

TOWN OF SPRINGDALE,  
SOUTH CAROLINA

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**Financial Statements with  
Independent Auditors' Report**

For the Year Ending June 30, 2011

**TOWN OF SPRINGDALE, SOUTH CAROLINA  
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Year Ended June 30, 2011**

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# ***FINANCIAL SECTION***



DOOLEY AND COMPANY, LLC  
CERTIFIED PUBLIC ACCOUNTANTS  
AND CONSULTANTS

**INDEPENDENT AUDITORS' REPORT**

R. KEITH  
DOOLEY,  
CPA-PFS

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

AMY  
SAWYER ELY,  
CPA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Springdale, South Carolina, as of and for the year ended June 30, 2011, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the Town of Springdale. Our responsibility is to express an opinion on these financial statements based on our audit.

ROD K.  
DOOLEY, JR.,  
CPA-PFS

MARCHETA H.  
ROGERS,  
CPA

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

*Members:*

*American  
Institute of  
Certified Public  
Accountants*

*South  
Carolina  
Association of  
Certified Public  
Accountants*

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Springdale, South Carolina, at June 30, 2011, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying Management's Discussion and Analysis and the Required Supplemental Information as listed in the table of contents are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted primarily of inquires of management regarding the methods and measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Town's basic financial statements. The accompanying supplementary information, of the combining and individual fund financial statements and other financial schedules as listed in the table of contents as Other Financial Information, is presented for purposes of additional analysis and are not

a required part of the basic financial statements of the Town of Springdale. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly presented in all material respects in relation to the basic financial statements taken as a whole.

*Dooley and Company, LLC*  
Dooley and Company, LLC

January 26, 2012

**Town of Springdale, South Carolina**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2011**

This section of the Town of Springdale, South Carolina's annual financial report presents our discussion and analysis of the Town's financial performance during the fiscal year that ended on June 30, 2011. Please read it in conjunction with the Town's financial statements, which follow this section.

**Financial Highlights**

Per the *Government-Wide Statement of Net Assets*, the Town's total assets at year end June 30, 2011 were \$1,612,652 which exceeded total liabilities of \$1,378,136.

Per the *Government-Wide Statement of Activities*, The Town's total net assets increased by \$291,791 for the year ended June 30, 2011, primarily due to cost cutting measures implemented to ensure the town could meet any unexpected revenue shortfalls should they occur. This was accomplished by continuous monitoring of departmental spending.

**Overview of the Financial Statements**

Management's Discussion and Analysis (MD&A) serves as an introduction to the Town's basic financial statements. Those financial statements have three components: 1) Government-Wide financial statements, 2) Fund financial statements, and 3) Notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

**Government-Wide Financial Statements** - The *government-wide financial statements* are designed to provide readers with a broad overview of the Town's finances, in intent to a manner similar to a private-sector business.

The *Statement of Net Assets* presents information on all of the Town's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increase or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. Finally, the Statement of Net Assets provides a picture of the net assets and their availability for spending by the Town and serves as a useful indicator of the financial condition of the Town. A comparative review of the fiscal year ending June 30, 2011 with the prior fiscal year follows.

**Town of Springdale, South Carolina  
Management's Discussion and Analysis  
Year Ended June 30, 2011**

**Condensed Summary of Net Assets (Deficit)**

	June 30, 2011	June 30, 2010	Increase (decrease)
<b>ASSETS</b>			
Current Assets	\$ 1,074,040	\$ 1,012,428	\$ 61,612
Noncurrent Assets	538,612	437,768	100,844
<b>Total Assets</b>	<b>\$ 1,612,652</b>	<b>\$ 1,450,196</b>	<b>\$ 162,456</b>
<b>LIABILITIES</b>			
Current Liabilities	\$ 189,990	\$ 241,115	\$ (51,125)
Noncurrent Liabilities/Long Term	1,188,146	1,277,747	(89,601)
<b>Total Liabilities</b>	<b>1,378,136</b>	<b>1,518,862</b>	<b>(140,726)</b>
<b>NET ASSETS (DEFICIT)</b>			
Invested in Capital Assets, Net of Related Debt	427,541	362,691	64,850
Restricted	69,474	17,028	52,446
Unrestricted	(262,499)	(448,385)	185,886
<b>Total Net Assets (Deficit)</b>	<b>234,516</b>	<b>(68,666)</b>	<b>303,182</b>
<b>Total Liabilities and Net Assets (Deficit)</b>	<b>\$ 1,612,652</b>	<b>\$ 1,450,196</b>	<b>\$ 162,456</b>

The *Statement of Activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported on the accrual basis (as soon as the underlying event giving rise to the change occurs), *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., revenues receivable and earned but unused vacation leave). A comparative review of the fiscal year ending June 30, 2011 with the prior fiscal year follows.

**Condensed Statement of Activities**

	June 30, 2011	June 30, 2010	Increase (decrease)
<b>Functional Expenses</b>			
General Government	\$ 328,750	\$ 317,144	\$ 11,606
Public Safety	623,985	643,795	(19,810)
Public Works	228,742	248,831	(20,089)
Sewer	-	1,200	(1,200)
Tourism Promotion	7,950	28,616	(20,666)
Interest	51,066	56,934	(5,868)
	<b>\$ 1,240,493</b>	<b>\$ 1,296,520</b>	<b>\$ (56,027)</b>
<b>Program Revenues</b>			
Operating Grants and Contributions	\$ 14,392	\$ 56,977	\$ (42,585)
Charges for Services	93,997	94,544	(547)
Investment Earnings	1,022	3,487	(2,465)
Property Taxes	813,780	667,763	146,017
State Shared and Unallocated Intergovernmental	84,434	124,233	(39,799)
Licenses and Fees	514,110	509,478	4,632
Miscellaneous	4,211	51,916	(47,705)
<b>Total program revenues</b>	<b>\$ 1,525,946</b>	<b>\$ 1,508,398</b>	<b>\$ 17,548</b>
Net program expense (income)	(285,453)	(211,878)	73,575
Change in net assets (deficit) before non-program revenues	285,453	211,878	73,575
<b>Non-program revenues</b>			
Gain (loss) on disposal of assets	6,338	(1,711)	8,049
Restatement of net assets	11,391	-	11,391
<b>Change in net assets (deficit)</b>	<b>\$ 303,182</b>	<b>\$ 210,167</b>	<b>\$ 93,015</b>

**Town of Springdale, South Carolina  
Management's Discussion and Analysis  
Year Ended June 30, 2011**

Both of the Government-Wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include general government, public safety (police), public works (sanitation), and victim's assistance. The Town does not have any business-type activities.

The Government-Wide financial statements can be found immediately following the MD&A.

**Fund Financial Statements** - A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town are Governmental funds.

**Governmental Funds** - *Governmental funds* are used to account for essentially the same functions reported as *governmental* activities in the government-wide financial statements. However, unlike the government-wide financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

The Town adopts an annual appropriated budget for its General Fund. Budgetary comparison statements have been provided for the General Fund to demonstrate compliance with this budget.

The basic Governmental Fund financial statements can be found immediately following the Government-Wide financial statements.

**Notes to the Financial Statements** - The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in both the Government-Wide and Fund financial statements.

**Other Financial Information** - Following the basic financial statements are the notes to financial statements and the required supplementary information. This annual financial report also presents certain financial data of individual fund statements and schedules.

**General Fund Budgetary Highlights** - The General Fund budgeted for revenues of \$1,244,502 and achieved revenues of \$1,320,974, or \$76,472 more than budgeted. The most significant differences were in the collection areas of vehicle taxes and delinquent taxes, along with higher license, permits, and franchise fees than budgeted.

**Town of Springdale, South Carolina  
Management's Discussion and Analysis  
Year Ended June 30, 2011**

Expenditures were budgeted for \$1,247,002, and the Town incurred expenditures of \$1,339,662 before other financing sources and uses, which was \$92,660 more than budgeted. The public works exceeded budgeted amounts due to the purchase of a new sanitation truck which was funded partially with current cash reserves and through financing.

Revenues are generally recognized to the extent that allowable expenditures were incurred. Revenues received in excess of expenditures are reflected as deferred revenue. Expenditures in excess of available revenues and required local matching are generally provided for with General Fund Transfers.

**Capital Asset and Debt Administration**

**Capital Assets** – The Town's investment in capital assets for its governmental activities as of June 30, 2011, amounts to \$538,612 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment, vehicles and furniture. The sewer lines in the above referenced sewer line capital project are the property of the City of Cayce. Additionally,

Additional information on the Town's capital assets can be found in Note C of this report.

**Long-Term Debt** – At year end June 30, 2011, the Town had total bond indebtedness outstanding of \$1,220,490, which is related to the completed sewer lines project. Installment purchase contracts of \$111,071 for the purchases of a police vehicle, roll carts, and a sanitation truck were outstanding at June 30, 2011.

The remaining proceeds of the Lexington County General Obligation Bond are recorded in the Capital Projects Fund as restricted cash and equivalents. Expenditures of the proceeds are recorded as a capital outlay in the Capital Projects Fund.

Additional information on the Town's long-term debt can be found in Note E of this report.

**Economic Outlook-** The millage rate for the Town of Springdale remained the same at 59.7. Collection of property and vehicle assessments increased from the previous year. To stabilize the costs of providing healthcare benefits to Town employees, the Town enrolled in the SC Employee Insurance Program effective 1/1/2012. Per SC Code Section 6-1-320, the town may raise the millage rate by the consumer price index plus the increase in population. In the future, this millage cap may prevent the Town from generating enough revenue to meet its operational needs and quality service delivery.

**Request for Information** – This financial report is designed to provide a general overview of the Town's financial position for all those with an interest in this matter. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Town Administrator  
Town of Springdale  
2915 Platt Springs Road  
Springdale, South Carolina, 29170

## **BASIC FINANCIAL STATEMENTS**

**TOWN OF SPRINGDALE, SOUTH CAROLINA**  
**STATEMENT OF NET ASSETS**  
**June 30, 2011**

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 635,732
Investments	134,685
Receivables, net of allowance for doubtful accounts	208,887
Prepays	94,736
Capital assets not being depreciated	
Land	30,000
Capital assets, net of accumulated depreciation	
Buildings and land improvements	152,303
Vehicles	211,334
Equipment and furnishings	144,975
Total assets	1,612,652
<b>LIABILITIES</b>	
Accounts payable	3,401
Accrued salaries and payroll withholdings	9,123
Customer deposits and prepayments	1,760
Accrued interest	8,109
Noncurrent liabilities:	
Due within one year	167,597
Due in more than one year	1,188,146
Total Liabilities	1,378,136
<b>NET ASSETS (DEFICIT)</b>	
Invested in capital assets, net of related debt	427,541
Restricted for :	
Debt Service	27,606
Other	41,868
Unrestricted	(262,499)
Total net assets (deficit)	\$ 234,516

The accompanying notes are an integral part of these statements.

**TOWN OF SPRINGDALE, SOUTH CAROLINA  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2011**

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets  Total Governmental Activities
Government activities:					
General government administration	\$ 328,750	\$ 297	\$ 2,869	\$ -	\$ (325,584)
Public safety and law enforcement	623,985	89,490	-	-	(534,495)
Public works	228,742	4,210	-	-	(224,532)
Tourism promotion	7,950	-	11,523	-	3,573
Interest on long-term debt	51,066	-	-	-	(51,066)
<b>Total governmental activities</b>	<b>1,240,493</b>	<b>93,997</b>	<b>14,392</b>	<b>-</b>	<b>(1,132,104)</b>
General revenues					
Property taxes					813,780
Franchise taxes and business licenses					514,110
Grants and contributions not restricted to specific programs					84,434
Gain (loss) on disposition of assets					6,338
Unrestricted interest income					1,022
Other					4,211
<b>Total general revenues and transfers</b>					<b>1,423,895</b>
Change in net assets					291,791
Net assets (deficit) - beginning of year, restated					(57,275)
Net assets - end of year					<b>\$ 234,516</b>

The accompanying notes are an integral part of these statements.

**TOWN OF SPRINGDALE, SOUTH CAROLINA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2011**

	General Fund	Debt Service Fund	Other Funds - Special Revenue	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 589,978	\$ 13,078	\$ 32,676	\$ 635,732
Investments	134,685	-	-	134,685
Receivables, net of allowance for doubtful accounts	196,162	-	12,725	208,887
Due from other funds	3,533	-	-	3,533
Prepays	80,208	14,528	-	94,736
<b>Total assets</b>	<b>\$ 1,004,566</b>	<b>\$ 27,606</b>	<b>\$ 45,401</b>	<b>\$ 1,077,573</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 3,401	\$ -	\$ -	\$ 3,401
Accrued salaries and payroll withholdings	9,123	-	-	9,123
Customer deposits and prepayments	1,760	-	-	1,760
Due to other funds	-	-	3,533	3,533
	<u>14,284</u>	<u>-</u>	<u>3,533</u>	<u>17,817</u>
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Prepays	80,208	14,528	-	94,736
<b>Restricted for:</b>				
Debt service	-	13,078	-	13,078
Tourism promotion	-	-	9,192	9,192
Victims services	-	-	32,676	32,676
Unassigned	910,074	-	-	910,074
<b>Total fund balances</b>	<u>990,282</u>	<u>27,606</u>	<u>41,868</u>	<u>1,059,756</u>
<b>Total liabilities and fund balances</b>	<u>\$ 1,004,566</u>	<u>\$ 27,606</u>	<u>\$ 45,401</u>	
Amounts reported for government 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				538,612
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:				
Accrued compensated absences				(24,182)
Accrued interest				(8,109)
Bonds and leases payable				(1,331,561)
<b>Net assets of governmental activities</b>				<u>\$ 234,516</u>

The accompanying notes are an integral part of these statements.

**TOWN OF SPRINGDALE, SOUTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2011**

	General Fund	Capital Projects Fund	Debt Service Fund	Other Funds - Special Revenue	Total Governmental Funds
<b>Revenues</b>					
Property taxes	\$ 632,412	\$ -	\$ 181,368	\$ -	\$ 813,780
Intergovernmental revenue	84,434	-	-	11,523	95,957
Licenses and permits	514,110	-	-	-	514,110
Charges for services	4,507	-	-	-	4,507
Fines, fees, and forfeitures	77,507	-	-	11,983	89,490
Interest income	924	-	35	63	1,022
Other	7,080	-	-	-	7,080
Total revenues	<u>1,320,974</u>	<u>-</u>	<u>181,403</u>	<u>23,569</u>	<u>1,525,946</u>
<b>Expenditures</b>					
<b>Current</b>					
General government administration	319,575	-	-	-	319,575
Public safety and law enforcement	574,066	-	-	-	574,066
Public works	196,407	-	-	2,337	198,744
Tourism promotion	-	-	-	7,950	7,950
<b>Debt Service</b>					
Principal retirement	44,007	-	117,727	-	161,734
Interest	2,780	-	50,598	-	53,378
<b>Capital Outlay</b>					
General government administration	5,017	-	-	-	5,017
Public safety and law enforcement	38,592	-	-	-	38,592
Public works	159,218	-	-	-	159,218
Total expenditures	<u>1,339,662</u>	<u>-</u>	<u>168,325</u>	<u>10,287</u>	<u>1,518,274</u>
Excess (deficiency) of revenues over (under) expenditures	(18,688)	-	13,078	13,282	7,672
<b>OTHER FINANCING SOURCES</b>					
Transfers in	2,500	-	14,528	-	17,028
Transfers out	-	(17,028)	-	-	(17,028)
Sale of capital assets	-	-	-	17,195	17,195
Installment loan proceeds	80,000	-	-	-	80,000
Total other financing sources	<u>82,500</u>	<u>(17,028)</u>	<u>14,528</u>	<u>17,195</u>	<u>97,195</u>
Net change in fund balances	63,812	(17,028)	27,606	30,477	104,867
Fund balances, beginning of year, restated	926,470	17,028	-	11,391	954,889
Fund balances, end of year	<u>\$ 990,282</u>	<u>\$ -</u>	<u>\$ 27,606</u>	<u>\$ 41,868</u>	<u>\$ 1,059,756</u>

The accompanying notes are an integral part of these statements.

**TOWN OF SPRINGDALE, SOUTH CAROLINA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2011**

Amounts reported for governmental activities in the statement of activities (page 9) are different because:	
Net change in fund balances -- total governmental funds (page 11)	\$ 104,867
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense in order to allocate capital outlays over the lives of the applicable assets	
Capital asset purchases expensed in governmental funds but capitalized by governmental activities	202,827
Depreciation expense reported in governmental activities	(91,126)
Cash proceeds from the sale or disposition of assets are reported in the governmental funds as revenue. However, in the statement of activities, the gain or loss on disposition is reported	
	(10,857)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items:	
Issuance of debt	(80,000)
Repayment of long-term debt	161,734
Some expenses 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:	
Accrued compensated absences	2,034
Accrued interest	2,312
Change in net assets of governmental activities (page 9)	<u>\$ 291,791</u>

The accompanying notes are an integral part of these statements.

**TOWN OF SPRINGDALE, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2011

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Town of Springdale ("the Town") is a municipal corporation of the State of South Carolina, located in Lexington County, and as such possesses all of the general powers granted by the Constitution and laws of South Carolina to municipal corporations.

The Town operates under the Council form of government. The Town Council is composed of seven members, one of whom is the Mayor. The Council is the legislative body of the Town and has the major responsibility of determining the policies and direction of the municipal government.

The Town Administrator is appointed by Council, and serves as the chief administrative officer of the Town. As such, she administers the daily operations of the Town through appointed department heads.

As required by accounting principles generally accepted in the United States of America (GAAP), basic financial statements of governmental units include not only information about the reporting, (i.e., primary) government but also about component units. Component units are organizations for which the primary government is financially accountable or organizations which are sufficiently significant to the primary government that their exclusion could cause the financial statements to be misleading or incomplete. Based on the applicable criteria, the Town has determined it has no component units and that it is not a component unit of another entity. Therefore, the Town of Springdale reports as a primary entity.

**B. Government-wide and Fund Financial Statements**

In accordance with reporting standards established by the Government Accounting Standards Board (GASB), the Town's financial statements are presented from two perspectives, the government-wide perspective and the fund perspective.

*The government-wide financial statements* include the statement of net assets and the statement of changes in net assets. These statements report information on all non-fiduciary activities (collection of property taxes for towns and schools are among the Town's fiduciary activities) of the primary government and its component units, if any. Net assets are calculated based on information on all the Town's assets and liabilities, including property and equipment and long-term debt. For the most part, the effect of any inter-fund activity is removed from these statements.

In these statements, governmental activities, which are normally supported by taxes and intergovernmental revenues, are distinguished from any business type activities in which the government may be engaged and which rely on fees and charges for support. Likewise, the primary government is reported separately from any legally separate component units for which the primary government is financially accountable. These distinctions are not applicable to the Town, which has neither component units nor business type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses, including depreciation of property and equipment, are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items which are not properly included among program revenues are reported as general revenues.

TOWN OF SPRINGDALE, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011

*The fund financial statements* include separate financial statements for governmental and fiduciary funds, groupings of accounts used to control resources that have been segregated for specific activities or objectives. Major individual governmental funds are reported as separate columns in the fund financial statements.

Accompanying the financial statements prepared using the two perspectives is an explanation of the differences between them. The governmental fund balance sheet on page 10 includes a reconciliation of the total fund balance for all governmental funds to total net assets of governmental activities reported in the government-wide statement of net assets. A reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities is included at page 11.

**C. Measurement focus, basis of accounting, and financial statement presentation**

The government-wide 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 when a liability is incurred, regardless of when applicable cash is collected or paid. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The following are the Town's major governmental funds:

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

The *debt service fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation and South Carolina Water Quality Revolving Fund debt of the governmental funds.

The Town also reports two *special revenue funds*, the Accommodations Tax special revenue fund and the Victim's Assistance special revenue fund. Special revenue funds account for revenues, expenditures of which are legally restricted to specific purposes. At the beginning of the year, the Town closed its *capital projects fund*.

**TOWN OF SPRINGDALE, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

**D. Assets, Liabilities and Net Assets or Equity**

*Cash and cash equivalents*

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

*Investments*

The Town's investments are made in accordance with State of South Carolina statutes. The Town reports its investments at fair value which is normally determined by quoted market prices.

*Receivables and Payables*

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of inter-fund loans) or "advances to/from other funds" (i.e., the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as "due to/from other funds."

All trade and property tax receivables are shown net of an allowance for any that are uncollectible. The property tax receivable allowance is equal to 12.7 percent of outstanding property taxes at June 30, 2011.

*Prepaid items*

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

*Capital Assets*

Capital assets include property and equipment, and are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the government as movable personal property with a unit cost in excess of \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 10 to 20 years for land improvements, 15 to 40 years for buildings and improvements and 5 to 15 years for furniture, equipment, and vehicles.

*Inter-fund Receivables and Payables*

Short-term advances between funds are accounted for in the appropriate inter-fund receivable and payable accounts as "due to/from" funds.

*Compensated Absences*

It is the Town's policy to permit employees to accumulate earned but unused vacation pay benefits from a minimum of 40 to a maximum of 240 hours depending on the employee's length of service with the Town. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**TOWN OF SPRINGDALE, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2011

*Long-term Obligations*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the lives of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the 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.

*Governmental Fund Balances*

Fund balance is divided into five classifications based primarily on the extent to which the Town is bound to observe constraints imposed upon the use of the resources in the applicable governmental fund. The classifications are as follows:

- *Nonspendable:* The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form (e.g., inventories and prepaid amounts), or are legally or contractually required to be maintained intact.
- *Restricted:* Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation (i.e., Town ordinances). Enabling legislation authorizes the Town to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Town can be compelled by an external party such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.
- *Committed:* The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of the Town Council. Those committed amounts cannot be used for any other purpose unless Town Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to commit those amounts previously. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Town Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.
- *Assigned:* Amounts in the assigned fund balance classification are intended to be used by the Town for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by Town Council or by a Town official or body to which Council has delegated the authority to assign amounts to be used for specific purposes.

**TOWN OF SPRINGDALE, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
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- *Unassigned:* Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The Town applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

*Net Assets*

The Town's net assets are classified as follows:

*Invested in capital assets:* This amount is Town's total investment in capital assets, net of any outstanding debt obligations related to those assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets.

*Restricted net assets:* Restricted net assets consists of net assets for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations, and enabling legislation, including self-imposed legal mandates. Restricted net assets are based on the same criteria used to report restricted governmental fund balances. Net assets are restricted due to constraints placed on the usage of accommodations tax revenues and victims' assistance revenues.

*Unrestricted net assets:* Unrestricted net assets represent resources which may be used to meet current expenses for any purpose.

*Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

*Property Taxes*

Taxes on real property are assessed as of January 1, levied the following September, due January 15, and become delinquent March 15. Liens attach to the property at the time the taxes are levied. The levy date for motor vehicle taxes is the first day of the month in which the motor vehicle license expires. These taxes are due by the last day of the same month.

## **II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

### **A. Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all the Town's funds.

Encumbrances represent outstanding purchase orders or commitments related to unperformed contracts for goods or services. Encumbrance accounting—under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation—is utilized in the governmental fund. Encumbrances outstanding at year end are reported as a reservation of fund balance and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year. There were no material encumbrances at June 30, 2011.

**TOWN OF SPRINGDALE, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

Each year, the Town Administrator submits to the Town Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. After two public hearings to obtain taxpayer comments but prior to June 30, the budget is legally enacted through passage of an ordinance to set tax levy (millage) for the fiscal year. The Town Administrator is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Town Council. The legal level of budgetary control is the fund level.

**B. Excess of Expenditures over Appropriations**

For the year ended June 30, 2011, general fund expenditures exceeded appropriations by \$92,660. The over-expenditures were funded by revenue which exceeded budgeted amounts and proceeds from issuance of debt.

**III. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

It is the Town's policy to follow South Carolina state law applicable to local government deposits and investments. This policy limits investments to:

- (a) Obligations of the United States and agencies thereof;
- (b) General obligations of the State of South Carolina or any of its political units;
- (c) Savings and Loan Associations to the extent that the same are insured by an agency of the Federal Government;
- (d) Certificates of Deposit and funds in deposit accounts with banking institutions provided that such certificates and funds in deposit accounts are collaterally secured by securities of the type described in (a) and (b) above, held by a third party as escrow agent, or custodian of a market value, not less than the amount of the certificates or funds in deposit accounts so secured, including interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government;
- (e) Collateralized repurchase agreements when collateralized by securities as set forth in (a) and (b) above and held by the governmental entity or a third party as escrow agent or custodian; and
- (f) No load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit, political subdivision, or county treasurer if the particular portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in items (a), (b), and (e) of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

The Town's cash investment objectives are preservation of capital, liquidity, and yield. In accordance with its objectives and South Carolina law, the Town currently or in the past year has used the South Carolina Pooled Investment Fund (the "Pool"). The Pool's funds are invested with the South Carolina State Treasurer's Office, which established the South Carolina Pool pursuant to Section 6-6-10 of the South Carolina Code. The Pool is an investment trust fund, in which public monies in excess of current needs, which are under the custody of any city treasurer or any

**TOWN OF SPRINGDALE, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

governing body of a political subdivision of the State, may be deposited. The Pool is a 2a 7-like pool which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but has a policy that it will operate in a manner consistent with the SEC's Rule 2a 7 of the Investment Company Act of 1940. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", investments are carried at fair value determined annually based upon quoted market prices. The total fair value of the Pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of \$1.

*Cash deposits are subject to custodial credit risk*, which, in the case of deposits, is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. It is the policy of the Town to obtain adequate collateralization on all deposits that exceed FDIC insurance coverage. As of June 30, 2011, the Town had cash on hand of \$200 and cash deposits in demand accounts totaling \$635,532. Of the deposit amounts, \$250,000 was covered by FDIC insurance, and \$385,532 was collateralized by federal agency securities held by a third party agent in the Town's name.

The Town had the following investments at year end:

Investment Type	Fair Value
South Carolina Pooled Investment Fund	\$ 134,685
	<u>\$ 134,685</u>

These investments are subject to the following risks:

*Interest rate risk.* Interest rate risk is the risk that fair value may decline when interest rates decline. Such risk can be mitigated by placing money only in instruments with short-term maturities. The Local Government Investment Pool and short term certificates of deposit meet this criterion.

*Credit risk.* Credit risk is the risk that the holder might not be able to liquidate the investment when cash is required. Both the Pool and the bank certificates of deposit can be liquidated on demand.

*Custodial Credit risk.* Credit risk is the risk that investment principal may not be recovered if issuers of the investment securities fail. The State Treasurer's investment pool is not rated, but generally, investments in the State Treasurer's investment pool are collateralized by debt securities in corporate obligations, state or political subdivision obligations of investment grade or higher quality and in federal agency securities. Under terms of the same agreements applicable to the Town's cash deposits, the bank certificates of deposit are collateralized by federal agency securities held by a third party agent in the Town's name.

*Concentration of Credit Risk.* Investments which are concentrated in only a few securities or industries are subject to concentration of credit risk. However, investments issued or explicitly guaranteed by the U.S government and investments in mutual funds and external investment pools are excluded from this disclosure requirement. The Pool is such an investment, and the certificates of deposit are collateralized by federal agency securities held by a third party agent in the Town's name.

**TOWN OF SPRINGDALE, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

**B. Receivables, Deferred Revenue and Unearned Revenue**

Receivables as of year end for the government's individual major funds, including the applicable allowances for uncollectible accounts are as follows:

	General Fund	Debt Service Fund	Special Revenue Fund	Total Governmental Funds
Licenses and permits	\$ 149,710	\$ -	\$ -	\$ 149,710
Accounts	1,675		-	1,675
Intergovernmental	35,723		12,725	48,448
Employee	4,084		-	4,084
Other	4,970		-	4,970
Gross receivables	196,162	-	12,725	208,887
Less, allowance for uncollectibles	-		-	-
Net total receivables	<u>\$ 196,162</u>	<u>\$ -</u>	<u>\$ 12,725</u>	<u>\$ 208,887</u>

**C. Capital Assets**

Capital asset activity for the Town for the year ended June 30, 2011 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 30,000	\$ -	\$ -	\$ 30,000
Total capital assets not being depreciated	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>30,000</u>
Capital assets being depreciated:				
Buildings and land improvements	299,540	1,900	-	301,440
Vehicles	402,762	182,762	24,874	560,650
Equipment and furnishings	381,815	18,165	-	399,980
Total capital assets being depreciated	<u>1,084,117</u>	<u>202,827</u>	<u>24,874</u>	<u>1,262,070</u>
Less accumulated depreciation for:				
Buildings and improvements	140,023	9,114	-	149,137
Vehicles	311,753	51,580	14,017	349,316
Equipment and furnishings	224,573	30,432	-	255,005
Total accumulated depreciation	<u>676,349</u>	<u>91,126</u>	<u>14,017</u>	<u>753,458</u>
Total capital assets being depreciated, net	<u>407,768</u>	<u>111,701</u>	<u>10,857</u>	<u>508,612</u>
Governmental activities capital assets, net	<u>\$ 437,768</u>	<u>\$ 111,701</u>	<u>\$ 10,857</u>	<u>\$ 538,612</u>

Depreciation expense was charged to the Town's governmental functions/programs as follows:

General government administration	\$ 10,148
Public safety and law enforcement	49,709
Sanitation	31,269
Total depreciation expense - governmental activities	<u>\$ 91,126</u>

**TOWN OF SPRINGDALE, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

**D. Inter-fund Receivables, Payables, and Transfers**

Inter-fund balances arise because the Town utilizes a cash pool to maximize earnings. Inter-fund balances at June 30, 2011 were:

Receivable Fund	Payable Fund	Amount
General Fund	Special Revenue Fund	\$3,533
		\$3,533

**E. Long-term Debt**

**General Obligation Bond Payable.** The Town has issued a general obligation bond to provide for upgrades of the sewer system which serves the Town. General obligation bonds have been issued only for general government activities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. General obligation bonds outstanding as of June 30, 2011 are as follows:

\$422,234 general obligation bond, payable in annual installments of \$53,887, including interest at 4.7%	\$ 100,626
	\$ 100,626

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2012	\$ 49,158	\$ 4,730	\$ 53,888
2013	51,468	2,419	53,887
Thereafter	-	-	-
Total	\$ 100,626	\$ 7,149	\$ 107,775

**South Carolina Water Quality Revolving Fund Bond Payable.** The Town has issued a South Carolina Water Quality Revolving Fund bond to finance upgrades to the sewer system which serves the Town. The bond outstanding at June 30, 2011 is as follows:

\$1,605,115 South Carolina Water Quality Revolving Fund Bond, payable in quarterly installments of \$28,609, including interest at 3.75%,	\$ 1,119,864
	\$ 1,119,864

Annual debt service requirements to maturity for the outstanding South Carolina Water Quality Revolving Fund Bond Payable special source revenue bond are as follows:

Year Ending June 30,	Principal	Interest	Total
2012	\$ 73,468	\$ 40,969	\$ 114,437
2013	76,262	38,175	114,437
2014	79,162	35,275	114,437
2015	82,172	32,265	114,437
2016	85,298	29,139	114,437
2017-2021	477,685	94,502	572,187
2022-2024	245,817	11,666	257,483
Total	\$ 1,119,864	\$ 281,991	\$ 1,401,855

**TOWN OF SPRINGDALE, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

**Installment Notes Payable.** The Town has issued installment notes payable to purchase vehicles and equipment. Installment notes payable as of June 30, 2011 are as follows:

\$21,899 installment note payable in annual payments of \$7,845 including interest at 3.69%	\$ 7,566
\$68,264 installment note payable in annual payments of \$24,301 including interest at 3.52%	23,505
\$80,000 installment not payable in one annual installment of \$81,864 including interest at 2.33%	80,000
	<u>\$ 111,071</u>

Annual debt service requirements to maturity for the outstanding installment notes payable are as follows:

Year Ending June 30,	Principal	Interest	Total
2012	\$ 111,071	\$ 2,928	\$ 113,999
Thereafter	-	-	-
Total	\$ 111,071	\$ 2,928	\$ 113,999

**Changes in long-term liabilities.** Long-term liability activity for the year ended June 30, 2011 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds	\$ 147,577	\$ -	\$ 46,951	\$ 100,626	\$ 49,158
South Carolina Water Quality Revolving Fund bond	1,190,640	-	70,776	1,119,864	7,368
Installment notes payable	75,077	80,000	44,006	111,071	111,071
Compensated absences	26,216	-	2,034	24,182	-
Governmental activity long-term liabilities	\$ 1,439,510	\$ 80,000	\$ 163,767	\$ 1,355,743	\$ 167,597

**IV. OTHER INFORMATION**

**A. Risk Management**

The Town is exposed to various risks of loss. The Town is insured through the South Carolina Municipal Insurance & Risk Financing Fund for losses related to torts; theft, damage, or destruction of assets; errors or omissions; acts of God; and accident insurance. The Town is insured with the South Carolina Municipal Insurance Trust for job-related illnesses and Carolina Care Plan for health insurance. Surety bonds are provided through commercial insurance. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. There has been no significant reduction in coverage and amounts of settlements have not exceeded coverage in any of the last three years.

The Town is also subject to risks of loss from providing health, life, accident, dental, and other medical benefits to employees, retirees, and their dependents. The Town has enrolled substantially all its employees in an insurance plan maintained by a major commercial health insurance provider.

**B. Pension Plan**

Town employees participate in either the South Carolina Retirement System (SCRS) or the South Carolina Police Officers Retirement System (PORS), depending on their particular duties. Both plans are administered by the South Carolina Retirement System and are classified as cost-sharing multiple-employer, Public Employee Retirement Systems (PERS). SCRS and PORS provide retirement and disability benefits, cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit provisions for SCRS are established pursuant to Section 9-1-20 of the 1976 South Carolina Code

**TOWN OF SPRINGDALE, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

of Laws. Benefit provisions for PORS are established pursuant to Section 9-11-20 of the Code. The South Carolina Retirement System issues a publicly available stand-alone report, which may be obtained by writing to South Carolina Retirement System, P.O. Box 11960, Columbia, South Carolina 29211 or by calling 803-737-6800.

SCRS and PORS members are required to contribute 6.5% of their annual covered salaries, and the Town is required to contribute at an actuarially determined rate. The current actuarially determined rates are 9.24% for the SCRS and 11.13% for the PORS. The contribution requirements of the plan members and the Town are established and may be amended by the South Carolina General Assembly.

The Town's contributions (which equaled required contributions) to the SCRS and the PORS for the last three fiscal years were as follows:

	<u>SCRS</u>	<u>PORS</u>
2011	\$ 24,032	\$ 37,103
2010	24,526	37,579
2009	24,119	37,076

**C. Deferred Compensation Plans**

Certain Town employees participate in one of two optional deferred compensation plans which are available to them in conjunction with the State Retirement System. The multiple-employer plans, created under Internal Revenue Code Sections 457 and 401(k) are administered for the State Retirement System by third parties. Compensation deferred under the plans is placed in trust for the contributing employee. The State has no liability for losses under the plans. Employees may withdraw the current value of their contributions when they terminate their employment with the Town. Employees may also withdraw contributions prior to termination if they meet requirements specified by the applicable plan.

**D. Contingent Liabilities**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute liabilities of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

**E. Changes in Accounting Principles and Restatement Adjustment**

As of July 1, 2010, the Town implemented several Governmental Accounting Standards Board (GASB) pronouncements. GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. This statement redefines special revenue funds. In the course of implementing this statement, management determined that amounts previously reported as deferred revenue in special revenue funds should properly have been recognized as income in the years received. Accordingly, the Accommodations Tax special revenue fund balance was increased by \$5,593, the Victim's Assistance special revenue fund balance was increased by \$5,798 and net assets were increased by \$11,391.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB authoritative literature. The GAAP hierarchy consists of the sources of accounting principles used in the preparation of financial statements of state and local governmental entities that are presented in

**TOWN OF SPRINGDALE, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

conformity with GAAP, and the framework for selecting those principles. The implementation of this statement did not result in any change in the Town's financial statements.

GASB Statement No. 56 incorporates accounting and financial reporting guidance previously only contained in the American Institute of Certified Public Accountants' auditing literature into the GASB's accounting and financial reporting literature for state and local governments. The statement's guidance addresses related party transactions, going concern considerations, and subsequent events from the AICPA literature. The implementation of this statement did not result in any change in the Town's financial statements.

**F. Subsequent Event**

Management has evaluated subsequent events through January 26, 2012, the date the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION**

**TOWN OF SPRINGDALE, SOUTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE --**  
**BUDGET AND ACTUAL -- GENERAL FUND**  
**For the Year Ended June 30, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Over (Under)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 569,405	\$ 569,405	\$ 632,412	\$ 63,007
Intergovernmental revenue	92,290	92,290	84,434	(7,856)
Licenses and permits	492,057	492,057	514,110	22,053
Charges for services	4,150	4,150	4,507	357
Fines, fees, and forfeitures	81,000	81,000	77,507	(3,493)
Interest income	4,100	4,100	924	(3,176)
Other	1,500	1,500	7,080	5,580
Total revenues	1,244,502	1,244,502	1,320,974	76,472
<b>EXPENDITURES</b>				
<b>Current</b>				
<b>General government administration:</b>				
Administration and Town Council	350,455	350,455	292,959	(57,496)
Buildings and Grounds	30,945	30,945	26,616	(4,329)
Total general government administration	381,400	381,400	319,575	(61,825)
<b>Public safety and law enforcement:</b>				
Police	500,407	500,407	503,329	2,922
Court	70,676	70,676	70,737	61
Total public safety and law enforcement	571,083	571,083	574,066	2,983
<b>Public works:</b>				
Sanitation department	221,722	221,722	196,407	(25,315)
Total public works	221,722	221,722	196,407	(25,315)
<b>Debt service</b>				
Principal retirement	44,036	44,036	44,007	(29)
Interest	2,761	2,761	2,780	19
	46,797	46,797	46,787	(10)
<b>Capital Outlay</b>				
General government administration	2,000	2,000	5,017	3,017
Public safety and law enforcement	24,000	24,000	38,592	14,592
Public works	-	-	159,218	159,218
	26,000	26,000	202,827	176,827
Total expenditures	1,247,002	1,247,002	1,339,662	92,660
Excess (deficiency) of revenues over (under) expenditures	(2,500)	(2,500)	(18,688)	(16,188)

Continued

**TOWN OF SPRINGDALE, SOUTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE --**  
**BUDGET AND ACTUAL -- GENERAL FUND**  
**For the Year Ended June 30, 2011**

<b>OTHER FINANCING SOURCES</b>				
Transfer in	-	-	2,500	2,500
Sale of capital assets	2,500	2,500	-	(2,500)
Proceeds of long-term debt	-	-	80,000	80,000
Total other financing sources	<u>2,500</u>	<u>2,500</u>	<u>82,500</u>	<u>80,000</u>
Net change in fund balances	-	-	63,812	63,812
Fund balances, beginning of year, restated	<u>818,205</u>	<u>818,205</u>	<u>926,470</u>	<u>-</u>
Fund balances, end of year	<u>\$ 818,205</u>	<u>\$ 818,205</u>	<u>\$ 990,282</u>	<u>\$ 63,812</u>

**OTHER SUPPLEMENTARY INFORMATION**

**TOWN OF SPRINGDALE, SOUTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –**  
**BUDGET AND ACTUAL –DEBT SERVICE FUND**  
**For the Year Ended June 30, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 169,353	\$ 169,353	\$ 181,368	\$ 12,015
Interest income	50	50	35	(15)
Total revenues	<u>169,403</u>	<u>169,403</u>	<u>181,403</u>	<u>12,000</u>
<b>Expenditures</b>				
<b>General government administration</b>				
Administrative expense	1,078	1,078	-	(1,078)
<b>Debt service</b>				
Principal retirement	108,516	108,516	117,727	9,211
Interest	59,809	59,809	50,598	(9,211)
Total expenditures	<u>169,403</u>	<u>169,403</u>	<u>168,325</u>	<u>(1,078)</u>
Excess (deficiency) of revenues over (under) expenditures			13,078	
<b>Other Financing Sources</b>				
Transfer in	-	-	14,528	14,528
Total other financing sources	<u>-</u>	<u>-</u>	<u>14,528</u>	<u>14,528</u>
Net change in fund balances	-	-	27,606	27,606
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,606</u>	<u>\$ 27,606</u>

**TOWN OF SPRINGDALE, SOUTH CAROLINA**  
**COMBINING BALANCE SHEET – SPECIAL REVENUE FUNDS**  
**June 30, 2011**

	Accommodations Tax Fund	Victims Assistance Fund	Total
<b>Assets</b>			
Cash and cash equivalents	\$ -	\$ 32,676	\$ 32,676
Receivables, net of allowance for doubtful accounts	12,725	-	12,725
Total assets	<u>\$ 12,725</u>	<u>\$ 32,676</u>	<u>\$ 45,401</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities:</b>			
Due to other funds	\$ 3,533	\$ -	\$ 3,533
	<u>3,533</u>	<u>-</u>	<u>3,533</u>
<b>Fund Balances</b>			
Unreserved, undesignated	9,192	32,676	41,868
Total fund balances	<u>9,192</u>	<u>32,676</u>	<u>41,868</u>
Total liabilities and fund balances	<u>\$ 12,725</u>	<u>\$ 32,676</u>	<u>\$ 45,401</u>

**TOWN OF SPRINGDALE, SOUTH CAROLINA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –**  
**SPECIAL REVENUE FUNDS**  
**For the Year Ended June 30, 2011**

	Accommodations Tax Fund	Victims Assistance Grants	Total
<b>Revenues</b>			
Intergovernmental revenue	\$ 11,523	\$ -	\$ 11,523
Fines, fees and forfeitures	-	11,983	11,983
Interest income	26	37	63
Total revenues	<u>11,549</u>	<u>12,020</u>	<u>23,569</u>
<b>Expenditures</b>			
Current			
Public safety and law enforcement	-	2,337	2,337
Tourism promotion	7,950	-	7,950
Total expenditures	<u>7,950</u>	<u>2,337</u>	<u>10,287</u>
Excess (deficiency) of revenues over (under) expenditures	3,599	9,683	13,282
<b>OTHER FINANCING SOURCES</b>			
Sale of capital assets	-	17,195	17,195
Total other financing sources	<u>-</u>	<u>17,195</u>	<u>17,195</u>
Net change in fund balances	3,599	26,878	30,477
Fund balances, beginning of year, restated	<u>5,593</u>	<u>5,798</u>	<u>11,391</u>
Fund balances, end of year	<u>\$ 9,192</u>	<u>\$ 32,676</u>	<u>\$ 41,868</u>

**TOWN OF SPRINGDALE, SOUTH CAROLINA**  
**SCHEDULE OF COURT FINE AND ASSESSMENT ACTIVITY AND EXPENDITURES FOR**  
**VICTIMS SERVICES -- REQUIRED BY STATE LAW**  
**For the Year Ended June 30, 2011**

**Court Fines and Assessments**

Court fines and assessments collected	\$ 198,149
Court fines and assessments remitted to the State Treasurer	<u>(120,642)</u>
Court fines and assessments retained by the Town	77,507

**Surcharges**

Surcharges and Assessments Retained by the Town	11,982
Funds Expended on Victims Services	
From surcharges and assessments	\$ 2,337

# ***REGULATORY SECTION***



DOOLEY AND COMPANY, LLC  
CERTIFIED PUBLIC ACCOUNTANTS  
AND CONSULTANTS

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT  
AUDITING STANDARDS***

R. KEITH  
DOOLEY,  
CPA·PFS

AMY  
SAWYER ELY,  
CPA

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

ROD K.  
DOOLEY, JR.,  
CPA·PFS

MARCHETA H.  
ROGERS,  
CPA

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Springdale, South Carolina, as of and for the year ended June 30, 2011, which collectively comprise the Town of Springdale, South Carolina's basic financial statements and have issued our report thereon dated January 26, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

*Members:*

*American  
Institute of  
Certified Public  
Accountants*

*South  
Carolina  
Association of  
Certified Public  
Accountants*

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Town of Springdale, South Carolina's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Springdale, South Carolina's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Springdale, South Carolina's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town of Springdale, South Carolina's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town of Springdale, South Carolina's financial statements that is more than inconsequential will not be prevented or detected by the Town of Springdale, South Carolina's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town of Springdale, South Carolina's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

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

We noted certain matters that we reported to management of Town of Springdale, South Carolina, in a separate letter dated January 26, 2012.

This report is intended solely for the information and use of management, Town Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Dooley and Company, LLC*

Dooley and Company, LLC

Columbia, South Carolina

January 26, 2012

**TOWN OF SPRINGDALE, SOUTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2011**

NONE

**TOWN OF SPRINGDALE, SOUTH CAROLINA  
STATUS OF PRIOR YEAR FINDINGS  
For the Year Ended June 30, 2011**

There were no prior year findings.