



**TOWN OF RIDGELAND, SOUTH CAROLINA  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED  
JUNE 30, 2014**

Mayor

Joseph N. Malphrus

Mayor Pro Tempore

Tommy Rhodes

Town Council Members

Josephine Boyles  
Grady Woods  
Chris DuBose

Town Administrator

Jason C. Taylor

Clerk – Treasurer

Penny Daley

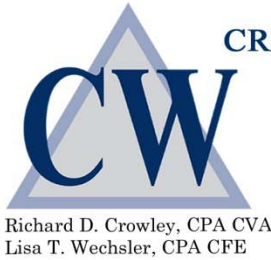
Finance Director

Sharon Boyles

**TOWN OF RIDGELAND, SOUTH CAROLINA  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2014  
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## **FINANCIAL SECTION**



**CROWLEY WECHSLER & ASSOCIATES LLC**

CERTIFIED PUBLIC ACCOUNTANTS

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South Carolina Association of CPAs

**INDEPENDENT AUDITORS' REPORT**

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Ridgeland (Town), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***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, the business-type activities, and each major fund of the Town of Ridgeland, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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MOUNT PEASANT, SC 29465  
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## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Ridgeland's basic financial statements. The combining and individual fund financial statements and schedule of fines, assessment and surcharges are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual fund financial statements, schedule of fines, assessment and surcharges and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedule of fines, assessment and surcharges and the schedule of expenditures of federal awards 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 December 15, 2014, on our consideration of the Town of Ridgeland'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 Town of Ridgeland's internal control over financial reporting and compliance.

*Crosby Weichler & Associates LLC*

Beaufort, South Carolina  
December 15, 2014

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Ridgeland, we offer the readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with the accompanying financial statements and notes.

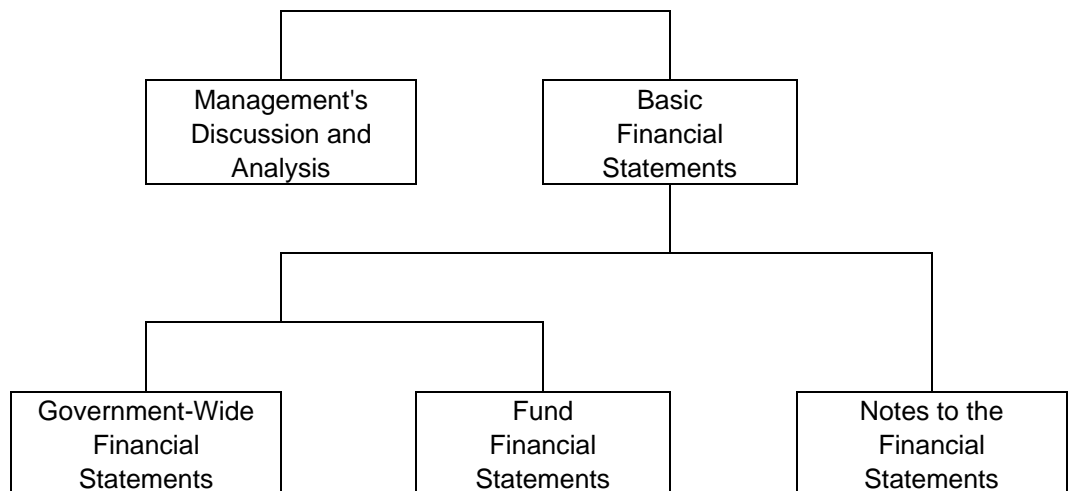
### Financial Highlights

- The assets of the Town of Ridgeland exceeded its liabilities by \$16,004,733 at June 30, 2014 as compared to \$14,049,128 at the end of the previous fiscal year. The net position in the governmental activities increased from \$4,979,086 at June 30, 2013 to \$6,748,958 at June 30, 2014, and the net position in the business-type activities increased from \$9,070,042 at June 30, 2013 to \$9,255,775 at June 30, 2014. The Town of Ridgeland's net position increase of \$1,955,605 is due to an increase of \$1,769,872 in governmental activities and an increase of \$185,733 in business-type activities.
- As of the close of the fiscal year the Town's governmental fund reported an ending fund balance of \$2,716,875 as compared to \$1,028,140 for the previous fiscal year, resulting in an increase of \$1,688,735, as compared to an increase in the previous year of \$39,202.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction of the Town's basic financial statements. The basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The Town also includes in this report additional information to supplement the basic financial statements.

### Required Components of Annual Financial Report



## **Government-wide Financial Statements**

The government-wide financial statements are designed to provide a broad view of the Town's operations in a manner similar to a private-sector business. These statements provide both long-term and short-term information about the Town's overall status.

The first of these government-wide statements is the Statement of Net Position. The Statement of Net Position presents information on all the Town's assets and liabilities, with the difference between the two being 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.

The second government-wide statement is the Statement of Activities. The Statement of Activities presents information showing how the Town'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 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.

## **Fund Financial Statements**

These statements provide more detailed information about the Town's most significant funds – not the Town as a whole. A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two fund types – Governmental Funds and Proprietary Funds.

Governmental Funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Governmental funds focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided to reconcile the two types of statements.

Proprietary Funds are used to account for services for which the Town charges customers a fee. Proprietary funds, like the government-wide statements, provide both long and short-term financial information. These funds are similar to the government-wide business-type activities, but provide more detail and additional information, such as a cash flow statement.

## **Notes to the Financial Statements**

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

## **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information that includes the General Fund budgetary comparison, the schedule of fines and assessments, and the Water and Sewer Fund budgetary comparison.

## Government-wide Financial Analysis

**Net Position.** As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At June 30, 2014 the Town's assets exceeded liabilities by \$16,004,733. This represents an increase in the Town's net position of \$1,955,605 or 14%.

The largest portion \$11,869,801 or 74% of net position reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. The Town's long-term liabilities as of June 30, 2014 were \$232,432, which was an increase of \$21,333 over the previous year.

The following is a comparative presentation of the net position of the Town as of June 30, 2014 and June 30, 2013.

	Governmental Activities		Business-type Activities		Totals	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Assets:						
Current assets	\$ 3,206,968	\$ 1,657,298	\$ 1,739,023	\$ 1,980,915	\$ 4,945,991	\$ 3,638,213
Capital assets, net	4,172,390	4,132,635	7,784,674	7,272,076	11,957,064	11,404,711
Total Assets	<u>7,379,358</u>	<u>5,789,933</u>	<u>9,523,697</u>	<u>9,252,991</u>	<u>16,903,055</u>	<u>15,042,924</u>
Current liabilities	435,155	629,767	230,736	152,951	665,891	782,718
Long-term liabilities	195,245	181,080	37,186	29,998	232,431	211,078
Total Liabilities	<u>630,400</u>	<u>810,847</u>	<u>267,922</u>	<u>182,949</u>	<u>898,322</u>	<u>993,796</u>
Net position						
Net investment in capital assets	4,085,127	4,048,738	7,784,674	7,272,074	11,869,801	11,320,812
Restricted	1,379,884	133,455	964,057	1,360,075	2,343,941	1,493,530
Unrestricted	1,283,947	796,893	507,044	437,893	1,790,991	1,234,786
Total net position	<u>\$ 6,748,958</u>	<u>\$ 4,979,086</u>	<u>\$ 9,255,775</u>	<u>\$ 9,070,042</u>	<u>\$ 16,004,733</u>	<u>\$ 14,049,128</u>



## Change in Net Position.

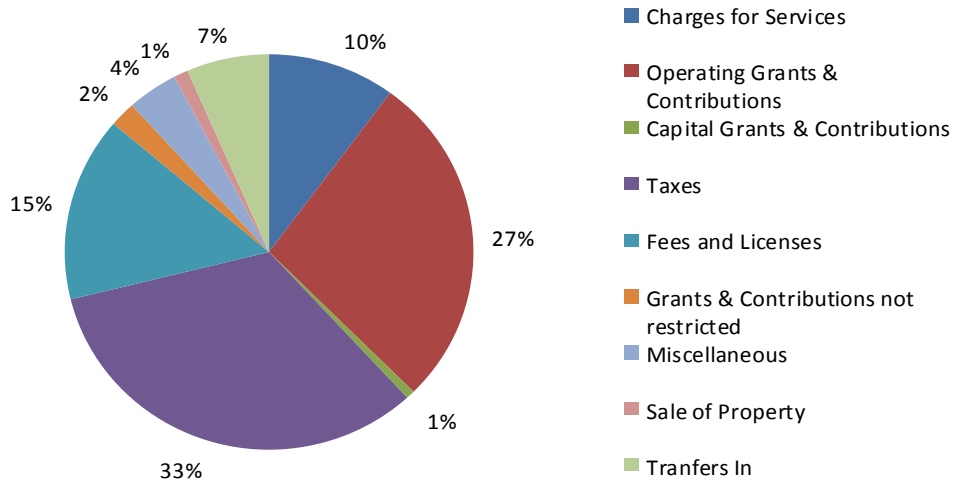
The following is a comparative analysis of the changes in net position for the years ended June 30, 2014 and June 30, 2013:

	Changes in Net Position For the Years Ended June 30:					
	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
<b>Revenues:</b>						
Program Revenues						
Charges for Services	\$ 563,961	\$ 637,040	\$ 1,509,200	\$ 1,408,131	\$ 2,073,161	\$ 2,045,171
Operating Grants and Contributions	1,529,988	118,224	-	-	1,529,988	118,224
Capital Grants and Contributions	38,073	11,674	279,576	424,500	317,649	436,174
Total Program Revenues	<u>2,132,022</u>	<u>766,938</u>	<u>1,788,776</u>	<u>1,832,631</u>	<u>3,920,798</u>	<u>2,599,569</u>
General Revenues						
Taxes	1,839,879	1,679,143	-	-	1,839,879	1,679,143
Business License Fees	842,528	763,911	-	-	842,528	763,911
Investment Earnings	122	53	1,100	1,597	1,222	1,650
Miscellaneous	225,318	286,897	4,898	116,274	230,216	403,171
Grants & Contributions not restricted	115,442	96,373	-	-	115,442	96,373
Sale of Property	62,657	-	-	-	62,657	-
Transfers	365,000	365,000	(365,000)	(365,000)	-	-
Total General Revenues	<u>3,450,946</u>	<u>3,191,377</u>	<u>(359,002)</u>	<u>(247,129)</u>	<u>3,091,944</u>	<u>2,944,248</u>
Total Revenues	<u>5,582,968</u>	<u>3,958,315</u>	<u>1,429,774</u>	<u>1,585,502</u>	<u>7,012,742</u>	<u>5,543,817</u>
<b>Expenses:</b>						
Administrative	758,148	710,111	-	-	758,148	710,111
General Services	398,230	389,900	-	-	398,230	389,900
Public Safety	2,406,295	2,486,664	-	-	2,406,295	2,486,664
Tourism	247,538	235,937	-	-	247,538	235,937
Planning and Zoning	-	89,393	-	-	-	89,393
Water	-	-	504,441	578,787	504,441	578,787
Sewer	-	-	739,600	648,499	739,600	648,499
Interest	2,885	2,361	-	3,001	2,885	5,362
Total Expenses	<u>3,813,096</u>	<u>3,914,366</u>	<u>1,244,041</u>	<u>1,230,287</u>	<u>5,057,137</u>	<u>5,144,653</u>
Change in Net Position	1,769,872	43,949	185,733	355,215	1,955,605	399,164
<b>Net Position- Beginning</b>	<u>4,979,086</u>	<u>4,935,137</u>	<u>9,070,042</u>	<u>8,714,827</u>	<u>14,049,128</u>	<u>13,649,964</u>
<b>Net Position- Ending</b>	<u>\$ 6,748,958</u>	<u>\$ 4,979,086</u>	<u>\$ 9,255,775</u>	<u>\$ 9,070,042</u>	<u>\$ 16,004,733</u>	<u>\$ 14,049,128</u>

Operating and capital grants were up from year 2013 due to the receipt of federal drug money. General revenues were up approximately \$260,000 in local option sales taxes, accommodation/hospitality taxes, and business licenses which is indicative of a stronger economy. Overall expenses decreased approximately \$100,000 due to eliminating the Planning and Zoning.

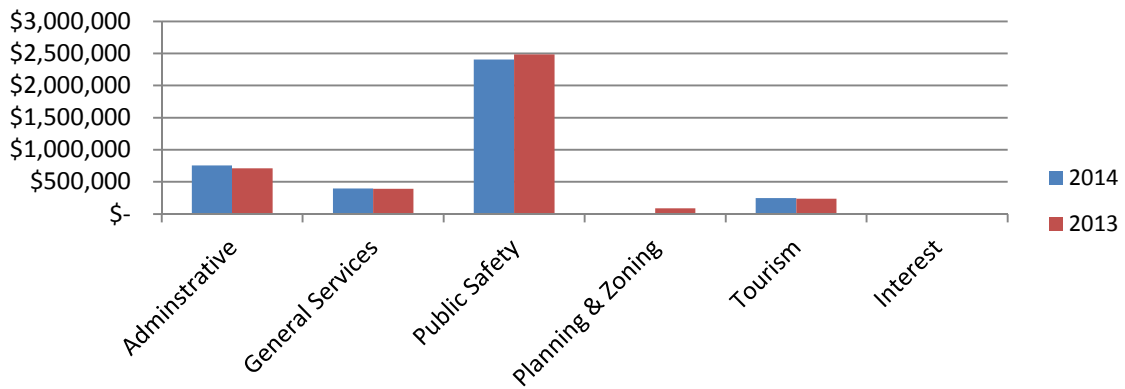
The following graph depicts the revenue sources for the various governmental activities of the Town.

### Revenue Sources - Governmental Activities

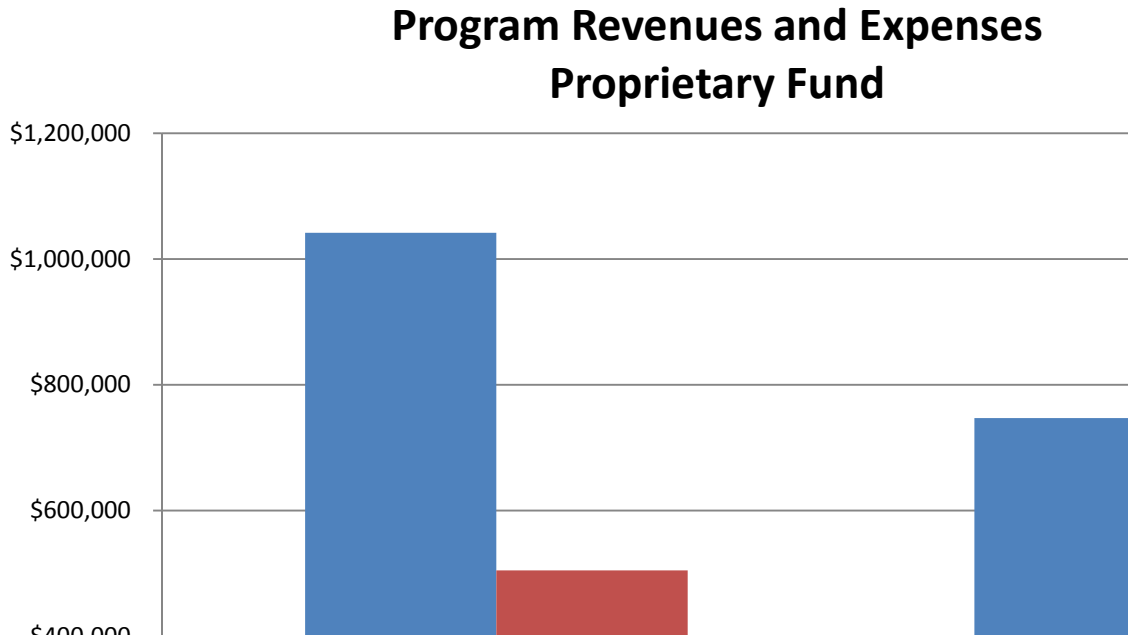


The following graph depicts the expenses for the various governmental activities of the Town.

### Expenses for Governmental Activities

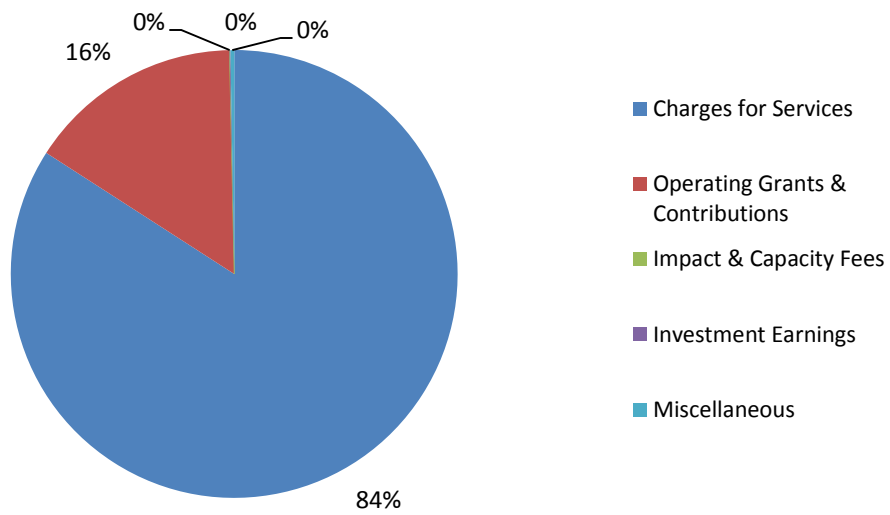


The following graph depicts the program revenues and expenses of the Town's business-type activities.



The following pie chart shows the revenue sources for the business-type activities of the Town.

### Revenue Sources - Proprietary Funds



## Financial Analysis of Town Funds

The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, the Town's governmental funds reported ending fund balances of \$2,716,875, an increase of 164% or \$1,688,735. \$1,379,884 is restricted for capital projects, tourism, garbage payments, victim assistance, and the drug fund; leaving an unassigned balance of \$1,336,991.

**Proprietary Funds.** The Town's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. The Town has only one proprietary type fund which operates as an enterprise fund providing water and sewer services.

The total net position, of the proprietary fund, at the end of the fiscal year was \$9,255,775, an increase of 2% or \$185,733. Net position of \$964,057 is restricted for capital projects, debt service, and repairs. The investment in capital assets less accumulated depreciation and related debt is \$7,784,674, leaving a balance of \$507,044 in unrestricted net position.

## General Fund Budgetary Highlights

The general fund revenues exceeded budgeted amounts by \$485,103 or 14%. These additional revenues were due to proceeds from capital leases of \$81,702 and local option sales taxes in excess of budget in the amount of \$242,469. Expenditures on the budgetary basis exceeded budget by \$56,891 or 2%. The excess expenditures were a result of the Town using other financing sources for the purchase of two vehicles.

## Capital Assets and Debt Administration

### Capital Assets

The Town of Ridgeland's capital assets for its governmental and business-type activities as of June 30, 2014, totals \$11,957,064 (net of depreciation). The following schedule details the capital assets, net of depreciation, at June 30, 2014 with a comparison to fiscal year ended June 30, 2013:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>June 30, 2014 Total</b>	<b>June 30, 2013 Total</b>
Construction in Progress	\$ 212,839	\$ 654,091	\$ 866,930	\$ 531,501
Land	1,204,394	1,242,158	2,446,552	2,446,552
Buildings and Improvements	542,902	77,291	620,193	642,391
Improvements other than Building	658,659	-	658,659	704,075
Machinery, Equipment, Vehicles	530,428	128,772	659,200	527,884
Infrastructure	1,023,168	5,682,362	6,705,530	6,552,308
Total Capital Assets - net	<u>\$ 4,172,390</u>	<u>\$ 7,784,674</u>	<u>\$ 11,957,064</u>	<u>\$ 11,404,711</u>

Increases in capital assets in governmental activities were \$379,460 which included \$81,702 for capital leases, \$109,938 for the Harold Turpin Park Project, \$149,424 of police vehicle acquisition from the drug fund, and \$24,292 of fire fighter's equipment. Depreciation expense for the year ended June 30, 2014 was \$339,704 compared to \$306,607 in the prior year.

Increases in capital assets in the proprietary fund were \$857,008 which included \$578,363 for a water tank transferred to infrastructure at year end, \$228,491 for construction of the waste water treatment facility, and \$42,002 for a truck. Depreciation expense for the year ended June 30, 2014 was \$344,410 compared to \$326,526 in the prior year.

**Long-Term Debt**

At June 30, 2014 the Town has long-term debt in the amount of \$87,263 in the General Fund and \$0 in the Proprietary Fund. This represents an increase in debt of \$3,367 in the General Fund and a decrease of \$0 in the Proprietary Fund. The Town of Ridgeland entered into two new capital leases for two additional trucks during the year totaling \$81,702. The following schedule details the outstanding debt balances for the year ended June 30, 2014 with a comparison to fiscal year ended June 30, 2013:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>June 30, 2014 Total</b>	<b>June 30, 2013 Total</b>
Capital Leases	\$ 87,263	\$ -	\$ 87,263	\$ 83,896
Total Long-Term Debt	<u>\$ 87,263</u>	<u>\$ -</u>	<u>\$ 87,263</u>	<u>\$ 83,896</u>

**Economic Factors and Next Year’s Budget**

The Town of Ridgeland is the County Seat of Jasper County, South Carolina. Jasper and its neighboring county, Beaufort, are two of the fastest growing counties in the State. Jasper had a population increase of 123% from the year 2000 to 2008. Along with the County, the Town of Ridgeland is rapidly expanding. In geographical area, the Town has grown from under 4 square miles five years ago, to its current size of 45 square miles. Most of the land that was annexed is currently undeveloped, forested acreage. However, development agreements have been signed between the Town and the owners of most of the newly annexed land to allow for thousands of new homes and millions of square feet of commercial and industrial space. The Town’s budget must not only reflect maintaining the existing services it provides, but plan for the expansion of those services to accommodate for the new developments that have been approved. In the short term, the Town is facing the need for a new wastewater treatment facility and replacing many of our aging water service lines. Additionally, the Town will need new police and fire department facilities, including satellite offices and stations to serve the larger land area now incorporated into the Town. It is also anticipated that additional equipment and staff will be needed to handle approximately 100 acres in newly acquired municipal parklands. Despite the groundwork having been put in place that will eventually lead to substantial growth, the current economic climate indicates that it will be several years before any significant revenues are generated through agreed upon impact fees or tax revenues. The poor economic climate also means that now is an advantageous time to move forward with the purchase of land and the construction of buildings that will be needed to support growth. The Town shall continue to move forward taking advantage of every opportunity, within its budget, to have a positive impact on the quality of life of its citizens for today and tomorrow.

The 2014-2015 fiscal year budget was prepared as a part of the annual budget process. The total budget approved for the general fund for fiscal year ended June 30, 2015 is \$3,671,433 with tax millage remaining the same at 116.2 mills. This is compared with a budget of \$3,553,695 for the year ended June 30, 2014. The budget for the proprietary fund for fiscal year ended June 30, 2015 was set at \$2,261,449 as compared to \$1,503,500 for the year ended June 30, 2014. The proprietary fund budget is expected to be funded with water and sewer fees charged to customers and fund equity.

### **Request for Information**

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Town Administrator, Town of Ridgeland, South Carolina, P. O. Box 1119, Ridgeland, SC 29936.

## **BASIC FINANCIAL STATEMENTS**

**TOWN OF RIDGELAND, SOUTH CAROLINA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2014**

	<b>PRIMARY GOVERNMENT</b>		
	<b>GOVERNMENTAL ACTIVITIES</b>	<b>BUSINESS-TYPE ACTIVITIES</b>	<b>TOTAL</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,151,508	\$ 165,232	\$ 1,316,740
Accounts Receivable	674,057	164,620	838,677
Prepaid Expenses	-	196,274	196,274
Due from General Fund	-	135,750	135,750
Restricted Assets:			
Cash and Cash Equivalents	1,381,403	1,077,147	2,458,550
Capital Assets, not being depreciated	1,417,233	1,896,249	3,313,482
Capital Assets, being depreciated	2,755,157	5,888,425	8,643,582
Total Assets	<u>7,379,358</u>	<u>9,523,697</u>	<u>16,903,055</u>
<b>LIABILITIES</b>			
Accounts Payable	200,807	105,213	306,020
Payroll Liabilities	46,684	8,301	54,985
Accrued Expenses	-	-	-
Customer Deposits	1,519	113,090	114,609
Due to Proprietary Funds	135,750	-	135,750
Noncurrent Liabilities:			
Due within one year	50,395	4,132	54,527
Due after one year	195,245	37,186	232,431
Total Liabilities	<u>630,400</u>	<u>267,922</u>	<u>898,322</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	4,085,127	7,784,674	11,869,801
Restricted for Capital Projects	10,381	345,656	356,037
Restricted for Debt Service	-	417,400	417,400
Restricted for Tourism	15,848	-	15,848
Restricted for Victim Assistance	124,036	-	124,036
Restricted for Repairs and Contingencies	-	201,001	201,001
Restricted for Drug Fund	1,229,619	-	1,229,619
Unrestricted	1,283,947	507,044	1,790,991
Total Net Position	<u>\$ 6,748,958</u>	<u>\$ 9,255,775</u>	<u>\$ 16,004,733</u>

The notes to the financial statements are an integral part of this statement.



**TOWN OF RIDGELAND, SOUTH CAROLINA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2014**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSES) REVENUE AND CHANGES IN NET POSITION PRIMARY GOVERNMENT		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	CAPITAL GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
<b>Primary Government</b>							
Governmental Activities:							
Administrative Services	\$ 758,148	\$ -	\$ -	\$ -	\$ (758,148)	\$ -	\$ (758,148)
General Services	398,230	-	-	-	1,131,757	-	1,131,757
Public Safety	2,406,295	554,074	1,529,987	-	(1,852,221)	-	(1,852,221)
Planning and Zoning	-	9,887	-	-	9,887	-	9,887
Tourism	247,538	-	-	38,073	(209,465)	-	(209,465)
Interest	2,885	-	1	-	(2,884)	-	(2,884)
Total Governmental Activities	3,813,096	563,961	1,529,988	38,073	(1,681,074)	-	(1,681,074)
Business-type Activities:							
Water	504,441	762,092	-	279,576	-	537,227	537,227
Sewer	739,600	747,108	-	-	-	7,508	7,508
Interest	-	-	-	-	-	-	-
Total Business-type Activities	1,244,041	1,509,200	-	279,576	-	544,735	544,735
<b>Total Primary Government</b>	<b>\$ 5,057,137</b>	<b>\$ 2,073,161</b>	<b>\$ 1,529,988</b>	<b>\$ 317,649</b>	<b>(1,681,074)</b>	<b>544,735</b>	<b>(1,136,339)</b>
General Revenues:							
Taxes:							
Property and Vehicle					671,789	-	671,789
Local Option Sales Tax					811,629	-	811,629
Hospitality					298,911	-	298,911
Accommodations					49,543	-	49,543
Penalties					8,007	-	8,007
Impact and Capacity Fees					-	-	-
Business License Fees					842,528	-	842,528
Grants and contributions not restricted					115,442	-	115,442
Investment Earnings					122	1,100	1,222
Miscellaneous					225,318	4,898	230,216
Sale of Property					62,657	-	62,657
Transfers					365,000	(365,000)	-
Total General Revenues and Transfers					3,450,946	(359,002)	3,091,944
Change in Net Position					1,769,872	185,733	1,955,605
<b>Net Position, Beginning of year</b>					4,979,086	9,070,042	14,049,128
<b>Net Position, Ending of year</b>					<b>\$ 6,748,958</b>	<b>\$ 9,255,775</b>	<b>\$ 16,004,733</b>

The notes to the financial statements are an integral part of this statement.

**TOWN OF RIDGELAND, SOUTH CAROLINA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2014**

	<b>GENERAL FUND</b>	<b>SPECIAL REVENUE FUND</b>	<b>TOTAL GOVERNMENTAL FUNDS</b>
<b>ASSETS</b>			
Cash	\$ 1,151,508	\$ -	\$ 1,151,508
Receivables, net	674,057	-	674,057
Restricted Assets:			
Cash	151,784	1,229,619	1,381,403
Total Assets	<u>\$ 1,977,349</u>	<u>\$ 1,229,619</u>	<u>\$ 3,206,968</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 200,807	\$ -	\$ 200,807
Payroll Liabilities	46,684	-	46,684
Customer Deposits	1,519	-	1,519
Due to Proprietary Fund	135,750	-	135,750
Total Liabilities	<u>384,760</u>	<u>-</u>	<u>384,760</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenues-property taxes	105,333	-	105,333
Total Deferred Inflows of Resources	<u>105,333</u>	<u>-</u>	<u>105,333</u>
<b>FUND BALANCES</b>			
Restricted for Capital Projects	10,381	-	10,381
Restricted for Tourism	15,848	-	15,848
Restricted for Victim Assistance	124,036	-	124,036
Restricted for Drug Fund	-	1,229,619	1,229,619
Unassigned	1,336,991	-	1,336,991
Total Fund Balances	<u>1,487,256</u>	<u>1,229,619</u>	<u>2,716,875</u>
Total Liabilities and Fund Balances	<u>\$ 1,977,349</u>	<u>\$ 1,229,619</u>	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	4,172,390
Other long-term assets are not available to pay for current expenditures and, therefore, are reported as unavailable revenues in the funds.	105,333
Compensated absences are recognized when paid therefore they are not reported in the funds.	(158,377)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(87,263)
<b>Net position of governmental activities</b>	<u>\$ 6,748,958</u>

The notes to the financial statements are an integral part of this statement.

**TOWN OF RIDGELAND, SOUTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<b>GENERAL FUND</b>	<b>SPECIAL REVENUE FUND</b>	<b>TOTAL GOVERNMENTAL FUNDS</b>
<b>REVENUES</b>			
Property Taxes	\$ 654,050	\$ -	\$ 654,050
Hospitality and Accommodations Taxes	348,454	-	348,454
Fees and Fines	563,961	-	563,961
Intergovernmental	115,442	-	115,442
Local Option Sales Taxes	811,629	-	811,629
Business Licenses	842,528	-	842,528
Investment Earnings	122	1	123
Miscellaneous	217,837	-	217,837
Grant	38,073	1,529,987	1,568,060
Sale of Real Property	-	62,657	62,657
Total Revenues	<u>3,592,096</u>	<u>1,592,645</u>	<u>5,184,741</u>
<b>EXPENDITURES</b>			
Current:			
Administrative Services	742,286	-	742,286
General Services	367,946	-	367,946
Public Safety	2,103,719	182,698	2,286,417
Tourism	83,000	-	83,000
Capital Outlay	230,035	149,424	379,459
Debt Service			
Principal	78,336	-	78,336
Interest	5,264	-	5,264
Total Expenditures	<u>3,610,586</u>	<u>332,122</u>	<u>3,942,708</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(18,490)</u>	<u>1,260,523</u>	<u>1,242,033</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from Capital Leases	81,702		81,702
Transfers in	365,000	-	365,000
Total Other Financing Sources (Uses)	<u>446,702</u>	<u>-</u>	<u>446,702</u>
Net Change in Fund Balances	428,212	1,260,523	1,688,735
Fund balances, Beginning of year	1,059,044	(30,904)	1,028,140
Fund balances, Ending of year	<u>\$ 1,487,256</u>	<u>\$ 1,229,619</u>	<u>\$ 2,716,875</u>

The notes to the financial statements are an integral part of this statement.

**TOWN OF RIDGELAND, SOUTH CAROLINA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2014**

<b>NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</b>	<b>\$ 1,688,735</b>
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds report capital outlays in expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$379,459) and depreciation (\$339,704) differ in the current period.</p>	39,755
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	25,746
<p>Governmental funds report compensated absences when paid, therefore current year accruals are not reported in the funds.</p>	19,002
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principle of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>	
Capital Lease Principal Payments	78,336
Capital Lease Proceeds	<u>(81,702)</u>
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u><u>\$ 1,769,872</u></u></b>

The notes to the financial statements are an integral part of this statement.

**TOWN OF RIDGELAND, SOUTH CAROLINA  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>BUDGETED AMOUNT</u>		<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FAVORABLE (UNFAVORABLE)</u>
<b>REVENUES</b>				
Property Taxes	\$ 623,935	\$ 623,935	\$ 654,050	\$ 30,115
Local Option Sales Taxes	569,160	569,160	811,629	242,469
Hospitality and Accommodations Taxes	284,000	284,000	348,454	64,454
Business Licenses	788,500	788,500	842,528	54,028
Fees and Fines	648,000	648,000	563,961	(84,039)
Intergovernmental	75,000	75,000	115,442	40,442
Investment Earnings	100	100	122	22
Miscellaneous	200,000	200,000	217,837	17,837
Grant	-	-	38,073	38,073
Total Revenues	<u>3,188,695</u>	<u>3,188,695</u>	<u>3,592,096</u>	<u>403,401</u>
<b>EXPENDITURES</b>				
Administrative Services	701,983	701,983	743,328	(41,345)
General Services	466,465	466,465	433,083	33,382
Public Safety	2,140,247	2,140,247	2,190,564	(50,317)
Tourism	245,000	245,000	243,611	1,389
Total Expenditures	<u>3,553,695</u>	<u>3,553,695</u>	<u>3,610,586</u>	<u>(56,891)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(365,000)</u>	<u>(365,000)</u>	<u>(18,490)</u>	<u>346,510</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Capital Lease	-	-	81,702	81,702
Transfers in	365,000	365,000	365,000	-
Total Other Financing Sources and (Uses)	<u>365,000</u>	<u>365,000</u>	<u>446,702</u>	<u>81,702</u>
Net Change in Fund Balances	-	-	428,212	428,212
<b>Fund Balances, Beginning of year</b>	<u>1,059,044</u>	<u>1,059,044</u>	<u>1,059,044</u>	<u>-</u>
<b>Fund Balances, Ending of year</b>	<u>\$ 1,059,044</u>	<u>\$ 1,059,044</u>	<u>\$ 1,487,256</u>	<u>\$ 428,212</u>

The notes to the financial statements are an integral part of this statement.

**TOWN OF RIDGELAND, SOUTH CAROLINA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2014**

	<b>BUSINESS-TYPE ACTIVITIES</b>	
	<b>ENTERPRISE FUNDS</b>	
	<b>WATER AND SEWER</b>	<b>TOTAL</b>
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 165,232	\$ 165,232
Receivables, net	164,620	164,620
Restricted Assets:		
Cash and Cash Equivalents	1,077,147	1,077,147
Due from General Fund	135,750	135,750
Prepaid Expenses	196,274	196,274
Total Current Assets	<u>1,739,023</u>	<u>1,739,023</u>
Noncurrent Assets:		
Capital Assets:		
Non-depreciable:		
Land	1,242,158	1,242,158
Wastewater Expansion Project	654,091	654,091
Depreciable:		
Buildings and Improvements	95,647	95,647
Machinery, Equipment, and Automotive	401,770	401,770
Water and Sewer System	11,374,929	11,374,929
Less: Accumulated Depreciation	(5,983,921)	(5,983,921)
Total Noncurrent Assets	<u>7,784,674</u>	<u>7,784,674</u>
Total Assets	<u>9,523,697</u>	<u>9,523,697</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	105,213	105,213
Accrued Expenses	8,301	8,301
Customer Deposits	113,090	113,090
Compensated Absences - current portion	4,132	4,132
Total Current Liabilities	<u>230,736</u>	<u>230,736</u>
Noncurrent Liabilities:		
Compensated Absences	37,186	37,186
Total Noncurrent Liabilities	<u>37,186</u>	<u>37,186</u>
Total Liabilities	<u>267,922</u>	<u>267,922</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	7,784,674	7,784,674
Restricted for Capital Projects	345,656	345,656
Restricted for Debt Service	417,400	417,400
Restricted for Repairs and Contingencies	201,001	201,001
Unrestricted	507,044	507,044
Total Net Position	<u>\$ 9,255,775</u>	<u>\$ 9,255,775</u>

The notes to the financial statements are an integral part of this statement.

**TOWN OF RIDGELAND, SOUTH CAROLINA**  
**STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<b>BUSINESS-TYPE ACTIVITIES</b>	
	<b>ENTERPRISE FUNDS</b>	
	<b>WATER AND SEWER</b>	<b>TOTAL</b>
<b>OPERATING REVENUES:</b>		
Charges for Services	\$ 1,509,200	\$ 1,509,200
Miscellaneous	4,898	4,898
Total Operating Revenues	<u>1,514,098</u>	<u>1,514,098</u>
<b>OPERATING EXPENSES:</b>		
Personnel Services	451,639	451,639
Contractual Services	67,502	67,502
Utilities	186,938	186,938
Office Expense	23,238	23,238
Repairs and Maintenance	45,794	45,794
Supplies	76,079	76,079
Leases	21,226	21,226
Depreciation and Amortization	344,410	344,410
Other Operating Expenses	27,215	27,215
Total Operating Expenses	<u>1,244,041</u>	<u>1,244,041</u>
Operating Income (Loss)	<u>270,057</u>	<u>270,057</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	1,100	1,100
Grant Income	279,576	279,576
Total Nonoperating Revenues (Expenses)	<u>280,676</u>	<u>280,676</u>
<b>Income (Loss) Before Transfers</b>	550,733	550,733
<b>Transfers Out</b>	<u>(365,000)</u>	<u>(365,000)</u>
<b>Change in Net Position</b>	185,733	185,733
<b>Total Net Position, Beginning of year</b>	<u>9,070,042</u>	<u>9,070,042</u>
<b>Total Net Position, End of year</b>	<u>\$ 9,255,775</u>	<u>\$ 9,255,775</u>

The notes to the financial statements are an integral part of this statement.

**TOWN OF RIDGELAND, SOUTH CAROLINA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2014**

	<b>BUSINESS-TYPE ACTIVITIES- ENTERPRISE FUNDS</b>	
	<b>WATER AND SEWER</b>	<b>TOTALS</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Customers and Users	\$ 1,499,072	\$ 1,499,072
Cash Paid to Suppliers	(562,936)	(562,936)
Cash Paid to and for Employees	(447,760)	(447,760)
Net Cash Provided (Used) by Operating Activities	<u>488,376</u>	<u>488,376</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers Between Funds	(365,000)	(365,000)
Interfund receivable	(135,750)	(135,750)
Net Cash Provided (Used) by Financing Activities	<u>(500,750)</u>	<u>(500,750)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Grant Income	279,576	279,576
Acquisition and Construction of Capital Assets	(857,007)	(857,007)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(577,431)</u>	<u>(577,431)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on investments	1,100	1,100
Net Cash Provided (Used) by Investing Activities	<u>1,100</u>	<u>1,100</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(588,705)	(588,705)
<b>Cash and Cash Equivalents, Beginning of year</b>	1,831,084	1,831,084
<b>Cash and Cash Equivalents, End of year</b>	<u>\$ 1,242,379</u>	<u>\$ 1,242,379</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating Income (Loss)	\$ 270,057	\$ 270,057
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	344,410	344,410
(Increase) Decrease in Current Assets:		
Accounts Receivable	(14,787)	(14,787)
Deferred Charges		
Prepaid Expenses	(196,274)	(196,274)
Increase (Decrease) in Current Liabilities:		
Accounts Payable	91,350	91,350
Accrued Expenses	(10,020)	(10,020)
Payroll Liabilities	3,879	3,879
Customer Deposits	(239)	(239)
Total Adjustments	<u>218,319</u>	<u>218,319</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 488,376</u>	<u>\$ 488,376</u>

The notes to the financial statements are an integral part of this statement.



**TOWN OF RIDGELAND, SOUTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Description of Government-Wide Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support.

**Reporting Entity**

The Town of Ridgeland was incorporated in 1900. The Town operates under a council form of government and provides the following services as authorized by its charter: Public safety – Police and Fire Protection, Water and Sewer Services, Tourism, Parks and Recreation, General Services, Administrative Services, and Planning and Zoning. The Town Council is composed of five elected officials; a mayor and four council members, one of which acts as mayor pro-tempore. The Council hires a town administrator that oversees the day-to-day operations of the Town. The Town Council acts as the governing body of the Town with power to pass ordinances and adopt resolutions. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. The Town has no discretely presented component units.

**Basis of Presentation – Government-Wide Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water functions and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues for the various functions concerned.

**TOWN OF RIDGELAND, SOUTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Basis of Presentation – Fund Financial Statements**

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category—governmental and proprietary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The Town reports the following major governmental funds:

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

The special revenue fund is used to keep track of cash disbursements and receipts for the police drug fund.

The Town reports the following major proprietary fund:

The water and sewer fund accounts for the activities of the water and sewer operations. The Town operates the sewage treatment plant, sewage pumping stations and collection systems, and the water distribution system.

During the course of operations the Town has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the presentation of the government-wide financial statements.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in the governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

**TOWN OF RIDGELAND, SOUTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

The Town's fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within the first 60 days of the end of the current fiscal period, except for grant reimbursements for which the availability period is 120 days. Expenditures generally are recorded when a liability is incurred as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt for acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 120 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the Town.

The proprietary fund is reported using the economic resources measurement focus and the accrual basis of accounting.

**TOWN OF RIDGELAND, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balances**

Deposits and Investments

The Town considers cash and cash equivalents for cash flow purposes to be currency on hand, demand deposits with banks, amounts included in pooled cash and investment accounts, and liquid investments with an original maturity of three months or less when purchased. Investments for the Town are reported at fair value determined annually based upon quoted market prices.

Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital assets

Capital assets, which include property, plant, and equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items,) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, other than infrastructure, are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. For infrastructure assets the same estimated minimum useful life is used (in excess of two years), but only those infrastructure assets with an initial, individual cost of \$50,000 are reported as capital assets. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction of governmental-type activities is not capitalized.

All reported capital assets except land and construction in progress are depreciated. Useful lives for infrastructure are estimated based on the Town's historical records of necessary improvements and replacements. Depreciation is provided using the straight-line method over the following estimated useful lives:

<u>Capital Asset Classes</u>	<u>Years</u>
Buildings	20 - 99
Improvements other than Buildings	20
Machinery and Equipment	5 - 20
Infrastructure	10 - 67

**TOWN OF RIDGELAND, SOUTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expenses/expenditures) until then. The Town did not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (expenses/expenditures) until then. The Town has only one type of item, which arises only under modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet.

The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position Flow Assumptions

Sometimes the Government will fund outlays for a particular purposes from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Balance Flow Assumptions

Sometimes the Government will fund outlays for a particular purposes from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

**TOWN OF RIDGELAND, SOUTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Town itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Town's highest level of decision-making authority. The Town Council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the Town for specific purposes but do not meet the criteria to be classified as committed. The Town Council has by resolution authorized the finance director to assign fund balance. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**Revenues and Expenditures/Expenses**

Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property taxes

Taxes on real property and certain personal property attach as an enforceable lien on the property as of January 1. Taxes are levied and billed the following September on all property other than vehicles and are payable without penalty until January 15 of the following year. Penalties are assessed on unpaid taxes on the following dates: January 16 – three percent, February 1 – an additional seven percent, March 16 – an additional five percent. If not paid by October 1, the property is subject to sale by the delinquent tax office. Assessed property is subject to lien one year from the levy date if taxes remain unpaid. Taxes on licensed motor vehicles are levied during the month when the taxpayer's license registration is due for renewal. The property tax rate approved by ordinance for fiscal year 2014 is 114.2 mills.

**TOWN OF RIDGELAND, SOUTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

Compensated absences

The Town's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable. Upon separation from service, no monetary obligation exists for accumulated sick leave. Therefore, no liability has been recorded.

Proprietary Fund Operating and Non-operating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer fund are charges to customers for sales and services. The water and sewer fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgetary Information**

In accordance with the State of South Carolina General Statute, the Town prepares an annual balanced budget ordinance. The basis of budgeting is the same as generally accepted accounting principles. The Town adopts annual budgets for the general fund using the modified accrual basis. An annual budget for the special revenue fund is not adopted as sufficient budgetary control is achieved through restrictions included in the various grant agreements.

In March, the budget process begins with a special comprehensive work session in which the finance department and Town manager meet with all department heads to discuss current and future trends, needs and goals of the Town. All department heads submit comprehensive lists of programs, projects, and initiatives to be considered in the upcoming budget and meet with finance department staff and the administrator individually. During May and June, formal budget workshops are held. The Council holds public hearings and a final budget must be prepared and adopted no later than June 30.

Budgets are prepared at the fund, function and department level. Budgets are adopted at the fund level and are amended as necessary during the fiscal year in one of two ways. First, the Town Manager delegated by Town Council, may make line item transfers within individual fund budgets with subsequent monthly notice to Town Council. Such transfers can neither increase nor decrease the overall budget at the fund level. Secondly, the budget may be increased or decreased at the fund level as changing circumstances dictate, subject to Town Council approval. There were no budget amendments during the year and the Town was in compliance with their budget.

**TOWN OF RIDGELAND, SOUTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 3 DEPOSITS AND INVESTMENTS**

Credit Risk – The Town has an investment policy that limits investment types to those approved by the South Carolina Code of Laws to obligations of the United States and agencies thereof, general obligations of the State of South Carolina or any of its political subdivisions, certificates of deposit where the certificates are collaterally insured by securities described above held by a third party as escrow agent or custodian of a market value not less than the amount of the certificates of deposits so secured including interest, or repurchase agreements when collateralized by securities set forth above. Currently, the Town’s investments consist of deposits with the South Carolina Local Government Investment Pool (LIGP).

Interest Rate Risk – In accordance with its investment policy, the Town manages its exposure to declines in fair value by limiting the weighted average maturity of its investments to short-term investments in the South Carolina Local Investment Pool.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the Town’s deposits may not be returned to it. The Town does not have a formal investment policy to address custodial credit risk. The Town has a deposit policy for custodial credit risk. As of June 30, 2014, the bank balances were \$4,023,068. All of the Town’s deposits at year end were covered by federal depository insurance or by collateral held in the pledging financial institution’s trust department in the Town’s name. Therefore, none of the Town’s deposits were exposed to custodial credit risk at June 30, 2014.

**Restrictions on Cash and Investments**

Cash and investments restricted as to use are as follows:

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Proprietary Fund</b>	<b>Total</b>
Depreciation Fund	\$ -	\$ -	\$ 158,098	\$ 158,098
Drug Fund	-	1,229,619	-	1,229,619
Contingent Fund	-	-	259,302	259,302
RF Grant Expense	-	-	22,782	22,782
Water & Sewer Deposits	-	-	113,090	113,090
RF Grant Account	-	-	5,812	5,812
Grant Account	100	-	-	100
Garbage Deposits	1,519	-	-	1,519
Water Tank Repair	-	-	178,219	178,219
Impact Fees	-	-	339,844	339,844
Tourism Support	15,848	-	-	15,848
Victim Assistance	124,036	-	-	124,036
Veterans Memorial Park	10,281	-	-	10,281
Total Restrictions on Cash and Investments	<u>\$ 151,784</u>	<u>\$ 1,229,619</u>	<u>\$ 1,077,147</u>	<u>\$ 2,458,550</u>



**TOWN OF RIDGELAND, SOUTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 4 RECEIVABLES**

Receivables as of the year end for the Town's Funds are as follows:

	<b>General Fund</b>	<b>Proprietary Fund</b>	<b>Total</b>
Property taxes	\$ 107,243	\$ -	\$ 107,243
Auto taxes	5,859	-	5,859
Accommodation taxes	22,205	-	22,205
Local option sales taxes	234,469	-	234,469
Business licenses	248,912	-	248,912
Grants receivable	19,206	-	19,206
Other	38,073	-	38,073
Allowance for doubtful accounts	(1,910)	-	(1,910)
Water/ sewer billings	-	164,620	164,620
Total	<u>\$ 674,057</u>	<u>\$ 164,620</u>	<u>\$ 838,677</u>

All revenues are expected to be received within the criteria to be considered earned for governmental fund types; therefore, no amounts have been deferred in the governmental funds.

The allowance for doubtful accounts represents property taxes uncollected as of June 30, 2014.

**NOTE 5 PREPAID EXPENSES**

The Town entered into a five year lease agreement in the proprietary fund expiring on November 9, 2018 by paying \$225,000 during fiscal year 2014. For the year ended June 30, 2014, the Town reported \$28,726 in rent expense with the balance of \$196,274 as prepaid expense.

**NOTE 6 CAPITAL ASSETS**

The following is a summary of changes in the capital assets during the year.

<b>Governmental Activities</b>	<b>June 30, 2013</b>	<b>Increases</b>	<b>Decreases</b>	<b>June 30, 2014</b>
<i>Capital assets not being depreciated</i>				
Land and improvements	\$ 1,204,394	\$ -	\$ -	\$ 1,204,394
Construction in progress	105,901	109,938	3,000	212,839
Total capital assets not being depreciated	<u>1,310,295</u>	<u>109,938</u>	<u>3,000</u>	<u>1,417,233</u>
<i>Capital assets being depreciated</i>				
Buildings	862,694	3,000	-	865,694
Improvements other than buildings	994,936	-	-	994,936
Machinery and equipment	1,544,751	269,521	281,013	1,533,259
Infrastructure	2,295,733	-	-	2,295,733
Total capital assets being depreciated	<u>5,698,114</u>	<u>272,521</u>	<u>281,013</u>	<u>5,689,622</u>
Less accumulated depreciation for:				
Buildings	300,398	22,394	-	322,792
Improvements other than buildings	290,861	45,416	-	336,277
Machinery and equipment	1,123,298	160,546	281,013	1,002,831
Infrastructure	1,161,217	111,348	-	1,272,565
Total accumulated depreciation	<u>2,875,774</u>	<u>339,704</u>	<u>281,013</u>	<u>2,934,465</u>
Total capital assets being depreciated, net	<u>2,822,340</u>	<u>(67,183)</u>	<u>-</u>	<u>2,755,157</u>
Governmental activities capital assets, net	<u>\$ 4,132,635</u>	<u>\$ 42,755</u>	<u>\$ 3,000</u>	<u>\$ 4,172,390</u>

**TOWN OF RIDGELAND, SOUTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 6 CAPITAL ASSETS – CONTINUED**

<b>Business-Type Activities</b>	<b>June 30, 2013</b>	<b>Increases</b>	<b>Decreases</b>	<b>June 30, 2014</b>
<i>Capital assets not being depreciated</i>				
Land and improvements	\$ 1,242,158	\$ -	\$ -	\$ 1,242,158
Construction in progress	425,600	806,854	578,363	654,091
Total capital assets not being depreciated	<u>1,667,758</u>	<u>806,854</u>	<u>578,363</u>	<u>1,896,249</u>
<i>Capital assets being depreciated</i>				
Buildings	95,647	-	-	95,647
Machinery and equipment	351,616	50,154	-	401,770
Infrastructure	10,796,566	578,363	-	11,374,929
Total capital assets being depreciated	<u>11,243,829</u>	<u>628,517</u>	<u>-</u>	<u>11,872,346</u>
Less accumulated depreciation for:				
Buildings	15,552	2,804	-	18,356
Machinery and equipment	245,185	27,813	-	272,998
Infrastructure	5,378,774	313,793	-	5,692,567
Total accumulated depreciation	<u>5,639,511</u>	<u>344,410</u>	<u>-</u>	<u>5,983,921</u>
Total capital assets being depreciated, net	<u>5,604,318</u>	<u>284,107</u>	<u>-</u>	<u>5,888,425</u>
Business-Type activities capital assets, net	<u>\$ 7,272,076</u>	<u>\$ 1,090,961</u>	<u>\$ 578,363</u>	<u>\$ 7,784,674</u>

Depreciation expense was charged to functions of the Town as follows:

<b>Governmental Activities</b>		<b>Business Type Activities</b>	
Administrative Services	\$ 15,026	Water Utilities	\$ 172,476
Public Safety		Sewer Utilities	171,934
Police	101,227		<u>\$ 344,410</u>
Fire	33,097		
General Services	28,195		
Tourism	162,159		
Total	<u>\$ 339,704</u>		

**TOWN OF RIDGELAND, SOUTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 7 LONG-TERM OBLIGATIONS**

The long-term obligations consist of bonds, compensated absences, notes and capital leases in both the governmental-type and business-type activities of the Town.

The following is a summary of the long-term obligations transactions:

	<u>June 30, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2014</u>	<u>Due Within A Year</u>
<b>Governmental Activities</b>					
Capital leases	\$ 83,896	\$ 81,702	\$ 78,335	\$ 87,263	\$ 34,557
Compensated absences	177,379	-	19,002	158,377	15,838
Governmental Activities Long-term Obligations	<u>\$ 261,275</u>	<u>\$ 81,702</u>	<u>\$ 97,337</u>	<u>\$ 245,640</u>	<u>\$ 50,395</u>
<b>Business-type Activities:</b>					
Compensated absences	\$ 33,338	\$ 7,980	\$ -	\$ 41,318	\$ 4,132
Business-type Activities Long-term Obligations	<u>\$ 33,338</u>	<u>\$ 7,980</u>	<u>\$ -</u>	<u>\$ 41,318</u>	<u>\$ 4,132</u>

**Governmental Type Activities:**

**Capital Leases**

The following is a summary of capital lease transactions for the year ended June 30, 2014.

	<u>June 30, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2014</u>	<u>Due Within A Year</u>
Oshkosh Capital	\$ 48,294	\$ -	\$ 48,294	\$ -	\$ -
Wells Fargo	35,602	-	14,162	21,440	14,961
SCB&T (F-250)	-	26,855	8,040	18,815	8,936
SCB&T (F-450)	-	54,847	7,839	47,008	10,660
Total	<u>\$ 83,896</u>	<u>\$ 81,702</u>	<u>\$ 78,335</u>	<u>\$ 87,263</u>	<u>\$ 34,557</u>

Capital lease with Wells Fargo for the purchase of a street sweeper, payable in monthly installments of \$1,313.87 including interest at 5.5% beginning December 15, 2009 for a period of five years. The balance due on this lease at June 30, 2014 is \$21,440.

Capital lease with SCB&T for the purchase of a truck, payable in monthly installments of \$768.60 including interest at 1.95% beginning September 1, 2013 for a period of three years. The balance due on this lease at June 30, 2014 is \$18,815.

Capital lease with SCB&T for the purchase of a truck, payable in monthly installments of \$967.36 including interest at 2.25% beginning November 3, 2013 for a period of five years. The balance due on this lease at June 30, 2014 is \$47,008.

**TOWN OF RIDGELAND, SOUTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 7 LONG-TERM OBLIGATIONS – CONTINUED**

The assets acquired through capital leases are as follows:

Street sweeper	\$ 81,287
F-250	26,855
F-450	54,847
Less: accumulated depreciation	(81,097)
Net book value	<u>\$ 81,892</u>

The annual requirements to amortize the leases payable, as described in the preceding paragraphs at June 30, 2014 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 34,557	\$ 2,041	\$ 36,598
2016	26,494	907	27,401
2017	11,918	459	12,377
2018	11,403	205	11,608
2019	2,891	11	2,902
Total	<u>\$ 87,263</u>	<u>\$ 3,623</u>	<u>\$ 90,886</u>

**Business-Type Activities:**

**Compensated Absences**

Regular employees of the Town are entitled to vacation/personal leave as follows:

<u>Years Continuous Service</u>	<u>Number of Days</u>
After 6 months thru 5 years	22
After 5 years thru 10 years	24
After 10 years thru 20 years	27
After 20 years thru 50 years	30

Each day of leave consists of one eight hour period.

All regular employees who are separated from service will be paid for all accrued vacation/personal leave days up to a maximum of 30 days and/or 240 hours.

All vacation/personal leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is reported in the governmental funds only to the extent they are payable from current resources.

Regular employees can accrue sick leave at a rate of 1 day per month. Sick leave days can be accumulated to a maximum of 40 days. Upon termination or retirement any unused sick leave is lost; therefore, sick leave is not recorded as an expenditure until paid.

Compensated absences are paid from the General Fund for the governmental activities and from the Water and Sewer Fund for the business-type activities. The accrued compensated absences at June 30, 2014 are \$158,377 and \$41,318 respectively, and include 16% for employee benefits.

**TOWN OF RIDGELAND, SOUTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 8 PENSION PLAN OBLIGATIONS**

*Plan Description* - As a condition of employment, all eligible Town employees are required to participate in a pension plan. All firemen and law enforcement officers must belong to the South Carolina Police Officers Retirement System (SCPORS). All other eligible employees must belong to the South Carolina Retirement System (SCRS). Both plans are a cost-sharing multiple-employer Public Employee Retirement System (PERS) administered by the Retirement Division of the State Budget and Control Board. Retirement costs are funded by withholding from the employees' salaries, and by a contribution from the Town of a percentage of the employees' salaries. Both Retirement Systems are administered by the South Carolina Retirement System, which is a state agency. The Town has no fiduciary responsibility for or further liability for either of the retirement plans beyond their current contributions. A Comprehensive Annual Financial Report containing financial statements and required supplementary information for the South Carolina Retirement System and Police Officers' Retirement System may be obtained by writing to the South Carolina Retirement System, PO Box 11960, Columbia, South Carolina 29211.

*Funding Policy*

*South Carolina Retirement System (SCRS)*

The Town is required to contribute 10.45 percent which includes 0.15 percent towards group life insurance. The Town's contributions for the years ending June 30, 2014, 2013, and 2012 were \$88,640, \$88,962, and \$78,035, respectively, and were equal to the required contributions for each year.

*Police Officers Retirement System (PORS)*

The Town is required to contribute 11.09 percent which includes 0.40 percent towards group life insurance and survivor and disability benefits. The Town's contributions for the years ending June 30, 2014, 2013, and 2012 were \$143,216, \$145,073, and \$147,296, respectively, for SCPORS members and were equal to the required contributions for each year.

**NOTE 9 RISK MANAGEMENT**

The Town purchases various insurance policies providing coverage of workers compensation, tort, property and casualty, and health insurance. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. The insurers promise to pay to or on behalf of the insured for covered economic losses sustained during the policy in accordance with insurance policy and benefit program limits.

The State of South Carolina itself assumes substantially all risks, through a state risk pool, for the following:

1. Claims of covered public employees for health and dental insurance benefits. The insurance carrier is Blue Cross Blue Shield, administered by the State Office of Insurance Services.
2. Claims of covered public employees for long-term disability and group life insurance benefits (South Carolina Retirement System and State Accident Fund).
3. Property and casualty insurance on equipment and vehicles owned by the Town of Ridgeland, as well as tort liability on the Town's employees (South Carolina Insurance Reserve Fund).

**TOWN OF RIDGELAND, SOUTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 9 RISK MANAGEMENT – CONTINUED**

The Town's only responsibility under the state's insurance pool is to pay the premiums due.

The Town has recorded insurance premium expenditures in the applicable functional expenditure categories. These expenditures do not include estimated claim losses and estimated premium adjustments. There have been no significant reductions in insurance coverage since the prior year. The amounts of settlements have not exceeded coverage in each of the past three years.

**NOTE 10 CONTINGENCIES AND COMMITMENTS**

There are various claims pending against the Town. In the opinion of Town management, none of these claims are expected to exceed applicable insurance coverage.

**NOTE 11 GRANTS**

The Town received financial assistance from numerous federal, state and local governmental agencies in the form of grants. Disbursements of funds received under these programs generally require compliance with the terms and conditions specified in the grant agreements. The disbursements are also subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Town; however, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund type's herein or overall financial position of the Town at June 30, 2014.

**NOTE 12 INTERFUND RECEIVABLES, PAYABLE, AND TRANSFERS**

The Water and Sewer Fund budgeted and actually transferred \$365,000 to the General Fund.

**NOTE 13 FUND BALANCES AND NET POSITION**

In the fund financial statements, governmental funds report restrictions of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

In the Government-Wide Financial Statements, net position is classified in the following categories:

**Net investment in capital assets** - This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category. The capital assets and related debt are as follows:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Capital assets	\$ 7,106,855	\$ 13,768,597	\$ 20,875,452
Accumulated depreciation	(2,934,465)	(5,983,923)	(8,918,388)
Capital leases	(87,263)	-	(87,263)
Total	<u>\$ 4,085,127</u>	<u>\$ 7,784,674</u>	<u>\$ 11,869,801</u>

**TOWN OF RIDGELAND, SOUTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 13 FUND BALANCES AND NET POSITION – CONTINUED**

**Restricted Net Position** – This category represents the net position of the Town, which is restricted by external parties (creditors, grantors, contributors, or laws and regulations). The restricted net position is as follows:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Restricted for Capital Projects	\$ 10,381	\$ 345,656	\$ 356,037
Restricted fro Drug Fund	1,229,619	-	1,229,619
Restricted for Debt Service	-	417,400	417,400
Restricted for Tourism	15,848	-	15,848
Restricted for Victim Assistance	124,036	-	124,036
Restricted for Repairs and Contingencies	-	201,001	201,001
Total	<u>\$ 1,379,884</u>	<u>\$ 964,057</u>	<u>\$ 2,343,941</u>

**Restricted fund balance** – Indicates that portion of fund balance that is not available for appropriation or which has been legally segregated for specific purposes. At June 30, 2014 the restricted fund balance in the General Fund is \$150,265, and the Special Revenue Fund is reporting \$1,229,619 restricted for the Police Drug Fund.

**NOTE 14 SUBSEQUENT EVENTS**

In June 2012, the GASB issued Statement No. 68, Accounting and Financial Reporting for Pensions, effective for the fiscal year beginning July 1, 2014. This Statement revises existing standards for measuring and reporting pension liabilities for pension plans provided to its employees. This Statement requires recognition of a liability equal to the net pension liability, which is measured as the total pension liability, less the amount of the pension plan’s fiduciary net position. The total pension liability is determined based upon discounting projected benefit payments based on the benefit terms and legal agreements existing at the pension plan’s fiscal year-end. Projected benefit payments are required to be discounted using a single rate that reflects the expected rate of return on investments, to the extent that plan assets are available to pay benefits, and a tax-exempt, high-quality municipal bond rate when plan assets are not available. This Statement requires that most changes in the net pension liability be included in pension expense in the period of the change. To the extent practical, the financial statements presented for the periods affected should be restated. The Town will be implementing GASB Statement No. 68 for the fiscal year ending June 30, 2015 and the beginning net position of the year ended June 30, 2014 will be restated. As of June 30, 2014, the South Carolina Public Employee Benefit Authority (PEBA) has estimated a net pension liability of \$3.44 million obligation, representing unfunded contributions to the South Carolina Retirement System based on current funding policy that will be reported as a liability in the financial statements of the Town.

The Town has begun engineering on a new wastewater treatment facility estimated to cost approximately \$14.7 million with construction expected to start in December 2015. This new facility will be known as the Jimmy Mixson Wastewater Reclamation Facility. Construction of this facility will be financed by a Rural Development loan of \$7.6 million, a Rural Development grant of \$6.5 million, and \$600k in other grants. At June 30, 2014, the Town has commitments under contracts for engineering related to this project not completed of approximately \$925,000.

## **SUPPLEMENTARY INFORMATION**



**TOWN OF RIDGELAND, SOUTH CAROLINA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b>REVENUES</b>			
Property Taxes			
Property Taxes	\$ 550,935	\$ 573,408	\$ 22,473
Penalties	8,000	8,007	7
Motor Vehicle Taxes	65,000	72,635	7,635
Sub-total Property Taxes	<u>623,935</u>	<u>654,050</u>	<u>30,115</u>
Hospitality and Accommodations Taxes			
Accommodations Tax	39,000	49,543	10,543
Tourism Support Fees	245,000	298,911	53,911
Sub-total Hospitality and Accommodations Taxes	<u>284,000</u>	<u>348,454</u>	<u>64,454</u>
Fees and Fines			
Municipal Court	590,000	522,869	(67,131)
Planning and Zoning Fees	20,000	9,887	(10,113)
Victims Assistance Fees	38,000	31,205	(6,795)
Sub-total Fees and Fines	<u>648,000</u>	<u>563,961</u>	<u>(84,039)</u>
Intergovernmental			
Aid to Sub-divisions - State	75,000	115,442	40,442
Sub-total Intergovernmental	<u>75,000</u>	<u>115,442</u>	<u>40,442</u>
Local Option Sales Tax	569,160	811,629	242,469
Business Licenses	788,500	842,528	54,028
Investment Earnings	100	122	22
Miscellaneous	200,000	217,837	17,837
Grant	-	38,073	38,073
Total Revenues	<u>3,188,695</u>	<u>3,592,096</u>	<u>403,401</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from capital lease	-	81,702	81,702
Transfers in Water and Sewer Fund	365,000	365,000	-
Total Other Financing Sources (Uses)	<u>365,000</u>	<u>446,702</u>	<u>81,702</u>
Total Revenues	<u>\$ 3,553,695</u>	<u>\$ 4,038,798</u>	<u>\$ 485,103</u>

**TOWN OF RIDGELAND, SOUTH CAROLINA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b>Administrative Services</b>			
<b>Town Operations</b>			
Salaries	\$ 229,308	\$ 229,379	\$ (71)
FICA and Medicare	17,542	17,107	435
Workman's Compensation	1,500	975	525
Group Health - Life Insurance	40,694	40,102	592
Retirement	24,306	24,314	(8)
Unemployment Expenses	3,000	1,304	1,696
Travel, Training, and Subsistence	2,500	3,497	(997)
Fuel for Vehicles	6,000	7,707	(1,707)
Repairs and Maintenance on Vehicles	2,000	4,586	(2,586)
Communications, Postage, and Telephone	22,000	31,882	(9,882)
Electricity, Water, and Gas	70,000	102,495	(32,495)
Printing and Advertising	6,000	1,658	4,342
Subscriptions, Dues, Library, and Contributions	3,000	1,695	1,305
Services and Service Contracts	50,000	49,530	470
Repairs and Maintenance of Equipment	1,000	162	838
Materials and Supplies	12,450	11,675	775
Property Insurance	110,000	129,727	(19,727)
Miscellaneous	2,000	1,283	717
Contingency Fund	3,000	400	2,600
Court Costs	1,000	-	1,000
Capital Outlay:			
Furniture and Fixtures	3,000	-	3,000
Office Equipment	2,000	1,042	958
Other Improvement Projects	5,000	-	5,000
<b>Total Town Operations Expenditures</b>	<u>\$ 617,300</u>	<u>\$ 660,520</u>	<u>\$ (43,220)</u>

**TOWN OF RIDGELAND, SOUTH CAROLINA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b>Town Council</b>			
Salaries	\$ 33,600	\$ 32,813	\$ 787
FICA and Medicare	2,571	2,232	339
Workman's Compensation	500	326	174
Group Health - Life Insurance	11,950	12,594	(644)
Retirement	3,562	2,830	732
Travel, Training, and Subsistence	5,000	4,799	201
Communications, Postage, and Telephone	1,000	-	1,000
Printing and Advertising	1,000	425	575
Subscriptions, Dues, Library, and Contributions	4,000	3,745	255
Services and Service Contracts	2,000	-	2,000
Materials and Supplies	500	668	(168)
Miscellaneous	2,000	2,065	(65)
Contingency Fund	1,000	1,000	-
State Accommodations	16,000	19,311	(3,311)
<b>Total Town Council Expenditures</b>	<u>84,683</u>	<u>82,808</u>	<u>1,875</u>
<b>Total Administrative Services</b>	<u>\$ 701,983</u>	<u>\$ 743,328</u>	<u>\$ (41,345)</u>

**TOWN OF RIDGELAND, SOUTH CAROLINA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b>General Services</b>			
Salaries	\$ 161,499	\$ 166,359	\$ (4,860)
Special Salaries	2,500	1,504	996
FICA and Medicare	12,546	12,362	184
Workman's Compensation	8,035	7,941	94
Group Health-life Insurance	33,901	32,386	1,515
Retirement	17,384	18,087	(703)
Uniforms	3,000	2,534	466
Travel, Training, and Subsistence	600	-	600
Fuel for Vehicles	18,000	15,706	2,294
Repairs and Maintenance on Vehicles	7,500	1,586	5,914
Buildings and Fixed Equipment	-	-	-
Communications, Postage, and Telephone	2,500	3,027	(527)
Electricity, Water, and Gas	33,000	28,596	4,404
Printing and Advertising	300	-	300
Subscriptions, Dues, Library, and Contributions	500	160	340
Services and Service Contracts	62,000	31,166	30,834
Repairs and Maintenance of Equipment	12,000	10,335	1,665
Materials and Supplies	42,000	33,553	8,447
Animal Control	2,000	43	1,957
Miscellaneous	2,000	2,101	(101)
Contingency Fund	600	500	100
Capital Outlay:			
Machinery and Equipment	20,000	40,916	(20,916)
Debt Service:			
Note Principal	24,600	22,203	2,397
Note Interest	-	2,018	(2,018)
<b>Total General Services Expenditures</b>	<u>\$ 466,465</u>	<u>\$ 433,083</u>	<u>\$ 33,382</u>

**TOWN OF RIDGELAND, SOUTH CAROLINA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b>Public Safety</b>			
<b>Police Department</b>			
Salaries	\$ 564,626	\$ 554,802	\$ 9,824
Special Salaries	55,000	64,824	(9,824)
FICA and Medicare	47,402	47,403	(1)
Workman's Compensation	30,000	27,120	2,880
Group Health-life Insurance	109,954	109,556	398
Retirement	77,453	77,753	(300)
Uniforms	6,000	9,632	(3,632)
Travel, Training, and Subsistence	10,000	4,708	5,292
Fuel for Vehicles	60,000	40,697	19,303
Repairs and Maintenance on Vehicles	25,000	46,881	(21,881)
Communications, Postage, and Telephone	17,000	20,225	(3,225)
Utilities	-	-	-
Printing and Advertising	1,500	195	1,305
Subscriptions, Dues, Library, and Contributions	500	2	498
Services and Service Contracts	8,700	7,235	1,465
Repairs and Maintenance on Equipment	1,500	7,100	(5,600)
Materials and Supplies	12,000	7,471	4,529
Miscellaneous	1,000	2,321	(1,321)
Dispatch Expense	55,250	55,000	250
Contingency Funds	6,500	1,300	5,200
Animal Control	1,000	1,854	(854)
<b>Total Police Department Expenditures</b>	<u>\$ 1,090,385</u>	<u>\$ 1,086,079</u>	<u>\$ 4,306</u>

**TOWN OF RIDGELAND, SOUTH CAROLINA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014**

	<b>BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE FAVORABLE (UNFAVORABLE)</b>
<b>Fire Department</b>			
Salaries - Regular	\$ 440,648	\$ 446,928	\$ (6,280)
Salaries - Special	28,000	33,598	(5,598)
FICA and Medicare	35,852	35,082	770
Workman's Compensation	26,700	25,547	1,153
Group Health- life Insurance	103,219	101,424	1,795
Retirement	58,581	59,896	(1,315)
Uniforms	5,000	5,205	(205)
Travel, Training, and Subsistence	9,300	6,249	3,051
Fuel for Vehicles	14,000	16,694	(2,694)
Repairs and Maintenance on Vehicles	12,000	9,500	2,500
Communications, Postage, and Telephone	5,500	5,218	282
Electricity, Water, and Gas	7,000	7,639	(639)
Printing and Advertising	200	61	139
Subscriptions, Dues, Library, and Contributions	1,000	1,050	(50)
Service and Service Contracts	6,500	3,525	2,975
Repairs and Maintenance of Equipment	8,000	11,724	(3,724)
Materials and Supplies	2,500	5,581	(3,081)
Miscellaneous	2,500	2,153	347
Contingency Fund	1,500	2,045	(545)
Capital Outlay:			
Machinery and Equipment	10,000	78,139	(68,139)
Office Equipment	1,000	-	1,000
Buildings and Fixed Equipment	2,000	-	2,000
Debt Service:			
Capital Lease Payment - Principal	11,520	7,839	3,681
Capital Lease Payment - Interest	-	867	(867)
<b>Total Fire Department Expenditures</b>	<b>\$ 792,520</b>	<b>\$ 865,964</b>	<b>\$ (73,444)</b>

**TOWN OF RIDGELAND, SOUTH CAROLINA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b>Judicial</b>			
Salaries - Regular	\$ 135,600	\$ 135,754	\$ (154)
FICA and Medicare	10,374	10,068	306
Workman's Compensation	600	642	(42)
Group Health- life Insurance	18,173	18,768	(595)
Retirement	15,295	15,329	(34)
Solicitor VA	60,000	37,500	22,500
Travel, Training, and Subsistence	5,000	4,757	243
Communications, Postage, and Telephone	1,000	1,303	(303)
Subscriptions, Dues, Library, and Contributions	300	170	130
Services and Service Contracts	6,600	10,125	(3,525)
Materials and Supplies	900	1,691	(791)
Miscellaneous	300	54	246
Contingency Fund	200	300	(100)
Court Costs	3,000	2,060	940
<b>Total Judicial Expenditures</b>	<u>257,342</u>	<u>238,521</u>	<u>18,821</u>
<b>Total Public Safety Expenditures</b>	<u>2,140,247</u>	<u>2,190,564</u>	<u>(50,317)</u>
<b>Tourism</b>			
Printing and Advertising	20,000	7,000	13,000
Services and Service Contracts	-	67,780	(67,780)
Materials and Supplies	-	2,739	(2,739)
Miscellaneous	1,000	5,481	(4,481)
Capital Outlay:			
Other Improvement Projects	173,000	109,938	63,062
Debt Service:			
Principal	51,000	48,294	2,706
Interest	-	2,379	(2,379)
<b>Total Tourism Expenditures</b>	<u>245,000</u>	<u>243,611</u>	<u>1,389</u>
<b>Total Expenditures</b>	<u>3,553,695</u>	<u>3,610,586</u>	<u>(56,891)</u>
Net Change in Fund Balances	-	428,212	428,212
<b>Fund Balances, Beginning of year</b>	<u>1,059,044</u>	<u>1,059,044</u>	<u>-</u>
<b>Fund Balances, Ending of year</b>	<u>\$ 1,059,044</u>	<u>\$ 1,487,256</u>	<u>\$ 428,212</u>

**TOWN OF RIDGELAND, SOUTH CAROLINA  
 PROPRIETARY FUND - WATER AND SEWER  
 SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2014**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b>OPERATING REVENUES</b>			
Charges for Services			
Water	\$ 720,000	\$ 719,030	\$ (970)
Sewer	720,000	723,414	3,414
Administrative Charges and Penalties	40,000	43,062	3,062
Connection Fees	8,000	13,768	5,768
Cut-off Fees	8,500	9,926	1,426
Total Charges For Services	<u>1,496,500</u>	<u>1,509,200</u>	<u>12,700</u>
Miscellaneous	<u>6,000</u>	<u>4,898</u>	<u>(1,102)</u>
Total Operating Revenues	<u>1,502,500</u>	<u>1,514,098</u>	<u>11,598</u>
<b>NON-OPERATING REVENUES</b>			
Investment Income	1,000	1,100	100
Grant Income	<u>-</u>	<u>279,576</u>	<u>279,576</u>
Total Non-operating Revenues	<u>1,000</u>	<u>280,676</u>	<u>279,676</u>
Total Revenues	<u>\$ 1,503,500</u>	<u>\$ 1,794,774</u>	<u>\$ 291,274</u>



**TOWN OF RIDGELAND, SOUTH CAROLINA  
 PROPRIETARY FUND - WATER AND SEWER  
 SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2014**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b>WATER DEPARTMENT - EXPENSES</b>			
<b>Personnel:</b>			
Salaries	\$ 121,093	\$ 121,160	\$ (67)
FICA and Medicare	9,264	9,186	78
Workman's Compensation	18,000	15,895	2,105
Group Health-life Insurance	19,911	17,847	2,064
Retirement	12,836	12,883	(47)
Total Personnel	<u>181,104</u>	<u>176,971</u>	<u>4,133</u>
<b>Operations:</b>			
Uniforms	1,500	1,404	96
Travel, Training, and Subsistence	3,000	997	2,003
Fuel for Vehicles	6,000	8,118	(2,118)
Repairs and Maintenance on Vehicles	2,000	1,905	95
Communications, Postage, and Telephone	5,000	8,468	(3,468)
Electricity, Water, and Gas	40,000	38,891	1,109
Printing and Advertising	1,200	1,123	77
Dues and Subscriptions	2,000	3,354	(1,354)
Services and Service Contracts	32,500	31,367	1,133
Repairs and Maintenance of Equipment	5,000	10,270	(5,270)
Materials and Supplies	50,000	48,047	1,953
Miscellaneous	1,200	750	450
Contingency Fund	500	300	200
Capital Outlay:			
Autos and Automotive Equipment	30,000	-	30,000
Office Equipment	1,500	-	1,500
Other Capital Outlays	12,500	-	12,500
Outlay Construction	35,000	-	35,000
Depreciation	-	172,476	(172,476)
Total Operations	<u>228,900</u>	<u>327,470</u>	<u>(98,570)</u>
<b>Nonoperating Expenses</b>			
Interest	50,000	-	50,000
Transfers to General Fund	227,500	227,500	-
Total Nonoperating Expenses	<u>277,500</u>	<u>227,500</u>	<u>50,000</u>
 Total Water Department	 <u>\$ 687,504</u>	 <u>\$ 731,941</u>	 <u>\$ (44,437)</u>

**TOWN OF RIDGELAND, SOUTH CAROLINA  
 PROPRIETARY FUND - WATER AND SEWER  
 SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2014**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b>SEWER DEPARTMENT - EXPENSES</b>			
<b>Personnel:</b>			
Salaries	\$ 192,388	\$ 199,219	\$ (6,831)
Special Salaries	7,000	4,570	2,430
FICA and Medicare	15,254	15,090	164
Workman's Compensation	8,300	5,895	2,405
Group Health-life Insurance	32,218	27,726	4,492
Retirement	21,136	22,168	(1,032)
Total Personnel	<u>276,296</u>	<u>274,668</u>	<u>1,628</u>
<b>Operations:</b>			
Uniforms	1,500	1,404	96
Travel, Training, and Subsistence	3,000	1,693	1,307
Fuel for Vehicles	10,000	9,514	486
Repairs and Maintenance on Vehicles	4,000	3,459	541
Communications, Postage and Telephone	4,500	5,261	(761)
Electricity, Water, and Gas	120,000	148,047	(28,047)
Printing and Advertising	700	2,729	(2,029)
Dues and Subscriptions	1,500	2,303	(803)
Services and Service Contracts	23,300	36,135	(12,835)
Repairs and Maintenance of Equipment	25,000	30,160	(5,160)
Materials and Supplies	25,000	28,032	(3,032)
Miscellaneous	2,100	2,635	(535)
Contingency Fund	900	400	500
Turf Farm Lease	10,500	21,226	(10,726)
Capital Outlay:			
Office Equipment	1,200	-	1,200
Machinery and Equipment	20,000	-	20,000
Other Improvement Projects Expenses	71,000	-	71,000
Outlay Construction	28,000	-	28,000
Depreciation	-	171,934	(171,934)
Total Operations	<u>352,200</u>	<u>464,932</u>	<u>(112,732)</u>
<b>Non Operating Expense:</b>			
Interest	50,000	-	50,000
Transfers to General Fund	137,500	137,500	-
Total Nonoperating Expenses	<u>187,500</u>	<u>137,500</u>	<u>50,000</u>
Total Sewer Department	<u>815,996</u>	<u>877,100</u>	<u>(61,104)</u>
Change in Net Position	-	185,733	185,733
<b>Net Position, Beginning of year</b>	<u>9,070,042</u>	<u>9,070,042</u>	<u>-</u>
<b>Net Position, End of year</b>	<u>\$ 9,070,042</u>	<u>\$ 9,255,775</u>	<u>\$ 185,733</u>

**TOWN OF RIDGELAND, SOUTH CAROLINA  
GENERAL FUND  
SUPPLEMENTAL SCHEDULE OF FINES, ASSESSMENTS, AND SURCHARGES  
FOR THE YEAR ENDED JUNE 30, 2014**

**COURT FINES**

Total Court Fines Collected	\$ 1,358,547
Court Assessments Remitted to the State Treasurer	(500,245)
Court Surcharges Remitted to the State Treasurer	(303,766)
Court Assessments/Surcharges Allocated to Victim Services	<u>(66,778)</u>
Court Fines Retained by Town	<u>\$ 487,758</u>

**Victim Services**

Court Assessments Allocated to Victim Services	\$ 61,870
Court Surcharges Allocated to Victim Services	<u>4,908</u>
Funds Allocated to Victim Services	<u>\$ 66,778</u>

**VICTIM SERVICES**

Carry Forward from Fiscal Year Ended June 30, 2013	133,695
Funds Allocated to Victim Services	66,778
Less: Victim Service Expenditures	<u>(76,437)</u>
Funds Available for Carry Forward	<u>\$ 124,036</u>

## **COMPLIANCE SECTION**



Richard D. Crowley, CPA CVA  
Lisa T. Wechsler, CPA CFE

## CROWLEY WECHSLER & ASSOCIATES LLC

CERTIFIED PUBLIC ACCOUNTANTS

[www.CWACPAS.com](http://www.CWACPAS.com)

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Member:  
American Institute of CPAs  
South Carolina Association of CPAs

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

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

We have audited, in accordance with the 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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Town of Ridgeland (the Town), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Town's basic financial statements and have issued our report thereon dated December 15, 2014.

#### **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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies: 14-01 and 14-02.

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## **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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items: 14-01 and 14-02.

## **Town of Ridgeland's Response to Findings**

The Town's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **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.



Crowley Wechsler & Associates  
Beaufort, South Carolina  
December 15, 2014



**CROWLEY WECHSLER & ASSOCIATES LLC**

CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON**

**INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

**Report on Compliance for Each Major Federal Program**

We have audited Town of Ridgeland's (the Town) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2014. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the Town's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the Town, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

**Report on Internal Control Over Compliance**

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

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

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Crowley Wechsler & Associates  
Beaufort, South Carolina  
December 15, 2014



**TOWN OF RIDGELAND, SOUTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2014**

<u>Federal Grantor/ Pass Through Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Identification Number</u>	<u>Federal Expenditures</u>
<b>Department of Housing and Urban Development</b>			
<b>Passed thru South Carolina Department of Commerce</b>			
Community Development Block Grants	14.228	4-CI-11-025 *	\$ 406,094
<b>Department of Justice</b>			
Equitable Sharing Program - Justice Funds	16.922	1123-0011 *	307,766
<b>Department of Treasury</b>			
Equitable Sharing Program - Treasury Funds	21.000	1123-0011	<u>5,124</u>
<b>Total expenditures of Federal and State awards</b>			<u><u>\$ 718,984</u></u>

\* -Major Federal Assistance Program

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL**

Note A - Significant Accounting Policies

The accompanying schedule of expenditures of federal and state awards is a summary of Town of Ridgeland, South Carolina's federal award programs presented on the accrual basis of accounting in accordance with the requirements of OMB A-133, Audits of States, Local Governments and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

**TOWN OF RIDGELAND, SOUTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**Section I: Summary of Auditors' Results**

*Financial Statements*

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

\* Material weakness(es) identified?      Yes   X   No

\* Reportable condition(s) identified that are not considered to be material weaknesses?   X   Yes      No

Noncompliance material to financial statements noted?      Yes   X   No

*Federal Awards*

Internal control over major programs:

\* Material weakness(es) identified?      Yes   X   No

\* Reportable condition(s) identified that are not considered to be material weaknesses?      Yes   X   No

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?      Yes   X   None Reported

Identification of Major Programs:

<u>Name of Federal Programs or Cluster</u>	<u>CFDA Number(s)</u>
Community Development Block Grants	14.228
Equitable Sharing Program – Justice Funds	16.922

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee?      Yes   X   No

**TOWN OF RIDGELAND, SOUTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**Section II: Financial Statement Findings**

**14-01 SEGREGATION OF DUTIES**

**CONDITION:** Due to staffing issues, certain functions tend to overlap and create problems with segregation of duties.

**CRITERIA:** Proper internal control procedures require segregation duties in the collection, posting, and reconciliation of cash deposits.

**CAUSE OF CONDITION:** Lack of segregation of duties is created by small staff and job performance.

**EFFECT OF CONDITION:** This lack of segregation of duties increases risk that an error or irregularity could occur and go undetected.

**RECOMMENDATION:** Continue to stress the importance of segregating the functions performed by employees. Strive to include as many people in the process of billing, receipting, and disbursing cash.

**MANAGEMENT'S RESPONSE:** Due to size of staff it is impossible to segregate all functions; however, management has implemented procedures to provide monitoring of staff activities where possible.

**14-02 CONTROL PROCEDURES FOR DRUG FUND**

**CONDITION:** Monitoring of Drug Fund is not being performed by the Town.

**CRITERIA:** Proper internal control procedures require monitoring of all activities of a government.

**CAUSE OF CONDITION:** Cash receipts and disbursements were being maintained by the police department and are not being monitored by the Town.

**EFFECT OF CONDITION:** The lack of monitoring has caused compliance issues in prior years causing the Town to pay back a material amount of cash to the federal government.

**RECOMMENDATION:** Implement monitoring function so management has overview of the Drug Fund.

**MANAGEMENT'S RESPONSE:** The Drug Fund Account is administered according to the current U. S. Department of Justice Guidelines. All checks require 2 signatures. The police department is contracted with an outside CPA on an annual basis to reconcile and code all activity. This reconciliation is done every thirty days. The Town will review this policy to determine if changes need to be made.

**Section III: Federal Awards Findings and Questioned Costs**

NONE

**TOWN OF RIDGELAND, SOUTH CAROLINA  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2014**

**Summary of Auditor's Results**

1. The independent auditors' report expressed an unmodified opinion.
2. There was one financial prior year audit finding reported which is the same finding as the current year.