



**TOWN OF RIDGELAND, SOUTH CAROLINA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2018**

Mayor

Joseph N. Malphrus, Jr.

Mayor Pro Tempore

Thomas Rhodes

Town Council Members

Josephine Boyles
Grady Woods
Chris DuBose

Town Administrator

Dennis E. Averkin

Clerk – Treasurer

Penny Daley

Finance Director

Sharon Boyles

**TOWN OF RIDGELAND, SOUTH CAROLINA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2018
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FINANCIAL SECTION



CERTIFIED PUBLIC ACCOUNTANTS

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Mark Smolinski, CPA

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American Institute of CPAs
South Carolina Association of CPAs

INDEPENDENT AUDITORS' REPORT

To the Mayor and Town Council
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, 2018, 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, as of June 30, 2018, and the respective changes in financial position, the respective budgetary comparison for the General Fund and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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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 and historical pension information on pages 3–11 and 43–44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules 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 schedules 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 November 30, 2018, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



Crowley Wechsler & Associates LLC
Beaufort, South Carolina
November 30, 2018

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, 2018. We encourage readers to consider the information presented here in conjunction with the accompanying financial statements and notes.

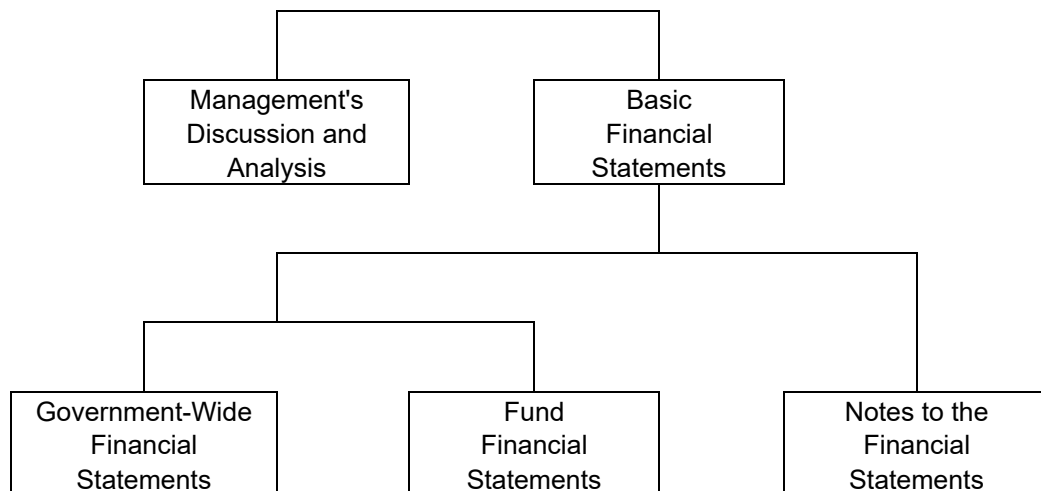
Financial Highlights

- The assets and deferred outflows of the Town exceeded its liabilities and deferred inflows by \$14,047,692 at June 30, 2018 as compared to \$13,711,382 at the end of the previous fiscal year. The net position in the governmental activities decreased from \$4,516,302 at June 30, 2017 to \$4,456,545 at June 30, 2018, and the net position in the business-type activities increased from \$9,195,080 at June 30, 2017 to \$9,591,147 at June 30, 2018. The Town's net position increase of \$298,912 is due to a decrease of \$59,757 in governmental activities and an increase of \$358,669 in business-type activities. There was a prior period adjustment to business-type activities of \$37,398.
- As of the close of the fiscal year the Town's governmental fund reported an ending fund balance of \$3,121,817 as compared to \$2,727,031 for the previous fiscal year, resulting in an increase of \$394,786, as compared to an increase in the previous year of \$326,435.

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, 2018 the Town's assets and deferred outflows exceeded liabilities and deferred inflows by \$14,047,692 (net position). This represents an increase in the Town's net position of \$298,912 or 2.18% from the prior year.

The following is a comparative presentation of the net position of the Town as of June 30, 2018 and June 30, 2017.

	Governmental Activities		Business-type Activities		Totals	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Assets:						
Current assets	\$ 3,447,829	\$ 3,163,651	\$ 2,363,224	\$ 2,306,467	\$ 5,811,053	\$ 5,470,118
Capital assets, net	5,435,221	5,448,036	8,095,832	7,779,218	13,531,053	13,227,254
Total Assets	<u>8,883,050</u>	<u>8,611,687</u>	<u>10,459,056</u>	<u>10,085,685</u>	<u>19,342,106</u>	<u>18,697,372</u>
Deferred Outflows of Resources	790,018	759,495	128,608	86,241	918,626	845,736
Current liabilities	255,563	364,032	259,507	300,557	515,070	664,589
Long-term liabilities	4,683,576	4,470,572	691,855	672,988	5,375,431	5,143,560
Total Liabilities	<u>4,939,139</u>	<u>4,834,604</u>	<u>951,362</u>	<u>973,545</u>	<u>5,890,501</u>	<u>5,808,149</u>
Deferred Inflows of Resources	277,384	20,276	45,155	3,301	322,539	23,577
Net position						
Net investment in capital assets	4,653,717	5,037,300	8,040,277	7,779,218	12,693,994	12,816,518
Restricted	624,547	428,673	873,895	812,774	1,498,442	1,241,447
Unrestricted	(821,719)	(949,671)	676,975	603,088	(144,744)	(346,583)
Total net position	<u>\$ 4,456,545</u>	<u>\$ 4,516,302</u>	<u>\$ 9,591,147</u>	<u>\$ 9,195,080</u>	<u>\$ 14,047,692</u>	<u>\$ 13,711,382</u>

The largest portion 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 was \$12,693,994 at June 30, 2018. The Town's long-term liabilities as of June 30, 2018 were \$5,375,431, which was an increase of \$231,871 over the previous year. Restricted net position represents cash on hand for capital projects, drug fund, tourism, victim's assistance, debt service, and repairs and maintenance.

Change in Net Position.

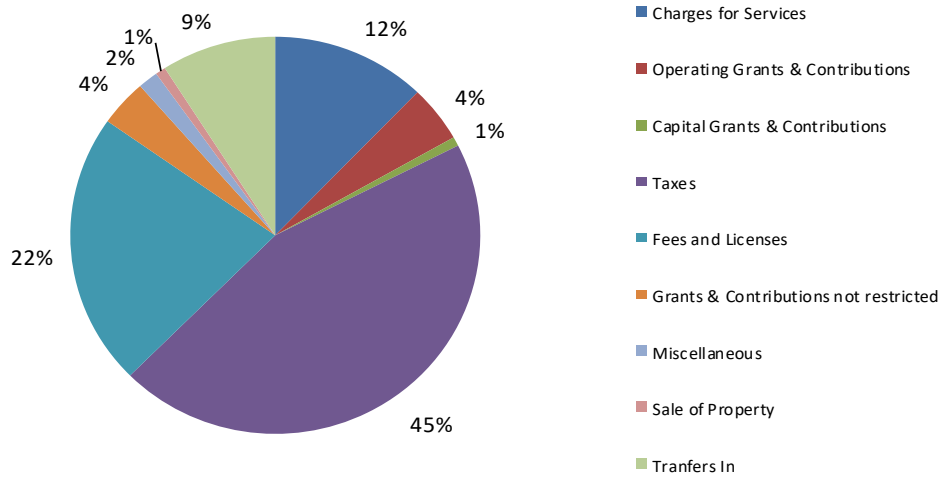
The following is a comparative analysis of the changes in net position for the years ended June 30, 2018 and June 30, 2017:

	Changes in Net Position For the Years Ended June 30:					
	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program Revenues						
Charges for Services	\$ 545,731	\$ 562,002	\$ 1,934,515	\$ 2,133,637	\$ 2,480,246	\$ 2,695,639
Operating Grants and Contributions	205,050	-	-	-	205,050	-
Capital Grants and Contributions	33,263	86,259	114,327	342,547	147,590	428,806
Total Program Revenues	<u>784,044</u>	<u>648,261</u>	<u>2,048,842</u>	<u>2,476,184</u>	<u>2,832,886</u>	<u>3,124,445</u>
General Revenues						
Taxes	2,011,578	1,921,212	-	-	2,011,578	1,921,212
Business License Fees	993,503	934,967	-	-	993,503	934,967
Investment Earnings	6,394	248	3,709	1,499	10,103	1,747
Impact and Capacity Fees	-	-	72,291	9,342	72,291	9,342
Miscellaneous	64,722	487,545	8,335	5,271	73,057	492,816
Grants & Contributions not restricted	169,998	106,610	-	-	169,998	106,610
Sale of Property	36,058	23,841	-	-	36,058	23,841
Transfers	405,000	375,000	(405,000)	(375,000)	-	-
Total General Revenues	<u>3,687,253</u>	<u>3,849,423</u>	<u>(320,665)</u>	<u>(358,888)</u>	<u>3,366,588</u>	<u>3,490,535</u>
Total Revenues	<u>4,471,297</u>	<u>4,497,684</u>	<u>1,728,177</u>	<u>2,117,296</u>	<u>6,199,474</u>	<u>6,614,980</u>
Expenses:						
Administrative	955,890	884,189	-	-	955,890	884,189
General Services	499,601	496,118	-	-	499,601	496,118
Public Safety	2,643,997	2,711,756	-	-	2,643,997	2,711,756
Tourism	303,516	278,006	-	-	303,516	278,006
Planning and Zoning	120,043	112,016	-	-	120,043	112,016
Water	-	-	573,850	517,914	573,850	517,914
Sewer	-	-	795,658	1,120,189	795,658	1,120,189
Interest	8,007	-	-	-	8,007	-
Total Expenses	<u>4,531,054</u>	<u>4,482,085</u>	<u>1,369,508</u>	<u>1,638,103</u>	<u>5,900,562</u>	<u>6,120,188</u>
Change in Net Position	(59,757)	15,599	358,669	479,193	298,912	494,792
Net Position- Beginning	4,516,302	4,500,703	9,195,080	8,715,887	13,711,382	13,216,590
Prior Period Adjustment	-	-	37,398	-	37,398	-
Net Position- Ending	<u>\$ 4,456,545</u>	<u>\$ 4,516,302</u>	<u>\$ 9,591,147</u>	<u>\$ 9,195,080</u>	<u>\$ 14,047,692</u>	<u>\$ 13,711,382</u>

Overall program revenues went down \$291,559, which is primarily related to capital grants in 2018. General revenues were \$3,366,588 in the current year compared to \$3,490,535 in the prior year. Overall expenses were down \$219,626 from \$5,900,562 in the current year compared to \$6,120,188 in the prior year which related to administrative expenses up \$71,000, public safety down \$67,000, tourism up \$25,000, water up \$55,000, and sewer down \$324,000. These amounts related to a service and professional fees decrease of \$243,000, state accommodations tax increase of \$33,000 due to more collections, repairs decrease of \$16,000, materials and supplies increase of \$30,000, water fund salaries increase of \$17,000, electricity decrease of \$23,000 and the drug fund decrease of \$34,000 due to a lack of new funding. Other decreases in expenses were normal, routine service contracts and supplies.

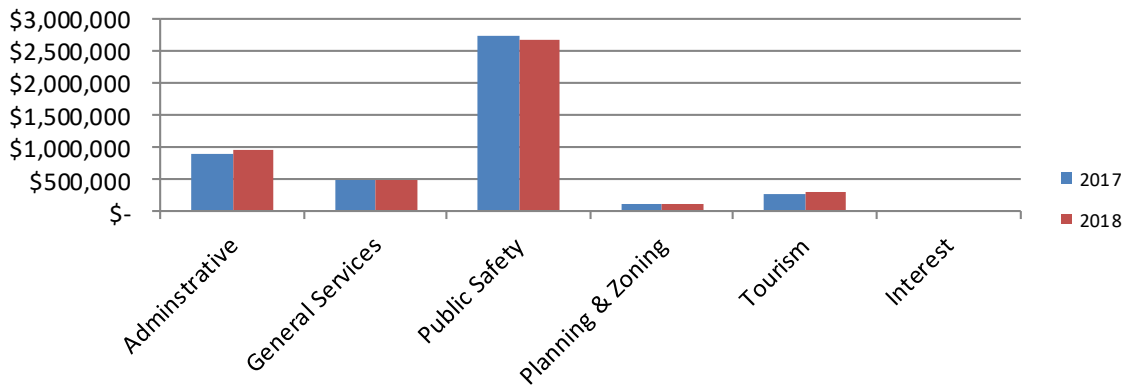
The following graph depicts the revenue sources for the various governmental activities of the Town.

Revenue Sources - Governmental Activities



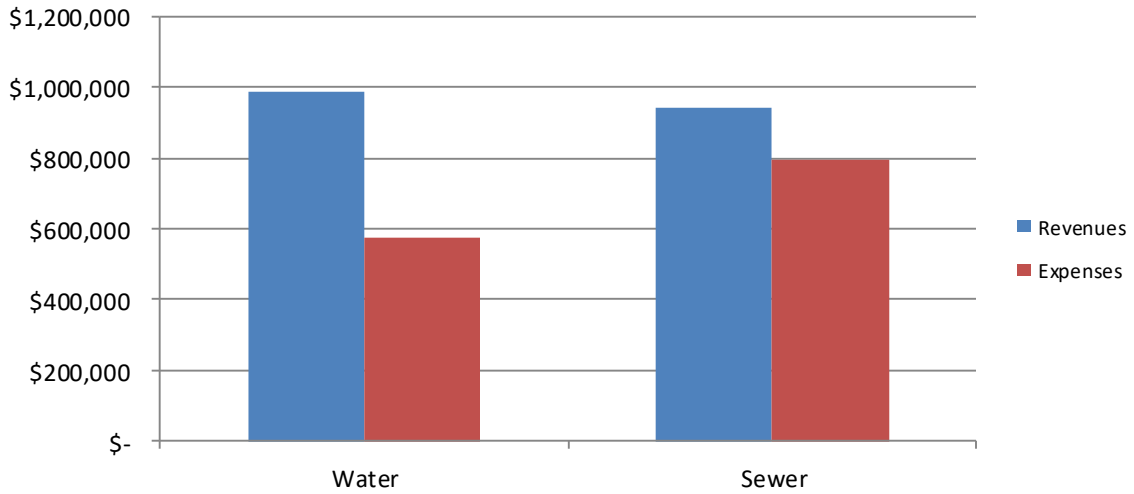
The following graph depicts the expenses for the various governmental activities of the Town.

Expenses for Governmental Activities



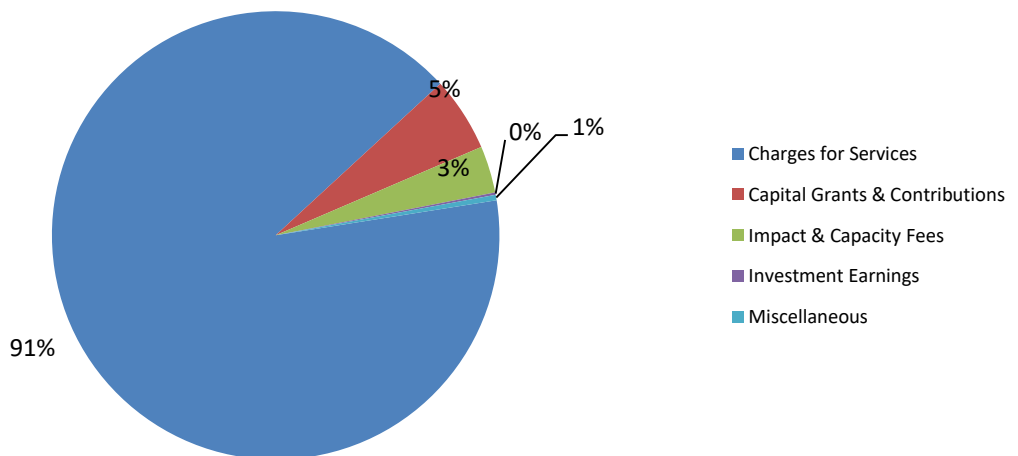
The following graph depicts the program revenues and expenses of the Town's business-type activities.

Program Revenues and Expenses Proprietary Fund



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 \$3,121,817, an increase of 14.5% or \$394,786. \$624,547 is restricted for capital projects, tourism, victim assistance, and the drug fund leaving an unassigned balance of \$2,497,270.

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 \$9,591,147, an increase of 4.3% or \$396,067. Net position of \$873,895 is restricted for capital projects, debt service, and repairs. The investment in capital assets less accumulated depreciation and related debt is \$8,040,277, leaving a balance of \$676,975 in unrestricted net position.

General Fund Budgetary Highlights

The general fund revenues exceeded budgeted amounts by \$534,966 or 12.51%. \$63,782 was due to grant revenue that was not budgeted, \$54,000 in local option sales tax and business licenses, \$(36,000) in property taxes, \$105,000 in hospitality and accommodations taxes, \$(58,000) in fines and fees, \$413,718 in issuance of debt and \$(7,000) in other revenues. Expenditures on the budgetary basis were over budget by \$60,343 or 1.41%.

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, 2018, totals \$13,531,053 (net of depreciation). The following schedule details the capital assets, net of depreciation, at June 30, 2018 with a comparison to fiscal year ended June 30, 2017:

	Governmental Activities	Business-Type Activities	June 30, 2018 Total	June 30, 2017 Total
Construction in Progress	\$ 129,593	\$ 301,833	\$ 431,426	\$ 10,622
Land	1,270,665	1,244,658	2,515,323	2,515,323
Buildings and Improvements	1,198,640	69,181	1,267,821	1,316,256
Improvements other than Building	1,074,666	-	1,074,666	1,148,437
Machinery, Equipment, Vehicles	931,144	234,985	1,166,129	1,105,260
Infrastructure, Engineering and Legal	830,513	6,245,175	7,075,688	7,131,358
Total Capital Assets - net	\$ 5,435,221	\$ 8,095,832	\$ 13,531,053	\$ 13,227,256

Increases in capital assets in governmental activities and business-type activities were \$1,106,116 which includes vehicles and equipment for \$313,915, infrastructure of \$371,396 and CIP of \$420,805. Depreciation expense for 2018 was \$802,318 compared to \$781,391 in 2017.

Long-Term Obligations

At June 30, 2018 the Town has long-term obligations in the amount of \$4,683,576 in the General Fund and \$691,855 in the Proprietary Fund. The long-term obligations are attributable to capital leases for the acquisition of a street sweepers and two trucks, 3 vehicle leases, lease on Motorola system, compensated absences, and net pension liability. The following schedule details the long-term obligations for the year ended June 30, 2018 with a comparison to fiscal year ended June 30, 2017:

	Governmental Activities	Business-Type Activities	June 30, 2018 Total	June 30, 2017 Total
Capital Leases	\$ 781,504	\$ 55,555	\$ 837,059	\$ 410,736
Net Pension Liability	3,748,571	610,233	4,358,804	4,532,806
Compensated Absences	153,501	26,067	179,568	200,018
Total Long-Term Debt	<u>\$ 4,683,576</u>	<u>\$ 691,855</u>	<u>\$ 5,375,431</u>	<u>\$ 5,143,560</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 2018-2019 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, 2019 is \$4,476,302 with tax millage at 134.48 mills. The budget for the proprietary fund for fiscal year ended June 30, 2018 was set at \$2,101,202. 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, 2018

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and Cash Equivalents	\$ 2,363,378	\$ 1,081,412	\$ 3,444,790
Accounts Receivable	555,998	197,319	753,317
Prepaid Expenses	-	16,274	16,274
Due from General Fund	-	44,950	44,950
Restricted Assets			
Cash and Cash Equivalents	528,453	1,023,269	1,551,722
Capital Assets, not being depreciated	1,400,258	1,546,491	2,946,749
Capital Assets, being depreciated	4,034,963	6,549,341	10,584,304
Total Assets	<u>8,883,050</u>	<u>10,459,056</u>	<u>19,342,106</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows on Net Pension Liability	790,018	128,608	918,626
Total Deferred Outflows of Resources	<u>790,018</u>	<u>128,608</u>	<u>918,626</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 9,673,068</u>	<u>\$ 10,587,664</u>	<u>\$ 20,260,732</u>
LIABILITIES			
Accounts Payable	137,013	108,925	245,938
Payroll Liabilities	9,967	1,208	11,175
Accrued Expenses	62,124	-	62,124
Customer Deposits	1,509	149,374	150,883
Due to Proprietary Funds	44,950	-	44,950
Noncurrent Liabilities			
Due within one year	194,414	34,294	228,708
Due after one year:			
Debt	740,591	47,328	787,919
Net Pension Liability	3,748,571	610,233	4,358,804
Total Liabilities	<u>4,939,139</u>	<u>951,362</u>	<u>5,890,501</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows on Net Pension Liability	277,384	45,155	322,539
Total Deferred Inflows of Resources	<u>277,384</u>	<u>45,155</u>	<u>322,539</u>
NET POSITION			
Net Investment in Capital Assets	4,653,717	8,040,277	12,693,994
Restricted for Capital Projects	10,875	346,635	357,510
Restricted for Debt Service	-	414,473	414,473
Restricted for Tourism	391,925	-	391,925
Restricted for Victim Assistance	77,927	-	77,927
Restricted for Repairs and Contingencies	-	112,787	112,787
Restricted for Drug Fund	143,820	-	143,820
Unrestricted	(821,719)	676,975	(144,744)
Total Net Position	<u>4,456,545</u>	<u>9,591,147</u>	<u>14,047,692</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 9,673,068</u>	<u>\$ 10,587,664</u>	<u>\$ 20,260,732</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, 2018**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSES) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	CAPITAL GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
Primary Government							
Governmental Activities:							
Administrative Services	955,890	\$ -	\$ -	\$ -	\$ (955,890)	\$ -	\$ (955,890)
General Services	499,601	-	-	-	(499,601)	-	(499,601)
Public Safety	2,643,997	400,491	205,050	33,263	(2,005,193)	-	(2,005,193)
Planning and Zoning	120,043	145,240	-	-	25,197	-	25,197
Tourism	303,516	-	-	-	(303,516)	-	(303,516)
Interest	8,007	-	-	-	(8,007)	-	(8,007)
Total Governmental Activities	4,531,054	545,731	205,050	33,263	(3,747,010)	-	(3,747,010)
Business-type Activities:							
Water	573,850	989,874	-	50,000	-	466,024	466,024
Sewer	795,658	944,641	-	64,327	-	213,310	213,310
Total Business-type Activities	1,369,508	1,934,515	-	114,327	-	679,334	679,334
Total Primary Government	\$ 5,900,562	\$ 2,480,246	\$ 205,050	\$ 147,590	(3,747,010)	679,334	(3,067,676)
General Revenues:							
Taxes:							
Property and Vehicle					577,480	-	577,480
Local Option Sales Tax					954,243	-	954,243
Hospitality					392,325	-	392,325
Accommodations					87,530	-	87,530
Impact and Capacity Fees					-	72,291	72,291
Business License Fees					993,503	-	993,503
Grants and contributions not restricted					169,998	-	169,998
Investment Earnings					6,394	3,709	10,103
Miscellaneous					64,722	8,335	73,057
Sale of Property					36,058	-	36,058
Special Item - Waste Water Treatment Facility Impairment					-	-	-
Transfers					405,000	(405,000)	-
Total General Revenues, Special Items, and Transfers					3,687,253	(320,665)	3,366,588
Change in Net Position					(59,757)	358,669	298,912
Net Position, Beginning of year					4,516,302	9,195,080	13,711,382
Prior Period Adjustment					-	37,398	37,398
Net Position, Ending of year					\$ 4,456,545	\$ 9,591,147	\$ 14,047,692

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

**TOWN OF RIDGELAND, SOUTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018**

	GENERAL FUND	SPECIAL REVENUE FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS			
Cash	\$ 2,363,378	\$ -	\$ 2,363,378
Receivables, net	555,998	-	555,998
Restricted Assets:			
Cash	384,633	143,820	528,453
Total Assets	\$ 3,304,009	\$ 143,820	\$ 3,447,829
LIABILITIES			
Accounts Payable	\$ 137,013	\$ -	\$ 137,013
Payroll Liabilities	9,967	-	9,967
Customer Deposits	1,509	-	1,509
Accrued Expenses	60,611	-	60,611
Due to Proprietary Fund	44,950	-	44,950
Total Liabilities	254,050	-	254,050
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues-property taxes	71,962	-	71,962
Total Deferred Inflows of Resources	71,962	-	71,962
FUND BALANCES			
Restricted for Capital Projects	10,875	-	10,875
Restricted for Tourism	391,925	-	391,925
Restricted for Victim Assistance	77,927	-	77,927
Restricted for Drug Fund	-	143,820	143,820
Unassigned	2,497,270	-	2,497,270
Total Fund Balances	2,977,997	143,820	3,121,817
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,304,009	\$ 143,820	

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.	5,435,221
Other long-term assets are not available to pay for current expenditures and, therefore, are reported as unavailable revenues in the funds.	71,962
Deferred outflows and inflows of resources represents amounts applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources:	
Related to pensions	790,018
Deferred inflows of resources:	
Related to pensions	(277,384)
Accrued interest	(1,513)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(4,683,576)
Net position of governmental activities	\$ 4,456,545

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, 2018

	GENERAL FUND	SPECIAL REVENUE FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES			
Property Taxes	\$ 578,106	\$ -	\$ 578,106
Hospitality and Accommodations Taxes	479,855	-	479,855
Fees and Fines	545,731	-	545,731
Intergovernmental	310,966	-	310,966
Local Option Sales Taxes	954,243	-	954,243
Business Licenses	993,503	-	993,503
Investment Earnings	6,394	-	6,394
Miscellaneous	64,722	-	64,722
Grant	63,782	300	64,082
Sale of Real Property	-	36,058	36,058
Total Revenues	<u>3,997,302</u>	<u>36,358</u>	<u>4,033,660</u>
EXPENDITURES			
Current:			
Administrative Services	922,925	-	922,925
General Services	456,502	-	456,502
Public Safety	2,291,515	82,932	2,374,447
Tourism	144,468	-	144,468
Planning and Zoning	117,438	-	117,438
Capital Outlay	359,993	33,263	393,256
Debt Service			
Principal	42,950	-	42,950
Interest	5,606	-	5,606
Total Expenditures	<u>4,341,397</u>	<u>116,195</u>	<u>4,457,592</u>
Excess (Deficiency) of Revenues Over (Under) Revenues	<u>(344,095)</u>	<u>(79,837)</u>	<u>(423,932)</u>
OTHER FINANCING SOURCES (USES)			
Issuance of Debt	413,718	-	413,718
Transfers In	405,000	-	405,000
Total Other Financing Sources (Uses)	<u>818,718</u>	<u>-</u>	<u>818,718</u>
Change in Fund Balances	474,623	(79,837)	394,786
Fund balances, Beginning of year	2,503,374	223,657	2,727,031
Fund balances, Ending of year	<u>\$ 2,977,997</u>	<u>\$ 143,820</u>	<u>\$ 3,121,817</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, 2018**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 394,786
Amounts reported for governmental activities in the statement of activities are different because:	
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 depreciation (\$406,070) exceeded capital outlays (\$393,256).	(12,814)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Taxes	(626)
Governmental activities report compensated absences when paid, therefore current year accruals are not reported in the funds.	8,121
Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.	
Pension contributions	(76,943)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
Capital Lease Principal Payments	42,950
Accrued Interest on Loan	(1,513)
Issuance of Debt	<u>(413,718)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ (59,757)</u></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 - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	BUDGETED AMOUNT		ACTUAL	VARIANCE
	ORIGINAL	FINAL		FAVORABLE (UNFAVORABLE)
REVENUES				
Property Taxes	\$ 614,749	\$ 614,749	\$ 578,106	\$ (36,643)
Local Option Sales Taxes	940,920	940,920	954,243	13,323
Hospitality and Accommodations Taxes	375,000	375,000	479,855	104,855
Business Licenses	952,315	952,315	993,503	41,188
Fees and Fines	603,970	603,970	545,731	(58,239)
Intergovernmental	303,750	303,750	310,966	7,216
Investment Earnings	100	100	6,394	6,294
Miscellaneous	85,250	85,250	64,722	(20,528)
Grant	-	-	63,782	63,782
Total Revenues	<u>3,876,054</u>	<u>3,876,054</u>	<u>3,997,302</u>	<u>121,248</u>
EXPENDITURES				
Administrative Services	900,038	900,038	922,925	(22,887)
General Services	559,013	559,013	508,377	50,636
Public Safety	2,410,926	2,410,926	2,564,292	(153,366)
Planning and Zoning	111,077	111,077	117,438	(6,361)
Tourism	300,000	300,000	228,365	71,635
Total Expenditures	<u>4,281,054</u>	<u>4,281,054</u>	<u>4,341,397</u>	<u>(60,343)</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>(405,000)</u>	<u>(405,000)</u>	<u>(344,095)</u>	<u>60,905</u>
OTHER FINANCING SOURCES (USES)				
Issuance of Debt	-	-	413,718	413,718
Transfers in	405,000	405,000	405,000	-
Total Other Financing Sources and (Uses)	<u>405,000</u>	<u>405,000</u>	<u>818,718</u>	<u>413,718</u>
Change in Fund Balances	-	-	474,623	474,623
Fund Balances, Beginning of year	2,503,374	2,503,374	2,503,374	-
Fund Balances, Ending of year	<u>\$2,503,374</u>	<u>\$ 2,503,374</u>	<u>\$ 2,977,997</u>	<u>\$ 474,623</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, 2018

	BUSINESS-TYPE ACTIVITIES	
	ENTERPRISE FUNDS	
	WATER AND SEWER	TOTAL
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 1,081,412	\$ 1,081,412
Receivables, net	197,319	197,319
Restricted Assets:		
Cash and Cash Equivalents	1,023,269	1,023,269
Due from General Fund	44,950	44,950
Prepaid Expenses	16,274	16,274
Total Current Assets	<u>2,363,224</u>	<u>2,363,224</u>
Capital Assets		
Non-depreciable		
Land	1,244,658	1,244,658
Wastewater Expansion Project	301,833	301,833
Depreciable		
Buildings and Improvements	99,102	99,102
Machinery, Equipment, and Automotive	512,234	512,234
Water and Sewer System	13,292,381	13,292,381
Less: Accumulated Depreciation	<u>(7,354,376)</u>	<u>(7,354,376)</u>
Net Capital Assets	<u>8,095,832</u>	<u>8,095,832</u>
Total Assets	<u>10,459,056</u>	<u>10,459,056</u>
Deferred Outflows of Resources		
Deferred Outflows on Net Pension Liability	128,608	128,608
Total Deferred Outflows of Resources	<u>128,608</u>	<u>128,608</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 10,587,664</u>	<u>\$ 10,587,664</u>
Liabilities		
Current Liabilities		
Accounts Payable	108,925	108,925
Accrued Expenses	1,208	1,208
Customer Deposits	149,374	149,374
Compensated Absences - current portion	6,517	6,517
Total Current Liabilities	<u>266,024</u>	<u>266,024</u>
Noncurrent Liabilities		
Compensated Absences	19,550	19,550
Lease Payable	55,555	55,555
Net Pension Liability	610,233	610,233
Total Noncurrent Liabilities	<u>685,338</u>	<u>685,338</u>
Total Liabilities	<u>951,362</u>	<u>951,362</u>
Deferred Inflows of Resources		
Deferred Inflows on Net Pension Liability	45,155	45,155
Total Deferred Inflows of Resources	<u>45,155</u>	<u>45,155</u>
Net Position		
Net Investment in Capital Assets	8,040,277	8,040,277
Restricted for Capital Projects	346,635	346,635
Restricted for Debt Service	414,473	414,473
Restricted for Repairs and Contingencies	112,787	112,787
Unrestricted	676,975	676,975
Total Net Position	<u>9,591,147</u>	<u>9,591,147</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 10,587,664</u>	<u>\$ 10,587,664</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, 2018**

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS	
	WATER AND SEWER	TOTAL
OPERATING REVENUES		
Charges for Services	\$ 1,934,515	\$ 1,934,515
Miscellaneous	8,335	8,335
Total Operating Revenues	<u>1,942,850</u>	<u>1,942,850</u>
OPERATING EXPENSES		
Personnel Services	417,055	417,055
Contractual Services	159,497	159,497
Utilities	164,668	164,668
Office Expense	12,083	12,083
Repairs and Maintenance	32,936	32,936
Supplies	113,337	113,337
Leases	45,000	45,000
Depreciation and Amortization	396,248	396,248
Other Operating Expenses	28,684	28,684
Total Operating Expenses	<u>1,369,508</u>	<u>1,369,508</u>
Operating Income (Loss)	<u>573,342</u>	<u>573,342</u>
NONOPERATING REVENUES (EXPENSES)		
Investment Income	3,709	3,709
Impact and Capacity Fees	72,291	72,291
Grant Income	114,327	114,327
Total Nonoperating Revenues (Expenses)	<u>190,327</u>	<u>190,327</u>
Income (Loss) Before Special Items and Transfers	763,669	763,669
Transfers Out	<u>(405,000)</u>	<u>(405,000)</u>
Change in Net Position	358,669	358,669
Net Position, Beginning of year	9,195,080	9,195,080
Prior Period Adjustment	37,398	37,398
Net Position, End of year	<u>\$ 9,591,147</u>	<u>\$ 9,591,147</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, 2018**

	BUSINESS-TYPE ACTIVITIES- ENTERPRISE FUNDS	
	WATER AND SEWER	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers and Users	\$ 1,968,450	\$ 1,968,450
Cash Paid to Suppliers	(549,977)	(549,977)
Cash Paid to and for Employees	(425,594)	(425,594)
Net Cash Provided (Used) by Operating Activities	992,879	992,879
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers Between Funds	(405,000)	(405,000)
Interfund receivable	45,400	45,400
Net Cash Provided (Used) by Financing Activities	(359,600)	(359,600)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Impact and Capacity Fees	72,291	72,291
Grant Income	114,327	114,327
Acquisition and Construction of Capital Assets	(712,862)	(712,862)
Loan Proceeds	55,555	55,555
Net Cash Provided (Used) by Capital and Related Financing Activities	(470,689)	(470,689)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	3,709	3,709
Net Cash Provided (Used) by Investing Activities	3,709	3,709
Net Increase (Decrease) in Cash and Cash Equivalents	166,299	166,299
Cash and Cash Equivalents, Beginning of year	1,938,382	1,938,382
Cash and Cash Equivalents, End of year	\$ 2,104,681	\$ 2,104,681
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ 573,342	\$ 573,342
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	396,248	396,248
Accounts Receivable	19,142	19,142
Prepaid Expenses	45,000	45,000
Accounts Payable	(38,772)	(38,772)
Accrued Expenses	(12,328)	(12,328)
Payroll Liabilities	(8,736)	(8,736)
Customer Deposits	6,458	6,458
Net Pension Liability and Related Accounts	12,525	12,525
Total Adjustments	419,537	419,537
Net Cash Provided (Used) by Operating Activities	\$ 992,879	\$ 992,879

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, 2018**

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.

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.

TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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.

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.

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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.

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:

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

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.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenues) until then. The Town has unavailable revenue resulting from property taxes that arises 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. That statement of net position reports deferred inflows of resources related to its net pension liability. 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 Town will fund outlays for a particular purpose 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 Town's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumptions

Sometimes the Town will fund outlays for a particular purpose 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 Town's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

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).

TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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 Town 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 tax year 2017 is 126.48 mills.

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.

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Proprietary Fund Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* 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 nonoperating 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.

Excess of expenditures over appropriations

Actual expenditures exceeded appropriations in the general fund (the legal level of budgetary control) by \$60,343. This over expenditure was funded by additional revenues.

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

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.

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. 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, 2018.

Restrictions on Cash and Investments

Cash and investments restricted as to use are as follows:

	General Fund	Special Revenue Fund	Proprietary Fund	Total
Depreciation Fund	\$ -	\$ -	\$ 206,620	\$ 206,620
Drug Fund	-	143,820	-	143,820
Contingent Fund	-	-	207,853	207,853
RF Grant Expense	-	-	22,782	22,782
Water & Sewer Deposits	-	-	149,374	149,374
RF Grant Account	-	-	5,812	5,812
Grant Account	100	-	-	100
Garbage Deposits	1,509	-	-	1,509
Water Tank Repair	-	-	90,005	90,005
Accommodations Tax	46	-	-	46
Impact Fees	-	-	340,728	340,728
Tourism Support	294,276	-	-	294,276
Victim Assistance	77,927	-	-	77,927
Rural Development	-	-	95	95
Veterans Memorial Park	10,775	-	-	10,775
Total Restrictions on Cash and Investments	\$ 384,633	\$ 143,820	\$ 1,023,269	\$ 1,551,722

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 4 RECEIVABLES

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

	<u>General Fund</u>	<u>Proprietary Fund</u>	<u>Total</u>
Property taxes	\$ 221,279	\$ -	\$ 221,279
Auto taxes	3,719	-	3,719
Accommodation taxes	26,352	-	26,352
Local option sales taxes	74,708	-	74,708
Business licenses	262,505	-	262,505
Tourism	71,251	-	71,251
FEMA	17,433	-	17,433
Other	28,068	-	28,068
Allowance for doubtful accounts	(149,317)	-	(149,317)
Water/ sewer billings	-	179,124	179,124
Grant	-	18,195	18,195
Total	<u>\$ 555,998</u>	<u>\$ 197,319</u>	<u>\$ 753,317</u>

The allowance for doubtful accounts represents property taxes uncollected as of June 30, 2018.

NOTE 5 PREPAID EXPENSES

The Town entered into a five-year lease agreement totaling \$225,000 in the proprietary fund expiring on November 9, 2018. During fiscal year 2018, the Town reported \$45,000 in rent expense with the balance of \$16,274 as prepaid expense.

NOTE 6 CAPITAL ASSETS

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

<u>Governmental Activities</u>	<u>June 30, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2018</u>
<i>Capital assets not being depreciated</i>				
Land and improvements	\$ 1,270,665	\$ -	\$ -	\$ 1,270,665
Construction in progress	10,622	164,104	45,133	129,593
Total capital assets not being depreciated	<u>1,281,287</u>	<u>164,104</u>	<u>45,133</u>	<u>1,400,258</u>
<i>Capital assets being depreciated</i>				
Buildings	1,663,936	-	-	1,663,936
Improvements other than buildings	1,652,905	-	-	1,652,905
Machinery and equipment	2,159,016	192,532	226,404	2,125,144
Infrastructure	2,370,078	81,752	-	2,451,830
Total capital assets being depreciated	<u>7,845,935</u>	<u>274,284</u>	<u>226,404</u>	<u>7,893,815</u>
Less accumulated depreciation for:				
Buildings	419,838	45,458	-	465,296
Improvements other than buildings	504,469	73,770	-	578,239
Machinery and equipment	1,216,189	204,215	226,404	1,194,000
Infrastructure	1,538,690	82,627	-	1,621,317
Total accumulated depreciation	<u>3,679,186</u>	<u>406,070</u>	<u>226,404</u>	<u>3,858,852</u>
Total capital assets being depreciated, net	<u>4,166,749</u>	<u>(131,786)</u>	<u>-</u>	<u>4,034,963</u>
Governmental activities capital assets, net	<u>\$ 5,448,036</u>	<u>\$ 32,318</u>	<u>\$ 45,133</u>	<u>\$ 5,435,221</u>

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6 CAPITAL ASSETS – CONTINUED

Business-Type Activities	June 30, 2017	Increases	Decreases	June 30, 2018
<i>Capital assets not being depreciated</i>				
Land and improvements	\$ 1,244,658	\$ -	\$ -	\$ 1,244,658
Construction in progress	-	301,833	-	301,833
Total capital assets not being depreciated	<u>1,244,658</u>	<u>301,833</u>	<u>-</u>	<u>1,546,491</u>
<i>Capital assets being depreciated</i>				
Buildings	99,102	-	-	99,102
Machinery and equipment	520,636	121,383	129,785	512,234
Infrastructure	13,002,737	289,644	-	13,292,381
Total capital assets being depreciated	<u>13,622,475</u>	<u>411,027</u>	<u>129,785</u>	<u>13,903,717</u>
Less accumulated depreciation for:				
Buildings	26,943	2,978	-	29,921
Machinery and equipment	358,204	48,830	129,785	277,249
Infrastructure	6,702,766	344,440	-	7,047,206
Total accumulated depreciation	<u>7,087,913</u>	<u>396,248</u>	<u>129,785</u>	<u>7,354,376</u>
Total capital assets being depreciated, net	<u>6,534,562</u>	<u>14,779</u>	<u>-</u>	<u>6,549,341</u>
Business-Type activities capital assets, net	<u>\$ 7,779,220</u>	<u>\$ 316,612</u>	<u>\$ -</u>	<u>\$ 8,095,832</u>

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

Governmental Activities		Business Type Activities	
Administrative Services	\$ 24,968	Water Utilities	\$ 198,124
Public Safety		Sewer Utilities	198,124
Police	141,564		<u>\$ 396,248</u>
Fire	45,664		
General Services	34,826		
Tourism	159,048		
Total	<u>\$ 406,070</u>		

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

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:

	June 30, 2017	Increases	Decreases	June 30, 2018	Due Within A Year
Governmental Activities					
Capital leases	\$ 410,736	\$ 413,718	\$ 42,950	\$ 781,504	\$ 156,039
Compensated absences	161,623	-	8,122	153,501	38,375
Governmental Activities Long-term Obligations	<u>\$ 572,359</u>	<u>\$ 413,718</u>	<u>\$ 51,072</u>	<u>\$ 935,005</u>	<u>\$ 194,414</u>
Business-type Activities					
Capital leases	\$ -	\$ 83,332	\$ 27,777	\$ 55,555	\$ 27,777
Compensated absences	38,395	-	12,328	26,067	6,517
Business-type Activities Long-term Obligations	<u>\$ 38,395</u>	<u>\$ 83,332</u>	<u>\$ 40,105</u>	<u>\$ 81,622</u>	<u>\$ 34,294</u>

Governmental Activities

Capital lease with SCB&T for the purchase of two Ford trucks, payable in monthly installments of \$887.56 including interest at 1.99% beginning January 12, 2017 for a period of five years. The balance due on this lease at June 30, 2018 is \$35,980.

Capital lease with SCB&T for the purchase of a Ford Interceptor, payable in annual installments of \$10,867.19 including interest at 6% beginning April 7, 2017 for a period of two years. The balance due on this lease at June 30, 2018 is \$10,252.

Capital lease with Motorola for the purchase of radios, payable in annual installments of \$54,349.61 plus interest at 0% for the first two years then 3.39% for the remaining term beginning November 1, 2016 for a period of eight years. The balance due on this lease at June 30, 2018 is \$345,004.

Capital Lease with Honey Hill for the upgrading of the Fire station, payable in semi-annual installments of \$27,039.42 including interest at 2.865% beginning February 8, 2018 for a period of eight years. The balance due on this lease at June 30, 2018 is \$318,198.

Capital Lease with SSB for the purchase of 3 police cars payable in annual installments of \$37,408.36 including interest at 2.5% beginning September 7, 2017. The balance due on this lease at June 30, 2018 is \$72,070.

Business-Type Activities

Capital Lease with John Deere Credit for the purchase of a backhoe payable in annual installments of \$27,777.33 including interest beginning August, 2017. The balance due on this lease at June 30, 2018 is \$55,555.

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7 LONG-TERM OBLIGATIONS – CONTINUED

The assets acquired through capital leases are as follows:

	Governmental Activities	Business-Type Activities
F-250's (2)	\$ 66,878	\$ -
Ford Interceptor	30,791	-
Motorola Radios	345,003	-
Dodge Charger's (3)	70,533	-
Fire Station Addition	129,593	-
Backhoe	-	83,332
Less: accumulated depreciation	<u>(39,085)</u>	<u>(7,639)</u>
	<u><u>\$ 603,713</u></u>	<u><u>\$ 75,693</u></u>

The annual requirements to amortize the leases payable, as described in the preceding paragraphs at June 30, 2018 are as follows:

Year Ending June 30,	Governmental Activities	Business- Type Activities
2019	\$ 167,353	\$ 27,777
2020	156,168	27,778
2021	119,079	-
2022	113,755	-
2023	108,432	-
Thereafter	<u>189,819</u>	<u>-</u>
Total Minimum Lease Payments	854,606	55,555
Less Amount Representing Interest	<u>(73,102)</u>	<u>-</u>
Present Value of Minimum Lease Payments	<u><u>\$ 781,504</u></u>	<u><u>\$ 55,555</u></u>

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 through 5 years	22
After 5 years through 10 years	24
After 10 years through 20 years	27
After 20 years through 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 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, 2018 are \$153,501 and \$26,067 respectively, and include 18% for employee benefits.

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7 LONG-TERM OBLIGATIONS – CONTINUED

Pension Plan

Description of the Entity

The South Carolina Public Employee Benefit Authority (PEBA), which was created July 1, 2012, administers the various retirement systems and retirement programs managed by its Retirement Division. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as co-trustee and co-fiduciary of the systems and the trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the South Carolina Retirement Systems (Systems) and serves as a co-trustee of the Systems in conducting that review. Effective July 1, 2017, the Retirement System Funding and Administration Act of 2017 assigned the PEBA Board of Directors as the Custodian of the Retirement Trust Funds and assigned SC PEBA and the Retirement Systems Investment Commission (RSIC) as co-trustees of the Retirement Trust Funds.

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

PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The CAFR is publicly available through the Retirement Benefits' link on PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state.

Plan Descriptions

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

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

In addition to the plans described above, PEBA also administers three single-employer defined benefit pension plans, which are not covered in this report. They are the Retirement System for Members of the General Assembly of the State of South Carolina (GARS), the Retirement System for Judges and Solicitors of South Carolina (JSRS), and the South Carolina National Guard Supplemental Retirement Plan (SCNG).

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7 LONG-TERM OBLIGATIONS – CONTINUED

Membership

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

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

Benefits

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

- SCRS - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

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

TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 7 LONG-TERM OBLIGATIONS – CONTINUED

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

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

Contributions

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

If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than ninety percent, then the board, effective on the following July first, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than ninety percent. Any decrease in contribution rates must maintain the 2.9 and 5 percent differentials between the SCRS and PORS employer and employee contribution rates respectively. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than ninety percent, then effective on the following July first, and annually thereafter as necessary, the board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 90 percent.

The Retirement System Funding and Administration Act increases employer contribution rates to 13.56 percent for SCRS and 16.24 percent for PORS, effective July 1, 2017. It also removes the 2.9 percent and 5 percent differential and increases and establishes a ceiling on employee contribution rates at 9 percent and 9.75 percent for SCRS and PORS respectively. The employer contribution rates will continue to increase annually by 1 percent through July 1, 2022. The legislation's ultimate scheduled employer rate is 18.56 percent for SCRS and 21.24 percent for PORS. The amortization period is scheduled to be reduced one year for each of the next 10 years to a twenty year amortization schedule. The recent pension reform legislation also changes the long-term funded ratio requirement from ninety to eighty-five.

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7 LONG-TERM OBLIGATIONS – CONTINUED

Required employee contribution rates¹ for fiscal year 2018-2017 are as follows:

	<u>Fiscal Year 2018¹</u>	<u>Fiscal Year 2017¹</u>
SCRS		
Employee Class Two	9.00%	8.66%
Employee Class Three	9.00%	8.66%
PORS		
Employee Class Two	9.75%	9.24%
Employee Class Three	9.75%	9.24%

Required employer contribution rates¹ for fiscal year 2018-2017 are as follows:

	<u>Fiscal Year 2018¹</u>	<u>Fiscal Year 2017¹</u>
SCRS		
Employer Class Two	13.41%	11.41%
Employer Class Three	13.41%	11.41%
Employer Incidental Death Benefit	0.15%	0.15%
PORS		
Employer Class Two	15.84%	13.84%
Employer Class Three	15.84%	13.84%
Employer Accidental Death Program	0.20%	0.20%
Employer Incidental Death Benefit	0.20%	0.20%

¹Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.

Actuarial Assumptions and Methods

Actuarial valuations of the ongoing plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the System was most recently issued as of July 1, 2015.

The June 30, 2017 total pension liability (TPL), net pension liability (NPL), and sensitivity information shown were determined by consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on an actuarial valuation performed as of July 1, 2016. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year ended June 30, 2017, using generally accepted actuarial principles. The Retirement System Funding and Administrative Act of 2017 was signed into law April 25, 2017, and included a provision to reduce the assumed rate of return from 7.50% to 7.25% effective July 1, 2017. As a result of this legislation, GRS made an adjustment to the calculation of the roll-forward total pension liability for this assumption change as of the measurement date of June 30 2017.

The following provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2017.

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7 LONG-TERM OBLIGATIONS – CONTINUED

	<u>SCRS</u>	<u>PORS</u>
Actuarial cost method	Entry age normal	Entry age normal
Investment rate of return ¹	7.25%	7.25%
Projected salary increases	3.0% to 12.5% (varies by service) ¹	3.5% to 9.5% (varies by service) ¹
Benefit adjustments	Lesser of 1% or \$500 annually	Lesser of 1% or \$500 annually

¹ includes inflation at 2.25%

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2016 Public Retirees of South Carolina Mortality table (2016 PRSC), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using published Scale AA projected from the year 2016.

Assumptions used in the determination of the June 30, 2017, TPL are as follows.

<u>Former Job Class</u>	<u>Males</u>	<u>Females</u>
Educators	2016 PRSC Males multiplied by 92%	2016 PRSC Females multiplied by 98%
General Employees and Members of the General Assembly	2016 PRSC Males multiplied by 100%	2016 PRSC Females multiplied by 111%
Public Safety and Firefighters	2016 PRSC Males multiplied by 125%	2016 PRSC Females multiplied by 111%

Net Pension Liability

The NPL is calculated separately for each system and represents that particular system's TPL determined in accordance with GASB No. 67 less that System's fiduciary net position. NPL totals, as of June 30, 2017, for SCRS and PORS are presented as follows:

<u>System</u>	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Employers' Net Pension Liability (Asset)</u>	<u>Plan Fiduciary Net Position as a % of the Total Pension Liability</u>
SCRS	\$ 4,035,165	\$ 2,152,294	\$ 1,882,871	53.3%
PORS	6,338,886	3,862,953	2,475,933	60.9%

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

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments is based upon 30 year capital market assumptions. The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach, primarily based on consensus expectations and market based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2017 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and by adding expected inflation and is summarized in the table on the following page. For actuarial purposes, the 7.25 percent assumed annual investment rate of return used in the calculation of the TPL includes 5.00 percent real rate of return and a 2.25 percent inflation component.

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7 LONG-TERM OBLIGATIONS – CONTINUED

<u>Asset class</u>	<u>Target Asset Allocation</u>	<u>Expected Arithmetic Real Rate of Return</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Global Equity	45.0%		
Global Public Equity	31.0%	6.72%	2.08%
Private Equity	9.0%	9.60%	0.86%
Equity Options Strategies	5.0%	5.91%	0.30%
Real Assets	8.0%		
Real Estate (Private)	5.0%	4.32%	0.22%
Real Estate (REITs)	2.0%	6.33%	0.13%
Infrastructure	1.0%	6.26%	0.06%
Opportunistic	17.0%		
GTAA/Risk Parity	10.0%	4.16%	0.42%
Hedge Funds (non-PA)	4.0%	3.82%	0.15%
Other Opportunistic Strategies	3.0%	4.16%	0.12%
Diversified Credits	18.0%		
Mixed Credit	6.0%	3.92%	0.24%
Emerging Markets Debt	5.0%	5.01%	0.25%
Private Debt	7.0%	4.37%	0.31%
Conservative Fixed Income	12.0%		
Core Fixed Income	10.0%	1.60%	0.16%
Cash and Short Duration (Net)	2.0%	0.92%	0.02%
Total Expected Real Return	100.0%		5.32%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			7.57%

Discount Rate

The discount rate used to measure the TPL was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

Sensitivity Analysis

The following table presents the collective NPL of the participating employers calculated using the discount rate of 7.25 percent, as well as what the employers' NPL would be if it were calculated using a discount rate that is 1.00 percent lower (6.25 percent) or 1.00 percent higher (8.25 percent) than the current rate.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate			
<u>System</u>	<u>1% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
SCRS	\$ 2,426,762	\$ 1,882,871	\$ 1,552,857
PORS	\$ 3,343,091	\$ 2,475,933	\$ 1,793,031

Pension Expense

Components of collective pension expense reported in the Schedules of Pension Amounts by Employer for the fiscal year ended June 30, 2017, are presented below:

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7 LONG-TERM OBLIGATIONS – CONTINUED

<u>Description</u>	<u>SCRS</u>	<u>PORS</u>
Service cost (annual cost of current service)	\$ 67,251	\$ 13,941
Interest on the total pension liability	277,522	39,567
Changes in plan benefits	-	-
Plan administrative costs	1,127	180
Plan member contributions	(69,132)	(10,693)
Expected return on plan assets	(147,221)	(24,133)
Recognition of current year amortization - Difference between expected and actual experience & assumption changes	49,662	7,647
Recognition of current year amortization - Difference between projected and actual investment earnings	11,508	1,891
Other	130	(107)
Total	<u>\$ 190,847</u>	<u>\$ 28,293</u>

Additional items included in Total Employer Pension Expense in the Schedules of Pension Amounts by Employer are the current period amortized portions of deferred outflows and/or inflows of resources related to changes in employers' proportionate share of the collective NPL and differences between actual employer contributions and proportionate share of total plan employer contributions. These two deferrals are specific to cost-sharing multiple-employer defined benefit pension plans as discussed in paragraphs 54 and 55 of GASB 68.

Deferred Outflows of Resources and Deferred Inflows of Resources

The following schedules reflect the amortization of collective deferred outflows/(inflows) of resources related to pensions outstanding as of June 30, 2017.

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>SCRS</u>	<u>PORS</u>	<u>SCRS</u>	<u>PORS</u>
Difference between expected and actual experience	\$ 8,394	\$ 22,078	\$ 1,044	\$ -
Assumption changes	110,222	234,989	-	-
Net difference between projected and actual earnings	52,561	88,227	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	36,129	32,742	177,190	144,305
Contributions subsequent to the measurement date	131,761	201,523	-	-
Total	<u>\$ 339,067</u>	<u>\$ 579,559</u>	<u>\$ 178,234</u>	<u>\$ 144,305</u>

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7 LONG-TERM OBLIGATIONS – CONTINUED

Difference between expected and actual experience			
	SCRS	PORS	Total
Balance	\$ 7,350	\$ 22,078	\$ 29,428
Amortization period¹	4.15	4.72	4.44
Amortized² period ending June 30,			
2018	\$ (4,489)	\$ (14,771)	\$ (19,260)
2019	\$ (1,809)	\$ (4,261)	(6,070)
2020	\$ (970)	\$ (2,493)	(3,463)
2021	\$ (82)	\$ (553)	(635)

Assumption Changes			
	SCRS	PORS	Total
Initial Balance	\$ 110,222	\$ 234,989	\$ 345,211
Amortization period³	4.15	4.72	4.44
Amortized² period ending June 30,			
2018	\$ (35,868)	\$ (66,140)	\$ (102,008)
2019	\$ (35,868)	\$ (66,140)	(102,008)
2020	\$ (35,868)	\$ (66,140)	(102,008)
2021	\$ (2,618)	\$ (36,569)	(39,187)

Difference between projected and actual investment earnings			
	SCRS	PORS	Total
Initial Balance	\$ 52,561	\$ 88,227	\$ 140,788
Amortization period³	5	5	5
Amortized² period ending June 30,			
2018	\$ (11,508)	\$ (20,437)	\$ (31,945)
2019	\$ (41,859)	\$ (70,488)	(112,347)
2020	\$ (16,442)	\$ (27,561)	(44,003)
2021	\$ 17,248	\$ 30,259	47,507

¹In accordance with GASB 68, paragraph 71a, the difference between each year's expected and actual experience is required to be amortized over the average remaining service lives of all employees provided with pensions through the plan at June 30.

²Amount amortized and included in pension expense during the measurement period listed.

³In accordance with GASB 68, paragraph 71b, the difference between each year's projected and actual investment earnings is required to be amortized over a closed, 5 year period.

As discussed in paragraph 71b of GASB 68, collective deferred outflows of resources and deferred inflows of resources arising from differences between projected and actual pension plan investment earnings in different measurement periods should be aggregated and included as a net collective deferred outflow of resources related to pensions or a net collective deferred inflow of resources related to pensions. Accordingly, the Outstanding Balance of Deferred Outflows of Resources in the Schedules of Pension Amounts by Employer reflects the current net difference between projected and actual pension plan investment earnings.

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7 LONG-TERM OBLIGATIONS – CONTINUED

Additional items reported within the Outstanding Balance of Deferred Outflows and Inflows of Resources in the Schedules of Pension Amounts by Employer result from the two cost-sharing multiple-employer defined benefit pension plan-specific deferrals previously discussed.

Employer Contributions

Employers' proportionate shares were calculated on the basis of employer contributions actually remitted to the plan for the fiscal year ended June 30, 2017. Employer contributions recognized by the Systems that are not representative of future contribution effort are excluded in the determination of employers' proportionate shares. Examples of employer contributions not representative of future contribution effort are contributions toward the purchase of employee service purchases and employer contributions paid by employees.

The following table provides a reconciliation of employer contributions in the plans' Statement of Changes in Fiduciary Net Position (per the Systems' separately issued financial statements) to the employer contributions used in the determination of employers' proportionate shares of collective pension amounts reported in the Schedules of Employer Allocations.

	SCRS	PORS
Employer Contributions Reported in SCRS Statement of Changes in Net Position for the fiscal year ended June 30, 2017	\$ 97,762	\$ 173,535
Deduct: Employer Contributions Not Representative of Future Contribution Effort	(211)	(222)
Employer Contributions Used as the Basis for Allocating Employers' Proportionate Shares of Collective Pension Amounts - June 30, 2017 Measurement Date	\$ 97,551	\$ 173,313

Additional Financial and Actuarial Information

Information contained in these Notes to the Schedules of Employer Allocations and Schedules of Pension Amounts by Employer (Schedules) was compiled from the Systems' audited financial statements for the fiscal year ended June 30, 2017, and the accounting and financial reporting actuarial valuation as of June 30, 2017. Additional financial information supporting the preparation of the Schedules (including the unmodified audit opinion on the financial statements and required supplementary information) is available in the Systems' CAFR.

Payables to the Pension Plan

At June 30, 2018, the Town reported payables of \$0 that represents the amount due for the month of June.

NOTE 8 RISK MANAGEMENT

The Town purchases various insurance policies providing coverage of worker's compensation, tort and, property and casualty. 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.

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 8 RISK MANAGEMENT – CONTINUED

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 long-term disability and group life insurance benefits (South Carolina Retirement System and State Accident Fund).
2. 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).

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 9 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 10 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, 2018.

NOTE 11 INTERFUND RECEIVABLES, PAYABLE, AND TRANSFERS

The Water and Sewer Fund budgeted and actually transferred \$405,000 to the General Fund.

In fiscal year 2014, the Town borrowed \$227,000 from the Water and Sewer Fund. At the time, the Water and Sewer Fund owed the General Fund \$91,250, resulting in a net \$135,750 due to the Water and Sewer Fund. Annual payments of \$45,400 will be made to pay off the amount owed to the Water and Sewer Fund, with the first payment being made in August 2016. The balance at June 30, 2018 is \$44,950.

NOTE 12 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:

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 12 FUND BALANCES AND NET POSITION – CONTINUED

	Governmental Activities	Business-type Activities	Total
Capital assets	\$ 9,294,073	\$ 15,450,208	\$ 24,744,281
Accumulated depreciation	(3,858,852)	(7,354,376)	(11,213,228)
Capital leases	(781,504)	(55,555)	(837,059)
Total	<u>\$ 4,653,717</u>	<u>\$ 8,040,277</u>	<u>\$ 12,693,994</u>

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:

	Governmental Activities	Business-type Activities	Total
Restricted for Capital Projects	\$ 10,875	\$ 346,635	\$ 357,510
Restricted for Drug Fund	143,820	-	143,820
Restricted for Debt Service	-	414,473	414,473
Restricted for Tourism	391,925	-	391,925
Restricted for Victim Assistance	77,927	-	77,927
Restricted for Repairs and Contingencies	-	112,787	112,787
Total	<u>\$ 624,547</u>	<u>\$ 873,895</u>	<u>\$ 1,498,442</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, 2018 the restricted fund balance in the General Fund is \$480,727 and the Special Revenue Fund is reporting \$143,820 restricted for the Police Drug Fund.

NOTE 13 RESTATEMENT OF BEGINNING NET POSITION

The Town had understated the amount of deferred outflows for the net pension associated with the Business-type Activities on June 30, 2017. The result in Net Position as of June 30, 2017 is an increase of \$37,398 in Business-type Activities.

Business-type Activities	
Net Position June 30, 2017, as Previously Reported	\$ 9,195,080
Deferred Outflows	37,398
Net Position, June 30, 2017, as restated	<u>\$ 9,232,478</u>

NOTE 14 SUBSEQUENT EVENTS

The Town has evaluated subsequent events through November 30, 2018, the date the financial statements were issued. The Town has entered into a USDA loan of \$4 million for the construction of their waste water treatment plant. Part of this agreement also includes a USDA grant of \$2 million, \$1 million of state assistance, and \$750,000 of local match.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF RIDGELAND, SOUTH CAROLINA
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
STATE PENSION PLAN
LAST TEN FISCAL YEARS

SCRS

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Proportion of the Net Pension Liability	NA	NA	NA	NA	NA	NA	0.009343%	0.009117%	0.009497%	0.008364%
Proportionate Share of the Net Pension Liability	NA	NA	NA	NA	NA	NA	\$ 1,608,555	\$ 1,729,083	\$ 2,028,545	\$ 1,882,871
Covered-Employee Payroll	NA	NA	NA	NA	NA	NA	\$ 848,226	\$ 854,861	\$ 919,652	\$ 843,854
Proportionate Share of the New Pension Liability as a Percentage of Its Covered-Employee Payroll	NA	NA	NA	NA	NA	NA	189.64%	202.26%	220.58%	223.13%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	NA	NA	NA	NA	NA	NA	59.90%	57.00%	52.90%	53.30%

PORS

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Proportion of The Net Pension Liability	NA	NA	NA	NA	NA	NA	0.09572%	0.09653%	0.09873%	0.09038%
Proportionate Share of the Net Pension Liability	NA	NA	NA	NA	NA	NA	\$ 1,832,471	\$ 2,103,824	\$ 2,504,261	\$ 2,475,933
Covered-Employee Payroll	NA	NA	NA	NA	NA	NA	\$ 1,151,254	\$ 1,195,850	\$ 1,258,673	\$ 1,217,089
Proportionate Share of the New Pension Liability as a Percentage of Its Covered-Employee Payroll	NA	NA	NA	NA	NA	NA	159.17%	175.93%	198.96%	203.43%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	NA	NA	NA	NA	NA	NA	67.50%	64.60%	60.40%	60.90%

**TOWN OF RIDGELAND, SOUTH CAROLINA
SCHEDULE OF CONTRIBUTIONS
STATE PENSION PLAN
LAST TEN FISCAL YEARS**

SCRS

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Contractually Required Contribution	NA	NA	NA	NA	NA	NA	\$ 93,180	\$ 101,714	\$ 97,551	\$ 131,761
Contributions in Relation to the										
Contractually Required Contribution	NA	NA	NA	NA	NA	NA	93,180	101,714	97,551	131,761
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-Employee Payroll	NA	NA	NA	NA	NA	NA	\$ 854,862	\$ 919,652	\$ 843,854	\$ 971,680
Contributions as a Percentage of										
Covered-Employee Payroll	NA	NA	NA	NA	NA	NA	10.90%	11.06%	11.56%	13.56%

PORS

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Contractually Required Contribution	NA	NA	NA	NA	NA	NA	\$ 160,363	\$ 172,938	\$ 173,313	\$ 201,523
Contributions in Relation to the										
Contractually Required Contribution	NA	NA	NA	NA	NA	NA	160,363	172,938	173,313	201,523
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-Employee Payroll	NA	NA	NA	NA	NA	NA	\$ 1,195,850	\$ 1,258,673	\$ 1,217,089	\$ 1,240,901
Contributions as a Percentage of										
Covered-Employee Payroll	NA	NA	NA	NA	NA	NA	13.41%	13.74%	14.24%	16.24%

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, 2018**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES			
Property Taxes			
Property Taxes	\$ 546,349	\$ 516,756	\$ (29,593)
Penalties	8,000	7,707	(293)
Motor Vehicle Taxes	60,400	53,643	(6,757)
Sub-total Property Taxes	<u>614,749</u>	<u>578,106</u>	<u>(36,643)</u>
Hospitality and Accommodations Taxes			
Accommodations Tax	75,000	87,530	12,530
Tourism Support Fees	300,000	392,325	92,325
Sub-total Hospitality and Accommodations Taxes	<u>375,000</u>	<u>479,855</u>	<u>104,855</u>
Fees and Fines			
Municipal Court	477,000	353,867	(123,133)
Planning and Zoning Fees	65,000	139,015	74,015
Victims Assistance Fees	42,000	46,624	4,624
Other Fees	19,970	6,225	(13,745)
Sub-total Fees and Fines	<u>603,970</u>	<u>545,731</u>	<u>(58,239)</u>
Intergovernmental			
Aid to Sub-divisions - State	99,000	106,216	7,216
County Fire Contract	204,750	204,750	-
Sub-total Intergovernmental	<u>303,750</u>	<u>310,966</u>	<u>7,216</u>
Local Option Sales Tax	940,920	954,243	13,323
Business Licenses	952,315	993,503	41,188
Investment Earnings	100	6,394	6,294
Miscellaneous	85,250	64,722	(20,528)
Grant	-	63,782	63,782
Total Revenues	<u>3,876,054</u>	<u>3,997,302</u>	<u>121,248</u>
OTHER FINANCING SOURCES (USES)			
Issuance of Debt	-	413,718	413,718
Transfers in Water and Sewer Fund	405,000	405,000	-
Total Other Financing Sources (Uses)	<u>405,000</u>	<u>818,718</u>	<u>413,718</u>
Total Revenues	<u>\$ 4,281,054</u>	<u>\$ 4,816,020</u>	<u>\$ 534,966</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, 2018**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
Administrative Services			
Town Operations			
Salaries	\$ 244,590	\$ 258,554	\$ (13,964)
FICA and Medicare	18,711	18,763	(52)
Workman's Compensation	928	1,133	(205)
Group Health - Life Insurance	57,559	40,741	16,818
Retirement	33,166	32,411	755
Unemployment Expenses	2,000	-	2,000
Travel, Training, and Subsistence	500	60	440
Uniforms	2,500	1,493	1,007
Fuel for Vehicles	5,000	2,283	2,717
Repairs and Maintenance on Vehicles	2,000	2,539	(539)
Communications, Postage, and Telephone	33,000	35,739	(2,739)
Electricity, Water, and Gas	100,000	103,518	(3,518)
Printing and Advertising	4,000	2,343	1,657
Subscriptions, Dues, Library, and Contributions	5,000	6,232	(1,232)
Services and Service Contracts	65,000	68,433	(3,433)
Repairs and Maintenance of Equipment	1,000	1,098	(98)
Materials and Supplies	18,000	16,122	1,878
Property Insurance	149,000	127,765	21,235
Miscellaneous	2,000	3,775	(1,775)
Office Equipment	6,500	6,408	92
Contingency Fund	13,000	13,620	(620)
Capital Outlay			
Furniture and Fixtures	3,000	-	3,000
Office Equipment	2,000	-	2,000
Total Town Operations Expenditures	<u>\$ 768,454</u>	<u>\$ 743,030</u>	<u>\$ 25,424</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, 2018**

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Town Council			
Salaries	\$ 34,944	\$ 34,944	\$ -
FICA and Medicare	2,673	2,384	289
Workman's Compensation	928	267	661
Group Health - Life Insurance	12,801	18,780	(5,979)
Retirement	4,738	3,748	990
Travel, Training, and Subsistence	4,500	8,826	(4,326)
Printing and Advertising	1,000	325	675
Subscriptions, Dues, Library, and Contributions	3,500	2,550	950
Services and Service Contracts	2,000	23,257	(21,257)
Materials and Supplies	500	431	69
Miscellaneous	2,000	1,650	350
Contingency Fund	15,000	1,874	13,126
State Accommodations	47,000	80,859	(33,859)
Total Town Council Expenditures	<u>131,584</u>	<u>179,895</u>	<u>(48,311)</u>
Total Administrative Services	<u>\$ 900,038</u>	<u>\$ 922,925</u>	<u>\$ (22,887)</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, 2018**

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
General Services			
Salaries	\$ 215,347	\$ 216,472	\$ (1,125)
Special Salaries	4,000	2,571	1,429
FICA and Medicare	16,780	16,309	471
Workman's Compensation	11,525	9,950	1,575
Group Health-life Insurance	43,957	38,564	5,393
Retirement	29,664	27,452	2,212
Uniforms	4,500	3,849	651
Travel, Training, and Subsistence	600	-	600
Fuel for Vehicles	11,000	11,000	-
Repairs and Maintenance on Vehicles	7,000	2,241	4,759
Communications, Postage, and Telephone	3,300	3,062	238
Electricity, Water, and Gas	30,000	28,021	1,979
Printing and Advertising	300	-	300
Subscriptions, Dues, Library, and Contributions	500	-	500
Services and Service Contracts	25,840	21,535	4,305
Repairs and Maintenance of Equipment	16,000	16,881	(881)
Materials and Supplies	48,000	54,938	(6,938)
Animal Control	2,000	-	2,000
Miscellaneous	2,000	2,207	(207)
Contingency Fund	700	1,450	(750)
Capital Outlay			
Buildings and Fixed Equipment	5,000	-	5,000
Machinery and Equipment	61,000	51,875	9,125
Other Improvements	20,000	-	20,000
Total General Services Expenditures	\$ 559,013	\$ 508,377	\$ 50,636

**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, 2018**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
Public Safety			
Police Department			
Salaries	\$ 632,808	\$ 623,752	\$ 9,056
Special Salaries	55,000	99,076	(44,076)
FICA and Medicare	52,617	53,981	(1,364)
Workman's Compensation	37,946	26,359	11,587
Group Health-life Insurance	118,003	108,525	9,478
Retirement	110,298	106,759	3,539
Uniforms	6,000	7,518	(1,518)
Travel, Training, and Subsistence	10,000	2,182	7,818
Fuel for Vehicles	60,000	62,796	(2,796)
Repairs and Maintenance on Vehicles	30,000	33,744	(3,744)
Communications, Postage, and Telephone	17,000	24,822	(7,822)
Utilities	15,000	12,353	2,647
Printing and Advertising	1,000	-	1,000
Subscriptions, Dues, Library, and Contributions	-	50	(50)
Services and Service Contracts	23,100	16,441	6,659
Repairs and Maintenance on Equipment	1,500	138	1,362
Materials and Supplies	12,000	23,591	(11,591)
Miscellaneous	1,000	4,371	(3,371)
Contingency Funds	5,000	4,862	138
Animal Control	1,000	2,341	(1,341)
Capital outlay:			
Autos and Equipment	-	70,533	(70,533)
Other Improvement Projects	-	24,095	(24,095)
Debt Service			
Capital Lease Payment - Principal	71,949	9,672	62,277
Capital Lease Payment - Interest		1,195	(1,195)
Total Police Department Expenditures	<u>\$ 1,261,221</u>	<u>\$ 1,319,156</u>	<u>(57,935)</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, 2018**

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Fire Department			
Salaries - Regular	\$ 452,589	\$ 457,583	\$ (4,994)
Salaries - Special	45,000	43,642	1,358
FICA and Medicare	38,066	37,129	937
Workman's Compensation	36,382	32,680	3,702
Group Health- life Insurance	92,841	81,229	11,612
Retirement	80,133	74,105	6,028
Uniforms	9,000	8,067	933
Travel, Training, and Subsistence	10,000	8,728	1,272
Fuel for Vehicles	10,200	11,817	(1,617)
Repairs and Maintenance on Vehicles	20,000	14,290	5,710
Communications, Postage, and Telephone	6,100	6,200	(100)
Electricity, Water, and Gas	11,000	7,498	3,502
Printing and Advertising	500	252	248
Subscriptions, Dues, Library, and Contributions	1,200	1,362	(162)
Service and Service Contracts	5,000	8,453	(3,453)
Repairs and Maintenance of Equipment	12,000	8,127	3,873
Materials and Supplies	5,000	48,398	(43,398)
Miscellaneous	2,300	2,079	221
Contingency Fund	1,500	2,200	(700)
Capital Outlay			
Machinery and Equipment	15,500	-	15,500
Office Equipment	2,000	-	2,000
Buildings and Fixed Equipment	-	129,593	(129,593)
Debt Service			
Capital Lease Payment - Principal	60,000	33,278	26,722
Capital Lease Payment - Interest	-	4,411	(4,411)
Total Fire Department Expenditures	\$ 916,311	\$ 1,021,121	\$ (104,810)

**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, 2018**

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Judicial			
Salaries - Regular	\$ 153,884	\$ 154,639	\$ (755)
FICA and Medicare	11,772	11,500	272
Workman's Compensation	1,312	1,069	243
Group Health- life Insurance	25,264	23,738	1,526
Retirement	20,867	20,741	126
Travel, Training, and Subsistence	5,000	4,212	788
Communications, Postage, and Telephone	1,200	883	317
Subscriptions, Dues, Library, and Contributions	100	50	50
Services and Service Contracts	8,000	220	7,780
Materials and Supplies	1,000	4,604	(3,604)
Miscellaneous	300	-	300
Contingency Fund	300	600	(300)
Court Costs	3,895	1,759	2,136
Office Equipment	500	-	500
Total Judicial Expenditures	<u>233,394</u>	<u>224,015</u>	<u>9,379</u>
Total Public Safety Expenditures	<u>2,410,926</u>	<u>2,564,292</u>	<u>(153,366)</u>
Tourism			
Printing and Advertising	20,000	15,000	5,000
Dues and Subscriptions	-	1,520	(1,520)
Services and Service Contracts	-	22,123	(22,123)
Repairs and Maintenance	-	8,856	(8,856)
Materials and Supplies	-	36,706	(36,706)
Dispatcher Expense	65,000	60,263	4,737
Miscellaneous	2,000	-	2,000
Capital Outlay			
Other Improvement Projects	202,133	83,897	118,236
Debt Service			
Principal	10,867	-	10,867
Total Tourism Expenditures	<u>\$ 300,000</u>	<u>\$ 228,365</u>	<u>\$ 71,635</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, 2018**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
Planning and Zoning			
Salaries-Regular	\$ 49,680	\$ 49,680	\$ -
FICA and Medicare	3,801	3,794	7
Worker's Comp	186	267	(81)
Group Health-Life Ins.	10,573	6,130	4,443
Retirement	6,737	6,188	549
Uniforms	500	-	500
Travel, Training, and Subsistence	3,000	740	2,260
Fuel for Vehicles	2,400	400	2,000
Repairs and Maintenance	1,000	1,840	(840)
Comm, Postage, Telephone	1,000	729	271
Printing and Advertising	-	430	(430)
Dues and Subscriptions	100	100	-
Professional Services	25,000	42,753	(17,753)
Materials and Supplies	1,000	3,713	(2,713)
Miscellaneous	500	474	26
Contingency Fund	100	200	(100)
Office Equipment	500	-	500
Other	5,000	-	5,000
Total Planning and Zoning	<u>111,077</u>	<u>117,438</u>	<u>(6,361)</u>
Total Expenditures	<u>4,281,054</u>	<u>4,341,397</u>	<u>(60,343)</u>
Net Change in Fund Balances	-	474,623	474,623
Fund Balances, Beginning of year	<u>2,503,374</u>	<u>2,503,374</u>	<u>-</u>
Fund Balances, Ending of year	<u>\$ 2,503,374</u>	<u>\$ 2,977,997</u>	<u>\$ 474,623</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, 2018**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
OPERATING REVENUES			
Charges for Services			
Water	\$ 913,000	\$ 939,221	\$ 26,221
Sewer	940,000	899,074	(40,926)
Administrative Charges and Penalties	40,000	50,653	10,653
Connection Fees	16,000	33,194	17,194
Cut-off Fees	11,000	12,373	1,373
Total Charges For Services	<u>1,920,000</u>	<u>1,934,515</u>	<u>14,515</u>
Miscellaneous	50,000	8,335	(41,665)
Total Operating Revenues	<u>1,970,000</u>	<u>1,942,850</u>	<u>(27,150)</u>
NONOPERATING REVENUES			
Investment Income	1,000	3,709	2,709
Impact and Capacity Fees	-	72,291	72,291
Grant Income	-	114,327	114,327
Total Nonoperating Revenues	<u>1,000</u>	<u>190,327</u>	<u>189,327</u>
Total Revenues	<u>\$ 1,971,000</u>	<u>\$ 2,133,177</u>	<u>\$ 162,177</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, 2018

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
WATER DEPARTMENT - EXPENSES			
Personnel			
Salaries	\$ 134,634	\$ 117,486	\$ 17,148
Salaries - Special	4,000	123	3,877
FICA and Medicare	10,605	8,903	1,702
Workman's Compensation	16,198	20,402	(4,204)
Group Health-life Insurance	21,044	22,933	(1,889)
Retirement	18,798	15,606	3,192
Total Personnel	<u>205,279</u>	<u>185,453</u>	<u>19,826</u>
Operations			
Uniforms	2,500	3,279	(779)
Travel, Training, and Subsistence	3,000	3,714	(714)
Fuel for Vehicles	8,000	4,754	3,246
Repairs and Maintenance on Vehicles	3,000	1,386	1,614
Communications, Postage, and Telephone	6,000	3,686	2,314
Electricity, Water, and Gas	45,000	46,812	(1,812)
Printing and Advertising	1,200	1,900	(700)
Dues and Subscriptions	2,000	65	1,935
Services and Service Contracts	40,000	43,105	(3,105)
Repairs and Maintenance of Equipment	6,200	14,862	(8,662)
Materials and Supplies	60,000	64,928	(4,928)
Miscellaneous	1,200	1,182	18
Contingency Fund	500	600	(100)
Capital Outlay			
Autos and Automotive Equipment	35,000	-	35,000
Office Equipment	1,500	-	1,500
Other Capital Outlays	12,500	-	12,500
Outlay Construction	48,536	-	48,536
Depreciation	-	198,124	(198,124)
Total Operations	<u>276,136</u>	<u>388,397</u>	<u>(112,261)</u>
Nonoperating Expenses			
Transfers to General Fund	367,500	367,500	-
Total Nonoperating Expenses	<u>367,500</u>	<u>367,500</u>	<u>-</u>
 Total Water Department Expense	 <u>\$ 848,915</u>	 <u>\$ 941,350</u>	 <u>\$ (92,435)</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, 2018**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
SEWER DEPARTMENT - EXPENSES			
Personnel			
Salaries	\$ 158,204	\$ 152,850	\$ 5,354
Special Salaries	4,000	8,573	(4,573)
FICA and Medicare	12,409	11,994	415
Workman's Compensation	16,198	7,567	8,631
Group Health-life Insurance	21,044	27,928	(6,884)
Retirement	21,995	22,690	(695)
Total Personnel	<u>233,850</u>	<u>231,602</u>	<u>2,248</u>
Operations			
Uniforms	2,500	2,400	100
Travel, Training, and Subsistence	3,200	3,271	(71)
Fuel for Vehicles	7,500	7,636	(136)
Repairs and Maintenance on Vehicles	4,000	1,076	2,924
Communications, Postage and Telephone	6,000	5,808	192
Electricity, Water, and Gas	143,000	117,856	25,144
Printing and Advertising	700	350	350
Dues and Subscriptions	1,500	274	1,226
Services and Service Contracts	501,587	116,392	385,195
Repairs and Maintenance of Equipment	25,000	15,612	9,388
Materials and Supplies	30,000	48,409	(18,409)
Miscellaneous	1,400	1,248	152
Contingency Fund	1,400	600	800
Turf Farm Lease	-	45,000	(45,000)
Capital Outlay:			
Office Equipment	2,500	-	2,500
Machinery and Equipment	20,000	-	20,000
Other Improvement Projects Expenses	72,848	-	72,848
Depreciation	-	198,124	(198,124)
Total Operations	<u>823,135</u>	<u>564,056</u>	<u>259,079</u>
Nonoperating Expense			
Interest	27,600	-	27,600
Transfers to General Fund	37,500	37,500	-
Total Nonoperating Expenses	<u>65,100</u>	<u>37,500</u>	<u>-</u>
Total Sewer Department Expense	<u>1,122,085</u>	<u>833,158</u>	<u>261,327</u>
Change in Net Position	-	358,669	358,669
Net Position, Beginning of year	9,195,080	9,195,080	-
Restatement of Net Position for GASB 68	37,398	37,398	-
Net Position, End of year	<u>\$ 9,232,478</u>	<u>\$ 9,591,147</u>	<u>\$ 358,669</u>

TOWN OF RIDGELAND, SOUTH CAROLINA
UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (per ACT 96)
For The Year Ended June 30, 2018

FOR THE STATE TREASURER'S OFFICE:

COUNTY / MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT	<u>General Sessions</u>	<u>Magistrate Court</u>	<u>Municipal Court</u>	<u>Total</u>
Court Fines and Assessments:				
Court fines and assessments collected			1,019,230	1,019,230
Court fines and assessments remitted to State Treasurer			390,700	390,700
Total Court Fines and Assessments retained			628,530	628,530
Surcharges and Assessments retained for victim services:				
Surcharges collected and retained			2,923	2,923
Assessments retained			49,094	49,094
Total Surcharges and Assessments retained for victim services			52,017	52,017

FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC)

<u>VICTIM SERVICE FUNDS COLLECTED</u>		<u>Municipal</u>	<u>County</u>	<u>Total</u>
Carryforward from Previous Year – Beginning Balance		106,620		106,620
<u>Victim Service Revenue:</u>				
Victim Service Fines Retained by City/County Treasurer		-	-	-
Victim Service Assessments Retained by City/County Treasurer		49,094	-	49,094
Victim Service Surcharges Retained by City/County Treasurer		2,923	-	2,923
Interest Earned		-	-	-
Grant Funds Received		-	-	-
Grant from:		-	-	-
General Funds Transferred to Victim Service Fund		-	-	-
Contribution Received from Victim Service Contracts:		-	-	-
(1) Town of		-	-	-
(2) Town of		-	-	-
(3) City of		-	-	-
Total Funds Allocated to Victim Service Fund + Beginning Balance (A)		158,637	-	158,637

TOWN OF RIDGELAND, SOUTH CAROLINA
UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (per ACT 96)
For The Year Ended June 30, 2018

Expenditures for Victim Service Program:	<u>Municipal</u>	<u>County</u>	<u>Total</u>
Salaries and Benefits	-	-	-
Operating Expenditures	83,253	-	83,253
Victim Service Contract(s):			
(1) Entity's Name	-	-	-
(2) Entity's Name	-	-	-
Victim Service Donation(s):			
(1) Domestic Violence Shelter:	-	-	-
(2) Rape Crisis Center:	-	-	-
(3) Other local direct crime victims service agency:	-	-	-
Transferred to General Fund	-	-	-
Total Expenditures from Victim Service Fund/Program (B)	83,253	-	83,253
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)	75,384	-	75,384
Less: Prior Year Fund Deficit Repayment	-	-	-
Carryforward Funds – End of Year	75,384	-	75,384

COMPLIANCE SECTION



CERTIFIED PUBLIC ACCOUNTANTS

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

Member:
American Institute of CPAs
South Carolina Association of CPAs

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

To the 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, and each major fund of the Town of Ridgeland (Town), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated November 30, 2018.

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. 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.

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*.

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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
November 30, 2018