, totals \$10,588,252 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, infrastructure and distribution system.

Major capital asset transactions during the year include the following additions:

- Web based and other computer related at a cost of \$15,029
- Water system relocations \$1,460,372

Town of Blacksburg, South Carolina

Management's Discussion and Analysis

Town of Blacksburg, South Carolina's Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 244,355	\$ 244,355	\$ 110,381	\$ 110,381	\$ 354,736	\$ 354,736
Buildings	884,872	921,224	32,967	34,498	917,839	955,722
Infrastructure	86,935	93,519			86,935	93,519
Distribution system			8,903,369	7,887,715	8,903,369	7,887,715
Machinery and equipment	182,516	250,622	142,857	174,761	325,373	425,383
Total	<u>\$ 1,398,678</u>	<u>\$ 1,509,720</u>	<u>\$ 9,189,574</u>	<u>\$ 8,207,355</u>	<u>\$ 10,588,252</u>	<u>\$ 9,717,075</u>

Additional information on the Town's capital assets can be found in note 5 of the basic financial statements

Debt Administration. Long-term obligations consist of the following:

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
GO Bonds	\$ 50,290	\$ 99,593	\$	\$	\$ 50,290	\$ 99,593
Capital leases	738	8,570	19,392	66,632	20,130	75,202
Compensated absences	35,960	41,907	26,429	32,399	62,389	74,306
Net pension liability	1,420,949	1,425,727	947,300	921,844	2,368,249	2,347,571
Net OPEB liability	263,640	199,610	188,621	136,437	452,261	336,047
Total	<u>\$ 1,771,577</u>	<u>\$ 1,775,407</u>	<u>\$ 1,181,742</u>	<u>\$ 1,157,312</u>	<u>\$ 2,953,319</u>	<u>\$ 2,932,719</u>

The Town of Blacksburg, South Carolina's total long-term obligations increased by \$22,917 (1%) during the past fiscal year substantially due to the decrease in capital leases and general obligation bonds in the amount of \$102,058 and an increase in OPEB liability of \$116,214.

South Carolina State Law limits the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the Town of Blacksburg, South Carolina is approximately \$6,882,748. The Town has \$50,290 general obligation debt outstanding. Additional information regarding the Town of Blacksburg, South Carolina's long-term debt can be found in Note 6 of the basic financial statements.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the challenges the Town faces with the local economy:

- Assessed valuation of property decreased from \$81,879,936 to \$81,704,933.

Budget Highlights for the Fiscal Year Ending March 31, 2022

Governmental Activities: General Fund revenue has been budgeted to decrease by approximately \$34,000 from the prior year final budget. Property taxes are budgeted to decrease \$36,938, school resource office revenues are budgeted to decrease \$85,000 and franchise fees are budgeted to decrease \$23,000. Proceeds from the sale of real property are budgeted to increase \$125,000.

Budgeted expenditures in the General Fund are expected to increase approximately \$66,000 from the prior year final budget. The departments with the largest budgeted expenditure increase are the general government and the street department which have budgeted expenditure increases of approximately \$47,164 and \$33,746, respectively.

Town of Blacksburg, South Carolina

Management's Discussion and Analysis

Requests for Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Town Administrator, Town of Blacksburg, 105 South Shelby Street, Blacksburg, South Carolina 29702.

Town of Blacksburg, South Carolina

Statement of Net Position
March 31, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 985,264	\$ 1,396,807	\$ 2,382,071
Receivables			
Taxes	62,470		62,470
Other	123,124	404,042	527,166
Restricted cash and cash equivalents	108,948	12,772	121,720
Capital assets (net)	1,398,678	9,189,574	10,588,252
Total assets	<u>2,678,484</u>	<u>11,003,195</u>	<u>13,681,679</u>
Deferred Outflows of Resources	<u>262,314</u>	<u>174,876</u>	<u>437,190</u>
Liabilities			
Accounts payable	21,118	27,114	48,232
Customer deposits		49,276	49,276
Other accrued expenses	84,120	10,213	94,333
Due to/from other funds	262,785	(262,785)	
Long-term liabilities			
Due within one year	51,027	19,404	70,431
Due in more than one year		2,305	2,305
Non-current accrued compensated absences	35,960	26,429	62,389
Net OPEB liability	263,640	188,621	452,261
Net pension liability	1,420,949	947,300	2,368,249
Total liabilities	<u>2,139,599</u>	<u>1,007,877</u>	<u>3,147,476</u>
Deferred Inflows of Resources	<u>212,756</u>	<u>81,239</u>	<u>293,995</u>
Net Position			
Net investment in capital assets	1,347,651	9,167,865	10,515,516
Restricted for			
Victims' assistance	29,248		29,248
Law enforcement	14,823		14,823
Tourism	71,862		71,862
Museum maintenance	5,971		5,971
Unrestricted	(881,112)	921,090	39,978
Total net position	<u>\$ 588,443</u>	<u>\$ 10,088,955</u>	<u>\$ 10,677,398</u>

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

Town of Blacksburg, South Carolina

Statement of Activities
Year Ended March 31, 2021

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Governmental activities			
General government	\$ 287,705	2,000	\$
Police department	1,106,857	139,517	99,276
Fire department	101,650		
Street department	384,270	62,294	
Cemetery department	14,100		
Interest on long-term debt	328		
Total governmental activities	1,894,910	203,811	99,276
Business-type activities			
Water and sewer utility	2,166,482	1,845,526	
Total business-type activities	2,166,482	1,845,526	
Total government wide	\$ 4,061,392	\$ 2,049,337	\$ 99,276

General revenues:

Taxes

Property taxes

Payment in lieu of taxes

Hospitality tax

Local option sales tax

Occupational licenses and franchise fees

State shared income

Rental income

Miscellaneous

Unrestricted investment earnings

Transfers

Total general revenues

Change in net position

Net Position, beginning of year

Prior period adjustment

Net position, beginning of year, as adjusted

Net Position, End of year

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

Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
\$	\$ (285,705)	\$	\$ (285,705)
	(868,064)		
	(101,650)		(101,650)
	(321,976)		(321,976)
	(14,100)		(14,100)
	(328)		(328)
	<u>(1,591,823)</u>		<u>(1,591,823)</u>
<u>1,460,372</u>		<u>1,139,416</u>	<u>1,139,416</u>
<u>1,460,372</u>		<u>1,139,416</u>	<u>1,139,416</u>
<u>\$ 1,460,372</u>	<u>(1,591,823)</u>	<u>1,139,416</u>	<u>(452,407)</u>
	790,457		790,457
	2,530		2,530
	118,921		118,921
	80,044		80,044
	443,565		443,565
	60,473		60,473
	4,050		4,050
	194,094		194,094
	1,418	9,280	10,698
	(15,000)	15,000	
	<u>1,680,552</u>	<u>24,280</u>	<u>1,704,832</u>
	88,729	1,163,696	1,252,425
	430,415	8,994,558	9,424,973
	<u>69,299</u>	<u>(69,299)</u>	
	499,714	8,925,259	9,424,973
<u>\$</u>	<u>588,443</u>	<u>\$ 10,088,955</u>	<u>\$ 10,677,398</u>

Town of Blacksburg, South Carolina

**Balance Sheet - Governmental Funds
March 31, 2021**

ASSETS

	General Fund	Hospitality Tax Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 979,295	\$ 65,912	\$ 49,006	\$ 1,094,213
Receivables				
Taxes receivable	62,470			62,470
Accounts receivable	123,124			123,124
Due from other funds	14,300	5,950	1,036	21,286
Total assets	\$ 1,179,189	\$ 71,862	\$ 50,042	\$ 1,301,093

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

Town of Blacksburg, South Carolina

Balance Sheet - Governmental Funds
March 31, 2021

LIABILITIES AND FUND BALANCES

	General Fund	Hospitality Tax Fund	Nonmajor Governmental Funds	Total Governmental Funds
Liabilities				
Accounts payable	\$ 22,154	\$	\$	\$ 22,154
Other accrued expenses	84,120			84,120
Due to other funds	283,035			283,035
Total liabilities	<u>389,309</u>			<u>389,309</u>
Deferred Inflows of Resources	62,470			62,470
Fund Balances				
Restricted, reported in Special Revenue Funds				
Tourism related		71,862		71,862
Victims' assistance			29,248	29,248
Drug enforcement			14,823	14,823
Assigned for museum and park			5,971	5,971
Unassigned	727,410			727,410
Total fund balances	<u>727,410</u>	<u>71,862</u>	<u>50,042</u>	<u>849,314</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,179,189</u>	<u>\$ 71,862</u>	<u>\$ 50,042</u>	<u>\$ 1,301,093</u>

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

Town of Blacksburg, South Carolina

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
March 31, 2021

Total Governmental Fund Balances	\$	849,314
Amounts reported in governmental activities in the statement of net assets are different because		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		1,398,678
Other long-term assets are not available to pay for current period expenditures and therefore are shown as deferred inflows of resources. These consist of property taxes not available at year end.		62,470
Long-term liabilities for capital leases, notes payable, and compensated absences are not due and payable in the current period and therefore are not reported in the funds.		(86,987)
Net OBEP liability		(263,640)
Net pension liability		(1,420,949)
Pension related deferrals		<u>49,557</u>
Net Position of Governmental Activities	\$	<u><u>588,443</u></u>

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

Town of Blacksburg, South Carolina

Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
Year Ended March 31, 2021

	General Fund	Hospitality Tax Fund	Nonmajor Governmental Funds	Total
Revenues				
Property taxes and penalties	\$ 790,457	\$	\$	\$ 790,457
Hospitality tax		118,921		118,921
Local option sales tax	80,044			80,044
Payment in lieu of taxes	2,530			2,530
Licenses, permits and fees	443,565			443,565
Collection fees	3,540			3,540
Fines, forfeitures and penalties	114,829		13,770	128,599
Victims assistance			10,919	10,919
Disposal fees and penalties	62,294			62,294
Intergovernmental revenues:				
School district and auto reimbursements	99,276			99,276
State shared revenues	60,473			60,473
Investment earnings	1,418			1,418
Rental income	4,050			4,050
Miscellaneous revenues	182,553		2,000	184,553
Total revenues	1,845,029	118,921	26,689	1,990,639
Expenditures				
Current				
General government	211,743	19,658	8,100	239,501
Police department	931,904		10,308	942,212
Fire department	101,650			101,650
Street department	342,506			342,506
Cemetery department	14,100			14,100
Capital outlay				
General government	6,904			6,904
Debt service				
Principal payments	7,833	49,304		57,137
Interest	328	2,092		2,420
Total expenditures	1,616,968	71,054	18,408	1,706,430
Excess of Revenues Over (Under)				
Expenditures	228,061	47,867	8,281	284,209

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

Town of Blacksburg, South Carolina

Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
Year Ended March 31, 2021

	<u>General</u>	<u>Hospitality Tax Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Other financing sources (uses)				
Transfers in (out)	3,833	(18,833)		(15,000)
Proceeds from sale of assets	8,000			8,000
Total other financing sources (uses)	<u>11,833</u>	<u>(18,833)</u>		<u>(7,000)</u>
Net change in fund balance	239,894	29,034	8,281	277,209
Fund Balances - Beginning	418,217	42,828	41,761	502,806
Prior period adjustment	69,299			69,299
Fund Balances - Beginning - Adjusted	<u>487,516</u>	<u>42,828</u>	<u>41,761</u>	<u>572,105</u>
Fund Balances - Ending	<u>\$ 727,410</u>	<u>\$ 71,862</u>	<u>\$ 50,042</u>	<u>\$ 849,314</u>

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

Town of Blacksburg, South Carolina

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended March 31, 2021

Net Change in Governmental Fund Balances	\$	277,209
Amounts reported for governmental activities in the statement of activities are different because		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation of \$257,074 exceeded capital outlays of \$6,904 in the current period.		(250,170)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Deferred inflows increased for tax revenues by this amount during the year.		19,030
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction has any effect on net assets. This amount is the net effect of these differences in the treatment of long term debt. Debt proceeds of \$0 net of principal repayments totaling \$57,136 for the year.		57,136
Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. During the current year compensated absences decreased by this amount.		2,210
Contributions to the pension plan in the current fiscal year after the measurement date not included on the Statement of Activities.		80,394
OPEB expense		(64,030)
Pension expense increase		<u>(33,050)</u>
Change in Net Position of Governmental Activities	\$	<u><u>88,729</u></u>

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

Town of Blacksburg, South Carolina

Statement of Net Position
Proprietary Fund
March 31, 2021

	Water and Sewer System	Total
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,396,807	\$ 1,396,807
Trade receivables (net of allowance for uncollectibles)	286,189	286,189
Unbilled accounts receivable	65,853	65,853
Grant receivable	52,000	52,000
Due from other funds	283,035	283,035
Total current assets	<u>2,083,884</u>	<u>2,083,884</u>
Noncurrent assets		
Restricted assets		
Cash and cash equivalents - customer deposits and construction	12,772	12,772
Capital assets		
Total capital assets (net of accumulated depreciation)	<u>9,189,574</u>	<u>9,189,574</u>
Total noncurrent assets	<u>9,202,346</u>	<u>9,202,346</u>
Total assets	<u>11,286,230</u>	<u>11,286,230</u>
DEFERRED OUTFLOWS OF RESOURCES		
	<u>174,876</u>	<u>174,876</u>
LIABILITIES		
Current Liabilities		
Accounts payable	27,114	27,114
Accrued expenses	10,213	10,213
Current portion of leases payable	19,404	19,404
Due to other funds	20,250	20,250
Total before restricted	<u>76,981</u>	<u>76,981</u>
Payable from restricted assets		
Customer deposits	49,276	49,276
Total current liabilities	<u>126,257</u>	<u>126,257</u>
Noncurrent liabilities		
Compensated absences	26,429	26,429
Leases payable - noncurrent portion	2,305	2,305
Net OPEB liability	188,621	188,621
Net pension liability	947,300	947,300
Total noncurrent liabilities	<u>1,164,655</u>	<u>1,164,655</u>
Total liabilities	<u>1,290,912</u>	<u>1,290,912</u>

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

Town of Blacksburg, South Carolina

Statement of Net Position
Proprietary Fund
March 31, 2021

	Water and Sewer System	Total
DEFERRED INFLOWS OF RESOURCES	<u>81,239</u>	<u>81,239</u>
NET POSITION		
Net investment in capital assets	9,167,865	9,167,865
Unrestricted	921,090	921,090
Total net position	<u>\$ 10,088,955</u>	<u>\$ 10,088,955</u>

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

Town of Blacksburg, South Carolina

Statement of Revenues, Expenses and Changes in Net Position
 Proprietary Fund
 Year Ended March 31, 2021

	Water System	Sewer System	Total
Operating Revenues			
Metered water sales/admin fee - net of bad debts	\$ 1,289,526	\$	\$ 1,289,526
Sewer service charges - net of bad debts		492,626	492,626
Tap fees	21,500		21,500
Customer service charges/penalties	10,929		10,929
Other revenues	30,946		30,946
Total operating revenues	1,352,901	492,626	1,845,527
Operating expenses			
Water purchased	380,568		380,568
Salaries, wages and benefits	587,798	263,056	850,854
Repairs, maintenance and supplies	156,481	71,933	228,414
Utilities	22,914	75,044	97,958
Professional fees	13,283	11,618	24,901
DHEC fees/laboratory testing	19,020	17,127	36,147
Insurance expense	16,800	20,761	37,561
Administration	8,350	8,923	17,273
Depreciation	353,421	139,129	492,550
Total operating expenses	1,558,635	607,591	2,166,226
Operating Income (loss)	(205,734)	(114,965)	(320,699)
Nonoperating revenues (expenses):			
Investment earnings	9,280		9,280
Interest expense	(257)		(257)
Total nonoperating revenue (expenses)	9,023		9,023
Income (loss) before other revenues and transfer	(196,711)	(114,965)	(311,676)
Other revenues and transfers			
Transfers in (out), net		15,000	15,000
SCDOT grant	1,460,372		1,460,372
Total other revenues and transfers	1,460,372	15,000	1,475,372
Change in net position	1,263,661	(99,965)	1,163,696
Total net position, beginning of year	5,684,946	3,309,612	8,994,558
Prior period adjustment	(69,299)		(69,299)

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

Town of Blacksburg, South Carolina

Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund
Year Ended March 31, 2021

Total net position, beginning of year, restated	<u>5,615,647</u>	<u>3,309,612</u>	<u>8,925,259</u>
Total net position, end of year	<u>\$ 6,879,308</u>	<u>\$ 3,209,647</u>	<u>\$ 10,088,955</u>

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

Town of Blacksburg, South Carolina

Statement of Cash Flows - Proprietary Fund Type
Proprietary Fund
Year Ended March 31, 2021

	<u>Total</u>
Cash Flows from Operating Activities	
Cash received from customers	\$ 1,529,214
Cash paid for goods and services	(886,538)
Cash paid to employees for services	(788,749)
Net cash provided by operating activities	<u>(146,073)</u>
Cash Flows from Capital and Related Financing Activities	
Grants and capital contributions	15,000
Purchases of capital assets	(66,397)
Principal payments on capital leases	(44,923)
Interest paid on capital leases payable	(257)
Net cash provided by capital and related financing activities	<u>(96,577)</u>
Cash Flows from Investing Activities	
Interest received on invested funds	9,280
Net cash provided by investing activities	<u>9,280</u>
Net increase in cash and cash equivalents	(233,370)
Cash and cash equivalents, Beginning of year	<u>1,642,949</u>
Cash and cash equivalents, End of year	<u>\$ 1,409,579</u>

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

Town of Blacksburg, South Carolina

Statement of Cash Flows - Proprietary Fund Type
Proprietary Fund
Year Ended March 31, 2021

	<u>Total</u>
Reconciliation of Operating Income (Loss) to Net Cash	
Provided by Operating Activities	
Operating income (loss)	<u>\$ (320,699)</u>
Adjustments to reconcile operating income (loss)	
to net cash provided by (used in) operating activities	
Depreciation and amortization	492,550
Pension expense	(25,456)
OPEB expense	(52,184)
Changes in assets and liabilities	
(Increase) decrease in accounts receivable	(154,634)
Increase (decrease) in accounts payable	(63,717)
Increase (decrease) in accrued expenses	(7,281)
Increase (decrease) in customer meter deposits	(2,198)
Increase (decrease) in due to other funds	(12,454)
Total adjustments	<u>174,626</u>
Net cash provided by operating activities	<u>\$ (146,073)</u>

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

Town of Blacksburg, South Carolina

Statement of Fiduciary Net Position
Fiduciary Funds
March 31, 2021

	Police Seizure Fund	Total Agency Funds
ASSETS		
Cash and cash equivalents	<u>\$ 7,317</u>	<u>\$ 7,317</u>
Total assets	<u><u>\$ 7,317</u></u>	<u><u>\$ 7,317</u></u>
LIABILITIES		
Amounts held for others benefit	<u>\$ 7,317</u>	<u>\$ 7,317</u>
Total liabilities	<u><u>\$ 7,317</u></u>	<u><u>\$ 7,317</u></u>

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

Town of Blacksburg, South Carolina

Notes to Financial Statements

Note 1 - Summary of Significant Accounting Policies

a. Reporting Entity

The Town of Blacksburg, South Carolina (the "Town") operates as a municipal corporation under a charter granted by the State of South Carolina on February 4, 1899. The Town operates under a Council-Mayor form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation, health and social services, public improvements, planning and zoning, water and sewer utilities, and general administrative services. The Town receives funding through taxes collected on the Town's behalf by Cherokee County, federal and state aid, and other fees and services.

The Town is not included in any other governmental "reporting entity" as defined by Government Accounting Standards Board (GASB) since the Town's Mayor and Council Members are elected by the public and have autonomous decision-making authority, responsibility to significantly influence operations, and primary accountability for fiscal matters. The Town has some economic dependence on monies from bonds and fines realized after convictions or forfeitures and local hospitality and tax revenues.

b. Basis of Presentation

Government-wide Statements - The statement of net position and the statement of activities report information about all of the nonfiduciary activities of the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

Fund Financial Statements - The fund financial statements provide information about the Town's funds. Separate statements for each fund category, governmental and proprietary, are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. The Town has chosen to present the Hospitality Tax Fund as a major fund. All remaining governmental funds are aggregated and reported as nonmajor funds.

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

Town of Blacksburg, South Carolina

Notes to Financial Statements

Note 1 - (continued)

Governmental Funds - Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

The Town reports the following major governmental funds:

General Fund - is the general operating fund of the Town. The General Fund is used to account for all financial resources of the Town except those required to be accounted for in another fund. The primary revenue sources are property taxes, licenses and permits, and intergovernmental revenues. The primary expenditures are for public safety, public works, building zoning, and general administration.

Hospitality Tax Fund - is a special revenue fund used to account for the Town's portion of monies collected from sales of prepared meals and beverages. The collections are to be expended for tourism related activities and/or an amount not to exceed fifty percent of the revenue in the preceding fiscal year for the operation and maintenance of such activities

The Town reports the following major proprietary fund:

Water and Sewer System Fund - The Water and Sewer System Fund is used to account for water and sewer utilities services provided to customers within the Town and surrounding areas. Services are supplied to customers under a rate structure designed to produce revenues sufficient to recover operating expenses, including principal and interest on the fund's debt.

The Town reports the following non-major governmental funds:

Museum Fund - The Museum Fund is a special revenue fund whose use is assigned by the Mayor and Council for maintenance of the Blacksburg Museum. These funds are derived primarily from sales and other revenue generated by the museum.

Victim's Rights Advocate Fund - The Victims Assistance Fund is a special revenue fund used for the support of victims of crime. Revenues are derived from a portion of police fines.

Narcotics Seizure Fund - The Narcotics Seizure Fund is a special revenue fund used to account for amounts received from confiscated drug monies. These funds are restricted for various purposes to assist public safety.

The Town reports a fiduciary fund. The fiduciary fund accounts for financial resources held for the benefit of parties outside of the government because the resources of that fund are not available to support the Town's own programs. The Town uses an agency fund to account for seized funds that are being held for the court system until the cases are adjudicated.

c. Measurement Focus and Basis of Accounting

The financial statements of the Town are prepared in accordance with generally accepted accounting principles (GAAP).

Town of Blacksburg, South Carolina

Notes to Financial Statements

Note 1 - (continued)

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

Governmental Fund Financial Statements - Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized in the accounting period when they are both measurable and available to pay the liabilities of the current period. In addition, expenditures are recorded when the related fund liability is incurred, if measurable, except for principal and interest on general long-term debt and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The Town has recognized assets of nonexchange transactions in the period when the underlying transaction occurs, when an enforceable legal claim has arisen, or when all eligibility requirements are met. Nonexchange transactions occur when one government provides (or receives) value to (from) another party without receiving (or giving) equal or nearly equal value in return. State shared revenues, federal grants funding federal mandates, local option taxes, and donations are examples of nonexchange transactions. The Town considers all revenues available if they are collected within 60 days after year end.

Proprietary funds are accounted for using the full accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when incurred.

Revenue Recognition - Property tax revenues are assessed and collected by Cherokee County and are remitted to the Town. Property taxes are levied the first of September (except automobiles which are annually assessed on the first day of the month the automobiles are registered) on the assessed value as of the prior December 31 for all real and personal property located in the County. Taxes are due in one payment on or before January 15. A three percent penalty is added on January 16. If taxes remain unpaid on February 2, a seven percent penalty is added to the total of taxes plus penalties. If taxes remain unpaid on the March 17 lien date, an additional five percent penalty is added to the total of taxes and penalties plus a \$15 delinquent execution charge.

Major revenue sources susceptible to accrual include property taxes, franchise fee taxes and intergovernmental.

Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost - reimbursement grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost - reimbursement grant resources to such programs and then general revenues.

The government reports deferred inflows of resources on its governmental funds balance sheet. Deferred inflows of resources arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Refundable advances (unearned revenue) may arise when resources are received by the Town before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Town has a legal claim to the resources, the liability for refundable advances and the deferred inflows of resources are removed from the governmental funds balance sheet and revenue is recognized.

Town of Blacksburg, South Carolina

Notes to Financial Statements

Note 1 - (continued)**d. Budgets and Budgetary Accounting**

The Town observes the following procedures in establishing the budgetary data reflected in the financial statements:

1. Formal budgetary integration is employed annually as a management control device for the General Fund. The budget is accepted for use in the United States of America.
2. The Town approves, by ordinance, total budget appropriations only. The Mayor is authorized to transfer budget amounts between departments within any fund; however, any revisions that alter the total appropriations of any fund must be approved by the Town Council. Therefore, the level of budgetary responsibility is by total appropriations; however, for report purposes this level has been expanded to a functional basis.

e. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity

Statement of Cash Flows - For the purposes of the Statement of Cash Flows, the Enterprise Fund considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

1. Deposits and Investments

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.

2. Allowance for Doubtful Accounts

All receivables that historically experience uncollectible accounts (taxes and water and sewer billings) are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were collected in prior years. Receivables for taxes less applicable allowances for doubtful accounts are reflected in deferred inflows of resources within the fund financial statements because the amount is not considered "available".

3. Capital Assets

The Town's capital assets are recorded at cost or estimated historical costs. Donated capital assets are recorded at their estimated fair value at the date of donation. Capital assets generally result from expenditures in the governmental or proprietary funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statement or are reported in the business-type activities column and in the proprietary fund financial statement.

Town of Blacksburg, South Carolina

Notes to Financial Statements

Note 1 - (continued)

It is the policy of the Town to capitalize all capital assets costing more than \$5,000 for non-real estate items and \$50,000 for real estate with an estimated useful life in excess of 5 years. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

	<u>Years</u>
Buildings and improvements	7-40
Infrastructure	5-40
Distribution system	5-40
Vehicles and other equipment	5-20

The Town is a Phase III government and not required to retroactively report infrastructure assets.

4. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial 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 multiple items that meet this criterion relative to implementation of GASB Statement 68 pension reporting.

In addition to liabilities, the statement of financial position 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 and so will not be recognized as revenue until then. The Town has several items that meet the criterion, deferrals of pension expense that result from the implementation of GASB Statement 68.

5. Long-term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund. Material bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method.

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

Town of Blacksburg, South Carolina

Notes to Financial Statements

Note 1 - (continued)

6. Compensated Absences

Employees may accumulate up to four weeks' annual leave with such leave being fully vested when earned. For the Town, the current portion of the accumulated annual leave is not considered to be material. The Town's liability for accumulated annual leave as of March 31, 2021, in the government-wide and proprietary fund financial statements, represents the value of accumulated unpaid annual leave and salary related payments as of that date.

7. Short-term Interfund Receivables and Payables

During the course of operations, certain transactions occur between individual funds for goods provided or services rendered. The receivables and payables are classified as "due from other funds" or "due to other funds" on the fund statements and internal balances on the government-wide statements.

8. Encumbrance Accounting

All outstanding encumbrances lapse at year end and are re-budgeted in the following year.

9. Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

10. Net Position/Fund Balances

Net position in the government-wide and proprietary fund financial statements are classified as net investment in capital assets, restricted, and unrestricted. Net position is reported as restricted when there are legal limitations imposed on their use by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

In the governmental fund financial statements, fund balance is composed of various classifications designated to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund type classifies fund balance as follows:

Restricted Fund Balance - This classification includes revenue sources that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for tourism - Portion of fund balance accumulated from the Town's portion of monies collected from local hospitality establishments less expenses and transfers.

Restricted for drug enforcement - Portion of fund balance collected and seized from police fines and forfeitures required to be expended specifically for drug enforcement activities.

Restricted for victims' assistance expenditures - Portion of fund balance collected from police fines and forfeitures required to be used for victims' assistance expenditures.

Town of Blacksburg, South Carolina

Notes to Financial Statements

Note 1 - (continued)

Assigned Fund Balance - This classification includes revenue sources assigned by the Mayor and Council for specific purposes.

Assigned for museum maintenance and park - Portion of fund balance received from sales and other revenue sources to be used for museum expenditures.

Unassigned Fund Balance - Portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

The Town has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Administrator will use resources in the following hierarchy: federal funds, state funds, county funds, and local funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Town Council has the authority to deviate from this policy if it's in the best interest of the Town.

11. Pensions

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 South Carolina Police Officers Retirement System (PORS) and additions to/deductions from SCRS' and PORS' fiduciary net position have been determined on the same basis as they are reported by the South Carolina Public Employee Benefit Authority (PEBA). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 2 - Cash and Cash Equivalents

The Town's bank balances of \$2,578,515 were different than the amounts reflected in the accompanying statements of net position and governmental balance sheet due to outstanding checks, deposits in transit, and other reconciling items at March 31, 2021. The bank balances at March 31, 2021 are categorized as follows:

Amount insured by the FDIC	\$ 250,000
Amounts collateralized with securities held by pledging financial institution's trust or agents not in entity's name	2,328,515
	\$ 2,578,515

The Town has no policy regarding custodial credit risks for deposits. In addition, the Town has no formal policy regarding investment decisions and credit risk.

Town of Blacksburg, South Carolina

Notes to Financial Statements

Note 3 - Receivables - Allowances for Doubtful Accounts

Receivables presented in the governmental activities column of the statement of net position and in the governmental funds balance sheet are net of allowances for doubtful accounts and consist of the following:

Taxes receivable from Cherokee County	\$ 17,728
Other	23,997
Local option sales tax/property tax credit fund	26,098
MASC license collections	7,653
Revenues from the magistrate	10,601
Franchise fees	37,047
Total	<u>\$ 123,124</u>

Other receivables presented in the business-type activities column of the statement of net position and in the proprietary funds statement of net position represent the Town's portion of unremitted water and sewer billings.

Note 4 - Taxes Receivable

Taxes receivable represent taxes due but uncollected net of an allowance for uncollectible. In the governmental fund statements taxes receivable are accrued as revenue when they are considered to be both measurable and available. If not considered available within 60 days of year end, they are recorded as deferred inflows of resources. In the government-wide statements, property taxes receivable, net of an allowance, are shown in revenue of the current period regardless of when cash is received.

At March 31, 2021, the Town's uncollected assessed taxes that have been transferred to the Cherokee County Delinquent Tax Collector for the General Fund were \$65,642. These amounts net of allowances for doubtful accounts of \$3,172 are shown as taxes receivable in the accompanying statements.

Assessed values for real estate are established annually by the County Tax Assessor based on the assessment ratio applied to the appropriate class of property. Real and personal property, excluding merchant's inventory, in the Town's area was assessed at \$81,704,933 for the Town.

The Town's operating tax rate is currently 180.2 mills for the Town.

Town of Blacksburg, South Carolina

Notes to Financial Statements

Note 5 - Capital Assets

Capital asset activity for governmental activities the year ended March 31, 2021, was as follows:

	Balance April 1, 2020	Additions	Deletions	Balance March 31, 2021
Governmental activities				
Not being depreciated				
Land and right-of-ways	\$ 244,355	\$	\$	\$ 244,355
Total capital assets not being depreciated	<u>244,355</u>			<u>244,355</u>
Being depreciated				
Buildings and improvements	1,621,288			1,621,288
Infrastructure	324,972			324,972
Vehicles and other equipment	1,811,363	6,904		1,818,267
Total capital assets being depreciated	<u>3,757,623</u>	<u>6,904</u>		<u>3,764,527</u>
Less accumulated depreciation				
Buildings and improvements	700,064	36,352		736,416
Infrastructure	231,453	6,584		238,037
Vehicles and other equipment	1,560,741	75,010		1,635,751
Total accumulated depreciation	<u>2,492,258</u>	<u>117,946</u>		<u>2,610,204</u>
Total capital assets being depreciated, net	<u>1,265,365</u>	<u>(111,042)</u>		<u>1,154,323</u>
Total capital assets, net	<u>\$ 1,509,720</u>	<u>\$ (111,042)</u>	<u>\$</u>	<u>\$ 1,398,678</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 41,352
Police department	64,390
Street department	12,204
Total depreciation expense	<u>\$ 117,946</u>

Town of Blacksburg, South Carolina

Notes to Financial Statements

Note 5 - (continued)

Capital asset activity for business-type activities for the year ended March 31, 2021 was as follows:

Business-type activities			
Not being depreciated			
Land and easements	\$ 110,381	\$	\$ 110,381
CIP - I-85 Widening		1,460,372	1,460,372
Total capital assets not being depreciated	110,381	1,460,372	1,570,753
Being depreciated			
Buildings and improvements	61,214		61,214
Distribution system	16,766,551	6,272	16,772,823
Vehicles and other equipment	1,103,703	8,125	1,111,828
Total capital assets being depreciated	17,931,468	14,397	17,945,865
Less accumulated depreciation			
Buildings and improvements	26,716	1,530	28,246
Distribution system	8,878,836	450,990	9,329,826
Vehicles and other equipment	928,942	40,030	968,972
Total accumulated depreciation	9,834,494	492,550	10,327,044
Total capital assets being depreciated, net	8,096,974	(478,153)	7,618,821
Business-type activity capital assets, net	\$ 8,207,355	\$ 982,219	\$ 9,189,574

Town of Blacksburg, South Carolina

Notes to Financial Statements

Note 6 - Long-Term Debt

A summary of changes in long-term obligations for the Town for the year ended March 31, 2021 is as follows:

	Balance April 1, 2020	Increases	Decreases	Balance March 31, 2021
Governmental activities				
General Obligation Bonds	\$ 99,593	\$	\$ 49,304	\$ 50,289
Capital lease obligations	8,570		7,832	738
Compensated absences	41,907		5,947	35,960
Net pension liability	1,425,727		4,778	1,420,949
OPEB liability	199,610	64,030		263,640
Total governmental activities	<u>\$ 1,775,407</u>	<u>\$ 64,030</u>	<u>\$ 67,861</u>	<u>\$ 1,771,576</u>
Business-type activities				
Capital lease obligations	\$ 66,632	\$	\$ 44,923	\$ 21,709
Compensated absences	32,399		5,970	26,429
Net pension liability	921,844	25,456		947,300
OPEB liability	136,437	52,184		188,621
Total business-type activities	<u>\$ 1,157,312</u>	<u>\$ 77,640</u>	<u>\$ 50,893</u>	<u>\$ 1,184,059</u>

The following details the changes in long-term debt obligations for governmental activities for the year:

	Payable at March 31, 2020	Additions	Reductions	Payable at March 31, 2021
Vehicle lease collateralized by a 2018 Dodge Charger with a cost of \$24,136 payable in 36 monthly installments of \$741.87 including interest at 7.091% through April 2021	\$ 8,570	\$	\$ 7,832	\$ 738
2014 General Obligation Improvement Bonds payable in 7 annual installments of \$51,295.55 including interest at 2% through July 2021	99,593		49,304	50,289
Total long-term debt obligations	<u>\$ 108,163</u>	<u>\$</u>	<u>\$ 57,136</u>	<u>\$ 51,027</u>

Town of Blacksburg, South Carolina

Notes to Financial Statements

Note 6 - (continued)

The following is a summary of the Town's future annual debt service requirements under capital lease obligations for governmental activities as of March 31, 2021:

<u>Year Ended March 31,</u> 2022	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	\$ 738	\$ 4	\$ 742
	<u>\$ 738</u>	<u>\$ 4</u>	<u>\$ 742</u>

The annual requirements to retire the above referenced general obligation bonds is as follows:

<u>Year Ended March 31,</u> 2022	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	\$ 50,289	\$ 1,007	\$ 51,296
	<u>\$ 50,289</u>	<u>\$ 1,007</u>	<u>\$ 51,296</u>

Interest expense on capital lease obligations totaled \$328 for the year ended March 31, 2021. The Town has utilized resources of the General Fund to pay debt service costs in the current year.

Interest expense on general obligation bonds totaled \$2,092 for the year ended March 31, 2021. The Town has utilized hospitality tax revenues to pay debt service costs on these bonds in the current year.

Town of Blacksburg, South Carolina

Notes to Financial Statements

Note 6 - (continued)

The following details the changes in long-term debt obligations for business-type activities for the year:

	Payable at March 31, 2020	Additions	Reductions	Payable at March 31, 2021
Vehicle lease collateralized by a 2017 Ford F250 with a cost of \$24,715, payable in 60 monthly installments of \$469.38 including interest at 5.45%, through August 2022	\$ 12,756	\$	\$ 5,094	\$ 7,662
Vehicle lease collateralized by a 2018 Ford F150 with a cost of \$31,160, payable in 36 monthly installments of \$955.19 including interest at 6.90% through August 2021	15,428		10,733	4,695
Vehicle lease collateralized by a Cat Backhoe/Loader with a cost of \$78,821, payable in 36 monthly installments of \$2,364.08 including interest at 5.346% through July 2021	<u>38,448</u>		<u>29,096</u>	<u>9,352</u>
Total capital lease obligations	<u>\$ 66,632</u>	<u>\$</u>	<u>\$ 44,923</u>	<u>\$ 21,709</u>

Future annual debt service requirements under these capital lease obligations for business-type activities as of March 31, 2021, are as follows:

Year Ended March 31,	Principal	Interest	Total
2022	\$ 19,404	\$ 461	\$ 19,865
2023	2,305	30	2,335
	<u>\$ 21,709</u>	<u>\$ 491</u>	<u>\$ 22,200</u>

Interest expense totaled \$2,706 for the year ended March 31, 2021.

Town of Blacksburg, South Carolina

Notes to Financial Statements

Note 7 - Defined Benefit Pension Plan

The Town participates in the State of South Carolina's retirement plans. South Carolina Public Employee Benefit Authority (PEBA), created July 1, 2012, is the state agency responsible for the administration and management of the various retirement systems and retirement programs of the state of South Carolina, including the State Optional Retirement Program and the S.C. Deferred Compensation Program, as well as the state's employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems' five defined benefit pension plans. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as custodian, co-trustee and co-fiduciary of the systems and the assets of the retirement trust funds. The Retirement System Investment Commission (Commission as the governing body, RSIC as the agency), created by the General Assembly in 2005, has exclusive authority to invest and manage the retirement trust funds' assets. The Commission, an eight-member board, serves as co-trustee and co-fiduciary for the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the South Carolina Retirement Systems (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. 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 South Carolina Retirement Systems' Pension Trust Funds. The CAFR is publicly available through the Retirement Benefits' link on PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223.

PEBA is considered a division of the primary government of the State of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state.

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

The South Carolina Police Officers Retirement System (PORS), a cost-sharing multiple-employer defined benefit pension plan, was established 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.

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.

Town of Blacksburg, South Carolina

Notes to Financial Statements

Note 7 - (continued)

SCRS - Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member 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 terms of his employment, 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, Department of Juvenile Justice, or the Department of Mental Health. Probate judges and coroners may elect membership in the PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least \$2,000 per year and devote 1,600 hours per year to this work, unless exempted by statute. An employee member of the system with an effective date of membership prior to July 1, 2012 is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

Plan Benefits. Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation. A brief summary of benefit terms for each system follows.

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

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

Town of Blacksburg, South Carolina

Notes to Financial Statements

Note 7 - (continued)

PORS - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of age. Both Class Two and Class Three members are eligible to receive a deferred annuity at age 55 with five or eight years of earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty. The retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

Plan Contributions. Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS and PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. Legislation in 2017 increased, but also established a ceiling for SCRS and PORS employee contribution rates. Effective July 1, 2017 employee rates were increased to a capped rate of 9.00 percent for SCRS and 9.75 percent for PORS. The legislation also increased employer contribution rates beginning July 1, 2017 for both SCRS and PORS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year through July 1, 2022. If the scheduled contributions are not sufficient to meet the funding periods set in statute, the board shall increase the employer contribution rates as necessary to meet the funding periods set for the applicable year. The maximum funding period of SCRS and PORS is scheduled to be reduced over a ten-year schedule from 30 years beginning fiscal year 2018 to 20 years by fiscal year 2028.

Additionally, the Board is prohibited from decreasing the SCRS and PORS contribution rates until the funded ratio is at least 85 percent. If the most recent annual actuarial valuation of the systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than 85 percent, then the board, effective on the following July 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 85 percent. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than 85 percent, then effective on the following July first, and annually thereafter as necessary, the board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the systems shows a funded ratio that is equal to or greater than 85 percent.

Town of Blacksburg, South Carolina

Notes to Financial Statements

Note 7 - (continued)

As noted above, both employees and the Town are required to contribute to the Plans at rates established and as amended by the PEBA. The Town's contributions are actuarially determined but are communicated to and paid by the Town as a percentage of the employees' annual eligible compensation.

Required contributions (100% funded) to the SCRS for the years ended March 31, 2021, 2020, and 2019 are as follows:

Year Ended	Employee		Employer	
	Amount	Percentage	Amount	Percentage
2021	\$ 61,772	9.00%	\$ 106,798	15.56%
2020	\$ 55,552	9.00%	\$ 94,506	14.56/15.56%
2019	\$ 61,962	9.00%	\$ 97,508	13.56/14.56%

Required contributions (100% funded) to the PORS for the years ended March 31, 2021, 2020, and 2019 are as follows:

Year Ended	Employee		Employer	
	Amount	Percentage	Amount	Percentage
2021	\$ 44,972	9.75%	\$ 84,134	18.24%
2020	\$ 40,513	9.75%	\$ 74,707	17.24/18.24%
2019	\$ 44,563	9.75%	\$ 75,838	16.24/17.24%

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At March 31, 2021, the Town reported liabilities of \$1,420,949 and \$947,300 for its proportionate share of the net pension liabilities for the SCRS and PORS Plans, respectively. The net pension liabilities were measured as of June 30, 2020, and the total pension liabilities for the Plans used to calculate the net pension liabilities were determined based on the most recent actuarial valuation report as of July 1, 2019. The total pension liability was then rolled forward from the valuation date to the plans' fiscal year end of June 30, 2020 using generally accepted actuarial principles. The Town's proportions of the net pension liabilities were based on a projection of the Town's long-term share of contributions to the Plans relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined. At June 30, 2020, the Town's SCRS proportion was .005676 percent, as compared to .006366 percent measured as of June 30, 2019. At June 30, 2020, the Town's PORS proportion was .027678 percent, as compared to .031195 percent measured as of June 30, 2019.

Town of Blacksburg, South Carolina

Notes to Financial Statements

Note 7 - (continued)

For the year ended March 31, 2021, the Town recognized pension expense of approximately \$141,441 and \$95,974 for the SCRS and PORS, respectively. At March 31, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
SCRS		
Difference between expected and actual experience	\$ 16,736	\$ 5,485
Net difference between projected and actual earnings on pension plan investments	122,221	15,533
Change in assumptions	1,777	
Change in proportionate share of plan contributions	15,604	115,283
Town's contributions subsequent to measurement date	80,394	
Total SCRS	<u>\$ 236,732</u>	<u>\$ 136,301</u>
PORS		
Difference between expected and actual experience	\$ 19,506	\$ 4,040
Net difference between projected and actual earnings on pension plan investments	105,791	11,804
Change in assumptions	11,201	
Change in proportionate share of plan contributions	70	79,380
Town's contributions subsequent to measurement date	63,980	
Total PORS	<u>\$ 200,548</u>	<u>\$ 95,224</u>

The \$80,394 and \$63,980 that are reported as deferred outflows of resources, which represent the Town's contributions subsequent to the measurement date to the SCRS and PORS, respectively, will be recognized as a reduction of the net pension liability in the year ended March 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the SCRS and PORS will be recognized as pension expense as follows:

<u>Year Ended March 31,</u>	<u>SCRS</u>	<u>PORS</u>	<u>Total</u>
2022	\$ (2,728)	\$ 7,478	\$ 4,750
2023	(3,580)	5,831	2,251
2024	(879)	7,729	6,850
2025	27,224	20,306	47,530
Total	<u>\$ 20,037</u>	<u>\$ 41,344</u>	<u>\$ 61,381</u>

Actuarial Assumptions and Methods.

Actuarial valuations of the plans involve estimates of 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.

Town of Blacksburg, South Carolina

Notes to Financial Statements

Note 7 - (continued)

South Carolina state statute requires that an actuarial experience study be completed as least once in each five-year period. An experience report on the Systems was most recently issued as of July 1, 2015.

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

The following provides a summary of the actuarial assumptions and methods used to calculate the total pension liability as of June 30, 2020 for SCRS and PORS:

	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%	3.0% to 9.5%
Includes inflation at	2.25%	2.25%
Benefit adjustment annually	lesser of 1% or \$500	lesser of 1% or \$500

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 System's mortality experience. These base rates are adjusted for future improvement in mortality using the published scale AA projected from the year 2016.

Assumptions used in the determination of the June 30, 2020 total pension liability for general employees' job classification was the 2016 PRSC Males multiplied by 100% and the 2016 PRSC Females multiplied by 111% for males and females, respectively and for the public safety and firefighters job classification was the 2016 PRSC Males multiplied by 125% and the 2016 Females multiplied by 111% for females, respectively.

Net Pension Liability

The NPL is calculated separately for each system and represents that particular system's TPL determined in accordance with GASB No. 67 less the system's fiduciary net position. NPL totals as of June 30, 2020, for SCRS and PORS are:

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

Town of Blacksburg, South Carolina

Notes to Financial Statements

Note 7 - (continued)

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

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2020 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding the 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.

Town of Blacksburg, South Carolina

Notes to Financial Statements

Note 7 - (continued)

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Expected Arithmetic Real Rate of Return</u>	<u>Long Term Expected Portfolio Real Rate of Return</u>
Global Equity	51.0%		
Global Public Equity	35.0%	7.81%	2.73%
Private Equity	9.0%	8.91%	0.80%
Equity Options Strategies	7.0%	5.09%	0.36%
Real Assets	12.0%		
Real Estate (Private)	8.0%	5.55%	0.44%
Real Estate (REITs)	1.0%	7.78%	0.08%
Infrastructure (Private)	2.0%	4.88%	0.10%
Infrastructure (Public)	1.0%	7.05%	0.07%
Opportunistic	8.0%		
Global Tactical Asset Allocation	7.0%	3.56%	0.25%
Other Opportunistic Strategies	1.0%	4.41%	0.04%
Credit	15.0%		
High Yield Bonds/Bank Loans	4.0%	4.21%	0.17%
Emerging Markets Debt	4.0%	3.44%	0.14%
Private Debt	7.0%	5.79%	0.40%
Rate Sensitive	14.0%		
Core Fixed Income	13.0%	1.60%	0.21%
Cash and Short Duration (Net)	1.0%	0.56%	0.01%
Total Expected Real Return	<u>100.0%</u>		<u>5.80%</u>
Inflation for Actuarial Purposes			<u>2.25%</u>
Total Expected Nominal Return			<u>8.05%</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 Code of Laws. Based on those assumptions, the System's fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Town of Blacksburg, South Carolina

Notes to Financial Statements

Note 7 - (continued)

Sensitivity Analysis. The following table presents the sensitivity of the Town's proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1% point lower (6.25 percent) or 1% point higher (8.25 percent) than the current rate:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Town's proportionate share of the net pension liability - SCRS	<u>\$ 1,797,574</u>	<u>\$ 1,450,385</u>	<u>\$ 1,160,477</u>
Town's proportionate share of the net pension liability - PORS	<u>\$ 1,215,097</u>	<u>\$ 917,864</u>	<u>\$ 679,204</u>

Note 8 - Other Employment Benefits

The Town provides post-retirement health benefits, as per the requirements of a local ordinance, for certain retirees and their dependents. The Town of Blacksburg OPEB Plan (the Plan) is approved each year by Town Council. The Plan is a single member defined benefit postemployment healthcare plan administered internally by the Town. Information about the Plan is included in the Town's entity-wide financial statements. Participants must be eligible to retire under the South Carolina Retirement System (SCRS or PORS) to receive the benefits upon retirement. In addition, the retiree must meet the minimum age of 57 or 28 years of service to the Town (25 years for police).

The Plan allows eligible employees to elect to stay on the Town's group insurance plan and pay all costs. The cost of coverage for pre-65 retirees is implicitly subsidized by the Town. The Plan does not provide disability benefits, special pre-retirement death benefits, or a special withdrawal benefit. Service of retirees is determined from the date of hire. Retirees pay 100 percent of the health insurance premiums. The Town's regular health insurance providers underwrite the retirees' policies.

The Plan has 28 covered members: 1 member is a retiree receiving benefits who participates and pays for insurance and 27 are active participants. The Town currently finances the Plan on a pay-as-you-go basis. For the year ended March 31, 2021, the Town recognized pay-as-you-go expenses of \$0 for healthcare net of retiree contributions.

Town of Blacksburg, South Carolina

Notes to Financial Statements

Note 8 - (continued)

The Town's total OPEB liability was determined by the alternative measurement method as of March 31, 2021, using the following key assumptions and methods:

Age adjustment factor	1.811012
Average retirement age	60
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll
Assets backing OPEB liability	\$0
Plan asset return	0.00%
Bond yield	2.86%
Discount rate	2.86%
Measurement date	3/31/21
Projected salary increases	1.00%
Medical trend rate	4.90% to 4.30% over 10 years
Amortization period	20 years
Percentage participation	70.00%
Mortality table	RP2010 Mortality Tables for Males and Females

The following presents the net OPEB liability of the Town at March 31, 2021, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.86%) or 1 percentage point higher (3.86%) than the current discount rate:

	1% Decrease <u>(1.86 percent)</u>	Discount Rate <u>(2.86 percent)</u>	1% Increase <u>(3.86 percent)</u>
Net OPEB liability	\$ 518,005	\$ 452,261	\$ 396,780

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were to calculate healthcare cost trend rates that are 1 percentage point lower (3.90%) or 1 percentage point higher (5.90%):

	1% Decrease <u>(3.90 percent)</u>	Discount Rate <u>(4.90 percent)</u>	1% Increase <u>(5.90 percent)</u>
Net OPEB liability	\$ 400,118	\$ 452,261	\$ 515,013

Notes to Financial Statements

Note 8 - (continued)

At March 31, 2021, the components of the net OPEB liability of the Town, measured as of March 31, 2021, were as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at March 31, 2020	\$ 336,047	\$	\$ 336,047
Changes for the Year:			
Service cost at end of year	11,439		11,439
Interest on total OPEB liability	11,884		11,884
Effect of Plan changes			
Effect of economic/demographic gains and losses	60,899		60,899
Effect of assumption changes or inputs	31,992		31,992
Net Changes	<u>116,214</u>		<u>116,214</u>
Balance at March 31, 2021	<u>\$ 452,261</u>	\$	<u>\$ 452,261</u>

Note 9 - Contingent Liabilities

Federal and State Awards

The Town participates in both federal and state awards programs. These programs are subject to the possibility of program compliance audits by the grantors or their representatives at some future date. In the event of noncompliance findings, certain expenditures could be disallowed. However, the Town expects such amounts, if any, to be immaterial.

Note 10 - Interfund Receivables and Payables

At March 31, 2021, the following interfund receivables and payables are reflected in governmental funds balance sheet and proprietary fund statement of net position (such amounts are removed in the statement of net position):

Receivable by	Payable by	Amount
General Fund	Hospitality Fund	\$ 14,300
Hospitality Tax Fund	Water and Sewer System	\$ 20,250
Nonmajor Governmental Fund	General Fund	\$ 1,036
Water and Sewer System	General Fund	\$ 283,035

The amounts due from the General Fund to the Water and Sewer System were primarily from collections of receivables by electronic means not yet transferred to the Water and Sewer System.

Notes to Financial Statements

Note 11 - Interfund Transfers

The transfer from the Hospitality Tax Fund to the Water and Sewer System of \$15,000 was for matching requirements on the capital grant from the South Carolina Rural Infrastructure Authority which was utilized for sewer upgrades along Interstate 85. The transfers are reflected in the governmental funds statements of revenues, expenditures, and fund balances and the proprietary fund statement of revenues, expenses, and changes in net position but are eliminated on the government-wide statement of activities.

Note 12 - Litigation

Due to the nature of the Town's normal operating activities, it is subject to a variety of claims and demands by various individuals and entities. At present the Town is not aware of any material pending or threatened litigation, claims, or assessments. In addition, the Town is not aware of any unasserted possible claims or assessments that are expected to significantly affect the Town's operations.

Note 13 - Risk Management

The Town is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors or omissions, injuries to employees, and natural disasters. The Town, along with other governmental agencies in the state, is insured under the South Carolina Municipal Insurance and Risk Financing Fund, a public entity risk pool currently operating as a common risk management and insurance fund, to cover risks of loss and pay claims for covered losses relating to auto comprehensive, collision and liability, buildings and personal property including bodily injury, general tort liability claims, public official liability and law enforcement liability. The Town pays annual premiums to the Insurance and Risk Financing Fund for its general insurance coverage.

The Town also participates in the State Accident Fund for workers' compensation insurance coverage up to the statutory limits. The Fund is a self-insurer and purchases reinsurance to limit losses. The Town pays premiums to the Fund which issues policies, accumulates assets to cover risks of loss and pays claims for covered losses.

There were no significant reductions in insurance coverage from the prior year and no settlements exceeding coverage for the past three years.

Note 14 - Tax Abatements

Cherokee County utilizes an economic development program to attract business and industry to the County for purposes of expanding and diversifying the local economy and creating jobs. The two mechanisms that County employs are Fee in Lieu of Tax agreements and Special Source Revenue Credits. For the 2020 tax assessment, abatements from Fee in Lieu of Tax agreements totaled \$0 for the Town and abatements from Special Revenue Credits were \$0 for the Town.

Note 15 - Commitments

On August 24, 2011, the Town negotiated a twenty (20) year contract with the Board of Public Works of Gaffney, South Carolina to purchase water. The total water purchases for the fiscal year ended March 31, 2021, were \$380,568.

Notes to Financial Statements

Note 15 - (continued)

The Town participates in the State of South Carolina Local Option Sales Tax program in which it receives a portion of the sales tax funds collected by the state. Funds received from the State are allocated between a general revenue account and a property tax credit fund account. Funds deposited in the property tax credit fund account in excess of the amount provided for property tax relief in the current year are recorded as a liability and must be applied as a credit against property tax bills in the following year. When calculating the next fiscal year's tax credit factor, the Town must consider any surplus funds in the property tax credit fund account when projecting future collections.

Note 16 - SCDOT Agreement

On September 11, 2020, the Town entered into an agreement with the South Carolina Department of Transportation (SCDOT) whereby the SCDOT will pay all expenses related to the relocation of water and sewer facilities owned by the Town which are necessary in connection with the SCDOT's widening project of I-85 in Cherokee County. The total estimated cost of these relocations is \$4,210,704. As of March 31, 2021, \$1,460,372 of expenses had been incurred related to this project. This amount is included in fixed assets of the proprietary fund at March 31, 2021 and has been shown as grant income in the Statement of Revenues, Expenses and Changes in Net Position of the proprietary fund for the year ended March 31, 2021. In addition, the Town has paid \$52,000 expenses which are to be reimbursed by the SCDOT.

Note 17 - Subsequent Events

In March 2020, the coronavirus pandemic invaded the United States and has since created economic hardships and disruptions for individuals and businesses, from voluntary to mandatory closures of various businesses and other operations. The pandemic is currently still affecting normal operations to certain extents. The impact of this pandemic on the Town's portion of state shared revenues, its local option hospitality taxes, and other revenues cannot be properly calculated at this time but could be material to the normal operations of the Town.

Note 18 - Prior Period Adjustment

During the year ended March 31, 2021, the Town determined that the amount due to the Proprietary Fund from the Governmental Fund for electronic payments received was overstated by \$69,299 as of March 31, 2020. This resulted in an increase in fund balance and net assets of the governmental funds and a decrease in net assets of the proprietary fund.

Town of Blacksburg, South Carolina

Schedule of the Town of Blacksburg's Proportionate Share of the Net Pension Liability
South Carolina Retirement System
Year Ended March 31, 2021

	2021	2020	2019	2018	2017
Town's proportion of the net pension liability	0.005676%	0.006366%	0.006360%	0.006096%	0.005882%
Town's proportionate share of the net pension liability	\$ 1,450,385	\$ 1,453,554	\$ 1,425,089	\$ 1,372,308	\$ 1,256,387
Town's covered employee payroll	\$ 617,243	\$ 688,461	\$ 647,177	\$ 605,595	\$ 565,561
Town's proportionate share of the net pension liability as a percentage of its covered employee payroll	234.98%	211.13%	220.20%	226.60%	222.15%
Plan fiduciary net position as a percentage of the total pension liability	50.70%	54.40%	54.10%	53.30%	52.91%
	<u>2016</u>				
Town's proportion of the net pension liability	0.006437%				
Town's proportionate share of the net pension liability	\$ 1,108,238				
Town's covered employee payroll	\$ 563,000				
Town's proportionate share of the net pension liability as a percentage of its covered employee payroll	196.85%				
Plan fiduciary net position as a percentage of the total pension liability	59.88%				

The amounts presented for each fiscal year were determined as of June 30th of the preceding year

Town of Blacksburg, South Carolina

Schedule of the Town of Blacksburg's Contributions
South Carolina Retirement System
Year Ended March 31, 2021

	2021	2020	2019	2018	2017
Contractually required contribution	\$ 106,798	\$ 94,506	\$ 98,541	\$ 84,551	\$ 69,281
Contributions in relation to the contractually required contribution	<u>106,798</u>	<u>94,506</u>	<u>98,541</u>	<u>84,551</u>	<u>69,281</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Town's covered employee payroll	\$ 686,360	\$ 617,243	\$ 688,461	\$ 647,177	\$ 605,595
Contributions as a percentage of covered employee payroll	15.56%	15.31%	14.31%	13.06%	11.44%
Contractually required contribution	<u>2016</u>				
	\$ 60,999				
Contributions in relation to the contractually required contribution	<u>60,999</u>				
Contribution deficiency (excess)	<u>\$</u>				
Town's covered employee payroll	\$ 565,561				
Contributions as a percentage of covered employee payroll	10.79%				

Town of Blacksburg, South Carolina

Schedule of the Town of Blacksburg's Proportionate Share of the Net Pension Liability
Police Officers Retirement System
Year Ended March 31, 2021

	2021	2020	2019	2018	2017	2016
Town's proportion of the net pension liability	0.027678%	0.031195%	0.031186%	0.031980%	0.032690%	0.032680%
Town's proportionate share of the net pension liability	\$ 917,864	\$ 894,017	\$ 883,677	\$ 876,194	\$ 829,148	\$ 625,692
Town's covered employee payroll	\$ 415,518	\$ 457,055	\$ 425,395	\$ 424,624	\$ 423,594	\$ 421,000
Town's proportionate share of the net pension liability as a percentage of its covered employee payroll	220.90%	195.60%	207.73%	206.35%	195.74%	148.62%
Plan fiduciary net position as a percentage of the total pension liability	58.80%	62.69%	61.70%	60.90%	60.44%	67.55%

The amounts presented for each fiscal year were determined as of June 30th of the preceding year

Town of Blacksburg, South Carolina

Schedule of the Town of Blacksburg's Contributions
Police Officers Retirement System
Year Ended March 31, 2021

	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 84,132	\$ 74,707	\$ 77,667	\$ 70,018	\$ 59,927	\$ 55,562
Contributions in relation to the contractually required contribution	<u>84,132</u>	<u>74,707</u>	<u>77,667</u>	<u>70,018</u>	<u>59,927</u>	<u>55,562</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Town's covered employee payroll	\$ 461,252	\$ 415,518	\$ 457,055	\$ 425,395	\$ 424,624	\$ 423,594
Contributions as a percentage of covered employee payroll	18.24%	17.98%	16.99%	16.46%	14.11%	13.12%

Town of Blacksburg, South Carolina

Schedule of Changes in the Net OPEB Liability

Fiscal Year Ending March 31,	2021	2020	2019	2018
Total OPEB Liability				
Service cost at end of year	\$ 11,439	\$	\$ 30,454	\$ 30,294
Interest on total OPEB liability	11884		13,668	960
Effect of Plan changes				
Effect of economic/demographic gains or losses	60,899	(35,519)	(29,082)	72,854
Effect of assumption changes or inputs	31,992	(1,668)	10,038	
Net change in Total OPEB Liability	116,214	(37,187)	25,078	104,108
Total OPEB Liability - beginning	336,047	373,234	348,156	244,048
Total OPEB Liability - ending	452,261	336,047	373,234	348,156
Plan Fiduciary Net Position				
Net OPEB Liability	\$ 452,261	\$ 336,047	\$ 373,234	\$ 348,156
Covered payroll	1,147,611	1,032,761	1,145,516	1,072,572
Net OPEB Liability as a percentage of covered payroll	39.41%	32.54%	32.58%	32.46%

Town of Blacksburg, South Carolina

Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual - General Fund
Year Ended March 31, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Property taxes and penalties	\$ 861,938	\$ 861,938	\$ 790,457	\$ (71,481)
Local option sales tax	80,000	80,000	80,044	44
Payment in lieu of taxes			2,530	2,530
Licenses, permits and fees	448,000	448,000	443,565	(4,435)
Collection fees	3,000	3,000	3,540	540
Fines, forfeitures and penalties	72,000	72,000	114,829	42,829
Disposal fees and penalties	28,000	28,000	62,294	34,294
Intergovernmental revenues:				
School district and auto reimburse	100,000	100,000	99,276	(724)
State shared revenues	57,000	57,000	60,473	3,473
Investment earnings	350	350	1,418	1,068
Rental income	3,600	3,600	4,050	450
Miscellaneous revenues	15,000	15,000	182,553	167,553
Total revenues	<u>1,668,888</u>	<u>1,668,888</u>	<u>1,845,029</u>	<u>176,141</u>
Expenditures				
Current				
General government	237,286	237,786	211,743	26,043
Police department	951,148	950,648	931,904	18,744
Fire department	104,150	104,150	101,650	2,500
Street department	347,404	347,404	342,506	4,898
Cemetery department	15,000	15,000	14,100	900
Capital outlay	5,000	5,000	6,904	(1,904)
Debt service	8,900	8,900	8,161	739
Total expenditures	<u>1,668,888</u>	<u>1,668,888</u>	<u>1,616,968</u>	<u>51,920</u>
Excess of Revenues Over (Under)				
Expenditures			228,061	228,061
Other Financing Sources (Uses)				
Transfer from other funds			3,833	3,833
Proceeds from sale of assets			8,000	8,000
Total other financing sources (use)			<u>11,833</u>	<u>11,833</u>
Net change in fund balances	<u>\$</u>	<u>\$</u>	239,894	<u>\$ 239,894</u>
Fund Balances - Beginning			418,217	
Prior period adjustment			69,299	
Fund Balances - Beginning, as adjusted			<u>487,516</u>	
Fund Balances - Ending			<u>\$ 727,410</u>	

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

Town of Blacksburg, South Carolina

Combining Balance Sheet
 Nonmajor Governmental Funds
 March 31, 2021

	Victim's Rights Advocate Fund	Narcotics Seizure Fund	Museum Fund	Total
Cash and cash equivalents	\$ 28,212	\$ 14,823	\$ 5,971	\$ 49,006
Accounts receivable				
Due from other funds	<u>1,036</u>			<u>1,036</u>
Total assets	<u>\$ 29,248</u>	<u>\$ 14,823</u>	<u>\$ 5,971</u>	<u>\$ 50,042</u>

LIABILITIES AND FUND BALANCES

Liabilities				
Accounts payable	\$	\$	\$	\$
Due to other funds				
Total liabilities				
Fund Balances				
Special Revenue Fund - restricted	<u>29,248</u>	<u>14,823</u>	<u>5,971</u>	<u>50,042</u>
Total liabilities and fund balances	<u>\$ 29,248</u>	<u>\$ 14,823</u>	<u>\$ 5,971</u>	<u>\$ 50,042</u>

Town of Blacksburg, South Carolina

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended March 31, 2021

	Victim's Rights Advocate Fund	Narcotics Seizure Fund	Museum Fund	Total
Revenue				
Assessments and surcharges	\$ 10,919	\$	\$	\$ 10,919
Seizures		13,770		13,770
Property sales			2,000	2,000
Total revenues	<u>10,919</u>	<u>13,770</u>	<u>2,000</u>	<u>26,689</u>
Expenditures				
General government			8,100	8,100
Public safety - police		10,308		10,308
Capital outlay				
Total expenditures		<u>10,308</u>	<u>8,100</u>	<u>18,408</u>
Net change in fund balances	10,919	3,462	(6,100)	8,281
Fund balances, beginning of year	<u>18,329</u>	<u>11,361</u>	<u>12,071</u>	<u>41,761</u>
Fund balances, end of year	<u>\$ 29,248</u>	<u>\$ 14,823</u>	<u>\$ 5,971</u>	<u>\$ 50,042</u>

Town of Blacksburg, South Carolina

Schedule of Fines, Assessments and Surcharges - General Fund
Year Ended March 31, 2021

	<u>Fines</u>	<u>Assessments</u>	<u>Surcharges</u>	<u>Victim Services</u>
Collected	\$ 48,519	\$ 37,369	\$ 28,941	\$
Retained by town	(48,519)			
Remitted to State Treasurer		(32,692)	(22,699)	
Allocated to Victim Services		(4,677)	(6,242)	10,919
Prior year receivable				
Victim Services expenditures				
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>10,919</u>
Funds carried forward				18,329
Balance available, beginning of year				<u>18,329</u>
Balance available, end of year				<u>\$ 29,248</u>