

**Town of Blacksburg, South Carolina**  
**Financial Statements and Additional Information**  
**Year Ended March 31, 2023**

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## Independent Auditor's Report

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

### Opinions

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

In our opinion, the 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, 2023, 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.

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Blacksburg, South Carolina, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Responsibilities of Management 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.

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

### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Blacksburg, South Carolina's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Blacksburg, South Carolina's ability to continue as a going concern for a reasonable period of time.

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

## **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, 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.

*Elliott & Painter, LLP*

Spartanburg, South Carolina  
March 14, 2025

## 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, 2023. 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 \$15,932,433 (*net position*).
- The government's total net position increased by \$697,374. Depreciation expense (a noncash item) totaled \$624,109 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 \$1,708,291, an increase of \$666,037 in comparison with the prior year. Approximately 88 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 \$1,523,777 or 132 percent of total general fund expenditures and net transfers for the fiscal year.
- The Town of Blacksburg, South Carolina's total long-term debt excluding pension liabilities and compensated absences decreased by \$2,315 (100%) during the current fiscal year. Principal repayments on capital leases totaled \$2,315. No new debt was issued.
- With the required GASB 68 reporting, the total long-term net pension liability decreased \$70,217.
- Actual expenditures of the General Fund were under budget by \$331,827 and actual revenues exceeded budget by \$252,451. Fund balance increased by \$584,278.

#### 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 14 and 15) 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 16 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 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.



## Town of Blacksburg, South Carolina

### Management's Discussion and Analysis

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, 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 50 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 51 of this report.

#### Government-Wide Financial Analysis

##### The Town of Blacksburg, South Carolina's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 2,760,692	\$ 1,852,701	\$ 2,110,114	\$ 1,818,099	\$ 4,870,806	\$ 3,670,800
Capital assets, net	1,540,893	1,496,901	12,553,652	13,026,479	14,094,545	14,523,380
Total assets	<u>4,301,585</u>	<u>3,349,602</u>	<u>14,663,766</u>	<u>14,844,578</u>	<u>18,965,351</u>	<u>18,194,180</u>
Deferred outflows of resourc	386,137	329,284	220,721	213,565	606,858	542,849
Long-term liabilities	1,145,846	1,216,093	864,596	858,171	2,010,442	2,074,264
Other liabilities	978,617	716,363	(90,965)	(30,403)	887,652	685,960
Total liabilities	<u>2,124,463</u>	<u>1,932,456</u>	<u>773,631</u>	<u>827,768</u>	<u>2,898,094</u>	<u>2,760,224</u>
Deferred inflows of resource	521,052	521,131	220,630	220,615	741,682	741,746
Net position						
Net investment in						
capital assets	1,540,893	1,496,901	12,553,652	13,024,164	14,094,545	14,521,065
Restricted	184,514	102,755			184,514	102,755
Unrestricted	316,800	(374,357)	1,336,574	985,597	1,653,374	611,240
Total net position	<u>\$ 2,042,207</u>	<u>\$ 1,225,299</u>	<u>\$ 13,890,226</u>	<u>\$ 14,009,761</u>	<u>\$ 15,932,433</u>	<u>\$ 15,235,060</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition.

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

The assets and deferred outflows of the Town of Blacksburg, South Carolina exceeded liabilities and deferred inflows by \$15,932,433, as of March 31, 2023. The Town's net position increased by \$697,374 for the fiscal year ended March 31, 2023.

A large portion (88%) 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.

An additional portion of the Town of Blacksburg's net position, \$184,514 represents resources that are subject to external restrictions on how they may be used.

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

- Total governmental revenues increased by \$314,252.
- Operating grant revenue increased by \$281,919.
- Fire department expenses decreased by \$51,650.
- Police department expenses increased by \$99,006.

## 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	
	2023	2022	2023	2022	2023	2022
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 68,442	\$ 90,636	\$ 1,745,196	\$ 1,673,318	\$ 1,813,638	\$ 1,763,954
Operating grants	322,280	40,361		1,200	322,280	41,561
Capital grants/contributions			250,111	4,128,626	250,111	4,128,626
General revenues:						
Taxes	1,552,318	1,547,039			1,552,318	1,547,039
Other general revenues	200,497	151,249	35,466	64,538	235,963	215,787
Total revenues	<u>2,143,537</u>	<u>1,829,285</u>	<u>2,030,773</u>	<u>5,867,682</u>	<u>4,174,310</u>	<u>7,696,967</u>
<b>Expenses</b>						
General government	301,434	281,878			301,434	281,878
Police department	680,546	581,540			680,546	581,540
Fire department	50,000	101,650			50,000	101,650
Street department	299,649	227,357			299,649	227,357
Cemetery						
Interest on long-term debt		4				4
Water and sewer			2,145,307	1,946,877	2,145,307	1,946,877
Total expenses	<u>1,331,629</u>	<u>1,192,429</u>	<u>2,145,307</u>	<u>1,946,877</u>	<u>3,476,936</u>	<u>3,139,306</u>
Increase before transfers	811,908	636,856	(114,534)	3,920,805	697,374	4,557,661
Transfers in (out)	5,000		(5,000)			
Change in net position	816,908	636,856	(119,534)	3,920,805	697,374	4,557,661
Net position, beginning	1,225,299	588,443	14,009,760	10,088,955	15,235,059	10,677,398
Net position, ending	<u>\$ 2,042,207</u>	<u>\$ 1,225,299</u>	<u>\$ 13,890,226</u>	<u>\$ 14,009,760</u>	<u>\$ 15,932,433</u>	<u>\$ 15,235,059</u>

**Governmental activities.** Governmental activities increased the Town's net position by \$816,908 compared to an increase of \$636,856 the prior year. Key elements of this increase are as follows:

- Operating grant revenue increased by \$281,919.
- Other general revenues increased by \$49,248.
- Fire department expenses decreased by \$51,650.
- Police department expenses increased by \$99,006.

**Business-Type activities.** Business-type activities decreased the Town of Blacksburg's net position by \$119,534 compared to an increase of \$3,920,805 the previous year. Key elements of this increase are as follows:

- Operating expenses increased by \$198,430.
- Capital grants and contributions decreased by \$3,878,515.

**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 \$1,523,777. 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 132 percent of total General Fund budgeted expenditures.

At March 31, 2023 the governmental funds of the Town of Blacksburg reported a combined fund balance of \$1,708,291, a 64 percent increase from last year. The General Fund budgeted for no change and realized an increase of \$584,278.

**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 \$1,336,574. The total decrease in net position for the Water and Sewer Fund was \$119,534. 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, 2023, totals \$14,094,545 (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:

- Widening project at a cost of \$5,075,884.
- Lime St Park at a cost of \$719,168.
- Relocation Project at a cost of \$125,714.
- Boom Truck at a cost of \$158,307.

**Town of Blacksburg, South Carolina**

Management's Discussion and Analysis

**Town of Blacksburg, South Carolina's Capital Assets**

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 244,355	\$ 244,355	\$ 110,381	\$ 110,381	\$ 354,736	\$ 354,736
Buildings	812,508	848,690	29,908	31,437	842,416	880,127
Infrastructure	183,536	195,903			183,536	195,903
Distribution system			12,410,856	12,738,664	12,410,856	12,738,664
Machinery and equipment	300,495	207,953	139,765	145,997	440,260	353,950
<b>Total</b>	<b>\$ 1,540,893</b>	<b>\$ 1,496,901</b>	<b>\$ 12,690,910</b>	<b>\$ 13,026,479</b>	<b>\$ 14,231,804</b>	<b>\$ 14,523,380</b>

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	
	2023	2022	2023	2022	2023	2022
Capital leases	\$	\$	\$	\$ 2,315	\$	\$ 2,315
Compensated absences	29,003	29,885	33,706	26,429	62,709	56,314
Net pension liability	1,116,843	1,186,208	830,890	831,742	1,947,733	2,017,950
<b>Total</b>	<b>\$ 1,145,846</b>	<b>\$ 1,216,093</b>	<b>\$ 864,596</b>	<b>\$ 860,486</b>	<b>\$ 2,010,442</b>	<b>\$ 2,076,579</b>

The Town of Blacksburg, South Carolina's total long-term obligations decreased by \$66,137 (3%) during the past fiscal year substantially due to the decrease in pension liability in the amount of \$70,217.

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 Town has no 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 \$87,645,741 to \$83,584,830.

**Budget Highlights for the Fiscal Year Ending March 31, 2024**

**Governmental Activities:** General Fund revenue has been budgeted to increase by \$23,000. Property taxes are budgeted to increase \$50,000. Fines and forfeitures are budgeted to decrease \$20,000.

Budget expenditures in the General Fund are expected to increase approximately \$23,000 from the prior year final budget. The departments with the largest budgeted expenditure decreases is the Police Department with a budgeted increase of \$45,000.

**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, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 2,399,080	\$ 1,836,033	\$ 4,235,113
Receivables			
Taxes	82,088		82,088
Other	111,748	206,832	318,580
Restricted cash and cash equivalents	167,776	67,249	235,025
Capital assets (net)	1,540,893	12,553,652	14,094,545
Total assets	<u>4,301,585</u>	<u>14,663,766</u>	<u>18,965,351</u>
Deferred Outflows of Resources	<u>386,137</u>	<u>220,721</u>	<u>606,858</u>
<b>Liabilities</b>			
Accounts payable	21,743	266	22,009
Customer deposits		67,249	67,249
Other accrued expenses	117,348	4,500	121,848
Due to/from other funds	162,980	(162,980)	
Deferred revenue	676,546		676,546
Long-term liabilities			
Non-current accrued compensated absences	29,003	33,706	62,709
Net pension liability	1,116,843	830,890	1,947,733
Total liabilities	<u>2,124,463</u>	<u>773,631</u>	<u>2,898,094</u>
Deferred Inflows of Resources	<u>521,052</u>	<u>220,630</u>	<u>741,682</u>
<b>Net Position</b>			
Net investment in capital assets	1,540,893	12,553,652	14,094,545
Restricted for			
Victims' assistance	8,658		8,658
Law enforcement	18,990		18,990
Tourism	146,348		146,348
Museum maintenance	5,833		5,833
Town Projects	4,685		4,685
Unrestricted	316,800	1,336,574	1,653,374
Total net position	<u>\$ 2,042,207</u>	<u>\$ 13,890,226</u>	<u>\$ 15,932,433</u>

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

Town of Blacksburg, South Carolina

Statement of Activities  
Year Ended March 31, 2023

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental activities</b>							
General government	\$ 301,434	\$ 33,368	\$ 322,280	\$	\$ 20,846	\$	\$ 20,846
Police department	680,546				(647,178)		(647,178)
Fire department	50,000				(50,000)		(50,000)
Street department	299,649	35,074			(264,575)		(264,575)
Total governmental activities	1,331,629	68,442	322,280		(940,907)		(940,907)
<b>Business-type activities</b>							
Water and sewer utility	2,145,307	1,745,196		250,111		(150,000)	(150,000)
Total business-type activities	2,145,307	1,745,196		250,111		(150,000)	(150,000)
Total government wide	\$ 3,476,936	\$ 1,813,638	\$ 322,280	\$ 250,111	(940,907)	(150,000)	(1,090,907)
<b>General revenues:</b>							
Taxes							
Property taxes					893,954		893,954
Hospitality tax					140,219		140,219
Local option sales tax					114,906		114,906
Occupational licenses and franchise fees					403,239		403,239
State shared income					62,713		62,713
Rental income					4,600		4,600
Miscellaneous					100,525		100,525
Unrestricted investment earnings					32,659	35,466	68,125
Transfers					5,000	(5,000)	
Total general revenues					1,757,815	30,466	1,788,281

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



**Town of Blacksburg, South Carolina**

**Statement of Activities  
Year Ended March 31, 2023**

Change in net position	816,908	(119,534)	697,374
Net Position, beginning of year	<u>1,225,299</u>	<u>14,009,760</u>	<u>15,235,059</u>
Net Position, End of year	<u>\$ 2,042,207</u>	<u>\$ 13,890,226</u>	<u>\$ 15,932,433</u>

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

## Town of Blacksburg, South Carolina

Balance Sheet - Governmental Funds  
March 31, 2023

## ASSETS

	General Fund	Hospitality Tax Fund	American Rescue Plan Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 1,712,016	\$ 140,398	\$ 676,546	\$ 37,895	\$ 2,566,855
Receivables					
Taxes receivable	82,088				82,088
Accounts receivable	111,748				111,748
Due from other funds	14,300	5,950		271	20,521
<b>Total assets</b>	<b><u>\$ 1,920,152</u></b>	<b><u>\$ 146,348</u></b>	<b><u>\$ 676,546</u></b>	<b><u>\$ 38,166</u></b>	<b><u>\$ 2,781,212</u></b>

## LIABILITIES AND FUND BALANCES

	General Fund	Hospitality Tax Fund	American Rescue Plan Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Liabilities</b>					
Accounts payable	\$ 21,743	\$	\$	\$	\$ 21,743
Other accrued expenses	109,314				109,314
Unearned revenues			676,546		676,546
Due to other funds	183,230				183,230
<b>Total liabilities</b>	<b><u>314,287</u></b>		<b><u>676,546</u></b>		<b><u>990,833</u></b>
Deferred Inflows of Resources	82,088				82,088
<b>Fund Balances</b>					
Restricted, reported in Special Revenue Funds					
Tourism related		146,348			146,348
Victims' assistance				8,658	8,658
Drug enforcement				18,990	18,990
Assigned for museum and projects				10,518	10,518
Unassigned	1,523,777				1,523,777
<b>Total fund balances</b>	<b><u>1,523,777</u></b>	<b><u>146,348</u></b>		<b><u>38,166</u></b>	<b><u>1,708,291</u></b>
<b>Total liabilities, deferred inflow of resources and liabilities</b>	<b><u>\$ 1,920,152</u></b>	<b><u>\$ 146,348</u></b>	<b><u>\$ 676,546</u></b>	<b><u>\$ 38,166</u></b>	<b><u>\$ 2,781,212</u></b>

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, 2023

Total Governmental Fund Balances	\$	1,708,291
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.		1,540,893
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.		82,088
Accrued expenses not included in funds.		(8,241)
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.		(29,003)
Net pension liability		(1,116,843)
Pension related deferrals		(134,915)
		(134,915)
Net Position of Governmental Activities	\$	2,042,270

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, 2023

	General Fund	Hospitality Tax Fund	American Rescue Plan Fund	Nonmajor Governmental Funds	Total
<b>Revenues</b>					
Property taxes and penalties	\$ 893,504	\$	\$	\$	\$ 893,504
Hospitality tax		140,219			140,219
Local option sales tax	114,906				114,906
Licenses, permits and fees	403,239				403,239
Collection fees	734				734
Fines, forfeitures and penalties	31,804				31,804
Victims assistance				1,564	1,564
Disposal fees and penalties	35,074				35,074
State shared revenues	63,163				63,163
Investment earnings	32,659				32,659
Rental income	4,600				4,600
Contributions				5,145	5,145
ARP revenues			259,401		259,401
Miscellaneous revenues	157,768				157,768
<b>Total revenues</b>	<b>1,737,451</b>	<b>140,219</b>	<b>259,401</b>	<b>6,709</b>	<b>2,143,780</b>
<b>Expenditures</b>					
<b>Current</b>					
General government	195,606			460	366,168
Police department	707,757	69,008	101,094	701	708,458
Fire department	50,000				50,000
Street department	199,810				199,810

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, 2023

	General	Hospitality Tax Fund	American Rescue Plan Fund	Nonmajor Governmental Funds	Total
Capital outlay					
Street department			158,307		158,307
Total expenditures	1,153,173	69,008	259,401	1,161	1,482,743
Excess of Revenues Over (Under) Expenditures	584,278	71,211		5,548	661,037
Other financing sources (uses)					
Transfers in (out)		5,000			5,000
Total other financing sources (uses)		5,000			5,000
Net change in fund balances	584,278	76,211		5,548	666,037
Fund Balances - Beginning	939,499	70,137		32,618	1,042,254
Fund Balances - Ending	\$ 1,523,777	\$ 146,348	\$	\$ 38,166	\$ 1,708,291

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, 2023

Net Change in Governmental Fund Balances	\$	666,037
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 capital outlays of \$158,037 exceeded depreciation of \$114,315 in the current period.		43,992
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.		882
Contributions to the pension plan in the current fiscal year after the measurement date not included on the Statement of Activities.		134,015
Pension expense decrease		<u>(28,018)</u>
Change in Net Position of Governmental Activities	<u>\$</u>	<u>816,908</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, 2023

	Water and Sewer System	Total
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 1,836,033	\$ 1,836,033
Trade receivables (net of allowance for uncollectibles)	134,687	134,687
Unbilled accounts receivable	72,145	72,145
Due from other funds	183,230	183,230
Total current assets	<u>2,226,095</u>	<u>2,226,095</u>
Noncurrent assets		
Restricted assets		
Cash and cash equivalents - customer deposits and construction	67,249	67,249
Capital assets		
Total capital assets (net of accumulated depreciation)	<u>12,553,652</u>	<u>12,553,652</u>
Total noncurrent assets	<u>12,620,901</u>	<u>12,620,901</u>
Total assets	<u>14,846,996</u>	<u>14,846,996</u>
DEFERRED OUTFLOWS OF RESOURCES		
	<u>220,721</u>	<u>220,721</u>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts payable	266	266
Accrued expenses	4,500	4,500
Due to other funds	20,250	20,250
Total before restricted	<u>25,016</u>	<u>25,016</u>
Payable from restricted assets		
Customer deposits	67,249	67,249
Total current liabilities	<u>92,265</u>	<u>92,265</u>
Noncurrent liabilities		
Compensated absences	33,706	33,706
Net pension liability	830,890	830,890
Total noncurrent liabilities	<u>864,596</u>	<u>864,596</u>
Total liabilities	<u>956,861</u>	<u>956,861</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, 2023

	Water and Sewer System	Total
DEFERRED INFLOWS OF RESOURCES	<u>220,630</u>	<u>220,630</u>
NET POSITION		
Net investment in capital assets	12,553,652	12,553,652
Unrestricted	1,336,574	1,336,574
Total net position	<u>\$ 13,890,226</u>	<u>\$ 13,890,226</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, 2023

	Water System	Sewer System	Total
<b>Operating Revenues</b>			
Metered water sales/admin fee - net of bad debts	\$ 1,341,552	\$	\$ 1,341,552
Sewer service charges - net of bad debts		325,526	325,526
Tap fees	68,050		68,050
Customer service charges/penalties	9,568		9,568
Other revenues	500		500
<b>Total operating revenues</b>	<u>1,419,670</u>	<u>325,526</u>	<u>1,745,196</u>
<b>Operating expenses</b>			
Water purchased	359,952		359,952
Salaries, wages and benefits	420,520	348,862	769,382
Repairs, maintenance and supplies	129,278	140,373	269,651
Utilities	24,034	67,038	91,072
Professional fees	28,853	15,413	44,266
DHEC fees/laboratory testing	4,032	8,839	12,871
Insurance expense	17,100	17,300	34,400
Administration	45,153	8,734	53,887
Depreciation	368,555	141,239	509,794
<b>Total operating expenses</b>	<u>1,397,477</u>	<u>747,798</u>	<u>2,145,275</u>
<b>Operating Income (loss)</b>	<u>22,193</u>	<u>(422,272)</u>	<u>(400,079)</u>
<b>Nonoperating revenues (expenses):</b>			
Investment earnings	35,466		35,466
Interest expense	(32)		(32)
<b>Total nonoperating revenue (expenses)</b>	<u>35,434</u>		<u>35,434</u>
<b>Income (loss) before other revenues and trans</b>	<u>57,627</u>	<u>(422,272)</u>	<u>(364,645)</u>
<b>Other revenues and transfers</b>			
Transfers in (out), net		(5,000)	(5,000)
Grants and contributions	250,111		250,111
<b>Total other revenues and transfers</b>	<u>250,111</u>	<u>(5,000)</u>	<u>245,111</u>
<b>Change in net position</b>	<u>307,738</u>	<u>(427,272)</u>	<u>(119,534)</u>
<b>Total net position, beginning of year</b>	<u>10,944,771</u>	<u>3,064,989</u>	<u>14,009,760</u>
<b>Total net position, end of year</b>	<u>\$ 11,252,509</u>	<u>\$ 2,637,717</u>	<u>\$ 13,890,226</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, 2023

	<u>Total</u>
Cash Flows from Operating Activities	
Cash received from customers	\$ 1,771,082
Cash paid for goods and services	(896,734)
Cash paid to employees for services	(770,567)
Net cash provided by operating activities	<u>103,781</u>
Cash Flows from Capital and Related Financing Activities	
Grants and capital contributions	250,111
Purchases of capital assets	(36,966)
Principal payments on capital leases	(2,315)
Interest paid on capital leases payable	(2)
Transfers in	(5,000)
Net cash provided by capital and related financing activities	<u>205,828</u>
Cash Flows from Investing Activities	
Interest received on invested funds	<u>35,466</u>
Net cash provided by investing activities	<u>35,466</u>
Net increase in cash and cash equivalents	345,075
Cash and cash equivalents, Beginning of year	<u>1,558,207</u>
Cash and cash equivalents, End of year	<u>\$ 1,903,282</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, 2023

	<u>Total</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities	
Operating income (loss)	<u>\$ (400,079)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities	
Depreciation and amortization	509,794
Pension expense	1,568
Changes in assets and liabilities	
(Increase) decrease in accounts receivable	59,352
(Increase) decrease in unbilled receivables	(6,292)
Increase (decrease) in accounts payable	(30,603)
Increase (decrease) in accrued expenses	(469)
Increase (decrease) in customer meter deposits	15,547
Increase (decrease) in leases payable	(2,315)
(Increase) decrease in due from other funds	<u>(42,722)</u>
Total adjustments	<u>503,860</u>
Net cash provided by operating activities	<u><u>\$ 103,781</u></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, 2023

	Police Seizure Fund	Total Agency Funds
	<u>          </u>	<u>          </u>
ASSETS		
Cash and cash equivalents	\$ 6,843	\$ 6,843
	<u>          </u>	<u>          </u>
Total assets	<u>\$ 6,843</u>	<u>\$ 6,843</u>
LIABILITIES		
Amounts held for others benefit	\$ 6,843	\$ 6,843
	<u>          </u>	<u>          </u>
Total liabilities	<u>\$ 6,843</u>	<u>\$ 6,843</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 presents the Hospitality Tax Fund and American Rescue Plan Fund as major funds. 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.

American Rescue Plan Fund – This fund accounts for the transactions related to the American Rescue Plan Funds.

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.

Town Projects Fund – The Town Projects Fund is a special revenue fund whose use is assigned by the Mayor and Town Council for special projects. These funds are derived primarily from contributions.

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.

## Town of Blacksburg, South Carolina

## Notes to Financial Statements

## Note 1 - (continued)

## c. Measurement Focus and Basis of Accounting

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

*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.

## Town of Blacksburg, South Carolina

## Notes to Financial Statements

**Note 1 - (continued)**

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.

**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”.



## Town of Blacksburg, South Carolina

## Notes to Financial Statements

## Note 1 - (continued)

## 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.

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.

## Town of Blacksburg, South Carolina

## Notes to Financial Statements

**Note 1 - (continued)**

## 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.

## 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, 2023, 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.

## Town of Blacksburg, South Carolina

## Notes to Financial Statements

**Note 1 - (continued)**

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.

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

Assigned for museum maintenance and Town projects - 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 is 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.

## Town of Blacksburg, South Carolina

## Notes to Financial Statements

**Note 2 - Cash and Cash Equivalents**

The Town's bank balances of \$4,498,762 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, 2023. The bank balances at March 31, 2023 are categorized as follows:

Amount insured by the FDIC	\$ 750,000
Amounts collateralized with securities held by pledging financial institution's trust or agents not in entity's name	3,748,762
	<u>\$ 4,498,762</u>

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.

**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	\$ 22,115
Other	21,956
Local option sales tax/property tax credit fund	29,412
Revenues from the magistrate	4,395
Franchise fees	33,870
Total	<u>\$ 111,748</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, 2023, the Town's uncollected assessed taxes that have been transferred to the Cherokee County Delinquent Tax Collector for the General Fund were \$100,926. These amounts net of allowances for doubtful accounts of \$18,838 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 \$83,584,830 for the Town.

The Town's operating tax rate is currently 173 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, 2023, was as follows:

	Balance April 1, 2022	Additions	Deletions	Balance March 31, 2023
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	440,672			440,672
Vehicles and other equipment	1,908,137	158,307		2,066,444
Total capital assets being depreciated	<u>3,970,097</u>	<u>158,307</u>		<u>4,128,404</u>
Less accumulated depreciation				
Buildings and improvements	772,598	36,182		808,780
Infrastructure	244,767	12,369		257,136
Vehicles and other equipment	1,700,185	65,764		1,765,949
Total accumulated depreciation	<u>2,717,550</u>	<u>114,315</u>		<u>2,831,865</u>
Total capital assets being depreciated, net	<u>1,252,547</u>	<u>43,992</u>		<u>1,296,539</u>
Total capital assets, net	<u>\$ 1,496,901</u>	<u>\$ 43,992</u>	<u>\$</u>	<u>\$ 1,540,894</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 39,516
Police department	52,033
Street department	22,766
Total depreciation expense	<u>\$ 114,315</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, 2023 was as follows:

	Balance April 1, 2022	Additions	Deletions	Balance March 31, 2023
Business-type activities				
Not being depreciated				
Land and easements	\$ 110,381	\$	\$	\$ 110,381
CIP - I-85 Widening	5,745,540	175,225	5,920,765	-
Total capital assets not being depreciated	5,855,921	175,225		110,381
Being depreciated				
Buildings and improvements	61,214			61,214
Distribution system	16,772,823	5,920,765		22,693,588
Vehicles and other	1,120,248			1,120,248
Total capital assets being depreciated	17,954,285	5,920,765		23,875,050
Less accumulated depreciation				
Buildings and improvements	29,776	1,530		31,306
Distribution system	9,779,699	503,033		10,282,732
Vehicles and other	974,252	6,231		980,483
Total accumulated depreciation	10,783,727	510,794		11,294,521
Total capital assets being depreciated, net	7,170,558	5,409,971		12,580,529
Business-type activity capital assets, net	<u>\$ 13,026,479</u>	<u>\$ 5,585,196</u>	<u>\$ -</u>	<u>\$ 12,690,910</u>

## 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, 2023 is as follows:

	Balance April 1, 2022	Increases	Decreases	Balance March 31, 2023
Governmental activities				
Compensated absences	\$ 29,885		\$ 882	\$ 29,003
Net pension liability	1,186,208		69,365	1,116,843
Total governmental activities	<u>\$ 1,216,093</u>	<u>\$</u>	<u>\$ 70,247</u>	<u>\$ 1,145,846</u>
Business-type activities				
Capital lease obligations	\$ 2,315	\$	\$ 2,315	\$
Compensated absences	26,429	7,277		33,706
Net pension liability	831,742		852	830,890
Total business-type activities	<u>\$ 860,486</u>	<u>\$ 7,277</u>	<u>\$ 3,167</u>	<u>\$ 864,596</u>

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

	Payable at March 31, 2022	Additions	Reductions	Payable at March 31, 2023
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	\$ 2,315	\$	\$ 2,315	\$
Total capital lease obligations	<u>\$ 2,315</u>	<u>\$</u>	<u>\$ 2,315</u>	<u>\$</u>

Interest expense totaled \$10 for the year ended March 31, 2023.

## 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](http://www.peba.sc.gov), or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223.

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

*Plan 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.

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

## Town of Blacksburg, South Carolina

## Notes to Financial Statements

## Note 7 – (continued)

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.

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, 2023, 2022, and 2021 are as follows:

Year Ended	Employee		Employer	
	Amount	Percentage	Amount	Percentage
2023	\$ 52,292	9.00%	\$ 100,635	16.56%/17.56%
2022	\$ 56,579	9.00%	\$ 102,648	15.56%/16.56%
2021	\$ 61,772	9.00%	\$ 106,798	15.56%

## Town of Blacksburg, South Carolina

## Notes to Financial Statements

## Note 7 – (continued)

Required contributions (100% funded) to the PORS for the years ended March 31, 2023, 2022, and 2021 are as follows:

Year Ended	Employee		Employer	
	Amount	Percentage	Amount	Percentage
2023	\$ 38,280	9.75%	\$ 78,562	19.24%/20.24%
2022	\$ 34,799	9.75%	\$ 67,791	18.24%/19.24%
2021	\$ 44,972	9.75%	\$ 84,134	18.24%

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

At March 31, 2023, the Town reported liabilities of \$1,266,794 and \$680,839 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, 2022, 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, 2020. The total pension liability was then rolled forward from the valuation date to the plans' fiscal year end of June 30, 2022 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, 2022, the Town's SCRS proportion was .005226 percent, as compared to .005860 percent measured as of June 30, 2021. At June 30, 2022, the Town's PORS proportion was .022706 percent, as compared to .02914 percent measured as of June 30, 2021.

For the year ended March 31, 2023, the Town recognized pension expense of approximately \$51,931 and \$74,439 for the SCRS and PORS, respectively. At March 31, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
SCRS		
Difference between expected and actual experience	\$ 11,006	\$ 5,521
Net difference between projected and actual earnings on pension plan investments	186,363	184,409
Change in assumptions	40,629	
Change in proportionate share of plan contributions	20,957	146,448
Town's contributions subsequent to measurement date	77,561	
Total SCRS	<u>\$ 336,516</u>	<u>\$ 336,378</u>

## Town of Blacksburg, South Carolina

## Notes to Financial Statements

## Note 7 – (continued)

## PORS

Difference between expected and actual experience	\$	11,425	\$	13,461
Net difference between projected and actual earnings on pension plan investments		147,758		145,702
Change in assumptions		28,355		
Change in proportionate share of plan contributions		21,624		164,054
Town's contributions subsequent to measurement date		61,180		
Total PORS	\$	<u>270,342</u>	\$	<u>323,217</u>

The \$77,561 and \$61,180 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, 2024. 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:

Year Ended March 31,	SCRS	PORS	Total
2024	\$ (38,079)	\$ (45,422)	\$ (83,501)
2025	(12,370)	(31,767)	(44,137)
2026	(60,100)	(63,333)	(123,433)
2027	33,126	26,467	59,593
Total	\$ <u>(77,423)</u>	\$ <u>(114,055)</u>	\$ <u>(191,478)</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.

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, 2020.

The June 30, 2022 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, 2021. The total pension liability was rolled-forward from the valuation date to the Systems' fiscal year ended June 30, 2022, using generally accepted actuarial principles.

Town of Blacksburg, South Carolina

Notes to Financial Statements

Note 7 – (continued)

The following provides a summary of the actuarial assumptions and methods used to calculate the total pension liability as of June 30, 2022 for SCRS and PORS:

Actuarial cost method	SCRS	PORS
	Entry age normal	Entry age normal
Actuarial assumptions		
Investment rate of return	7.00%	7.00%
Projected salary increases	3.0% to 11%	3.5% to 10.5%
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 2020 Public Retirees of South Carolina Mortality Table (2020 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 2020.

Assumptions used in the determination of the June 30, 2022 total pension liability for general employees’ job classification was the 2020 PRSC Males multiplied by 97% and the 2020 PRSC Females multiplied by 107% for males and females, respectively and for the public safety and firefighters job classification was the 2020 PRSC Males multiplied by 127% and the 2016 Females multiplied by 107% 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, 2022, 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	\$ 56,454,779,872	\$ 32,212,626,932	\$ 24,242,152,940	57.1%
PORS	\$ 8,937,686,946	\$ 5,938,707,767	\$ 2,998,979,179	66.4%

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

## Town of Blacksburg, South Carolina

## Notes to Financial Statements

## Note 7 – (continued)

*Long-term Expected Rate of Return*

The long-term expected rate of return on pension plan investments is based upon 20-year capital market assumptions. The long-term expected 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 2022 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 percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Public Equity	46.0%	6.79%	3.12%
Bonds	26.0%	-0.35%	-0.09%
Private Equity	9.0%	8.75%	0.79%
Private Debt	7.0%	6.00%	0.42%
Real Assets	<b>12.0%</b>		
Real Estate	9.0%	4.12%	0.37%
Infrastructure	3.0%	5.88%	0.18%
Total Expected Real Return	100.0%		4.79%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			7.04%

*Discount Rate.* The discount rate used to measure the total pension liability was 7 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, the System's fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the 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 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 percent) or 1% point higher (8 percent) than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Town's proportionate share of the net pension liability - SCRS	<u>\$ 1,624,186</u>	<u>\$ 1,266,794</u>	<u>\$ 969,669</u>
Town's proportionate share of the net pension liability - PORS	<u>\$ 949,528</u>	<u>\$ 680,939</u>	<u>\$ 461,073</u>

**Note 8 - 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 9 - Interfund Receivables and Payables**

At March 31, 2023, 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	\$ 5,950
Water and Sewer System	General Fund	\$ 183,230

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.

**Note 10 - Interfund Transfers**

The transfer of \$5,000 to the Hospitality Fund to the General Fund was for expense reimbursement. 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.

**Town of Blacksburg, South Carolina**

## Notes to Financial Statements

**Note 11 - 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 12 - 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 13 - 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 2022 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 14 - 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, 2023, were \$359,955.

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.



**Town of Blacksburg, South Carolina**

## Notes to Financial Statements

**Note 15 – Subsequent Event**

On July 20, 2023 the Town entered into an agreement with the Gaffney Board of Public Works to transfer the Blacksburg Sewer System to the Board of Public Works. The total purchase price was \$3,000,000 and the upfront purchase price was \$200,000. The upfront purchase price will be paid to the Town in 3 equal annual installments beginning on the purchase date. The remaining balance is to be paid on a deferred basis over a term of years through the imposition of a deferred payment price charge. This transfer took place in April 2024.

## Town of Blacksburg, South Carolina

Schedule of the Town of Blacksburg's Proportionate Share of the Net Pension Liability  
Last Eight Fiscal Years\*  
Year Ended March 31, 2023

Fiscal Year*	Town's Proportion of Net Pension Liability	Town's Proportionate Share of the Net Pension Liability	Town's Covered Payroll	Town's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
<b>South Carolina Retirement System</b>					
2023	0.005226%	\$ 1,266,794	\$ 628,656	201.51%	57.10%
2022	0.005860%	1,268,174	686,360	184.77%	60.70%
2021	0.005676%	1,450,385	617,243	234.98%	50.70%
2020	0.006366%	1,453,554	688,461	211.13%	54.40%
2019	0.006360%	1,425,089	647,177	220.20%	54.10%
2018	0.006096%	1,372,308	605,595	226.60%	53.30%
2017	0.005882%	1,256,387	565,561	222.15%	52.91%
2016	0.006437%	1,108,238	563,000	196.85%	59.88%
<b>Police Officers Retirement System</b>					
2023	0.022706%	680,939	356,909	190.79%	66.40%
2022	0.029141%	749,776	461,252	162.55%	70.40%
2021	0.027678%	917,864	415,518	220.90%	58.80%
2020	0.031195%	894,017	457,055	195.60%	62.69%
2019	0.031186%	883,677	425,395	207.73%	61.70%
2018	0.031980%	876,194	424,624	206.35%	60.90%
2017	0.032690%	829,148	423,594	195.74%	60.44%
2016	0.032680%	625,692	421,000	148.62%	67.55%

\* Represents South Carolina Retirement System and Police Officers' Retirement System's fiscal year. This data is presented for those years which information is available.

**Town of Blacksburg, South Carolina**

Schedule of the Town of Blacksburg's Pension Contributions  
Last Eight Fiscal Years\*  
March 31, 2023

Fiscal Year*	Actuarial Required Contribution	Actual Contributions	Contribution Deficiency/ Excess	Town's Covered Payroll	Contributions as a Percentage of Covered Payroll
South Carolina Retirement System					
2023	\$ 99,763	\$ 99,763	-	\$ 581,022	17.17%
2022	102,648	102,648	-	628,656	16.33%
2021	106,798	106,798	-	686,360	15.56%
2020	94,506	94,506	-	617,243	15.31%
2019	98,541	98,541	-	688,461	14.31%
2018	84,551	84,551	-	647,177	13.06%
2017	69,281	69,281	-	605,595	11.44%
2016	60,999	60,999	-	565,561	10.79%
Police Officers Retirement System					
2023	76,992	76,992	-	259,217	29.70%
2022	67,791	67,791	-	356,909	18.99%
2021	84,132	84,132	-	461,252	18.24%
2020	74,707	74,707	-	415,518	17.98%
2019	77,667	77,667	-	457,055	16.99%
2018	70,018	70,018	-	425,395	16.46%
2017	59,927	59,927	-	424,624	14.11%

\* Represents South Carolina Retirement System and Police Officers' Retirement System's fiscal year. This data is presented for which information is available.

## Town of Blacksburg, South Carolina

Statement of Revenues, Expenditures and  
Changes in Fund Balances - Budget and Actual - General Fund  
Year Ended March 31, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
Property taxes and penalties	\$ 775,000	\$ 775,000	\$ 893,504	\$ 118,504
Local option sales tax	96,000	96,000	114,906	18,906
Licenses, permits and fees	429,500	429,500	403,239	(26,261)
Collection fees	1,000	1,000	734	(266)
Fines, forfeitures and penalties	60,000	60,000	31,804	(28,196)
Disposal fees and penalties	28,000	28,000	35,074	7,074
State shared revenues	50,000	50,000	63,163	13,163
Investment earnings	500	500	32,659	32,159
Rental income	1,000	1,000	4,600	3,600
Miscellaneous revenues	44,000	44,000	157,768	113,768
Total revenues	<u>1,485,000</u>	<u>1,485,000</u>	<u>1,737,451</u>	<u>252,451</u>
<b>Expenditures</b>				
<b>Current</b>				
General government	302,500	302,500	195,606	106,894
Police department	907,000	907,000	707,757	199,243
Fire department	50,000	50,000	50,000	-
Street department	225,500	225,500	199,810	25,690
Total expenditures	<u>1,485,000</u>	<u>1,485,000</u>	<u>1,153,173</u>	<u>331,827</u>
Excess of Revenues Over (Under)				
Expenditures			<u>584,278</u>	<u>584,278</u>
Net change in fund balances	<u>\$</u>	<u>\$</u>	<u>584,278</u>	<u>\$ 584,278</u>
Fund Balances - Beginning			<u>939,499</u>	
Fund Balances - Ending			<u>\$ 1,523,777</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, 2023

	Town Projects Fund	Victim's Rights Advocate Fund	Narcotics Seizure Fund	Museum Fund	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 5,547	\$ 8,387	\$ 18,990	\$ 4,971	\$ 37,895
Accounts receivable		271			271
Due from other funds					
Total assets	\$ 5,547	\$ 8,658	\$ 18,990	\$ 4,971	\$ 38,166
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$	\$	\$	\$	\$
Due to other funds					
Total liabilities					
<b>Fund Balances</b>					
Special Revenue Fund - restricted	4,685	8,658	18,990	5,833	38,166
Total liabilities and fund balances	\$ 4,685	\$ 8,658	\$ 18,990	\$ 5,833	\$ 38,166

**Town of Blacksburg, South Carolina**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended March 31, 2023**

	Town Projects Fund	Victim's Rights Advocate Fund	Narcotics Seizure Fund	Museum Fund	Total
<b>Revenue</b>					
Assessments and surcharges		\$ 1,564	\$	\$	\$ 1,564
Contributions	5,145				5,145
Total revenues	<u>5,145</u>	<u>1,564</u>			<u>6,709</u>
<b>Expenditures</b>					
General government	460				460
Public safety - police			701		701
Total expenditures	<u>460</u>		<u>701</u>		<u>1,161</u>
Excess of Revenues Over Expenditures	<u>4,685</u>	<u>1,564</u>	<u>(701)</u>		<u>5,548</u>
<b>Other financing sources (uses)</b>					
Transfer in (out)					
Total other financing sources (uses)					
Excess of Revenues and other uses over revenues and other sources	4,685	1,564	(701)		5,548
Fund balances, beginning of year		7,094	19,691	5,833	32,618
Fund balances, end of year	<u>\$ 4,685</u>	<u>\$ 8,658</u>	<u>\$ 18,990</u>	<u>\$ 5,833</u>	<u>\$ 38,166</u>

## Town of Blacksburg, South Carolina

Schedule of Fines, Assessments and Surcharges - General Fund  
Year Ended March 31, 2023

	<u>Fines</u>	<u>Assessments</u>	<u>Surcharges</u>	<u>Victim Services</u>
Collected	\$ 31,804	\$ 12,652	\$ 9,106	\$
Retained by town	(31,804)			
Remitted to State Treasurer		(11,338)	(8,856)	
Allocated to Victim Services		(1,314)	(250)	1,564
Victim Services expenditures				
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Funds carried forward				1,564
Balance available, beginning of year				7,094
Balance available, end of year				<u>\$ 8,658</u>