

**AUDITED FINANCIAL STATEMENTS
AND
SUPPLEMENTAL INFORMATION**

***TOWN OF SPRINGDALE,
SOUTH CAROLINA***

June 30, 2016

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June 30, 2016

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INDEPENDENT AUDITORS' REPORT

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Springdale, South Carolina (the "Town"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

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

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

OPINIONS

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Springdale, South Carolina, as of June 30, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension plan schedules on pages 4-9, 33-34, and 35-38, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2017, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial

reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

The Holla Group, P.A.

Columbia, South Carolina

May 24, 2017

**Town of Springdale, South Carolina
Management's Discussion and Analysis
Year Ended June 30, 2016**

Overview of the Financial Statements and Financial Analysis

As management of the Town of Springdale, South Carolina (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2016. The Management's Discussion and Analysis (MD&A) section is designed to assist the reader in focusing on significant financial issues, providing an overview of the Town's financial activity and identifying changes in the Town's financial condition, material deviations from financial budget and individual fund issues and concerns. While audited financial statements for fiscal year 2015 are not presented with this report, condensed operations and financial position data will be presented in this section in order to illustrate certain increases and decreases.

The reporting entity includes the activities of the Town. There are no component units included in the reporting entity.

Financial Highlights

- The assets and deferred outflows of resources for the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$466,296 (net position).
- The government's total net position increased by \$293,297 from activities during the fiscal year ended June 30, 2016.
- At the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$1,721,790, an increase of \$219,911 in comparison with the prior year. Approximately 82% of this total amount, \$1,407,424, is available for spending at the government's discretion (unassigned fund balances).
- The Town's long-term debt balances excluding accrued interest and compensated absences at June 30, 2016 was \$753,355, a decrease of \$125,595 from the prior year.
- Total liabilities overall increased by \$27,824. The increase is due primarily to an increase in accounts payable in the current year.
- Cash and cash equivalents increased by \$332,810.
- The historical cost of capital assets increased by \$81,328 from current year acquisitions. Historical cost of disposals was \$34,014. Net capital assets decreased by \$58,831 after depreciation of \$133,171 was recorded for the current year.
- Overall revenues increased by \$47,989. This increase was primarily attributable to an increase in licenses, permits and fees revenues of \$32,765.
- Overall governmental activity expenses were up \$51,109. General government, public safety and law enforcement, and public works showed increases of \$16,686, \$15,831, and \$21,526, respectively during the current year.

Condensed Financial Statement Information & Overview

Overview of the Financial Statements

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

Entity-wide financial statements

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

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

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

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

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

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

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the South Carolina Retirement System (SCRS) and additions to/deductions from SCRS's fiduciary net position have been determined on the same basis as they are reported by SCRS. The net pension liability is reflected on the condensed Statement of Net Position below. The Statement of Net Position presents information on all of the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

Condensed Statement of Net Position

	June 30, 2015	June 30, 2016	Increase (Decrease)
Assets			
Current assets	\$ 1,546,598	\$ 1,882,783	\$ 336,185
Capital assets, net	527,501	468,670	(58,831)
Total assets	<u>\$ 2,074,099</u>	<u>\$ 2,351,453</u>	<u>\$ 277,354</u>
Deferred outflows of resources	<u>\$ 91,781</u>	<u>\$ 96,039</u>	<u>\$ 4,258</u>
Total assets and deferred outflows of resources	<u>\$ 2,165,880</u>	<u>\$ 2,447,492</u>	<u>\$ 281,612</u>
Liabilities			
Current liabilities	\$ 173,584	\$ 279,003	\$ 105,419
Non-current liabilities	1,723,494	1,645,899	(77,595)
Total liabilities	<u>\$ 1,897,078</u>	<u>\$ 1,924,902</u>	<u>\$ 27,824</u>
Deferred inflows of resources	<u>\$ 95,803</u>	<u>\$ 56,294</u>	<u>\$ (39,509)</u>
Net position			
Net investment in capital assets	\$ 438,592	\$ 417,198	\$ (21,394)
Restricted	175,173	233,269	58,096
Unrestricted	(440,766)	(184,171)	256,595
Total net position	<u>\$ 172,999</u>	<u>\$ 466,296</u>	<u>\$ 293,297</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 2,165,880</u>	<u>\$ 2,447,492</u>	<u>\$ 281,612</u>

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). The Statement of Activities also presents a comparison between direct expenses and program revenues for each function of the Town.

The Statement of Activities includes the impact of GASB 68. Expenses include the actuarially determined employer retirement expense. These rates are actuarially determined as amounts that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Condensed Statement of Activities

	June 30, 2015	June 30, 2016	Increase (Decrease)
Governmental activities expenses			
General government	\$ 449,935	\$ 466,621	\$ 16,686
Public safety and law enforcement	673,071	688,902	15,831
Public works	258,173	279,699	21,526
Interest on long-term debt	21,148	18,214	(2,934)
Total functional expenses	1,402,327	1,453,436	51,109
Program revenues			
Operating grants and contributions	776	11,000	10,224
Charges for services	154,281	155,354	1,073
Total program revenues	155,057	166,354	11,297
Net program expense (income)	1,247,270	1,287,082	39,812
Change in net position before non-program revenues (expenses)	(1,247,270)	(1,287,082)	(39,812)
Non-program revenues (expenses)			
Taxes	684,627	701,261	16,634
Licenses, permits, and fees	732,931	765,696	32,765
Homestead exemption	46,136	46,764	628
Merchant's inventory program	1,037	995	(42)
Local option alcohol sales	3,150	-	(3,150)
Local government fund	57,701	56,280	(1,421)
Gain on disposition of assets	6,929	(5,988)	(12,917)
Interest income	726	2,119	1,393
Other	10,449	13,251	2,802
Total general revenues	1,543,686	1,580,378	36,692
Change in net position	\$ 296,416	\$ 293,296	\$ (3,120)

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state agencies and political subdivisions, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. Governmental funds are used to account for essentially the same functions reported as governmental activities in the entity-wide financial statements. However, unlike the entity-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Town's near-term financing requirements. This approach is known as using the flow of current financial resources measurement focus and the modified accrual basis of accounting. These statements provide a detailed short-term view of the Town's finances that assists in determining whether there will be adequate financial resources available to meet the current needs of the Town. All of the funds of the Town are governmental funds as opposed to enterprise funds. The Town's only major governmental fund is the general fund. All other funds maintained by the Town, including the accommodations tax fund, police and drug seizure fund, and victim's assistance fund, are considered non-major. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and collectively for the non-major governmental funds.

Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information, which includes comparisons of original and final budget to actual outflow (expenses) on a budgetary basis for each major fund. Also, included is the schedules of proportionate share of net pension liability and contributions that are required components from the adopting of GASB 68 as disclosed in the notes to the financial statements.

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the entity-wide and fund financial statements.

Analysis of Overall Financial Position and Budget to Actual Comparison

The fiscal year 2016 budget included no millage increase. Below are some highlights from the budget to actual comparison.

Actual general fund revenues for 2016 were \$1,701,997 which is \$276,979 higher than the \$1,425,018 that was initially budgeted for fiscal year 2016. The reason for the increase is due primarily to two reasons: the police department fines are now being reported at gross where the budget was reported net of the portion sent to the State of South Carolina, and business licenses revenue increased due to increased economic activity. Overall revenues were strong in fiscal year 2016.

Actual general fund expenditures were more than the budgeted expenditures for fiscal year 2016 by \$8,631. The budgeted expenditure amount was \$1,514,018 and the actual expenditures were \$1,522,649. All departments and functions were under budget in 2016 with the exception of the general government administration and buildings and grounds.

Capital Asset and Debt Administration

Capital assets. The Town's investment in capital assets for its governmental activities as of June 30, 2016, was \$468,670 (net of accumulated depreciation), a decrease of \$58,831 from the prior year end. Following is a summary of capital assets and for more information see Note D in the notes to the financial statements.

	June 30, 2015	June 30, 2016
Land	\$ 30,000	\$ 31,000
K-9 Bruce Wayne	-	5,500
Buildings and land improvements	205,574	197,745
Vehicles	211,170	169,583
Equipment and furnishings	80,757	64,842
	<u>\$ 527,501</u>	<u>\$ 468,670</u>

The Town completed several capital asset purchases during 2016 including two 2016 Dodge Chargers for the Police Department.

Debt Administration. At the end of the current fiscal year, the Town had total debt outstanding of \$753,355. Of this amount, \$51,472 comprises debt backed by the full faith and credit of the government. The remainder \$701,883 is revenue bonds for sewer lines owned by the City of Cayce. The Town's total debt decreased \$125,595 during 2016. See Notes E and F in the notes to the financial statements for more information.

	June 30, 2015	June 30, 2016
Installment purchase	\$ 88,909	\$ 51,472
State revolving fund loans	790,041	701,883
	<u>\$ 878,950</u>	<u>\$ 753,355</u>

Economic Issues

Fiscal year 2017 will be a crucial year for determining the fiscal path that the Town of Springdale will take for the next several decades. Town personnel and council are working diligently to prepare several tracks of land for mixed use and residential developments. Changes in zoning and streetscapes along the Platt Springs Road corridor will facilitate the changes needed to bring in commercial development while keeping the community values and honoring the historical significance of these sights. The increased funding from these developments will provide opportunities to begin new capital improvements projects that will increase the family and community atmosphere of Springdale.

Requests for Information

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

AUDITED FINANCIAL STATEMENTS

STATEMENT OF NET POSITION
TOWN OF SPRINGDALE, SOUTH CAROLINA
June 30, 2016

		Governmental Activities
<hr/>		
ASSETS		
Current Assets		
Cash and cash equivalents	\$	1,737,054
Receivables		64,632
Prepaid expenses		81,097
	Total Current Assets	<hr/> 1,882,783
Noncurrent Assets		
Capital assets, net		468,670
	Total Assets	<hr/> 2,351,453
DEFERRED OUTFLOWS OF RESOURCES		
Deferred pension charges		96,039
LIABILITIES		
Current Liabilities		
Accounts payable		135,163
Accrued salaries and payroll withholdings		23,810
Customer deposits		2,020
Accrued interest		2,416
Current maturities of long-term debt		115,594
	Total Current Liabilities	<hr/> 279,003
Noncurrent Liabilities		
Compensated absences		14,785
Net pension liability		993,353
Notes payable		26,036
South Carolina Water Quality Revolving Fund bond payable		611,725
	Total Liabilities	<hr/> 1,924,902
DEFERRED INFLOWS OF RESOURCES		
Deferred pension credits		56,294
NET POSITION		
Net investment in capital assets		417,198
Restricted for:		
Debt service		61,377
Tourism promotion		95,238
Public safety and law enforcement		12,843
Victim's services		63,811
Unrestricted		(184,171)
	TOTAL NET POSITION	<hr/> \$ 466,296

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

STATEMENT OF ACTIVITIES
TOWN OF SPRINGDALE, SOUTH CAROLINA
For the Year Ended June 30, 2016

	Expenses	Charges for Services	Program Revenue Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental Activities					
General government	\$ 466,621	\$ 3,980	\$ 11,000		\$ (451,641)
Public safety and law enforcement	688,902	151,374			(537,528)
Public works	279,699				(279,699)
Interest on long-term debt	18,214				(18,214)
Total Governmental Activities	<u>\$ 1,453,436</u>	<u>\$ 155,354</u>	<u>\$ 11,000</u>	<u>\$ 0</u>	<u>(1,287,082)</u>
General Revenues					
Taxes:					
Property taxes					638,675
Accommodations tax					62,586
Licenses, Permits and Fees:					
Franchise fees					307,630
Business licenses					458,066
Homestead exemption					46,764
Merchant's inventory program					995
Local government fund					56,280
Loss on disposition of assets					(5,988)
Interest income					2,120
Other					13,251
Total General Revenues					<u>1,580,379</u>
Change in Net Position					293,297
Net Position at Beginning of Year					<u>172,999</u>
Net Position at End of Year					<u>\$ 466,296</u>

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

BALANCE SHEET - GOVERNMENTAL FUNDS
TOWN OF SPRINGDALE, SOUTH CAROLINA
June 30, 2016

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 1,579,194	\$ 157,860	\$ 1,737,054
Receivables	45,971	18,661	64,632
Due from other funds	4,629	367	4,996
Prepaid expenses	81,097		81,097
TOTAL ASSETS	\$ 1,710,891	\$ 176,888	\$ 1,887,779
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 135,163		\$ 135,163
Accrued salaries and payroll withholdings	23,443	\$ 367	23,810
Customer deposits	2,020		2,020
Due to other funds	367	4,629	4,996
Total Liabilities	160,993	4,996	165,989
Fund Balances			
Nonspendable	81,097		81,097
Restricted			
Debt service	61,377		61,377
Tourism promotion		95,238	95,238
Public safety and law enforcement		12,843	12,843
Victim's services		63,811	63,811
Unassigned	1,407,424		1,407,424
Total Fund Balances	1,549,898	171,892	1,721,790
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,710,891	\$ 176,888	\$ 1,887,779

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

RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
 TOWN OF SPRINGDALE, SOUTH CAROLINA
 June 30, 2016

Total Fund Balances of the Governmental Funds	\$	1,721,790
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Amounts reported for governmental activities in the Statement of
 Net Position are different because:

Capital assets, net of depreciation, are not current financial resources and are not included in the governmental funds.		468,670
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The Town's proportionate shares of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to its participation in the State pension plans are not recorded in the governmental funds but are recorded in the Statement of Net Position.		(953,608)
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Long-term liabilities are not due and payable in the current period
and, therefore, are not reported in the governmental funds.

Long-term liabilities at year end consist of the following:

Compensated absences	(14,785)
Accrued interest	(2,416)
Bond and notes payable	<u>(753,355)</u>

Total Net Position of the Governmental Activities	\$	<u>466,296</u>
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The accompanying notes are an integral part of these financial statements.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
TOWN OF SPRINGDALE, SOUTH CAROLINA
For the Year Ended June 30, 2016

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues			
Property taxes	\$ 638,675		\$ 638,675
Intergovernmental revenue	130,918	\$ 35,707	166,625
Grants	11,000		11,000
Licenses, permits and fees	765,696		765,696
Charges for services	3,980		3,980
Fines, fees and forfeitures	136,431	14,943	151,374
Interest Income	2,046	74	2,120
Other revenue	13,251		13,251
Total Revenues	1,701,997	50,724	1,752,721
Expenditures			
General government administration	303,552		303,552
Town council	69,557		69,557
Buildings and grounds	86,093		86,093
Public safety and law enforcement	611,550	8,440	619,990
Administration of justice	19,561		19,561
Public works	209,066		209,066
Debt Service			
Principal	125,595		125,595
Interest	19,068		19,068
Capital Outlay	78,607	1,721	80,328
Total Expenditures	1,522,649	10,161	1,532,810
Net Change in Fund Balances	179,348	40,563	219,911
Fund Balances at Beginning of Year	1,370,550	131,329	1,501,879
FUND BALANCES AT END OF YEAR	\$ 1,549,898	\$ 171,892	\$ 1,721,790

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
TOWN OF SPRINGDALE, SOUTH CAROLINA
For the Year Ended June 30, 2016

Net Change in Fund Balances - Total Governmental Funds \$ 219,911

Amounts reported for governmental activities in the Statement
of Activities differs from the amounts in the Statement of
Revenues, Expenditures, and Changes in Fund Balances because:

Governmental funds report capital outlays as expenditures. However, in the
Statement of Activities, the costs of those assets are allocated over their
estimated useful lives as depreciation expense. This activity is reconciled as
follows:

Cost of capitalized assets	80,328
Depreciation expense	(133,171)
	<hr/> (52,843)

Cash proceeds from the sale or disposition of assets are reported in the
governmental funds as revenue. However, in the Statement of Activities
the gain or loss on disposition is reported. The activity is reconciled as follows:

Loss on disposition	(5,988)
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Change in the Town's proportionate shares of the net pension liability, deferred
outflows of resources, and deferred inflows of resources for the current year
are not reported in the governmental funds but are reported in the Statement
of Activities.

4,020

The issuance of long-term debt (e.g. bonds) provides current financial resources
to governmental funds, while repayment of the principal of long-term debt
consumes the current financial resources of governmental funds. Neither
transaction, however, has any effect on net position. This activity is reconciled
as follows:

Principal repayments	125,595
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Some expenses reported in the Statement of Activities do not require the use of
current financial resources, therefore are not reported as expenditures in
governmental funds. This activity is reconciled as follows:

Current year change in compensated absences	1,748
Current year change in accrued interest	854
	<hr/> 2,602

Change in Net Position of Governmental Activities

\$ 293,297

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

NOTES TO THE FINANCIAL STATEMENTS
TOWN OF SPRINGDALE, SOUTH CAROLINA
June 30, 2016

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

Nature of Activities

The Town of Springdale, South Carolina (the "Town") is a municipal corporation of the State of South Carolina, located in Lexington County, and as such possesses all of the general powers granted by the Constitution and laws of South Carolina to municipal corporations. The Town operates under the Council form of government. The Town Council is comprised of seven members, one of whom is the Mayor. The Council is the legislative body of the Town and has the major responsibility of determining the policies and direction of the municipal government. The Town Administrator is appointed by Council, and serves as the chief administrative officer of the Town. As such, the Town Administrator administers the daily operations of the Town through appointed department heads.

Summary of Significant Accounting Policies

The accounting and reporting policies of the Town in the accompanying basic financial statements conform in all material respects to accounting principles generally accepted in the United States of America applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for governmental accounting and financial reporting principles. The following significant accounting policies were applied in the preparation of the accompanying basic financial statements:

Basis of Accounting and Measurement Focus: The accounts of the Town are organized on the basis of governmental funds. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government-Wide Financial Statements

The Town's Government-Wide Financial Statements include a statement of net position and a statement of activities (including changes in net position). These statements present summaries of Governmental Activities for the Town.

These statements are presented on an "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, all of the Town's assets and liabilities, including capital assets and long-term debt, are included in the accompanying statement of net position. The statement of activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. The types of transactions reported as program revenues for the Town are reported as either charges for services, operating grants and contributions, or capital grants and contributions. Charges for services include revenues received for charges to recipients for goods or services provided by the program. Grant and contributions include revenues restricted to meeting the operational or capital requirements of a particular function.

NOTES TO THE FINANCIAL STATEMENTS
TOWN OF SPRINGDALE, SOUTH CAROLINA

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

- Continued

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the statement of net position have been eliminated.

Governmental Fund Financial Statements

Governmental Fund Financial Statements include a balance sheet and a statement of revenues, expenditures, and changes in fund balances for all major governmental funds and aggregated non-major funds. An accompanying schedule is presented to reconcile and explain the differences in fund balances as presented in these statements to net position presented in the Government-Wide Financial Statements. The Town has presented all major funds that met the qualifications of GASB Statement No. 34.

All governmental funds are accounted for on a spending or "*current financial resources*" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current position. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except those revenues subject to accrual (generally 60-days after year-end) are recognized when due.

The Town reports the following major governmental fund:

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

Net Position and Fund Balances: In the Government-Wide financial statements, the difference between the Town's total assets and liabilities represent net position. Net position for the governmental fund types are reported in three classifications, as follows:

Net Investment in Capital Assets: Consists of capital assets, net of accumulated depreciation, reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted Net Position: Result when constraints placed on the use of assets reduced by liabilities and deferred inflows of resources related to those assets are either externally imposed by creditors, grantors, contributors, and the like or imposed by law through constitutional provisions or enabling legislation.

NOTES TO THE FINANCIAL STATEMENTS
TOWN OF SPRINGDALE, SOUTH CAROLINA

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

Unrestricted Net Position: Consists of the net amount of the net position, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

The Town applies expenses that can be used both for restricted and unrestricted resources against restricted resources first.

The Town reports under the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement establishes criteria for classifying governmental fund balances into specifically defined classifications. Classifications are hierarchical and are based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in the funds may be spent. Application of the Statement requires the Town to classify and report amounts in the appropriate fund balance classifications. The Town's accounting and finance policies are used to interpret the nature and/or requirements of the funds and their appropriate classification. The Town reports the following classifications:

Nonspendable Fund Balance: Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form – such as inventory or prepaid insurance or (b) legally or contractually required to be maintained intact – such as a trust that must be retained in perpetuity.

Restricted Fund Balance: Restricted fund balances are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance: Committed fund balances are amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the Town Council, the government's highest level of decision making authority. Those committed amounts cannot be used for any other purposes unless the Town Council removes the specified use by taking the same type of action imposing the commitment.

Assigned Fund Balance: Assigned fund balances are amounts that are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned Fund Balance: Unassigned fund balance is the residual classification for the General Fund. This classification represents the General Fund balance that has not been assigned to other funds, and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

Reconciliation of Government-Wide and Fund Financial Statements: Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position – Following the governmental fund balance sheet is a reconciliation between *fund balances - total governmental funds and net position of governmental activities* as reported in the government-wide statement of net position. The details of these differences are explained in the above referenced financial statement.

NOTES TO THE FINANCIAL STATEMENTS
TOWN OF SPRINGDALE, SOUTH CAROLINA

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

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities – Following the governmental fund statements of revenues, expenditures, and change in fund balances, there is a reconciliation between *net changes in fund balances – total governmental funds* and *change in net position of governmental activities* as reported in the government-wide statement of activities. The details of these differences are explained in the above referenced financial statement.

Budgets: An annual operating budget is adopted for the General Fund. The budget is adopted on a basis consistent with generally accepted accounting principles. The budget is adopted and amended, as considered necessary, by approval from the Town Council.

Cash and Cash Equivalents: Cash and cash equivalents include all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of three months or less.

Interfund Receivables and Payables: During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due from and to other funds”. Short-term interfund loans are reported as “interfund receivables and payables”. Long-term interfund loans (noncurrent portion) are reported as “advances from and to other funds”. Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position.

Receivables: In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. No allowance for receivables is established as of June 30, 2016 because all receivables are considered fully collectible. Major receivable balances for the governmental activities include property taxes, franchise fees, and intergovernmental revenues.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as local option sales tax, property taxes, franchise fees, and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with the modified accrual basis but not deferred in the government-wide financial statements in accordance with the accrual basis. In instances in which differences between the use of the full accrual method and the modified accrual method (i.e. 60 day rule) of revenue recognition is not considered to be material the Town utilizes the modified-accrual basis for both government-wide and governmental fund financial reporting where both are reasonably expected to result in similar results.

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

NOTES TO THE FINANCIAL STATEMENTS
TOWN OF SPRINGDALE, SOUTH CAROLINA

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

Capital Assets: Capital assets include equipment and furnishings, land, buildings and improvements, and vehicles. Capital assets are defined by the Town as those assets with an initial, individual cost of more than \$500 and an estimated useful life of two years or more. All capital assets are valued at historical cost if purchased or constructed, or estimated historical cost if actual historical costs are not available. Donated fixed assets are valued at their estimated fair value on the date donated. Unless repair and maintenance cost (1) adds value to or (2) materially extends the life of an asset, it is expensed. Public domain (rights-of-way and easements), if booked, are capitalized using estimated historical or depreciable cost. Depreciation of all exhaustible capital assets has been provided based on the estimated useful lives of the class of assets, or individual assets using the straight line method with service lives as follows:

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

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

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

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Deposits and Investments - Laws and Regulations: In accordance with South Carolina State law the Town is authorized to invest in the following types of investments:

- a) Direct obligations of the U.S. Government or its agencies or instrumentalities to which the full faith and credit of the U.S. Government is pledged.
- b) General obligations of the State of South Carolina or any of its political units.
- c) Savings and loan associations to the extent they are secured by the Federal Deposit Insurance Corporation.
- d) Certificates of deposit where the certificates are collaterally secured by securities of the type described in (a) and (b) above held by a third party as escrow agent or custodian, with a market value not less than the amount of the certificate of deposit so secured, including interest.

NOTES TO THE FINANCIAL STATEMENTS
TOWN OF SPRINGDALE, SOUTH CAROLINA

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

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

In the fund financial statements, property taxes are recorded as revenue in the period they are levied and become due and available within the current period or expected to be collected soon enough thereafter, within 60 days of each year end, to be used to pay liabilities of the current period. Additional amounts due to be collected after the 60 day period are considered immaterial in total and no additional accrual in the government-wide financial statements is recorded.

Deferred Outflows and Inflows of Resources: In addition to assets, the Statement of Net Position and the Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town currently has one type of deferred outflows of resources. The Town reports deferred pension charges in its Statement of Net Position in connection with its participation in the South Carolina Retirement System and the South Carolina Police Officers Retirement System.

These deferred pension charges are either (a) recognized in the subsequent period as a reduction of the net pension liability (which includes pension contributions made after the measurement date) or (b) amortized in a systematic and rational method as pension expense in future periods in accordance with GAAP.

In addition to liabilities, the Statement of Net Position and the Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town currently has one type of deferred inflows of resources. The Town reports deferred pension credits in its Statement of Net Position in connection with its participation in the South Carolina Retirement System and South Carolina Police Officers Retirement System. These deferred pension credits are amortized in a systematic and rational method and recognized as a reduction of pension expense in future periods in accordance with GAAP.

General Obligation Debt: The State of South Carolina limits the amount of outstanding general obligation bonded debt of the Town for non-utility or non-street purposes to no more than eight percent of net assessed property value. For the year ended June 30, 2016, the Town had no outstanding general obligation debt.

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

Subsequent Events: Subsequent events have been evaluated through May 24, 2017, which represents the date the financial statements were available to be issued.

NOTES TO THE FINANCIAL STATEMENTS
TOWN OF SPRINGDALE, SOUTH CAROLINA

NOTE B -- DEPOSITS AND INVESTMENTS

Deposits: Statutes authorize the Town to invest in obligations of the United States and its agencies, general obligations (not revenue obligations) of the State of South Carolina and its subdivisions, savings and loan associations to the extent of federal insurance, certificates of deposit collaterally secured, repurchase agreements secured by the foregoing obligations, and the State Treasurer's Investment Pool.

For deposits, custodial credit risk is the risk that in the event of the failure of a depository financial institution, the Town will not be able to recover collateral securities that are in possession of an outside party. The Town does not have a policy regarding custodial credit risk for deposits.

As of June 30, 2016, the Town's cash deposits were as follows:

	Carrying Amount	Bank Balance
Demand Deposits	\$ 1,600,353	\$ 1,626,587

Of the Town's bank balance, \$311,377 was covered by federal depository insurance and \$1,315,210 was collateralized by securities held by the pledging financial institution's trust department or agent in the Town's name.

Investments: The Town invests funds in accordance with South Carolina law applicable to local government deposits and investments. As of June 30, 2016, the Town maintained \$136,701 in the South Carolina Local Government Investment Pool (the "Pool"). The Pool's funds are invested with the South Carolina State Treasurer's Office, which established the Pool pursuant to Section 6-6-10 of the South Carolina Code. The Pool is an investment trust fund, in which public monies in excess of current needs, which are under the custody of any town treasurer or any governing body of a political subdivision of the State, may be deposited. The Pool is a 2a 7-like pool which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but has a policy that it will operate in a manner consistent with the SEC's Rule 2a 7 of the Investment Company Act of 1940. In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments are carried at fair value determined annually based upon quoted market prices. As of June 30, 2016, the Town's account balance held with the Pool consisted of cash equivalents.

Interest rate risk is the risk that the market value of securities in the portfolio will fall due to changes in the market interest rates. The Town has no policy regarding interest rate risk for investments. Concentration of credit risk is the risk of loss attributable to the magnitude of the Town's investment in a single issuer. The Town does not have a policy limiting percentages of investment maturities held.

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Town does not maintain deposits that are denominated in a currency other than the United States dollar; therefore, the Town is not exposed to this risk.

NOTES TO THE FINANCIAL STATEMENTS
TOWN OF SPRINGDALE, SOUTH CAROLINA

NOTE C -- RECEIVABLES

Receivables at June 30, 2016 consist of the following:

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
Licenses, permits and fees	\$ 9,787		\$ 9,787
Intergovernmental	12,795	\$ 18,661	31,456
Grant receivable	11,000		11,000
Property taxes	12,314		12,314
Other	75		75
	<u>\$ 45,971</u>	<u>\$ 18,661</u>	<u>\$ 64,632</u>

NOTE D -- CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2016 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital Assets Not Being Depreciated:</u>				
Land	\$ 30,000	\$ 1,000		\$ 31,000
K-9 Bruce Wayne		5,500		5,500
<i>Total Capital Assets Not Being Depreciated</i>	<u>30,000</u>	<u>6,500</u>	<u>\$ 0</u>	<u>36,500</u>
<u>Capital Assets Being Depreciated:</u>				
Buildings and land improvements	394,248	5,664	6,350	393,562
Vehicles	652,985	61,313	25,076	689,222
Equipment and furnishings	407,521	7,851	2,588	412,784
<i>Total Capital Assets Being Depreciated</i>	<u>1,454,754</u>	<u>74,828</u>	<u>34,014</u>	<u>1,495,568</u>
Less Accumulated Depreciation For:				
Buildings and land improvements	188,674	9,616	2,473	195,817
Vehicles	441,815	99,837	22,013	519,639
Equipment and furnishings	326,764	23,718	2,540	347,942
<i>Total Accumulated Depreciation</i>	<u>957,253</u>	<u>133,171</u>	<u>27,026</u>	<u>1,063,398</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>497,501</u>	<u>(58,343)</u>	<u>6,988</u>	<u>432,170</u>
Governmental Activities Capital Assets, Net	<u>\$ 527,501</u>	<u>\$ (51,843)</u>	<u>\$ 6,988</u>	<u>\$ 468,670</u>

NOTES TO THE FINANCIAL STATEMENTS
TOWN OF SPRINGDALE, SOUTH CAROLINA

NOTE D -- CAPITAL ASSETS – Continued

Depreciation expense is charged to the following activities:

General government	\$	10,036
Public safety		51,911
Public works		71,224
	\$	<u>133,171</u>

NOTE E -- NOTES PAYABLE

The following comprises the Town's notes payable as of June 30, 2016:

Note payable to a financial institution, secured by a vehicle, payable in annual installments of \$26,650 including interest at the rate of 2.36% per year. Final maturity is scheduled for August 2017. \$ 51,472

The following is a summary of notes payable transactions for the year ended June 30, 2016:

Balance at July 1, 2015	\$	88,909
Less debt retired		<u>37,437</u>
Balance at June 30, 2016	\$	<u>51,472</u>

The annual debt-service requirements to amortize the outstanding notes payable as of June 30, 2016, including interest payments are as follows:

Year Ended June 30,	Principal	Interest	Total
2017	\$ 25,436	\$ 1,214	\$ 26,650
2018	26,036	614	26,650
	<u>\$ 51,472</u>	<u>\$ 1,828</u>	<u>\$ 53,300</u>

NOTE F -- SOUTH CAROLINA WATER QUALITY REVOLVING FUND BOND PAYABLE

The Town has issued a South Carolina Water Quality Revolving Fund bond to finance upgrades to the sewer system which serves the Town. The bond outstanding at June 30, 2016 is as follows:

\$1,605,115 South Carolina Water Quality Revolving Fund bond payable in quarterly installments of \$26,298 including interest at the rate of 2.25% per year. Final maturity is scheduled for September 2023. \$ 701,883

NOTES TO THE FINANCIAL STATEMENTS
TOWN OF SPRINGDALE, SOUTH CAROLINA

NOTE F -- SOUTH CAROLINA WATER QUALITY REVOLVING FUND BOND PAYABLE – Continued

The following is a summary of bond transactions for the year ended June 30, 2016:

Balance at July 1, 2015	\$	790,041
Less debt retired		<u>88,158</u>
Balance at June 30, 2016	\$	<u>701,883</u>

The annual debt-service requirements to amortize the outstanding South Carolina Water Quality Revolving Fund bond as of June 30, 2016, including interest payments, are as follows:

Year Ended June 30,	Principal	Interest	Total
2017	\$ 90,158	\$ 15,036	\$ 105,194
2018	92,204	12,990	105,194
2019	94,296	10,898	105,194
2020	96,436	8,758	105,194
2021	98,624	6,570	105,194
2022-2024	<u>230,165</u>	<u>6,521</u>	<u>236,686</u>
	<u>\$ 701,883</u>	<u>\$ 60,773</u>	<u>\$ 762,656</u>

NOTE G -- PENSION PLANS

The South Carolina Public Employee Benefit Authority (PEBA), which was created July 1, 2012, administers the various retirement systems and retirement programs managed by its Retirement Division. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as co-trustee and co-fiduciary of the systems and the trust funds.

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Systems and additions to/deductions from the Systems fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems in accordance with generally accepted accounting principles (GAAP). For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

By law, the State Fiscal Accountability Authority, which consists of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the systems and serves as co-trustee of the systems in conducting that review. PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the South Carolina Retirement Systems' Pension Trust Funds. The CAFR is publicly available on the Retirement Benefits' link on PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, PO Box 11960, Columbia, SC 29211-1960. PEBA is considered a division of the primary government of the state of South Carolina and therefore, the retirement trust fund financial information is also included in the comprehensive annual financial report of the State.

NOTES TO THE FINANCIAL STATEMENTS
TOWN OF SPRINGDALE, SOUTH CAROLINA

NOTE G -- PENSION PLANS – Continued

Plan Description

The South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for employees of the state, its public school districts, and political subdivisions.

The South Carolina Retirement Police Officers Retirement System (PORS), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for police officers and firemen of the state and its political subdivisions.

Membership

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

- SCRS – Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees, teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.
- PORS – To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; or to serve as a peace officer employed by the Department of Corrections, the Department of Juvenile Justice, or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for services as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012 is a Class Three member.

Benefits

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

- SCRS – A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years of credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at

NOTES TO THE FINANCIAL STATEMENTS
TOWN OF SPRINGDALE, SOUTH CAROLINA

NOTE G -- PENSION PLANS – Continued

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

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

- PORS – A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of age. Both Class Two and Class Three members are eligible to receive a deferred annuity at age 55 with five or eight years of earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty.

The retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

Contributions

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. Upon recommendation by the actuary in the annual actuarial valuation, the PEBA Board may increase the SCRS and PORS employer and employee contribution rates on the basis of the actuarial valuations, but any such increase may not result in a differential between the employee and employer contribution rate that exceeds 2.9 percent of earnable compensation for SCRS and 5 percent for PORS. An increase in the contribution rates adopted by the board may not provide for an increase of more than one-half of one percent in any one year. If the scheduled employee and employer contributions provided in the statute or the rates last adopted by the board are insufficient to maintain a thirty year amortization schedule of the unfunded liabilities of the plans, the board shall increase the contribution rates in equal percentage amounts for the employer and employee as necessary to maintain the thirty-year amortization period; and, this increase is not limited to one-half of one percent per year.

NOTES TO THE FINANCIAL STATEMENTS
TOWN OF SPRINGDALE, SOUTH CAROLINA

NOTE G -- PENSION PLANS – Continued

- Required employee contribution rates for fiscal year 2015-2016 are as follows:

SCRS

Employee Class Two	8.16% of earnable compensation
Employee Class Three	8.16% of earnable compensation

PORS

Employee Class Two	8.74% of earnable compensation
Employee Class Three	8.74% of earnable compensation

- Required employer contribution rates for fiscal year 2015-2016 are as follows:

SCRS

Employer Class Two	10.91% of earnable compensation
Employer Class Three	10.91% of earnable compensation
Employer Incidental Death Benefit	0.15% of earnable compensation

PORS

Employer Class Two	13.34% of earnable compensation
Employer Class Three	13.34% of earnable compensation
Employer Incidental Death Benefit	0.20% of earnable compensation

The Town's actual contributions to the SCRS for the years ended June 30, 2016, 2015, and 2014 were \$25,636, \$24,263, and \$25,513, respectively, and equaled the base required retirement contribution rate, of 10.91% for 2016, 10.75% for 2015, and 10.45% for 2014. Also, the Town paid employer incidental death benefit program contributions of \$352, \$339, and \$366, at the rate of .15% of compensation for the current fiscal years ended June 30, 2016, 2015, and 2014 respectively.

The Town's actual contributions to the PORS for the years ended June 30, 2016, 2015, and 2014 were \$41,089, \$39,701, and \$38,347, respectively, and equaled the base retirement required contribution rate, excluding death benefit program contributions, of 13.34% for 2016, 13.01% for 2015, and 12.44% for 2014. The Town also paid employer incidental death benefit program contributions of \$616, \$610, and \$617 at the rate of .20% of compensation for the current fiscal years ended June 30, 2016, 2015, and 2014, respectively. In addition, the Town paid accidental death benefit program contributions of \$616, \$610, and \$617 at the rate of .20% of compensation for the current fiscal years ended June 30, 2016, 2015, and 2014, respectively.

Net Pension Liability

The June 30, 2015, total pension liability, net pension liability, and sensitivity information were determined by PEBA's consulting actuary, Gabriel, Roder, Smith and Company (GRS) and are based on the July 1, 2014, actuarial valuations, as adopted by the PEBA Board and Budget Control Board, which utilized membership data as of July 1, 2014. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ended June 30, 2015, using generally accepted actuarial principles. Information included in the following scheduled is based on the certification provided by GRS.

NOTES TO THE FINANCIAL STATEMENTS
TOWN OF SPRINGDALE, SOUTH CAROLINA

NOTE G -- PENSION PLANS – Continued

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB No. 67 less that system's fiduciary net position. As of June 30, 2015, NPL amounts for SCRS and PORS are as follows:

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	\$ 44,097,310,230	\$ 25,131,828,101	\$ 18,965,482,129	57.0%
PORS	\$ 6,151,321,222	\$ 3,971,824,838	\$ 2,179,496,384	64.6%

At June 30, 2016, the Town reported net pension liabilities of \$456,499 and \$536,854 for its proportionate share of the net pension liabilities for the SCRS and PORS, respectively. The net pension liabilities were measured as of June 30, 2015, and the total pension liabilities for the Plans used to calculate the net pension liabilities was determined based on the most recent actuarial valuation report as of July 1, 2014 that was projected forward to the measurement date. The Town's proportion of the net pension liabilities were based on a projection of the Town's long-term share of contributions to the Plans relative to the projected contributions of all participating South Carolina state and local government employers, actuarially determined. At June 30, 2015, the Town's SCRS proportion was .002407%. At June 30, 2015, the Town's PORS proportion was .024632%.

For the year ended June 30, 2016, the Town recognized pension expense of \$20,845 and \$43,448 for the SCRS and PORS, respectively. At June 30, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
SCRS		
Differences between expected and actual experience	\$ 8,110	\$ 816
Net difference between projected and actual earnings	3,056	38,964
Town's contributions subsequent to the measurement date	26,037	
Total SCRS	37,203	39,780
PORS		
Differences between expected and actual experience	10,640	
Net difference between projected and actual earnings	5,874	16,514
Town's contributions subsequent to the measurement date	42,322	
Total PORS	58,836	16,514
TOTAL SCRS AND PORS	\$ 96,039	\$ 56,294

NOTES TO THE FINANCIAL STATEMENTS
TOWN OF SPRINGDALE, SOUTH CAROLINA

NOTE G -- PENSION PLANS – Continued

The Town reported \$26,037 and \$42,322 as deferred outflows of resources related to the Town's contributions subsequent to the measurement date to the SCRS and PORS, respectively, which will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the SCRS and PORS will be recognized in pension expense as follows:

For the Year Ended June 30,	SCRS	PORS	Total
2017	\$ (10,361)	\$ (2,680)	\$ (13,041)
2018	(10,361)	(2,680)	(13,041)
2019	(13,146)	(3,150)	(16,296)
2020	5,254	8,510	13,764
	<u>\$ (28,614)</u>	<u>\$ 0</u>	<u>\$ (28,614)</u>

Actuarial Assumptions and Methods

Actuarial valuations involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined during the valuation process are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. The last experience study was performed on data through June 30, 2010, and the next experience study, performed on data through June 30, 2015, is currently underway.

The following table provides a summary of the actuarial assumptions and methods used in the July 1, 2014, valuations for SCRS and PORS:

	SCRS	PORS
	Entry Age	Entry Age
Actuarial cost method		
Actuarial assumptions:		
Investment rate of return	7.50%	7.50%
Projected salary increases	3.5% to 12.5%	4.0% to 10.0%
Includes inflation at	2.75%	2.75%
Benefit adjustments	Lesser of 1% or \$500	Lesser of 1% or \$500

The post-retiree mortality assumption is dependent upon the member's job category and gender. This assumption includes base rates which are automatically adjusted for future improvement in mortality using published Scale AA projected from the year 2000. Assumptions used in the July 1, 2014, valuations for SCRS and PORS are as follows:

NOTES TO THE FINANCIAL STATEMENTS
TOWN OF SPRINGDALE, SOUTH CAROLINA

NOTE G -- PENSION PLANS – Continued

Former Job Class	Males	Females
Educators and Judges	RP-2000 Males (with White Collar adjustment) multiplied by 110%	RP-2000 Females (with White Collar adjustment) multiplied by 95%
General Employees and Members of the General Assembly	RP-2000 Males multiplied by 100%	RP-2000 Females multiplied by 90%
Public Safety, Firefighters and members of the South Carolina National Guard	RP-2000 Males (with Blue Collar adjustment) multiplied by 115%	RP-2000 Females (with Blue Collar adjustment) multiplied by 115%

The long-term expected rate of return on pension plan investments, as used in the July 1, 2014, actuarial valuations, was based upon the 30 year capital market outlook at the end of the fourth quarter 2013, as developed by the Retirement Systems Investment Commission in collaboration with its investment consultant, Aon Hewitt. The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as Consensus Economics forecasts. Long-term assumptions for other asset classes are based on historical results, current market characteristics, and professional judgment.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation as adopted by the Investment Commission for fiscal year 2015. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and by adding expected inflation and is summarized in the table below. For actuarial purposes, the 7.50 percent assumed annual investment rate of return set in statute and used in the calculation of the total pension liability includes a 4.75 percent real rate of return and a 2.75 percent inflation component.

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Short Term			
Cash	2.0%	1.90%	0.04%
Short Duration	3.0%	2.00%	0.06%
Domestic Fixed Income			
Core Fixed Income	7.0%	2.70%	0.19%
Mixed Credit	6.0%	3.80%	0.23%
Global Fixed Income			
Global Fixed Income	3.0%	2.80%	0.08%
Emerging Markets Debt	6.0%	5.10%	0.31%
Global Public Equity	31.0%	7.10%	2.20%
Global Tactical Asset Allocation	10.0%	4.90%	0.49%
Alternatives			
Hedge Funds (Low Beta)	8.0%	4.30%	0.34%
Private Debt	7.0%	9.90%	0.69%
Private Equity	9.0%	9.90%	0.89%
Real Estate (Broad Market)	5.0%	6.00%	0.30%
Commodities	3.0%	5.90%	0.18%
Total Expected Real Return	100%		6.00%
Inflation for Actuarial Purposes			2.75%
Total Expected Nominal Return			8.75%

NOTES TO THE FINANCIAL STATEMENTS
TOWN OF SPRINGDALE, SOUTH CAROLINA

NOTE G -- PENSION PLANS – Continued

Discount Rate

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that the funding policy specified in the South Carolina State Code of Laws will remain unchanged in future years. Based on those assumptions, each system's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The following table presents the sensitivity of the Town's proportionate share of the net pension liability to changes in the discount rate.

System	1.00% Decrease (6.50%)	Current Discount Rate (7.50%)	1.00% Increase (8.50%)
SCRS	\$ 575,515	\$ 456,499	\$ 356,749
PORS	\$ 731,320	\$ 536,854	\$ 363,011

Pension Plan Fiduciary Net Position

Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the separately issued CAFR containing financial statements and required supplementary information for SCRS and PORS. The CAFR of the Pension Trust Funds is publicly available on PEBA's Retirement Benefits' website at www.retirement.sc.gov, or a copy may be obtained by submitting a request to PEBA, PO Box 11960, Columbia, SC 29211-1960.

NOTE H -- RISK MANAGEMENT AND CONTINGENCIES

The Town is exposed to various risks of losses related to torts; thefts of; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disaster. The Town manages risk through employee educational and prevention programs and through the purchase of casualty and liability insurance. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims the Town considers all events that might give rise to possible claims both reported and unreported.

In the normal course of operations, the Town participates in various federal and state grant/loan programs from year to year. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. Any liability for reimbursement that may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

NOTE I -- OPERATING LEASE

The Town leases Xerox copiers under a non-cancelable operating lease that expires June 30, 2020. Copier expense under this lease totaled \$5,599 for the year ended June 30, 2016. Future minimum lease payments are \$3,905 for each of the years ending June 30, 2017 through 2020.

REQUIRED SUPPLEMENTAL INFORMATION

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
TOWN OF SPRINGDALE, SOUTH CAROLINA
For the Year Ended June 30, 2016

	Budgeted Amounts Original & Final	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	\$ 607,550	\$ 638,675	\$ 31,125
Intergovernmental revenue	129,571	130,918	1,347
Grants	2,020	11,000	8,980
Licenses, permits and fees	617,897	765,696	147,799
Charges for services	3,000	3,980	980
Fines, fees and forfeitures	61,780	136,431	74,651
Interest Income	600	2,046	1,446
Other revenue	2,600	13,251	10,651
Total Revenues	1,425,018	1,701,997	276,979
Expenditures			
General government administration	317,937	303,552	14,385
Town council	51,585	69,557	(17,972)
Buildings and grounds	108,084	86,093	21,991
Public safety and law enforcement	554,232	611,550	(57,318)
Administration of justice	18,718	19,561	(843)
Public works	197,840	209,066	(11,226)
Debt service			
Principal	148,922	125,595	23,327
Interest	32,700	19,068	13,632
Capital outlay	84,000	78,607	5,393
Total Expenditures	1,514,018	1,522,649	(8,631)
Other Financing Sources			
Proceeds from debt issuance	79,000	0	(79,000)
Sale of capital assets	10,000	0	(10,000)
Total Financing Sources	89,000	0	(89,000)
Net Change in Fund Balance	\$ 0	179,348	\$ 179,348
Fund Balance at Beginning of Year		1,370,550	
FUND BALANCE AT END OF YEAR		\$ 1,549,898	

See accompanying note to required supplemental information.

NOTES TO BUDGETARY COMPARISON SCHEDULE
TOWN OF SPRINGDALE, SOUTH CAROLINA
June 30, 2016

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

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

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

	June 30,	
	2016	2015
Town's proportion of the net pension liability	0.002407%	0.002689%
Town's proportionate share of the net pension liability	\$ 456,499	\$ 462,957
Town's covered-employee payroll	\$ 225,706	\$ 244,142
Town's proportionate share of the net pension liability as a percentage of its covered employee payroll	202.25%	189.63%
Plan fiduciary net position as a percentage of the total pension liability	56.99%	59.92%

Note: The amounts presented were determined as of June 30th of the previous year.

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

	For the Years Ended June 30,	
	2016	2015
Contractually required contribution	\$ 26,037	\$ 24,602
Actual contributions	26,037	24,602
Contribution deficiency	\$ 0	\$ 0
Town's covered-employee payroll	\$ 235,416	\$ 225,706
Contributions as a percentage of covered-employee payroll	11.06%	10.90%

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

	June 30,	
	2016	2015
Town's proportion of the net pension liability	<u>0.024632%</u>	<u>0.025629%</u>
Town's proportionate share of the net pension liability	\$ 536,854	\$ 490,649
Town's covered-employee payroll	\$ 305,153	\$ 308,263
Town's proportionate share of the net pension liability as a percentage of its covered employee payroll	175.93%	159.17%
Plan fiduciary net position as a percentage of the total pension liability	64.57%	67.55%

Note: The amounts presented were determined as of June 30th of the previous year.

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

	For the Years Ended June 30,	
	2016	2015
Contractually required contribution	\$ 42,322	\$ 40,921
Actual contributions	42,322	40,921
Contribution deficiency	\$ 0	\$ 0
Town's covered-employee payroll	\$ 308,020	\$ 305,153
Contributions as a percentage of covered-employee payroll	13.74%	13.41%

OTHER SUPPLEMENTAL INFORMATION

SCHEDULE I - COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
TOWN OF SPRINGDALE, SOUTH CAROLINA
June 30, 2016

	Special Revenue Funds			Total Non-Major Governmental Funds
	Accommodations Tax Fund	Police and Drug Seizure Fund	Victim's Assistance Fund	
ASSETS				
Cash and cash equivalents	\$ 78,400	\$ 12,843	\$ 66,617	\$ 157,860
Receivables	18,661			18,661
Due from other funds			367	367
TOTAL ASSETS	\$ 97,061	\$ 12,843	\$ 66,984	\$ 176,888
LIABILITIES AND FUND BALANCES				
Liabilities				
Due to other funds	\$ 1,823		\$ 2,806	\$ 4,629
Accrued salaries and payroll withholdings			367	367
Total Liabilities	1,823	\$ 0	3,173	4,996
Fund Balances				
Restricted	95,238	12,843	63,811	171,892
Total Fund Balances	95,238	12,843	63,811	171,892
TOTAL LIABILITIES AND FUND BALANCES	\$ 97,061	\$ 12,843	\$ 66,984	\$ 176,888

SCHEDULE II - COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND

BALANCES - NON-MAJOR GOVERNMENTAL FUNDS

TOWN OF SPRINGDALE, SOUTH CAROLINA

For the Year Ended June 30, 2016

	Special Revenue Funds			Total Non-Major Governmental Funds
	Accommodations Tax Fund	Police and Drug Seizure Fund	Victim's Assistance Fund	
Revenues				
Intergovernmental revenue	\$ 35,707			\$ 35,707
Fines, fees and forfeitures		\$ 6,401	\$ 8,542	14,943
Interest Income	36	5	33	74
Total Revenues	35,743	6,406	8,575	50,724
Expenditures				
Public safety and law enforcement		3,467	4,973	8,440
Capital outlay	1,146	575		1,721
Total Expenditures	1,146	4,042	4,973	10,161
Net Change in Fund Balances	34,597	2,364	3,602	40,563
Fund Balances at Beginning of Year	60,641	10,479	60,209	131,329
FUND BALANCES AT END OF YEAR	\$ 95,238	\$ 12,843	\$ 63,811	\$ 171,892

**SCHEDULE III - SCHEDULE OF FINES, ASSESSMENTS AND SURCHARGES AND
CHANGES IN FUND BALANCE - VICTIM'S ASSISTANCE FUND
TOWN OF SPRINGDALE, SOUTH CAROLINA
For the Year Ended June 30, 2016**

Court Fines		
Total fines collected	\$	53,248
Court fines retained by Town		<u>53,248</u>
Court Fines Remitted To State Treasurer	\$	<u><u>0</u></u>
Court Assessments		
Total assessments collected	\$	61,387
Court assessments retained by Town		<u>6,401</u>
Total Assessments Remitted To State Treasurer	\$	<u><u>54,986</u></u>
Court Surcharges		
Total surcharges collected	\$	29,183
Court surcharges retained by Town		<u>2,141</u>
Total Surcharges Remitted To State Treasurer	\$	<u><u>27,042</u></u>
Victims Services		
Court assessments allocated to Victims Services	\$	6,401
Court surcharges allocated to Victims Services		<u>2,141</u>
Funds allocated to Victims Services		8,542
Funds available from 2015 carry forward		60,209
Interest income		33
Victims services expenditures		<u>(4,973)</u>
Funds Available for Carry Forward	\$	<u><u>63,811</u></u>

GOVERNMENTAL AUDITING REPORT

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Springdale, South Carolina (the "Town") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated May 24, 2017.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

COMPLIANCE AND OTHER MATTERS

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

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The Heller Group, P.A.

Columbia, South Carolina
May 24, 2017