

TOWN OF SPRINGDALE, SOUTH CAROLINA

Financial Statements with Independent Auditors' Report

For the Year Ending June 30, 2012

TOWN OF SPRINGDALE, SOUTH CAROLINA
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Year Ended June 30, 2012

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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

ROD K.
DOOLEY, JR.,
CPA-PFS-CFF

MARCHETA H.
ROGERS,
CPA

Members:

*American
Institute of
Certified Public
Accountants*

*Affordable
Housing Association
of Certified Public
Accountants*

*South Carolina
Association of
Certified Public
Accountants*

*North Carolina
Association of
Certified Public
Accountants*

*Municipal
Association of
South Carolina*

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, 2012, 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.

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.

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, 2012, 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
Columbia, South Carolina

December 27, 2012

**Springdale, South Carolina
Management's Discussion and Analysis
Year Ended June 30, 2012**

As management of the Town of Springdale, we offer readers of the Town of Springdale's financial statements this narrative overview and analysis of the financial activities of the Town of Springdale for the fiscal year ended June 30, 2012. The Management's Discussion and Analysis (MD&A) section is designed to assist the reader in focusing on significant financial issues, providing an overview of the Town's financial activity and identifying changes in the Town's financial condition, material deviations from financial budget and individual fund issues and concerns.

Financial Highlights

- The assets of the Town of Springdale exceeded its liabilities at the close of the most recent fiscal year by \$366,377 (net assets).
- The government's total net assets increased by \$131,861 during the fiscal year ended June 30, 2012.
- At the close of the current fiscal year, the Town of Springdale's governmental funds reported combined ending fund balances of \$884,043, a decrease of \$175,713 in comparison with the prior year. Approximately 80% of this total amount, \$706,270, 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 \$712,312, or 83 percent of total general fund expenditures for the year.
- The Town of Springdale's total long-term debt excluding accrued compensated absences at June 30, 2012 was \$1,097,864, a decrease of \$122,626 from the prior year.

Overview of the Financial Statements

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

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

The statement of net assets presents information on all of the Town of Springdale's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town of Springdale is improving or deteriorating.

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 as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements of the Town of Springdale report governmental activities which are principally supported by taxes and intergovernmental revenues. The governmental activities of the Town of Springdale include general government administration, public safety and law enforcement, public works, tourism promotion and interest and other charges. The business-type activities of the Town of Springdale include water and sewer services.

The government-wide financial statements can be found on pages 9-10 of this report.

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 of Springdale, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town of Springdale 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, governmental fund 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.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Springdale maintains two major governmental funds, the general fund and the debt service fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for these funds.

The Town of Springdale adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 11-13 of this report.

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 can be found on pages 14-23 of this report.

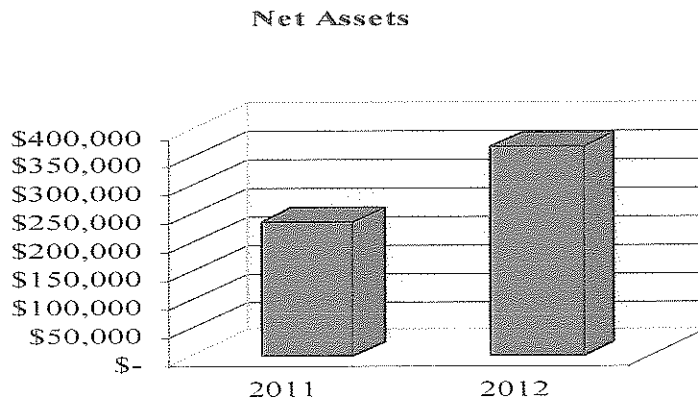
Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town of Springdale, assets exceeded liabilities by \$366,377 as of June 30, 2012.

Because the Town has retired all debts incurred to finance capital assets, the portion of net assets invested in capital assets net of related debt exceeds total net assets. The Town uses its capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Town of Springdale's Net Assets

	<u>Governmental Activities</u>	
	<u>2012</u>	<u>2011</u>
Current and other assets	\$ 961,714	\$ 1,074,040
Capital assets	606,311	538,612
Total assets	<u>1,568,025</u>	<u>1,612,652</u>
Noncurrent liabilities	991,113	1,188,146
Other liabilities	210,535	189,990
Total liabilities	<u>1,201,648</u>	<u>1,378,136</u>
Net assets:		
Invested in capital assets, net of related debt	606,311	427,541
Restricted	73,573	69,474
Unrestricted	<u>(313,507)</u>	<u>(262,499)</u>
Net assets	<u>\$ 366,377</u>	<u>\$ 234,516</u>



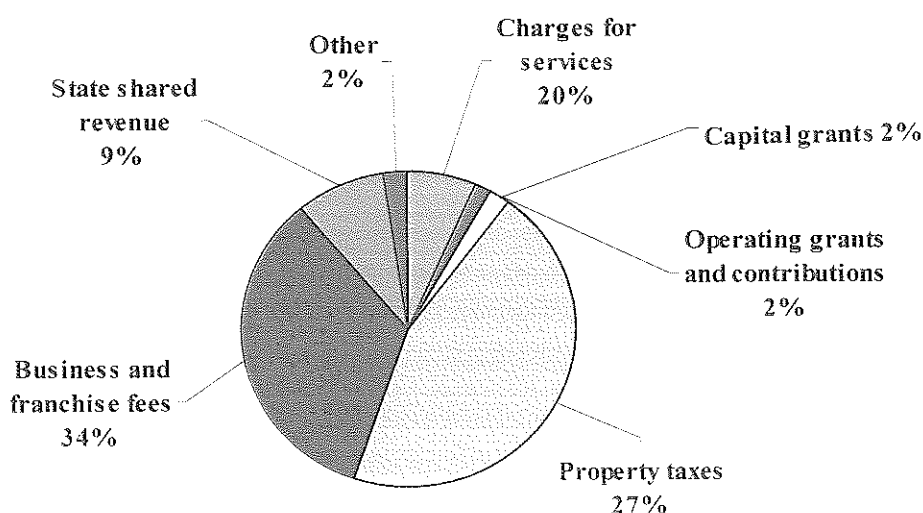
Unrestricted net assets report a deficit of \$313,507. The cause of this deficit is a debt to the South Carolina Water Quality Revolving Fund. This debt is from the financing of the sewer lines that service the town but are owned by the City of Cayce. Since the town does not have ownership, the value of the line isn't included in the capital assets and therefore the debt cannot offset.

	Governmental Activities	
	2012	2011
Revenues:		
Program revenues		
Charges for services	\$ 102,229	\$ 93,997
Operating grants and Contributions	26,185	14,392
Capital grants and Contributions	30,084	-
Total program revenues	158,498	108,389
General revenues:		
Property taxes	685,557	813,780
Business and franchise fees	510,507	514,110
State shared revenue	134,697	84,434
Other	33,902	11,571
Total general revenues	1,364,663	1,423,895
Total revenues	1,523,161	1,532,284
Expenses:		
General government	454,998	328,750
Public safety	630,010	623,985
Public works	257,140	228,742
Tourism promotion	3,500	7,950
Interest and other charges	45,652	51,066
Total expenses	1,391,300	1,240,493
Increase (decrease) in net assets	131,861	291,791
Net assets, beginning of year	234,516	(57,275)
Net assets, end of year	\$ 366,377	\$ 234,516

Governmental Activities: The Town of Springdale's net assets increased by \$131,861 because revenues for the current fiscal year from governmental activities were \$1,523,161 while expenses were \$1,391,300. As shown in the table above, compared to the prior year, revenues declined \$131,861 from last year, but expenses increased by \$150,807. The increase is particularly noticeable for the general government category for two reasons. General government includes buildings and grounds. During this fiscal year, \$68,000 in renovations was completed on the police department. Additionally, one salaried position was moved from public safety to general government, accounting for the other \$58,000. There was no noticeable decrease in public safety spending due to the purchase of three police vehicles amounting to \$90,000. No debt was presumed by the purchase of the vehicles.

The Town's revenue comes primarily from business licenses and franchise fees (33%). Property tax revenue declined to 27% of the total as part of the Town's 2012 budget plan to use accumulated reserves to finance current year operations.

Total Governmental Activity Revenue by Type



During the current fiscal year public safety related expenses accounted for 46% of the total governmental activities expenses. Public safety expenditures include police and municipal court. Public works related expenditures accounted for 18% of the total. Public works expenditures include those for the sanitation department. General government expenditures accounted for 33% of the total and increased by \$150,807 from the prior year.

Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the Town of Springdale's governmental funds is to provide information on the near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town of Springdale's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town of Springdale's governmental funds reported combined ending fund balances of \$884,043, a decrease of \$175,713 in comparison with the prior year. \$706,270 constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is restricted to indicate that it is not available for new spending because it has already been committed.

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the general fund was \$712,312 with a total fund balance of \$862,633. As a measure of the general fund's liquidity, it may be useful to compare both unassigned and total fund balance to total fund expenditures. Unassigned fund balance represents 83 percent of total general fund expenditures while total fund balance represents 91 percent of that same amount.

The fund balance of the Town of Springdale's general fund decreased by \$204,969 during the current fiscal year primarily because the Town budgeted to finance current operations from reserves.

General Fund Budgetary Highlights

For FY12, the Town determined that it should use \$223,997 of its accumulated reserves to finance one-time expenditures. Actual use of reserves was only \$204,969 because unbudgeted expenditures of \$60,859 were offset by \$70,077 of unbudgeted revenue and \$9,810 of unbudgeted proceeds from fixed-asset sales.

Capital Asset and Debt Administration

Capital assets. The Town's investment in capital assets for its governmental activities as of June 30, 2012, was \$606,311 (net of accumulated depreciation), an increase of \$67,699 from the prior year end. Following is a summary of capital assets and for more information see Note III.D. in the notes to the financial statements.

Town of Springdale Capital Assets (net of depreciation)

	Governmental Activities	
	2012	2011
Land	\$ 30,000	\$ 30,000
Buildings and land improvements	201,987	152,303
Vehicles	224,408	211,334
Equipment and furnishings	149,916	144,975
	<u>\$ 606,311</u>	<u>\$ 538,612</u>

Major capital asset additions during the current fiscal year included 3 police vehicles. The Town disposed of \$21,310 of obsolete equipment and furnishings during fiscal year 2012.

Debt Administration. At the end of the current fiscal year, the Town of Springdale had total debt outstanding of \$1,097,864. Of this amount, \$51,468 comprises debt backed by the full faith and credit of the government. The remainder \$1,046,397 is revenue bonds for water lines owned by the City of Cayce. The Town's total debt decreased \$125,829 during 2012. See Note III.E. in the notes to the financial statements for more information.

Town of Springdale's Outstanding Debt General Obligation and Revenue Bonds and Capital Lease Obligations

	Governmental Activities	
	2012	2011
General obligation bonds	\$ 51,468	\$ 100,626
State revolving fund loans	1,046,396	1,119,864
	<u>\$ 1,097,864</u>	<u>\$ 1,220,490</u>

Economic Factors and Next Year's Budgets and Rates

Fiscal 2012 budget included no millage increase. The final payments for two outstanding debts that were completed in fiscal year 2012 totaling \$105,000 will alleviate the economic challenges deriving from the 2008 Great Recession.

For the Fiscal 2013 budget the millage rate is proposed to remain the same at 57.7 mills. Additionally, it will include:

- Defer hiring 1 police patrolman position and 1 public works laborer position.
- \$80,000 grant for the demolition of dilapidated commercial structures on Platt Springs Rd.
- Loan agreement for the purchase of the yard trash truck (\$125,000)
- Set aside \$10,000 (for 3 years) in the capital improvement fund for the installation of a Town amphitheatre at Cindy's Place park (total project costs ~\$30,000).
- Final payment (\$54,000) for GO Bond for the sewer project.
- \$20,000 for the purchase of a new business license software (features include zoning permits, building permits, and code enforcement)
- \$23,000 in building and grounds for street lighting (Airport Blvd. and Platt Springs)

In FY07 (at 58 mills), the Town general fund received over \$400k from property taxes and \$90k from the local government fund. The FY13 budget anticipates \$320k from property taxes and \$43k from the local government fund. The factors contributing to this change in revenue may be the 2008 economic recession, the 2010 property reassessment/millage cap and the state budget deficit. Thus, we will review our current services for maximum efficiency, monitor our financials closely, and consider fiscal impact when making decisions affecting the Town.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

TOWN OF SPRINGDALE, SOUTH CAROLINA
STATEMENT OF NET ASSETS
June 30, 2012

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 803,826
Receivables, net of allowance for doubtful accounts	53,688
Prepays	104,200
Capital assets not being depreciated	
Land	30,000
Capital assets, net of accumulated depreciation	
Buildings and land improvements	201,987
Vehicles	224,408
Equipment and furnishings	149,916
Total assets	<u>1,568,025</u>
LIABILITIES	
Accounts payable	63,785
Accrued salaries and payroll withholdings	12,061
Customer deposits and prepayments	1,825
Accrued interest	5,134
Noncurrent liabilities:	
Due within one year	127,730
Due in more than one year	991,113
Total Liabilities	<u>1,201,648</u>
NET ASSETS (DEFICIT)	
Invested in capital assets, net of related debt	606,311
Restricted for :	
Other	73,573
Unrestricted	<u>(313,507)</u>
Total net assets (deficit)	<u>\$ 366,377</u>

The accompanying notes are an integral part of these statements.

TOWN OF SPRINGDALE, SOUTH CAROLINA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2012

Functions/Programs	Program Revenues				Net (Expense)
	Expenses	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	\$ 454,998	\$ 21,243	\$ -	\$ 30,084	\$ 403,671
Public safety and law enforcement	630,010	77,548	26,185	-	526,277
Public works	257,140	3,438	-	-	253,702
Tourism promotion	3,500	-	-	-	3,500
Interest on long-term debt	45,652	-	-	-	45,652
Total governmental activities	<u>1,391,300</u>	<u>80,986</u>	<u>26,185</u>	<u>30,084</u>	<u>1,232,802</u>
General revenues					
Property taxes					685,557
Franchise taxes and business licenses					510,507
Grants and contributions not restricted to specific programs					134,697
Gain (loss) on disposition of assets					13,084
Unrestricted interest income					690
Other					<u>20,128</u>
Total general revenues and transfers					<u>1,364,663</u>
Change in net assets					131,861
Net assets - beginning of year					<u>234,516</u>
Net assets - end of year					<u>\$ 366,377</u>

The accompanying notes are an integral part of these statements.

TOWN OF SPRINGDALE, SOUTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2012

	General Fund	Debt Service Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 741,809	\$ -	\$ 62,017	\$ 803,826
Receivables, net of allowance for doubtful accounts	40,814	-	12,874	53,688
Due from other funds	7,010	-	-	7,010
Prepays	73,000	31,200	-	104,200
Total assets	<u>\$ 862,633</u>	<u>\$ 31,200</u>	<u>\$ 74,891</u>	<u>\$ 968,724</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 63,435	\$ -	\$ 350	\$ 63,785
Accrued salaries and payroll withholdings	12,061	-	-	12,061
Customer deposits and prepayments	1,825	-	-	1,825
Due to other funds	-	6,042	968	7,010
	<u>77,321</u>	<u>6,042</u>	<u>1,318</u>	<u>84,681</u>
Fund Balances:				
Nonspendable:				
Prepays	73,000	31,200	-	104,200
Restricted for:				
Tourism promotion	-	-	19,918	19,918
Public safety and law enforcement	-	-	12,616	12,616
Victims services	-	-	41,039	41,039
Unassigned	712,312	(6,042)	-	706,270
Total fund balances	<u>785,312</u>	<u>25,158</u>	<u>73,573</u>	<u>884,043</u>
Total liabilities and fund balances	<u>\$ 862,633</u>	<u>\$ 31,200</u>	<u>\$ 74,891</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				606,311
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				(20,979)
Accrued interest				(5,134)
Bonds and leases payable				(1,097,864)
Net assets of governmental activities				<u>\$ 366,377</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, 2012

	General Fund	Debt Service Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues				
Property taxes	\$ 523,080	\$ 162,477	\$ -	\$ 685,557
Intergovernmental revenue	120,492	-	68,883	189,375
Grants	-	-	1,591	1,591
Licenses and permits	531,750	-	-	531,750
Charges for services	3,438	-	-	3,438
Fines, fees, and forfeitures	56,603	-	20,945	77,548
Interest income	636	-	54	690
Other	14,328	5,800	-	20,128
Total revenues	1,250,327	168,277	91,473	1,510,077
Expenditures				
Current				
General government administration	399,900	2,400	-	402,300
Buildings and grounds	37,454	-	-	37,454
Public safety and law enforcement	531,392	-	26,185	557,577
Administration of justice	17,539	-	-	17,539
Public works	211,719	-	-	211,719
Tourism promotion	-	-	3,500	3,500
Debt Service				
Principal retirement	111,071	122,626	-	233,697
Interest	2,928	45,699	-	48,627
Capital Outlay				
Buildings and grounds	68,101	-	30,084	98,185
Public safety and law enforcement	88,971	-	-	88,971
Public works	7,531	-	-	7,531
Total expenditures	1,476,606	170,725	59,769	1,707,100
Excess (deficiency) of revenues over (under) expenditures	(226,279)	(2,448)	31,704	(197,023)
Other Financing Sources				
Sale of capital assets	21,310	-	-	21,310
Total other financing sources	21,310	-	-	21,310
Net change in fund balances	(204,969)	(2,448)	31,704	(175,713)
Fund balances, beginning of year	990,282	27,606	41,868	1,059,756
Fund balances, end of year	\$ 785,313	\$ 25,158	\$ 73,572	\$ 884,043

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, 2012

Amounts reported for governmental activities in the statement of activities (page 6) are different because:	
Net change in fund balances -- total governmental funds (page 8)	\$ (175,713)
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	194,687
Depreciation expense reported in governmental activities	(107,174)
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	
	(19,814)
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:	
Repayment of long-term debt	233,697
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	3,203
Accrued interest	2,975
Change in net assets of governmental activities (page 6)	<u>\$ 131,861</u>

The accompanying notes are an integral part of these statements.

TOWN OF SPRINGDALE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

The Town's financial statements have been prepared in accordance with Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity

As required by 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. Basis of Presentation

The Town's financial statements are presented from two perspectives, the government-wide perspective and the fund perspective.

The government-wide financial statements consist of the Statement of Net Assets and the Statement of Activities. The two statements report information on all *governmental activities* of the Town (the "primary government").

The statement of net assets reports all financial and capital resources of the Town and reports the difference between assets and liabilities as net assets, not as fund balance or equity. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as *general revenues*. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Town.

Fund financial statements present separate information for governmental funds. Funds are independent fiscal and accounting entities with self-balancing sets of accounts. The focus is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds, if any, are aggregated and presented in a single column.

TOWN OF SPRINGDALE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

Governmental fund types are those through which most governmental functions of the Town are financed. Governmental funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting.

The Town reports two major 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.

Debt Service Fund - account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest

In addition the Town reports four nonmajor governmental fund types. These funds are *special revenue funds* which account for specific revenue sources that are legally restricted to expenditures for specified purposes. Special revenue funds consist of the following: Grants, Police Drug Seizures, Victims' Rights, and Accommodations Tax

The use of multiple funds gives rise to interfund activity. Most, but not all, of this internal activity is eliminated from the government-wide statement of activities. Amounts reported in the funds as interfund receivables and payables have been eliminated in the statement of net assets..

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. As a general rule, revenues are recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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 grantor have been met. Additionally, the effect of interfund activity has been eliminated from the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be identified and available means collectible within the current period or soon enough thereafter (generally not to exceed 60 days) to be used to pay liabilities of the current period. 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.

Those revenues susceptible to accrual are property taxes, charges for services, and hospitality fees. Revenues from state and federal grants are recorded when expenditures are incurred. Entitlements and shared revenues are recognized at the time of receipt or earlier if the susceptible to accrual criteria is met. Interest revenue is considered available when earned. Major revenues that are determined not to be susceptible to accrual because they are either not available soon enough to pay liabilities of the current period or are not objectively measurable include fees and fines (except hospitality fees), licenses and permits.

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

TOWN OF SPRINGDALE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
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when payments are due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

In the government-wide financial statements, and in the governmental fund types in the fund financial statements, certain assets are recognized in connection with a transaction before the earnings process is complete. These assets are generally offset by a corresponding liability for deferred revenue, commonly referred to as unearned revenue. Deferred revenue, in the government-wide statements and in the governmental fund financial statements, is represented by various deposits on contracts. The governmental fund financial statements report certain assets that are not yet available to finance expenditures for the current fiscal period and are classified as deferred revenue commonly known as unavailable revenue. Unavailable revenue in the governmental funds is represented by loans receivable in the grant fund.

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.

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, 2012.

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.

TOWN OF SPRINGDALE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

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.

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.

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.

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

TOWN OF SPRINGDALE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

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.
- *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.

TOWN OF SPRINGDALE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Cash and Investments

Cash Deposits

As of June 30, 2012, the carrying amount of the government's bank deposits was \$803,826 and the respective bank balances totaled \$830,418. Of the total bank balances, \$385,077 was insured through the Federal Depository Insurance Corporation (FDIC). The remaining \$445,341 was collateralized with securities held by the financial institutions in the government's name.

Investments

The Town invests funds in accordance with South Carolina law applicable to local government deposits and investments. As of June 30, 2012, the Town maintained \$135,077 in the South Carolina Pooled Investment Fund. The South Carolina Pooled Investment Fund (the "Pool") funds are invested with the South Carolina State Treasurer's Office, which established the Pool pursuant to Section 6-6-10 of the South Carolina Code. The Pool is an investment trust fund, in which public monies in excess of current needs, which are under the custody of any city treasurer or any governing body of a political subdivision of the State, may be deposited. The Pool is a 2a 7-like pool which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but has a policy that it will operate in a manner consistent with the SEC's Rule 2a 7 of the Investment Company Act of 1940. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", investments are carried at fair value determined annually based upon quoted market prices. 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.

Credit Risk

State law limits local government investments to (1) obligations of the United States and agencies thereof; (2) general obligations of the State of South Carolina or any of its political units; (3) savings and loan association deposits to the extent insured by the Federal Deposit Insurance Corporation (FDIC); (4) certificates of deposits and repurchase agreements collateralized by securities of the type described in (1) and (2) above held by a third party as escrow agent or custodian, at a market value not less than the amount of certificates of deposit and repurchase agreements so secured, including interest; and (5) no load open and closed-end portfolios of certain investment companies with issues of the US Government. The Town has no investment policy that would further limit its investment choices. As of yearend, the County's investment in the South Carolina Pooled Investment Fund was unrated.

B. Receivables, Deferred Revenue and Unearned Revenue

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

	General	Debt	Non-Major	Total
	Fund	Service	Governmental	Governmental
	Fund	Fund	Fund	Funds
Licenses and permits	\$ 9,194	\$ -	\$ -	\$ 9,194
Intergovernmental	22,327		12,874	35,201
Other	9,293		-	9,293
Gross receivables	40,814	-	12,874	53,688
Less, allowance for uncollectibles	-		-	-
Net total receivables	\$ 40,814	\$ -	\$ 12,874	\$ 53,688

TOWN OF SPRINGDALE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

C. Capital Assets

Capital asset activity for the Town for the year ended June 30, 2012 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 30,000	\$ -	\$ -	\$ 30,000
Total capital assets not being depreciated	30,000	-	-	30,000
Capital assets being depreciated:				
Buildings and land improvements	301,440	68,101	12,607	356,934
Vehicles	560,650	82,569	108,648	534,571
Equipment and furnishings	399,980	44,017	20,979	423,018
Total capital assets being depreciated	1,262,070	194,687	142,234	1,314,523
Less accumulated depreciation for:				
Buildings and improvements	149,137	9,402	3,592	154,947
Vehicles	349,316	61,248	100,401	310,163
Equipment and furnishings	255,005	36,524	18,427	273,102
Total accumulated depreciation	753,458	107,174	122,420	738,212
Total capital assets being depreciated, net	508,612	87,513	19,814	576,311
Governmental activities capital assets, net	\$ 538,612	\$ 87,513	\$ 19,814	\$ 606,311

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

General government administration	\$ 9,948
Public safety and law enforcement	52,537
Public works	44,689
Total depreciation expense - governmental activities	<u>\$ 107,174</u>

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, 2012 were:

Receivable Fund	Payable Fund	Amount
General Fund	Debt Service Fund	\$ 6,042
General Fund	Accommodations Tax Fund	294
General Fund	Victims Assistance Fund	674
		<u>\$ 7,010</u>

TOWN OF SPRINGDALE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

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, 2012 are as follows:

\$422,234 general obligation bond, payable in annual installments of	
\$53,887, including interest at 4.7%, maturing August 2012	\$ 51,468
	<u>\$ 51,468</u>

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

Year Ending June 30,	Principal	Interest	Total
2013	51,468	2,419	53,887
Thereafter	-	-	-
Total	<u>\$ 51,468</u>	<u>\$ 2,419</u>	<u>\$ 53,887</u>

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, 2012 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%.	\$ 1,046,397
	<u>\$ 1,046,397</u>

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
2013	76,262	38,175	114,437
2014	79,162	35,275	114,437
2014	82,172	32,265	114,437
2016	85,298	29,139	114,437
2017	88,541	25,896	114,437
2018-2022	495,852	76,335	572,187
2023-2024	139,109	3,937	143,046
Total	<u>\$ 1,046,396</u>	<u>\$ 241,022</u>	<u>\$ 1,287,418</u>

Changes in long-term liabilities. Long-term liability activity for the year ended June 30, 2012 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 100,626	\$ -	\$ 49,158	\$ 51,468	\$ 51,468
South Carolina Water Quality Revolving Fund bond	1,119,864	-	73,468	1,046,396	76,262
Compensated absences	24,182	-	3,203	20,979	-
Governmental activity long-term liabilities	<u>\$ 1,244,672</u>	<u>\$ -</u>	<u>\$ 125,829</u>	<u>\$ 1,118,843</u>	<u>\$ 127,730</u>

TOWN OF SPRINGDALE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

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 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 9.385% for the SCRS and 11.363% 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>
2012	\$ 22,636	\$ 36,606
2011	24,032	37,103
2010	24,526	37,579

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.

TOWN OF SPRINGDALE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

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. Subsequent Events

Management has evaluated subsequent events through December 27, 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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget- Over
	Original	Final	Amounts	(Under)
Revenues				
Property taxes	\$ 551,950	\$ 551,950	\$ 523,080	\$ (28,870)
Intergovernmental revenue	107,300	107,300	120,492	13,192
Licenses and permits	433,100	433,100	531,750	98,650
Charges for services	2,000	2,000	3,438	1,438
Fines, fees, and forfeitures	81,000	81,000	56,603	(24,397)
Interest income	2,000	2,000	636	(1,364)
Other	2,900	2,900	14,328	11,428
Total revenues	1,180,250	1,180,250	1,250,327	70,077
Expenditures				
Current				
General government administration:				
Administration and Town Council	324,928	324,928	399,900	74,972
Buildings and Grounds	39,650	39,650	37,454	(2,196)
Total general government administration	364,578	364,578	437,354	72,776
Public safety and law enforcement:				
Police	574,356	574,356	531,392	(42,964)
Court	21,680	21,680	17,539	(4,141)
Total public safety and law enforcement	596,036	596,036	548,931	(47,105)
Public works:				
Sanitation department	220,333	220,333	211,719	(8,614)
Total public works	220,333	220,333	211,719	(8,614)
Debt service				
Principal retirement	87,600	87,600	111,071	23,471
Interest	2,200	2,200	2,928	728
	89,800	89,800	113,999	24,199
Capital Outlay				
General government administration	25,000	25,000	68,101	43,101
Public safety and law enforcement	90,000	90,000	88,971	(1,029)
Public works	30,000	30,000	7,531	(22,469)
	145,000	145,000	164,603	19,603
Total expenditures	1,415,747	1,415,747	1,476,606	60,859
Excess (deficiency) of revenues over (under) expenditures	(235,497)	(235,497)	(226,279)	9,218

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget- Over
	Original	Final	Amounts	(Under)
Other Financing Sources				
Sale of capital assets	11,500	11,500	21,310	9,810
Total other financing sources	11,500	11,500	21,310	9,810
Net change in fund balances	(223,997)	(223,997)	(204,969)	19,028
Fund balances, beginning of year	818,205	818,205	990,282	-
Fund balances, end of year	\$ 594,208	\$ 594,208	\$ 785,313	\$ 19,028

TOWN OF SPRINGDALE, SOUTH CAROLINA
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE –
BUDGET AND ACTUAL -- GENERAL FUND
June 30, 2012

A. Budget Basis of Accounting

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, 2012.

B. Excess of Expenditures over Appropriations

For the year ended June 30, 2012, general fund expenditures exceeded appropriations by \$60,859. The over-expenditures were funded by revenue which exceeded budgeted amounts.

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, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget- Over (Under)
Revenues				
Property taxes	\$ 169,353	\$ 169,353	\$ 162,477	\$ (6,876)
Other	50	50	5,800	5,750
Total revenues	169,403	169,403	168,277	(1,126)
Expenditures				
General government administration				
Administrative expense	1,078	1,078	2,400	1,322
Debt service				
Principal retirement	122,626	122,626	122,626	-
Interest	45,699	45,699	45,699	-
Total expenditures	169,403	169,403	170,725	1,322
Net change in fund balances	-	-	(2,448)	(2,448)
Fund balances, beginning of year	27,606	27,606	27,606	-
Fund balances, end of year	\$ 27,606	\$ 27,606	\$ 25,158	\$ (2,448)

TOWN OF SPRINGDALE, SOUTH CAROLINA
COMBINING BALANCE SHEET – OTHER GOVERNMENTAL FUNDS (SPECIAL REVENUE FUNDS)
June 30, 2012

	Grants	Accommodations	Police	Victims	
	Fund	Tax	Drug	Assistance	Total
	Fund	Fund	Seizure	Fund	
Assets					
Cash and cash equivalents	\$ -	\$ 7,688	\$ 12,615	\$ 41,713	\$ 62,016
Receivables, net of allowance for doubtful accounts	-	12,874	-	-	12,874
Total assets	\$ -	\$ 20,562	\$ 12,615	\$ 41,713	\$ 74,890
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ -	\$ 350	\$ -	\$ -	\$ 350
Due to other funds	-	294	-	674	968
	-	644	-	674	1,318
Fund Balances					
Unreserved, undesignated	-	19,918	12,615	41,039	73,572
Total fund balances	-	19,918	12,615	41,039	73,572
Total liabilities and fund balances	\$ -	\$ 20,562	\$ 12,615	\$ 41,713	\$ 74,890

TOWN OF SPRINGDALE, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
OTHER GOVERNMENTAL FUNDS (SPECIAL REVENUE FUNDS)
For the Year Ended June 30, 2012

	Grants	Police Drug Seizure	Accommodations Tax	Victims Assistance	Total
	Fund	Fund	Fund	Grants	
Revenues					
Intergovernmental revenue	\$ 54,678	\$ -	\$ 14,205	\$ -	\$ 68,883
Grants	1,591	-	-	-	1,591
Fines, fees and forfeitures	-	12,615	-	8,330	20,945
Interest	-	-	21	33	54
Total revenues	56,269	12,615	14,226	8,363	91,473
Expenditures					
Current					
Public safety and law enforcement	26,185	-	-	-	26,185
Tourism promotion	-	-	3,500	-	3,500
Capital Outlay					
General government administration	30,084	-	-	-	30,084
Total expenditures	56,269	-	3,500	-	59,769
Net change in fund balances	-	12,615	10,726	8,363	31,704
Fund balances, beginning of year	-	-	9,192	32,676	41,868
Fund balances, end of year	\$ -	\$ 12,615	\$ 19,918	\$ 41,039	\$ 73,572

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, 2012

Court Fines and Assessments

Court fines and assessments collected	\$ 147,946
Court fines and assessments remitted to the State Treasurer	<u>(83,013)</u>
Court fines and assessments retained by the Town	<u>\$ 64,933</u>

Surcharges

Surcharges and Assessments Retained by the Town	\$ 8,330
Funds Expended on Victims Services	
From surcharges and assessments	\$ -



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

ROD K.
DOOLEY, JR.,
CPA-PFS-CFF

MARCHETA H.
ROGERS,
CPA

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

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, 2012, which collectively comprise the Town of Springdale, South Carolina's basic financial statements and have issued our report thereon dated December 27, 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.

Internal Control Over Financial Reporting

Members:

*American
Institute of
Certified Public
Accountants*

*Affordable
Housing Association
of Certified Public
Accountants*

*South Carolina
Association of
Certified Public
Accountants*

*North Carolina
Association of
Certified Public
Accountants*

*Municipal
Association of
South Carolina*

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 December 27, 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

December 27, 2012

REGULATORY SECTION

TOWN OF SPRINGDALE, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2012

NONE

**TOWN OF SPRINGDALE, SOUTH CAROLINA
STATUS OF PRIOR YEAR FINDINGS
For the Year Ended June 30, 2012**

NONE