



**TOWN OF RIDGELAND, SOUTH CAROLINA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2022**

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

Jordan Tuten

**TOWN OF RIDGELAND, SOUTH CAROLINA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2022
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FINANCIAL SECTION



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CERTIFIED PUBLIC ACCOUNTANTS

Member:
American Institute of CPAs
South Carolina Association of CPAs

INDEPENDENT AUDITOR'S REPORT

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

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and historical pension information on pages 4–12 and 45–47 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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 accompanying combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2022, 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 solely 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 the effectiveness of the Town's 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
December 19, 2022

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, 2022. We encourage readers to consider the information presented here in conjunction with the accompanying financial statements and notes.

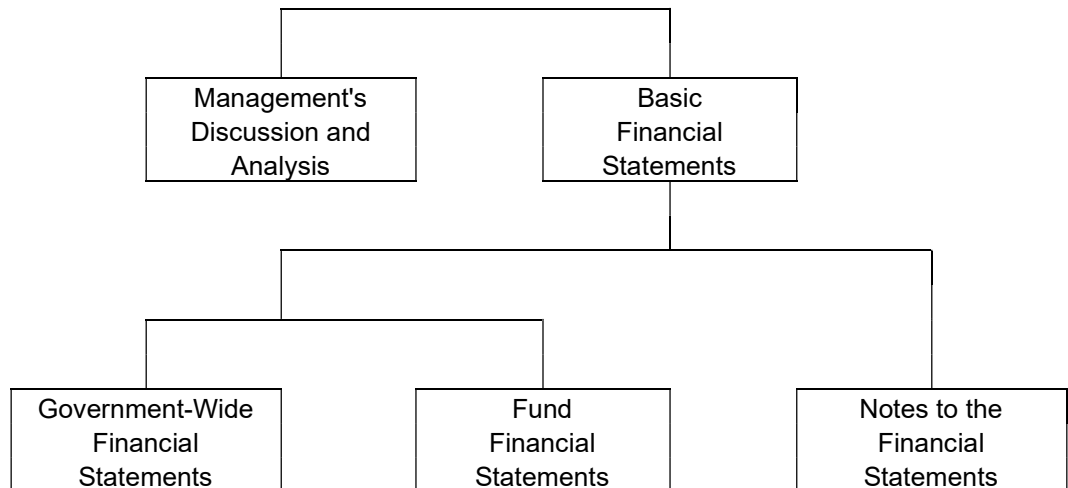
Financial Highlights

- The assets and deferred outflows of the Town exceeded its liabilities and deferred inflows by \$21,811,361 at June 30, 2022 as compared to \$19,843,377 at the end of the previous fiscal year. The net position in the governmental activities increased \$1,014,114 while the net position of the proprietary fund increased \$953,870.
- As of the close of the fiscal year the Town's governmental fund reported an ending fund balance of \$3,680,635 as compared to \$2,980,490 for the previous fiscal year, resulting in an increase of \$700,145.

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/deferred outflows and liabilities/deferred inflows, 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 Proprietary Fund budgetary comparison and the schedule of fines and assessments.

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, 2022 the Town's assets and deferred outflows exceeded liabilities and deferred inflows by \$21,811,361 (net position). This represents an increase in the Town's net position of \$1,967,984 or 10.0% from the prior year.

The following is a comparative presentation of the net position of the Town as of June 30, 2022, and June 30, 2021.

	Governmental Activities		Business-type Activities		Totals	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Assets:						
Current assets	\$ 4,189,924	\$ 3,261,614	\$ 4,641,705	\$ 3,650,095	\$ 8,831,629	\$ 6,911,709
Capital assets, net	6,739,769	6,177,481	17,666,750	17,885,399	24,406,519	24,062,880
Total Assets	<u>10,929,693</u>	<u>9,439,095</u>	<u>22,308,455</u>	<u>21,535,494</u>	<u>33,238,148</u>	<u>30,974,589</u>
Deferred Outflows of Resources	645,485	849,739	105,079	138,329	750,564	988,068
Current liabilities	438,169	212,359	230,213	294,019	668,382	506,378
Long-term liabilities	4,525,456	5,078,970	6,001,255	6,249,271	10,526,711	11,328,241
Total Liabilities	<u>4,963,625</u>	<u>5,291,329</u>	<u>6,231,468</u>	<u>6,543,290</u>	<u>11,195,093</u>	<u>11,834,619</u>
Deferred Inflows of Resources	844,742	244,808	137,516	39,853	982,258	284,661
Net position						
Net investment in capital assets	5,764,013	5,564,202	12,247,820	12,366,551	18,011,833	17,930,753
Restricted	565,665	300,400	1,718,228	1,130,547	2,283,893	1,430,947
Unrestricted	(562,867)	(1,111,905)	2,078,502	1,593,582	1,515,635	481,677
Total net position	<u>\$ 5,766,811</u>	<u>\$ 4,752,697</u>	<u>\$16,044,550</u>	<u>\$ 15,090,680</u>	<u>\$21,811,361</u>	<u>\$ 19,843,377</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 \$18,011,833 at June 30, 2022. The Town's long-term liabilities as of June 30, 2022 were \$10,526,711, which was a decrease of \$801,530 over the previous year. Restricted net position represents cash on hand for capital projects, drug fund, tourism, victim's assistance, debt service, 1% firefighter's fund, 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, 2022 and June 30, 2021:

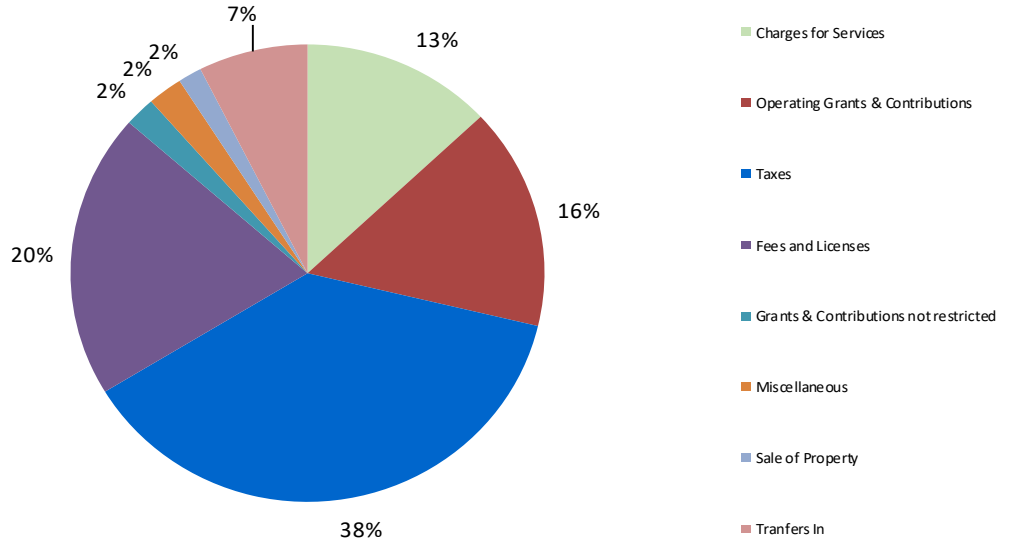
	Changes in Net Position					
	For the Years Ended June 30:					
	Governmental Activities		Business-type Activities		Totals	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenues:						
Program Revenues						
Charges for Services	\$ 765,417	\$ 689,876	\$ 2,535,725	\$ 2,380,901	\$ 3,301,142	\$ 3,070,777
Operating Grants and Contributions	922,369	208,251	-	-	922,369	208,251
Capital Grants and Contributions	-	-	10,540	2,853,314	10,540	2,853,314
Total Program Revenues	<u>1,687,786</u>	<u>898,127</u>	<u>2,546,265</u>	<u>5,234,215</u>	<u>4,234,051</u>	<u>6,132,342</u>
General Revenues						
Taxes	2,208,831	2,165,897	-	-	2,208,831	2,165,897
Business License Fees	1,182,015	1,163,437	-	-	1,182,015	1,163,437
Investment Earnings	404	868	2,779	3,857	3,183	4,725
Impact and Capacity Fees	-	-	652,074	116,500	652,074	116,500
Miscellaneous	140,737	150,839	12,834	14,265	153,571	165,104
Grants & Contributions not restricted	122,284	82,360	-	-	122,284	82,360
Sale of Property	95,599	46,750	-	-	95,599	46,750
Transfers	438,636	405,000	(438,636)	(405,000)	-	-
Total General Revenues	<u>4,188,506</u>	<u>4,015,151</u>	<u>229,051</u>	<u>(270,378)</u>	<u>4,417,557</u>	<u>3,744,773</u>
Total Revenues	<u>5,876,292</u>	<u>4,913,278</u>	<u>2,775,316</u>	<u>4,963,837</u>	<u>8,651,608</u>	<u>9,877,115</u>
Expenses:						
Administrative	1,056,970	973,727	-	-	1,056,970	973,727
General Services	334,559	541,081	-	-	334,559	541,081
Public Safety	2,876,678	2,710,281	-	-	2,876,678	2,710,281
Tourism	351,802	239,975	-	-	351,802	239,975
Planning and Zoning	208,478	170,468	-	-	208,478	170,468
Water	-	-	717,183	659,802	717,183	659,802
Sewer	-	-	1,014,211	995,378	1,014,211	995,378
Interest	33,691	24,702	90,052	115,146	123,743	139,848
Total Expenses	<u>4,862,178</u>	<u>4,660,234</u>	<u>1,821,446</u>	<u>1,770,326</u>	<u>6,683,624</u>	<u>6,430,560</u>
Change in Net Position	1,014,114	253,044	953,870	3,193,511	1,967,984	3,446,555
Net Position- Beginning	<u>4,752,697</u>	<u>4,499,653</u>	<u>15,090,680</u>	<u>11,897,169</u>	<u>19,843,377</u>	<u>16,396,822</u>
Net Position- Ending	<u>\$ 5,766,811</u>	<u>\$ 4,752,697</u>	<u>\$ 16,044,550</u>	<u>\$ 15,090,680</u>	<u>\$ 21,811,361</u>	<u>\$ 19,843,377</u>

Overall revenues decreased by \$1,225,507. This decrease relates primarily to water fund grant income decreasing approximately \$2,800,000 due to prior year grants associated with the construction of the Jimmy Mixson Wastewater treatment facility, the receipt of approximately \$700,000 in American Rescue Plan Act (ARPA) Grant funding, an increase in capacity fees due to a legal settlement of \$605,000 from the prison, an increase in the sales of vehicles of about \$50,000, and an increase in charges for services of \$230,000.

Overall expenses were up \$253,064. This increase relates primarily to approximately \$280,000 in ARPA funds spent on wages and personnel expenses.

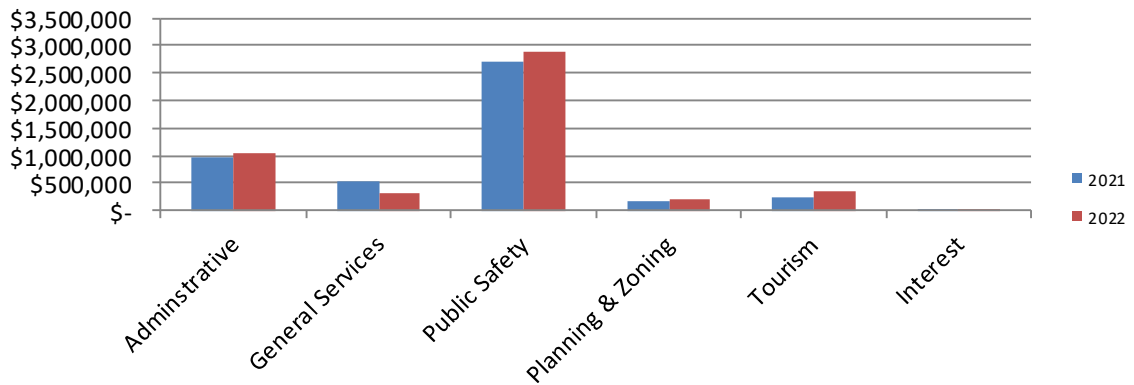
The following graph depicts the revenue sources for the various governmental activities of the Town.

Revenue Sources - Governmental Activities



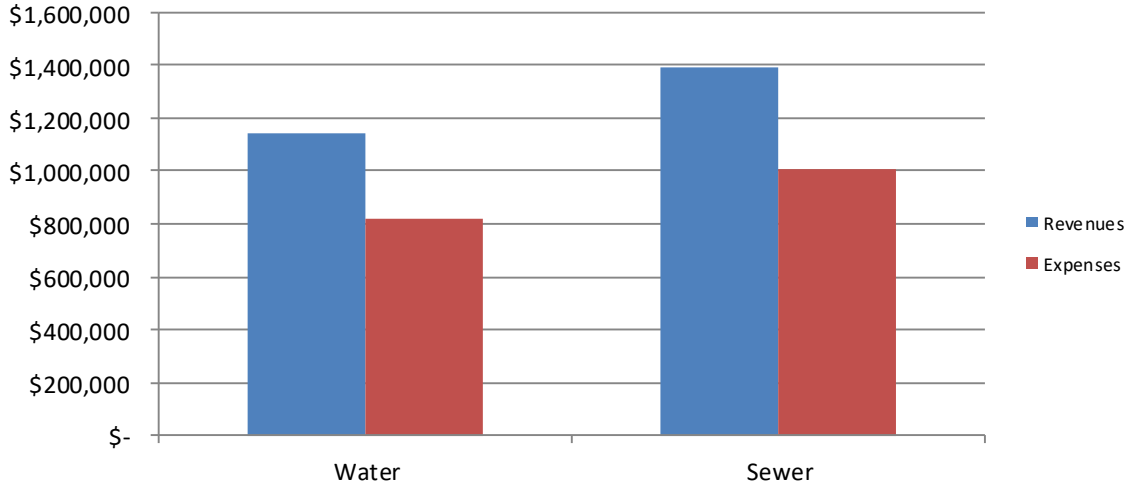
The following graph depicts the expenses for the various governmental activities of the Town.

Expenses for Governmental Activities



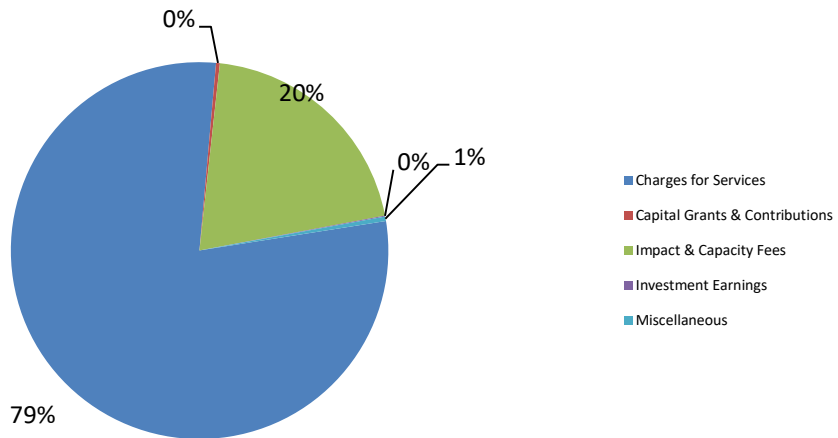
The following graph depicts the program revenues and expenses of the Town's business-type activities.

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 \$3,680,635, an increase of 23.5% or \$700,145. \$565,665 is restricted for capital projects, tourism, victim assistance, the drug fund, and 1% firefighter's fund leaving an unassigned balance of \$3,114,970.

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 \$16,044,550, an increase of 6.3% or \$953,870. Net position of \$1,718,228 is restricted for capital projects, debt service, and repairs. The investment in capital assets less accumulated depreciation and related debt is \$12,247,820, leaving a balance of \$2,078,502 in unrestricted net position.

General Fund Budgetary Highlights

The general fund revenues exceeded budgeted amounts by \$232,006 or 4.5%. These changes are mostly attributable to an increase of \$144,060 in hospitality and accommodations taxes, and an increase of \$117,015 in business licenses. Expenditures on the budgetary basis were over budget by \$139,453 or 2.5%. This difference was attributable to a difference in fire department expenditures due to new financed purchase agreement of a fire truck. During the fiscal year, a budgetary amendment of \$846,963 was approved due to ARPA funding.

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, 2022, totals \$24,406,519 (net of depreciation). The following schedule details the capital assets, net of depreciation, at June 30, 2022 with a comparison to fiscal year ended June 30, 2021:

	Governmental Activities	Business-Type Activities	June 30, 2022 Total	June 30, 2021 Total
Construction in Progress	\$ -	\$ 349,185	\$ 349,185	\$ 89,949
Land	1,270,665	1,244,658	2,515,323	2,515,323
Buildings and Improvements	1,735,689	119,006	1,854,695	1,744,614
Improvements other than Building	1,771,044	-	1,771,044	1,880,405
Machinery, Equipment, Vehicles	1,445,989	271,071	1,717,060	1,004,680
Infrastructure, Engineering and Legal	516,382	15,682,830	16,199,212	16,827,909
Total Capital Assets - net	\$ 6,739,769	\$ 17,666,750	\$ 24,406,519	\$ 24,062,880

Increases in capital assets in governmental activities were \$1,063,731 which includes \$548,787 for a new pumper, two new lawnmowers for \$20,670, \$127,374 for two generator projects, \$202,000 for 8 Dodge Chargers, \$77,640 for two Ford Interceptors, \$45,500 for a Ford F-150, \$34,420 for a Dodge Durango, and \$7,340 for other equipment. Depreciation expense was \$501,443 for June 30, 2022.

Increases in capital assets in business-type activities were \$411,869 which includes \$208,617 for EDA projects, \$16,343 for effluent pump station upgrades, \$73,124 for a force main extension, \$9,327 for a lawnmower, \$39,700 for a skid-steer, \$41,045 for a metal barn, and \$23,713 for other equipment. Depreciation expense was \$630,518 for June 30, 2022.

Long-Term Obligations

At June 30, 2022 the Town has long-term obligations in the amount of \$4,525,456 in the Governmental Activities and \$6,001,255 in the Business-Type Activities. The long-term obligations attributable to notes payable are for the Jasper's Porch building, the fire station building, the Pump Fire Truck, the wastewater treatment plant upgrade, compensated absences, and net pension liability. The following schedule details the long-term obligations for the year ended June 30, 2022, with a comparison to fiscal year ended June 30, 2021:

	Governmental Activities	Business-Type Activities	June 30, 2022 Total	June 30, 2021 Total
Notes Payable	\$ 975,756	\$ -	\$ 975,756	\$ 613,279
Revenue Bonds	-	5,418,930	5,418,930	5,518,848
Net Pension Liability	3,362,726	547,420	3,910,146	4,973,265
Compensated Absences	186,974	34,905	221,879	222,849
Total Long-Term Debt	<u>\$ 4,525,456</u>	<u>\$ 6,001,255</u>	<u>\$ 10,526,711</u>	<u>\$ 11,328,241</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 26 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 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 2022-2023 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, 2023, is \$5,020,002 with tax millage at 140.00 mills. The budget for the proprietary fund for fiscal year ended June 30, 2023, was set at \$2,729,666. The proprietary fund budget is expected to be funded with water and sewer fees charged to customers.

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, 2022

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and Cash Equivalents	\$ 2,923,988	\$ 2,501,622	\$ 5,425,610
Accounts Receivable	566,902	229,414	796,316
Due from General Fund	-	6,540	6,540
Restricted Assets			
Cash and Cash Equivalents	699,034	1,904,129	2,603,163
Capital Assets, not being depreciated	1,270,665	1,593,843	2,864,508
Capital Assets, being depreciated	5,469,104	16,072,907	21,542,011
Total Assets	<u>10,929,693</u>	<u>22,308,455</u>	<u>33,238,148</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows on Net Pension Liability	645,485	105,079	750,564
Total Deferred Outflows of Resources	<u>645,485</u>	<u>105,079</u>	<u>750,564</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 11,575,178</u>	<u>\$ 22,413,534</u>	<u>\$ 33,988,712</u>
LIABILITIES			
Accounts Payable	86,924	31,513	118,437
Payroll Liabilities	96,011	8,089	104,100
Interest Payable	14,997	4,710	19,707
Unearned Revenue	233,697	185,901	419,598
Due to Proprietary Funds	6,540	-	6,540
Noncurrent Liabilities			
Due within one year	233,090	110,293	343,383
Due after one year:			
Debt	929,640	5,343,542	6,273,182
Net Pension Liability	3,362,726	547,420	3,910,146
Total Liabilities	<u>4,963,625</u>	<u>6,231,468</u>	<u>11,195,093</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows on Net Pension Liability	844,742	137,516	982,258
Total Deferred Inflows of Resources	<u>844,742</u>	<u>137,516</u>	<u>982,258</u>
NET POSITION			
Net Investment in Capital Assets	5,764,013	12,247,820	18,011,833
Restricted for Capital Projects	12,595	995,715	1,008,310
Restricted for Debt Service	-	423,397	423,397
Restricted for Tourism	346,931	-	346,931
Restricted for Victim Assistance	30,747	-	30,747
Restricted for Repairs and Contingencies	-	299,116	299,116
Restricted for Drug Fund	166,079	-	166,079
Restricted for 1% Firefighters Fund	9,313	-	9,313
Unrestricted	(562,867)	2,078,502	1,515,635
Total Net Position	<u>5,766,811</u>	<u>16,044,550</u>	<u>21,811,361</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 11,575,178</u>	<u>\$ 22,413,534</u>	<u>\$ 33,988,712</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, 2022**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSES) REVENUE AND CHANGES IN NET POSITION PRIMARY GOVERNMENT		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	CAPITAL GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
Primary Government							
Governmental Activities:							
Town Operations	\$ 120,712	\$ 48,025	\$ 714,945	\$ -	\$ 642,258	\$ -	\$ 642,258
Town Hall	936,258	-	-	-	(936,258)	-	(936,258)
General Services	334,559	-	-	-	(334,559)	-	(334,559)
Police Department	1,544,717	-	2,424	-	(1,542,293)	-	(1,542,293)
Fire Department	1,102,639	12,033	205,000	-	(885,606)	-	(885,606)
Judicial Department	229,322	552,751	-	-	323,429	-	323,429
Planning and Zoning	208,478	152,608	-	-	(55,870)	-	(55,870)
Tourism	351,802	-	-	-	(351,802)	-	(351,802)
Interest	33,691	-	-	-	(33,691)	-	(33,691)
Total Governmental Activities	4,862,178	765,417	922,369	-	(3,174,392)	-	(3,174,392)
Business-type Activities:							
Water	717,183	1,145,016	-	-	-	427,833	427,833
Sewer	1,014,211	1,390,709	-	10,540	-	387,038	387,038
Interest	90,052	-	-	-	-	(90,052)	(90,052)
Total Business-type Activities	1,821,446	2,535,725	-	10,540	-	724,819	724,819
Total Primary Government	\$ 6,683,624	\$ 3,301,142	\$ 922,369	\$ 10,540	(3,174,392)	724,819	(2,449,573)
General Revenues:							
Taxes:							
Property and Vehicle					763,655	-	763,655
Local Option Sales Tax					958,859	-	958,859
Hospitality					386,106	-	386,106
Accommodations					100,211	-	100,211
Impact and Capacity Fees					-	652,074	652,074
Business License Fees					1,182,015	-	1,182,015
Grants and contributions not restricted					122,284	-	122,284
Investment Earnings					404	2,779	3,183
Miscellaneous					140,737	12,834	153,571
Sale of Property					95,599	-	95,599
Transfers					438,636	(438,636)	-
Total General Revenues, Special Items, and Transfers					4,188,506	229,051	4,417,557
Change in Net Position					1,014,114	953,870	1,967,984
Net Position, Beginning of year					4,752,697	15,090,680	19,843,377
Net Position, Ending of year					\$ 5,766,811	\$ 16,044,550	\$ 21,811,361

**TOWN OF RIDGELAND, SOUTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022**

	GENERAL FUND	SPECIAL REVENUE FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS			
Cash	\$ 2,923,988	\$ -	\$ 2,923,988
Receivables, net	566,902	-	566,902
Restricted Assets:			
Cash	523,642	175,392	699,034
Total Assets	\$ 4,014,532	\$ 175,392	\$ 4,189,924
LIABILITIES			
Accounts Payable	\$ 86,924	\$ -	\$ 86,924
Payroll Liabilities	96,011	-	96,011
Unearned Revenue	233,697	-	233,697
Due to Proprietary Fund	6,540	-	6,540
Total Liabilities	423,172	-	423,172
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues-property taxes	86,117	-	86,117
Total Deferred Inflows of Resources	86,117	-	86,117
FUND BALANCES			
Restricted for Capital Projects	12,595	-	12,595
Restricted for Tourism	346,931	-	346,931
Restricted for Victim Assistance	30,747	-	30,747
Restricted for Drug Fund	-	166,079	166,079
Restricted for 1% Fund	-	9,313	9,313
Unassigned	3,114,970	-	3,114,970
Total Fund Balances	3,505,243	175,392	3,680,635
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 4,014,532	\$ 175,392	

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.	6,739,769
Other long-term assets are not available to pay for current expenditures and, therefore, are reported as unavailable revenues in the funds.	86,117
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	645,485
Deferred inflows of resources:	
Related to pensions	(844,742)
Accrued interest	(14,997)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(4,525,456)
Net position of governmental activities	\$ 5,766,811

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, 2022

	GENERAL FUND	SPECIAL REVENUE FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES			
Property Taxes	\$ 747,815	\$ -	\$ 747,815
Hospitality and Accommodations Taxes	486,317	-	486,317
Fees and Fines	753,384	12,033	765,417
Intergovernmental	327,284	-	327,284
Local Option Sales Taxes	958,859	-	958,859
Business Licenses	1,182,015	-	1,182,015
Investment Earnings	404	-	404
Miscellaneous	57,461	-	57,461
Grant	798,219	2,424	800,643
Sale of Real Property	-	95,599	95,599
Total Revenues	<u>5,311,758</u>	<u>110,056</u>	<u>5,421,814</u>
EXPENDITURES			
Current:			
Town Operations	121,990	-	121,990
Town Hall	921,014	-	921,014
General Services	318,762	-	318,762
Police Department	1,377,332	29,771	1,407,103
Fire Department	1,039,625	20,502	1,060,127
Judicial Department	232,859	-	232,859
Tourism	160,432	-	160,432
Planning and Zoning	218,071	-	218,071
Capital Outlay	1,063,731	-	1,063,731
Debt Service			
Principal	185,323	-	185,323
Interest	18,693	-	18,693
Total Expenditures	<u>5,657,832</u>	<u>50,273</u>	<u>5,708,105</u>
Excess (Deficiency) of Revenues Over (Under) Revenues	<u>(346,074)</u>	<u>59,783</u>	<u>(286,291)</u>
OTHER FINANCING SOURCES (USES)			
Issuance of Debt	547,800	-	547,800
Transfers In	438,636	-	438,636
Total Other Financing Sources (Uses)	<u>986,436</u>	<u>-</u>	<u>986,436</u>
Change in Fund Balances	640,362	59,783	700,145
Fund balances, Beginning of year	2,864,881	115,609	2,980,490
Fund balances, Ending of year	<u>\$ 3,505,243</u>	<u>\$ 175,392</u>	<u>\$ 3,680,635</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, 2022**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 700,145
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds report capital outlays in expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$501,443) was less than capital outlays (\$1,063,731).</p>	562,288
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p> <p style="padding-left: 20px;">Taxes</p>	17,650
<p>Governmental activities report compensated absences when paid, therefore current year accruals are not reported in the funds.</p>	1,709
<p>Governmental activities report interest accrued on long-term debt. However, accrued interest is not reported in the funds.</p>	(14,997)
<p>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.</p> <p style="padding-left: 20px;">Pension contributions</p>	109,796
<p>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.</p> <p style="padding-left: 20px;">Capital Lease Principal Payments</p> <p style="padding-left: 20px;">Issuance of Debt</p>	185,323 (547,800)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 1,014,114

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, 2022

	BUSINESS-TYPE ACTIVITIES	
	ENTERPRISE FUNDS	
	WATER AND SEWER	TOTAL
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 2,501,622	\$ 2,501,622
Receivables, net	229,414	229,414
Restricted Assets:		
Cash and Cash Equivalents	1,904,129	1,904,129
Due from General Fund	6,540	6,540
Total Current Assets	<u>4,641,705</u>	<u>4,641,705</u>
Capital Assets		
Non-depreciable		
Land	1,244,658	1,244,658
Wastewater Expansion Project	349,185	349,185
Depreciable		
Buildings and Improvements	163,810	163,810
Machinery, Equipment, and Automotive	632,677	632,677
Water and Sewer System	24,433,027	24,433,027
Less: Accumulated Depreciation	<u>(9,156,607)</u>	<u>(9,156,607)</u>
Net Capital Assets	<u>17,666,750</u>	<u>17,666,750</u>
Total Assets	<u>22,308,455</u>	<u>22,308,455</u>
Deferred Outflows of Resources		
Deferred Outflows on Net Pension Liability	105,079	105,079
Total Deferred Outflows of Resources	<u>105,079</u>	<u>105,079</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 22,413,534</u>	<u>\$ 22,413,534</u>
Liabilities		
Current Liabilities		
Accounts Payable	31,513	31,513
Interest Payable	4,710	4,710
Accrued Expenses	8,089	8,089
Customer Deposits	185,901	185,901
Current Portion of long-term debt	110,293	110,293
Total Current Liabilities	<u>340,506</u>	<u>340,506</u>
Noncurrent Liabilities		
Compensated Absences	34,905	34,905
Bond Payable	5,308,637	5,308,637
Net Pension Liability	547,420	547,420
Total Noncurrent Liabilities	<u>5,890,962</u>	<u>5,890,962</u>
Total Liabilities	<u>6,231,468</u>	<u>6,231,468</u>
Deferred Inflows of Resources		
Deferred Inflows on Net Pension Liability	137,516	137,516
Total Deferred Inflows of Resources	<u>137,516</u>	<u>137,516</u>
Net Position		
Net Investment in Capital Assets	12,247,820	12,247,820
Restricted for Capital Projects	995,715	995,715
Restricted for Debt Service	423,397	423,397
Restricted for Repairs and Contingencies	299,116	299,116
Unrestricted	<u>2,078,502</u>	<u>2,078,502</u>
Total Net Position	<u>16,044,550</u>	<u>16,044,550</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 22,413,534</u>	<u>\$ 22,413,534</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, 2022

	BUSINESS-TYPE ACTIVITIES	
	ENTERPRISE FUNDS	
	WATER AND SEWER	TOTAL
OPERATING REVENUES		
Charges for Services	\$ 2,535,725	\$ 2,535,725
Miscellaneous	12,834	12,834
Total Operating Revenues	<u>2,548,559</u>	<u>2,548,559</u>
OPERATING EXPENSES		
Personnel Services	436,024	436,024
Contractual Services	231,363	231,363
Utilities	105,031	105,031
Office Expense	18,840	18,840
Repairs and Maintenance	49,197	49,197
Supplies	168,604	168,604
Leases	42,000	42,000
Depreciation and Amortization	630,518	630,518
Other Operating Expenses	49,817	49,817
Total Operating Expenses	<u>1,731,394</u>	<u>1,731,394</u>
Operating Income (Loss)	<u>817,165</u>	<u>817,165</u>
NONOPERATING REVENUES (EXPENSES)		
Investment Income	2,779	2,779
Impact and Capacity Fees	652,074	652,074
Grant Income	10,540	10,540
Interest Expense	(90,052)	(90,052)
Total Nonoperating Revenues (Expenses)	<u>575,341</u>	<u>575,341</u>
Income (Loss) Before Special Items and Transfers	1,392,506	1,392,506
Transfers Out	<u>(438,636)</u>	<u>(438,636)</u>
Change in Net Position	953,870	953,870
Net Position, Beginning of year	15,090,680	15,090,680
Net Position, End of year	<u>\$ 16,044,550</u>	<u>\$ 16,044,550</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, 2022**

	BUSINESS-TYPE ACTIVITIES- ENTERPRISE FUNDS	
	WATER AND SEWER	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers and Users	\$ 2,609,028	\$ 2,609,028
Cash Paid to Suppliers	(699,669)	(699,669)
Cash Paid to and for Employees	(449,502)	(449,502)
Net Cash Provided (Used) by Operating Activities	<u>1,459,857</u>	<u>1,459,857</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers Between Funds	(438,636)	(438,636)
Net Cash Provided (Used) by Financing Activities	<u>(400,226)</u>	<u>(400,226)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Impact and Capacity Fees	652,074	652,074
Grant Income	10,540	10,540
Acquisition and Construction of Capital Assets	(411,869)	(411,869)
Principal Paid on Debt	(99,918)	(99,918)
Interest Paid on Debt	(90,052)	(90,052)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>60,775</u>	<u>60,775</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	2,779	2,779
Net Cash Provided (Used) by Investing Activities	<u>2,779</u>	<u>2,779</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,123,185	1,123,185
Cash and Cash Equivalents, Beginning of year	3,282,566	3,282,566
Cash and Cash Equivalents, End of year	<u>\$ 4,405,751</u>	<u>\$ 4,405,751</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ 817,165	\$ 817,165
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	630,518	630,518
Accounts Receivable	51,165	51,165
Prepaid Expenses	42,000	42,000
Accounts Payable	(76,817)	(76,817)
Accrued Expenses	652	652
Payroll Liabilities	3,794	3,794
Customer Deposits	9,304	9,304
Net Pension Liability and Related Accounts	(17,924)	(17,924)
Total Adjustments	<u>642,692</u>	<u>642,692</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,459,857</u>	<u>\$ 1,459,857</u>

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

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

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, 2022

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 and 1% Firefighters 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 notes payable are reported as other financing sources.

TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022**

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. The Town reports deferred outflows on the statement of net position for its net pension liability.

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, 2022

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 2021 is 143.27 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, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Leases

The Town is a lessee for noncancellable leases. The Town recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. The Town recognizes lease liabilities with an initial, individual value of \$5,000 or more. At the commencement of the lease, the Town initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgements related to leases include the discount rate, the lease terms and the lease payments. For the discount rate, the Town uses the interest rate charged by the lessor. If an interest rate is not provided by the lessor, the Town will use its estimated incremental borrowing rate as the discount rate. Lease terms include the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Town is reasonably certain to exercise.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position in the government-wide financial statements.

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.

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – CONTINUED

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.

NOTE 3 DEPOSITS AND INVESTMENTS

Restrictions on Cash and Investments

Cash and investments restricted as to use are as follows:

	General	Special	Proprietary	Total
	Fund	Revenue	Fund	
	Fund	Fund	Fund	Total
Depreciation Fund	\$ -	\$ -	\$ 166,239	\$ 166,239
Drug Fund	-	166,079	-	166,079
Contingent Fund	-	-	257,158	257,158
RF Grant Expense	-	-	62,440	62,440
Water & Sewer Deposits	-	-	185,901	185,901
RF Grant Account	-	-	100	100
Grant Account	100	-	-	100
ACH Clearing Account	100	-	-	100
Water Tank Repair	-	-	236,676	236,676
Accommodations Tax	84	-	-	84
Impact Fees	-	-	995,441	995,441
Tourism Support	246,235	-	-	246,235
Victim Assistance	30,747	-	-	30,747
Rural Development	-	-	95	95
Veterans Memorial Park	12,495	-	-	12,495
CDBG Bank Account	-	-	79	79
Firemans 1% Fund	-	9,313	-	9,313
American Rescue Plan Act	233,881	-	-	233,881
Total Restrictions on Cash and Cash Equivalents	<u>\$ 523,642</u>	<u>\$ 175,392</u>	<u>\$ 1,904,129</u>	<u>\$ 2,603,163</u>

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 3 DEPOSITS AND INVESTMENTS- CONTINUED

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, 2022.

NOTE 4 RECEIVABLES

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

	General Fund	Proprietary Fund	Total
Property taxes	\$ 392,262	\$ -	\$ 392,262
Auto taxes	6,996	-	6,996
Accommodation taxes	25,904	-	25,904
Local option sales taxes	84,757	-	84,757
Business licenses	264,125	-	264,125
Tourism	74,708	-	74,708
Aid to subdivision	24,295	-	24,295
Allowance for doubtful accounts	(306,145)	(5,185)	(311,330)
Water/sewer billings	-	224,059	224,059
EDA Grant	-	10,540	10,540
Total	<u>\$ 566,902</u>	<u>\$ 229,414</u>	<u>\$ 796,316</u>

The allowance for doubtful accounts represents property taxes uncollected as of June 30, 2022. It also includes water and sewer accounts receivable that are delinquent as of June 30, 2022.

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 CAPITAL ASSETS

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

Governmental Activities	June 30, 2021	Increases	Decreases	Transfers	June 30, 2022
<i>Capital assets not being depreciated</i>					
Land and improvements	\$ 1,270,665	\$ -	\$ -	\$ -	\$ 1,270,665
Construction in progress	11,180	127,374	-	(138,554)	-
Total capital assets not being depreciated	<u>1,281,845</u>	<u>127,374</u>	<u>-</u>	<u>(138,554)</u>	<u>1,270,665</u>
<i>Capital assets being depreciated</i>					
Buildings	2,314,533	-	-	119,357	2,433,890
Improvements other than buildings	2,682,204	-	-	-	2,682,204
Vehicles and equipment	2,342,462	936,357	230,297	19,197	3,067,719
Infrastructure	2,451,830	-	-	-	2,451,830
Total capital assets being depreciated	<u>9,791,029</u>	<u>936,357</u>	<u>230,297</u>	<u>138,554</u>	<u>10,635,643</u>
Less accumulated depreciation for:					
Buildings	634,910	63,291	-	-	698,201
Improvements other than buildings	801,799	109,361	-	-	911,160
Vehicles and equipment	1,597,210	254,817	230,297	-	1,621,730
Infrastructure	1,861,474	73,974	-	-	1,935,448
Total accumulated depreciation	<u>4,895,393</u>	<u>501,443</u>	<u>230,297</u>	<u>-</u>	<u>5,166,539</u>
Total capital assets being depreciated, net	<u>4,895,636</u>	<u>434,914</u>	<u>-</u>	<u>138,554</u>	<u>5,469,104</u>
Governmental activities capital assets, net	<u>\$ 6,177,481</u>	<u>\$ 562,288</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,739,769</u>
Business-Type Activities	June 30, 2021	Increases	Decreases	Transfers	June 30, 2022
<i>Capital assets not being depreciated</i>					
Land and improvements	\$ 1,244,658	\$ -	\$ -	\$ -	\$ 1,244,658
Construction in progress	78,769	298,084	-	(27,668)	349,185
Total capital assets not being depreciated	<u>1,323,427</u>	<u>298,084</u>	<u>-</u>	<u>(27,668)</u>	<u>1,593,843</u>
<i>Capital assets being depreciated</i>					
Buildings	105,352	58,458	-	-	163,810
Vehicles and equipment	614,828	49,027	31,178	-	632,677
Infrastructure	24,399,059	6,300	-	27,668	24,433,027
Total capital assets being depreciated	<u>25,119,239</u>	<u>113,785</u>	<u>31,178</u>	<u>27,668</u>	<u>25,229,514</u>
Less accumulated depreciation for:					
Buildings	40,361	4,443	-	-	44,804
Vehicles and equipment	355,400	37,384	31,178	-	361,606
Infrastructure	8,161,506	588,691	-	-	8,750,197
Total accumulated depreciation	<u>8,557,267</u>	<u>630,518</u>	<u>31,178</u>	<u>-</u>	<u>9,156,607</u>
Total capital assets being depreciated, net	<u>16,561,972</u>	<u>(516,733)</u>	<u>-</u>	<u>27,668</u>	<u>16,072,907</u>
Business-Type activities capital assets, net	<u>\$ 17,885,399</u>	<u>\$ (218,649)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,666,750</u>

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 CAPITAL ASSETS – CONTINUED

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

Governmental Activities		Business Type Activities	
Administrative Services	\$ 24,999	Water Utilities	\$ 217,356
Police	163,398	Sewer Utilities	413,162
Fire	79,636		<u>\$ 630,518</u>
General Services	40,528		
Tourism	192,882		
Total	<u>\$ 501,443</u>		

NOTE 6 LONG-TERM OBLIGATIONS

The long-term obligations consist of bonds, compensated absences, and notes payable 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, 2021	Increases	Decreases	June 30, 2022	Due Within A Year
Governmental Activities					
Notes Payable	\$ 613,279	\$ 547,800	\$ 185,323	\$ 975,756	\$ 186,346
Compensated Absences	188,683	-	1,709	186,974	46,744
Governmental Activities Long-term Obligations	<u>\$ 801,962</u>	<u>\$ 547,800</u>	<u>\$ 187,032</u>	<u>\$ 1,162,730</u>	<u>\$ 233,090</u>
Business-type Activities					
Revenue Bonds	\$ 5,518,848		\$ 99,918	\$ 5,418,930	\$ 101,567
Compensated Absences	34,166	739	-	34,905	8,726
Business-type Activities Long-term Obligations	<u>\$ 5,553,014</u>	<u>\$ 739</u>	<u>\$ 99,918</u>	<u>\$ 5,453,835</u>	<u>\$ 110,293</u>

Governmental Activities

Note payable 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 note at June 30, 2022 is \$152,589.

Note payable 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 note at June 30, 2022 is \$129,493.

Note payable with SSB for the Jasper Porch payable in annual installments of \$25,616.51 including interest at 2.98% beginning November 3, 2019. The balance due on this note at June 30, 2022 is \$145,874.

Note payable with Community First National Bank for the purchase of E-One Pumper Fire Truck, payable in annual installments of \$53,978 including interest at 2.6% beginning September 15, 2022, for a period of twelve years. The balance due on this note at June 30, 2022 is \$547,800.

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6 LONG-TERM OBLIGATIONS – CONTINUED

The annual requirements to amortize the notes payable, as described in the preceding paragraphs at June 30, 2022 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 186,346	\$ 27,293	\$ 213,639
2024	191,976	21,665	213,641
2025	170,756	15,845	186,601
2026	42,555	11,423	53,978
2027	43,694	10,284	53,978
2028-2032	236,658	33,233	269,891
2033-2034	103,771	4,184	107,955
	<u>\$ 975,756</u>	<u>\$ 123,927</u>	<u>\$ 1,099,683</u>

Business-Type Activities

Series 2022A and 2022B Revenue Bonds from the USDA in the amounts of \$4,412,000 and \$1,148,000 for the upgrade of the waterworks and sewer system. The payments are annual installments of interest at 1.75% for forty years until maturity. The balance of these bonds on June 30, 2022 is \$5,418,930. The annual requirements to amortize the bonds payable, as described in the preceding paragraphs at June 30, 2022 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 101,567	\$ 88,489	\$ 190,056
2024	103,244	86,812	190,056
2025	104,949	85,107	190,056
2026	106,682	83,374	190,056
2027	108,444	81,612	190,056
2028-2032	569,713	380,567	950,280
2033-2037	618,437	331,843	950,280
2038-2042	671,399	278,881	950,280
2043-2047	728,969	221,311	950,280
2048-2052	791,555	158,725	950,280
2053-2057	859,603	90,677	950,280
2058-2061	654,368	19,838	674,206
	<u>\$ 5,418,930</u>	<u>\$ 1,907,236</u>	<u>\$ 7,326,166</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.

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6 LONG-TERM OBLIGATIONS – CONTINUED

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, 2022 are \$186,974 and \$34,905 respectively, and include 18% for employee benefits.

Pension Plan

Description of the Entity

The South Carolina Public Employee Benefit Authority (PEBA), created July 1, 2012, is the state agency responsible for the administration and management of the various Retirement Systems and retirement programs of the state of South Carolina, including the State Optional Retirement Program and the S.C. Deferred Compensation Program, as well as the state's employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems' five defined benefit pension plans. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as custodian, co-trustee and co-fiduciary of the Systems and the assets of the retirement trust funds. The Retirement System Investment Commission (Commission as the governing body, RSIC as the agency), created by the General Assembly in 2005, has exclusive authority to invest and manage the retirement trust funds' assets. The Commission, an eight-member board, serves as co-trustee and co-fiduciary for the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems.

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 containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The Comprehensive Annual Financial Report is publicly available through 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.

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6 LONG-TERM OBLIGATIONS – CONTINUED

Plan Descriptions

- The South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan, was established 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 and other benefits for teachers and employees of the state and its political subdivisions. SCRS covers employees of state agencies, public school districts, higher education institutions, other participating local subdivisions of government and individuals newly elected to the South Carolina General Assembly at or after the 2012 general election.
- The South Carolina Police Officers Retirement System (PORS), a cost-sharing multiple-employer defined benefit pension plan, was established 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 and other benefits to police officers and firefighters. PORS also covers peace officers, coroners, probate judges and magistrates.

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 the State of South Carolina (JSRS), and the South Carolina National Guard Supplemental Retirement Plan (SCNG).

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; be a coroner in a full-time permanent position; or be 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.

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6 LONG-TERM OBLIGATIONS – CONTINUED

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 the 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.

- 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.

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6 LONG-TERM OBLIGATIONS – CONTINUED

Contributions

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS and PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. Legislation in 2017 increased, but also established a ceiling for SCRS and PORS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS and 9.75 percent for PORS. The legislation also increased employer contribution rates beginning July 1, 2017 for both SCRS and PORS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year in accordance with state statute. However, the General Assembly postponed the one percent increase in the SCRS and PORS employer contribution rates that was scheduled to go into effect beginning July 1, 2020. If the scheduled contributions are not sufficient to meet the funding periods set in state statute, the board shall increase the employer contribution rates as necessary to meet the funding periods set for the applicable year. The maximum funding period of SCRS and PORS is scheduled to be reduced over a ten-year schedule from 30 years beginning fiscal year 2018 to 20 years by fiscal year 2028.

Additionally, the Board is prohibited from decreasing the SCRS and PORS contribution rates until the funded ratio is at least 85 percent. 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 85 percent, then the board, effective on the following July 1, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than 85 percent. 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 85 percent, then effective on the following July 1, 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 85 percent.

Required employee contribution rates¹ are as follows:

	<u>Fiscal Year 2022¹</u>	<u>Fiscal Year 2021¹</u>
SCRS		
Employee Class Two	9.00%	9.00%
Employee Class Three	9.00%	9.00%
PORS		
Employee Class Two	9.75%	9.75%
Employee Class Three	9.75%	9.75%

Required employer contribution rates¹ are as follows:

	<u>Fiscal Year 2022¹</u>	<u>Fiscal Year 2021¹</u>
SCRS		
Employer Class Two	16.41%	15.41%
Employer Class Three	16.41%	15.41%
Employer Incidental Death Benefit	0.15%	0.15%
PORS		
Employer Class Two	18.84%	17.84%
Employer Class Three	18.84%	17.84%
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.

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6 LONG-TERM OBLIGATIONS – CONTINUED

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 Systems was most recently issued for the period ending June 30, 2019.

The June 30, 2021, total pension liability (TPL), net pension liability (NPL), and sensitivity information shown in this report were determined by our consulting actuary, Gabriel Roeder Smith & Company (GRS) and are based on an actuarial valuation performed as of July 1, 2020. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2021, using generally accepted actuarial principles. There was no legislation enacted during the 2021 legislative session that had a material change in the benefit provisions for any of the systems. In FY 2021 the Board adopted updated demographic assumptions. Also, the General Assembly permitted the investment return assumption at July 1, 2021 to decrease from 7.25% to 7.00%, as provided by Section 9-16-335 in South Carolina State Code.

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2021.

	<u>SCRS</u>	<u>PORS</u>
Actuarial cost method	Entry age normal	Entry age normal
Investment rate of return ¹	7.00%	7.00%
Projected salary increases	3.0% to 11.0% (varies by service) ¹	3.5% to 10.5% (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 2020 Public Retirees of South Carolina Mortality table (2020 PRSC), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using 80% of Scale UMP projected from the year 2020.

Assumptions used in the determination of the June 30, 2021, TPL are as follows.

<u>Former Job Class</u>	<u>Males</u>	<u>Females</u>
Educators	2020 PRSC Males multiplied by 95%	2020 PRSC Females multiplied by 94%
General Employees and Members of the General Assembly	2020 PRSC Males multiplied by 97%	2020 PRSC Females multiplied by 107%
Public Safety and Firefighters	2020 PRSC Males multiplied by 127%	2020 PRSC Females multiplied by 107%

Net Pension Liability

The NPL is calculated separately for each system and represents that particular system's TPL determined in accordance with GASB 67 less that system's fiduciary net position. NPL totals, as of June 30, 2021, for SCRS and PORS are presented below.

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6 LONG-TERM OBLIGATIONS – CONTINUED

<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	\$ 4,828,410	\$ 2,933,081	\$ 1,895,329	60.7%
PORS	6,800,806	4,785,989	2,014,817	70.4%
Total	<u>\$ 11,629,216</u>	<u>\$ 7,719,070</u>	<u>\$ 3,910,146</u>	

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 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 20-year capital market assumptions. The long-term expected rates of return 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 2021 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 adding expected inflation and is summarized in the table on the following page. For actuarial purposes, the 7 percent assumed annual investment rate of return used in the calculation of the TPL includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

<u>Allocation/Exposure</u>	<u>Policy Target</u>	<u>Expected Arithmetic Real Rate of Return</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Public Equity¹	46.0%	6.87%	3.16%
Bonds	26.0%	0.27%	0.07%
Private Equity^{1,2}	9.0%	9.68%	0.87%
Private Debt²	7.0%	5.47%	0.39%
Real Assets	12.0%		
Real Estate ²	9.0%	6.01%	0.54%
Infrastructure ²	3.0%	5.08%	0.15%
Total Expected Return³	<u>100.0%</u>		<u>5.18%</u>
Inflation for Actuarial Purposes			<u>2.25%</u>
			<u><u>7.43%</u></u>

¹The target weight to Private Equity will be equal to its actual weight, reported by the custodial bank, as of prior month end. When flows have occurred, flow adjusted weights are used to more accurately reflect the impact of the asset class weight. Private Equity and Public Equity combine for 55% of the entire portfolio.

²Staff and Consultant will notify the Commission if Private Market assets exceed 25% of total assets.

³Portable Alpha Strategies, which are not included in the Policy Target, will be capped at 12% of total assets; hedge funds (including all hedge funds used in portable alpha implementation) are capped at 20% of total assets.

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6 LONG-TERM OBLIGATIONS – CONTINUED

Discount Rate

The discount rate used to measure the TPL was 7 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 the 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 percent, as well as what the employers' NPL would be if it were calculated using a discount rate that is 1 percent lower (6 percent) or 1 percent higher (8 percent) than the current rate.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate			
System	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
SCRS	\$ 2,482,663	\$ 1,895,329	\$ 1,407,158
PORS	2,923,251	2,014,817	1,270,682
	<u>\$ 5,405,914</u>	<u>\$ 3,910,146</u>	<u>\$ 2,677,840</u>

Pension Expense

Components of collective pension expense reported in the Schedules of Pension Amounts by Employer for the fiscal year ended June 30, 2021, are presented below.

Description	SCRS	PORS
Service cost (annual cost of current service)	\$ 90,101	\$ 161,890
Interest on the total pension liability	322,154	449,769
Plan administrative costs	1,535	2,444
Plan member contributions	(81,626)	(119,146)
Expected return on plan assets	(165,138)	(267,704)
Recognition of current year amortization - Difference between expected and actual experience & assumption changes	46,413	114,148
Recognition of current year amortization - Difference between projected and actual investment earnings	(75,178)	(119,883)
Other	138	(1,097)
Total	<u>\$ 138,399</u>	<u>\$ 220,421</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.

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6 LONG-TERM OBLIGATIONS – CONTINUED

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 at June 30, 2021.

<u>SCRS</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 32,285	\$ 2,558
Assumption changes	103,744	-
Net difference between projected and actual investment earnings	-	275,322
Deferred Amounts from Changes in proportion share and differences between employer contributions & proportionate share of total plan employer contributions	4,065	61,138
Contributions subsequent to the measurement date	158,839	-
Total	\$ 298,933	\$ 339,018

<u>PORS</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 68,542	\$ 6,275
Assumption changes	143,706	-
Net difference between projected and actual investment earnings	-	451,713
Deferred Amounts from Changes in proportion share and differences between employer contributions & proportionate share of total plan employer contributions	-	185,252
Contributions subsequent to the measurement date	239,383	-
Total	\$ 451,631	\$ 643,240
Total All Plans	\$ 750,564	\$ 982,258

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, 2022**

NOTE 6 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.

The amounts reported of \$158,839 and \$239,383 that was (were) reported as deferred outflows of resources related to the contribution subsequent to the measurement date of the SCRS and PORS, respectively, will be recognized as a reduction of the net pension liabilities in the year ended June 30, 2022.

Other amounts reported as deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to the SCRS and PORS will increase (decrease) pension expenses are follows:

Amortization of Deferred Outflows/Inflows of Resources			
Amortized period ending June 30,	SCRS	PORS	Total
2022	\$ (24,398)	\$ (70,086)	\$ (94,484)
2023	(19,138)	(68,905)	(88,043)
2024	(38,098)	(85,890)	(123,988)
2025	(117,290)	(206,111)	(323,401)
Net Balance of Deferred Outflows / (Inflows) of Resources	<u>\$ (198,924)</u>	<u>\$ (430,992)</u>	<u>\$ (629,916)</u>

Employer and Nonemployer Contributions

Employers' proportionate shares were calculated on the basis of employer and nonemployer contributions remitted to the plan. In an effort to help offset a portion of the increased contribution requirements for employers, the General Assembly again provided nonemployer contributions to PEBA. Based on the criteria provided by the General Assembly, PEBA issued credit invoices to certain SCRS and PORS employers for fiscal year 2021 who then applied the credit invoices towards contributions otherwise due to the Systems. The amount of credit invoices issued in fiscal year 2021 totaled \$88.7 million and \$12.5 million for SCRS and PORS respectively.

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 towards the purchase of employee service purchases and employer contributions paid by employees.

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

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6 LONG-TERM OBLIGATIONS – CONTINUED

	SCRS	PORS
Employer Contributions Reported in Statement of Changes in Net Position for the fiscal year ended June 30, 2021	\$ 146,549	\$ 205,622
Nonemployer Contributions Reported in Statement of Changes in Net Position for the fiscal year ended June 30, 2021	7,769	9,764
Reconciliation Differences in Nonemployer Contributions Reported in the Statement of Changes Resolved in FY 2022	-	1
Employer Contributions Not Representative of Future Contribution Effort	(273)	(607)
Employer and Nonemployer Contributions Used as the Basis for Allocating Employers' Proportionate Shares of Collective Pension Amounts - June 30, 2021 Measurement Date	\$ 154,045	\$ 214,780

¹The Nonemployer Contribution on the PORS Schedule of Employer and Nonemployer Allocations represents the total amount of funds appropriated and received by the trust fund and was therefore used to calculate each entity's proportionate share. Although the rounded amount agrees with PORS Nonemployer contributions reported in the financial statements, a slight reconciliation difference exists which will be resolved in FY 2022.

Additional Financial and Actuarial Information

Information contained in these Notes to the Schedules of Employer and Nonemployer Allocations and Schedules of Pension Amounts by Employer (Schedules) was compiled from the Systems' audited financial statements for the fiscal year ended June 30, 2021, and the accounting valuation report as of June 30, 2021. 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' Comprehensive Annual Financial Report.

Payables to the Pension Plan

At June 30, 2022, the amount reported for payables was \$104,100 which represented the amount due for May and June.

NOTE 7 RISK MANAGEMENT

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

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

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7 RISK MANAGEMENT – CONTINUED

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 8 CONTINGENCIES AND COMMITMENTS

In the normal course of business, the Town is subject to claims and litigation. However, it is the opinion of Town management that the Town does not have any ongoing or threatened litigation.

NOTE 9 GRANTS

The Town receives 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, 2022.

NOTE 10 INTERFUND RECEIVABLES, PAYABLE, AND TRANSFERS

The Water and Sewer Fund budgeted \$438,627 and actually transferred \$438,636 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, 2022 is \$6,540.

NOTE 11 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, 2022**

NOTE 11 FUND BALANCES AND NET POSITION – CONTINUED

	Governmental Activities	Business-type Activities	Total
Capital assets	\$ 11,906,308	\$ 26,823,356	\$ 38,729,664
Less accumulated depreciation	(5,166,539)	(9,156,606)	(14,323,145)
Less debt	(975,756)	(5,418,930)	(6,394,686)
Total	<u>\$ 5,764,013</u>	<u>\$ 12,247,820</u>	<u>\$ 18,011,833</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	\$ 12,595	\$ 995,715	\$ 1,008,310
Restricted for Drug Fund	166,079	-	166,079
Restricted for Debt Service	-	423,397	423,397
Restricted for Tourism	346,931	-	346,931
Restricted for Victim Assistance	30,747	-	30,747
Restricted for 1% Firefighters Fund	9,313	-	9,313
Restricted for Repairs and Contingencies	-	299,116	299,116
Total	<u>\$ 565,665</u>	<u>\$ 1,718,228</u>	<u>\$ 2,283,893</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, 2022, the restricted fund balance in the General Fund is \$390,273 and the Special Revenue Fund is reporting \$166,079 restricted for the Police Drug Fund and \$9,313 for 1% Firefighters Fund.

NOTE 12 TAX ABATEMENTS

The Town negotiates property tax abatement agreements on an individual basis. The Town has tax abatement agreements with the following as of June 30, 2022:

Purpose	Percentage of Taxes Abated During the Fiscal Year	Amount of Taxes Abated During the Fiscal Year
Provide infrastructure for solar power expansion	22%	\$ 13,546

Industries that invest at least \$2.5 million in South Carolina may negotiate for a fee-in-lieu of property taxes. This can result in a savings of about 22% on property taxes otherwise due for a project. Certain large investments may be able to further reduce their liability by negotiating the assessment ratio from 10.5% down to 6%. For large investments, the assessment ratio can be reduced down to 4%. The County and the industry may agree to either set the millage rate for the entire agreement period or have the millage change every five years in step with the average millage rate for the area where the project is located. Any personal property subject to the fee in lieu of property taxes depreciates in accordance with South Carolina law, while the real property is either set at cost for the life of the agreement or can be appraised every five years.

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 13 IMPLEMENTATION OF NEW ACCOUNTING POLICY

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, Leases, which was issued to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. As a result of the implementation of GASB Statement No. 87, the Town evaluated all leasing arrangements and determined that implementation had no material effect on the financial statements.

NOTE 14 SUBSEQUENT EVENTS

The Town has evaluated subsequent events through December 19, 2022, the date the financial statements were issued, and determined that the following events have occurred that could materially affect the financial statements. In July of 2022, the Town committed to a scheduled payment plan with Jasper County for the Case Management System for police and fire due to the County underbilling the Town for those services. The amount committed was \$43,000.

In August of 2022, the Town approved a bid to improve the crosswalk in front of the post office. The total amount of the project was \$109,000 and the Town is pursuing a transportation grant that would cover \$60,000 of costs.

Also in August of 2022, the Town spent \$309,000 on repairs to the EQ Basin at the water reclamation facility. This amount is expected to be reimbursed.

REQUIRED SUPPLEMENTARY INFORMATION

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, 2022

	BUDGETED AMOUNT		ACTUAL	VARIANCE
	ORIGINAL	FINAL		FAVORABLE (UNFAVORABLE)
REVENUES				
Property Taxes	\$ 680,092	\$ 680,092	\$ 747,815	\$ 67,723
Local Option Sales Taxes	1,060,425	1,060,425	958,859	(101,566)
Hospitality and Accommodations Taxes	342,257	342,257	486,317	144,060
Business Licenses	1,065,000	1,065,000	1,182,015	117,015
Fees and Fines	730,589	730,589	753,384	22,795
Intergovernmental	303,750	303,750	327,284	23,534
Investment Earnings	5,200	5,200	404	(4,796)
Miscellaneous	41,000	41,000	57,461	16,461
Grant	-	846,963	798,219	(48,744)
Sale of Real Property	4,476	4,476	-	(4,476)
Total Revenues	<u>4,232,789</u>	<u>5,079,752</u>	<u>5,311,758</u>	<u>232,006</u>
EXPENDITURES				
Town Operations	106,863	141,604	121,990	19,614
Town Hall	917,409	961,429	1,034,988	(73,559)
General Services	421,008	445,133	352,832	92,301
Police Department	1,318,246	1,953,359	1,803,096	150,263
Fire Department	1,057,103	1,147,103	1,674,991	(527,888)
Judicial Department	256,858	266,340	232,859	33,481
Tourism	299,258	299,258	219,005	80,253
Planning and Zoning	294,671	304,153	218,071	86,082
Total Expenditures	<u>4,671,416</u>	<u>5,518,379</u>	<u>5,657,832</u>	<u>(139,453)</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(438,627)	(438,627)	(346,074)	92,553
OTHER FINANCING SOURCES (USES)				
Issuance of Debt	-	-	547,800	547,800
Transfers in	438,627	438,627	438,636	9
Total Other Financing Sources and (Uses)	<u>438,627</u>	<u>438,627</u>	<u>986,436</u>	<u>547,809</u>
Change in Fund Balances	-	-	640,362	640,362
Fund Balances, Beginning of year	2,864,881	2,864,881	2,864,881	-
Fund Balances, Ending of year	<u>\$ 2,864,881</u>	<u>\$ 2,864,881</u>	<u>\$ 3,505,243</u>	<u>\$ 640,362</u>

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

SCRS

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Proportion of the Net Pension Liability	NA	NA	0.009343%	0.009117%	0.009497%	0.008364%	0.009377%	0.009200%	0.008792%	0.008758%
Proportionate Share of the Net Pension Liability	NA	NA	\$ 1,608,555	\$ 1,729,083	\$ 2,028,545	\$ 1,882,871	\$ 2,101,001	\$ 2,100,805	\$ 2,246,513	\$ 1,895,329
Covered Payroll	NA	NA	\$ 848,226	\$ 848,226	\$ 854,861	\$ 919,652	\$ 843,854	\$ 971,680	\$ 980,868	\$ 990,004
Proportionate Share of the New Pension Liability as a Percentage of Its Covered Payroll	NA	NA	189.64%	203.85%	237.30%	204.74%	248.98%	216.20%	229.03%	191.45%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	NA	NA	59.90%	57.00%	52.90%	53.30%	54.10%	54.10%	50.70%	60.70%

PORS

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	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Proportion of The Net Pension Liability	NA	NA	0.09572%	0.09653%	0.09873%	0.09038%	0.089651%	0.088791%	0.082225%	0.078309%
Proportionate Share of the Net Pension Liability	NA	NA	\$ 1,832,471	\$ 2,103,824	\$ 2,504,261	\$ 2,475,933	\$ 2,540,292	\$ 2,544,698	\$ 2,726,752	\$ 2,014,817
Covered Payroll	NA	NA	\$ 1,151,254	\$ 1,151,254	\$ 1,195,850	\$ 1,258,673	\$ 1,217,089	\$ 1,240,901	\$ 1,242,128	\$ 1,177,520
Proportionate Share of the New Pension Liability as a Percentage of Its Covered Payroll	NA	NA	159.17%	182.74%	209.41%	196.71%	208.72%	205.07%	219.52%	171.11%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	NA	NA	67.50%	64.60%	60.40%	60.90%	61.70%	61.70%	58.80%	70.40%

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

SCRS

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Contractually Required Contribution	NA	NA	\$ 93,180	\$ 101,714	\$ 97,551	\$ 131,761	\$ 138,487	\$ 152,623	\$ 154,045	\$ 158,839
Contributions in Relation to the Contractually Required Contribution	NA	NA	93,180	101,714	97,551	131,761	138,487	152,623	154,045	158,839
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	NA	NA	\$ 854,862	\$ 919,652	\$ 843,854	\$ 971,680	\$ 951,149	\$ 980,868	\$ 990,004	\$ 959,172
Contributions as a Percentage of Covered Payroll	NA	NA	10.90%	11.06%	11.56%	13.56%	14.56%	15.56%	15.56%	16.56%

PORS

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Contractually Required Contribution	NA	NA	\$ 160,363	\$ 172,938	\$ 173,313	\$ 201,523	\$ 214,883	\$ 226,564	\$ 214,780	\$ 239,383
Contributions in Relation to the Contractually Required Contribution	NA	NA	160,363	172,938	173,313	201,523	214,883	226,564	214,780	239,383
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	NA	NA	\$ 1,195,850	\$ 1,258,673	\$ 1,217,089	\$ 1,240,901	\$ 1,246,421	\$ 1,242,128	\$ 1,177,520	\$ 1,244,192
Contributions as a Percentage of Covered Payroll	NA	NA	13.41%	13.74%	14.24%	16.24%	17.24%	18.24%	18.24%	19.24%

SUPPLEMENTARY INFORMATION

TOWN OF RIDGELAND, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
BUDGET ACTUAL - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2022

	BUDGETED AMOUNT		ACTUAL	VARIANCE
	ORIGINAL	FINAL		FAVORABLE (UNFAVORABLE)
OPERATING REVENUES				
Charges for Services	\$ 2,679,539	\$ 2,679,539	\$ 2,535,725	\$ (143,814)
Miscellaneous	16,122	16,122	12,834	(3,288)
Total Operating Revenues	<u>2,695,661</u>	<u>2,695,661</u>	<u>2,548,559</u>	<u>(147,102)</u>
OPERATING EXPENSES				
Personnel Services	493,979	493,979	436,024	57,955
Contractual Services	318,559	318,559	231,363	87,196
Utilities	129,979	129,979	105,031	24,948
Office Expense	15,868	15,868	18,840	(2,972)
Repairs and Maintenance	29,889	29,889	49,197	(19,308)
Supplies	90,683	90,683	168,604	(77,921)
Leases	73,500	73,500	42,000	31,500
Depreciation and Amortization	-	-	630,518	(630,518)
Other Operating Expenses	932,789	932,789	49,817	882,972
Total Operating Expenses	<u>2,085,246</u>	<u>2,085,246</u>	<u>1,731,394</u>	<u>353,852</u>
Operating Income (Loss)	<u>610,415</u>	<u>610,415</u>	<u>817,165</u>	<u>206,750</u>
NONOPERATING REVENUES (EXPENSES)				
Investment Income	18,268	18,268	2,779	(15,489)
Impact and Capacity Fees	-	-	652,074	652,074
Grant Income	-	-	10,540	10,540
Interest Expense	(190,056)	(190,056)	(90,052)	100,004
Total Nonoperating Revenues (Expenses)	<u>(171,788)</u>	<u>(171,788)</u>	<u>575,341</u>	<u>747,129</u>
Income (Loss) Before Special Items and Transfers	438,627	438,627	1,392,506	953,879
Transfers Out	<u>(438,627)</u>	<u>(438,627)</u>	<u>(438,636)</u>	<u>(9)</u>
Change in Net Position	-	-	953,870	953,870
Net Position, Beginning of year	15,090,680	15,090,680	15,090,680	15,090,680
Net Position, End of year	<u>\$ 15,090,680</u>	<u>\$ 15,090,680</u>	<u>\$ 16,044,550</u>	<u>\$ 16,044,550</u>

TOWN OF RIDGELAND, SOUTH CAROLINA
UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (per ACT 96)
For The Year Ended June 30, 2022

FOR THE STATE TREASURER'S OFFICE:

COUNTY / MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT	General Sessions	Magistrate Court	Municipal Court	Total
Court Fines and Assessments:				
Court fines and assessments collected			1,184,970	1,184,970
Court fines and assessments remitted to State Treasurer			433,978	433,978
Total Court Fines and Assessments retained			750,992	750,992
Surcharges and Assessments retained for victim services:				
Surcharges collected and retained			538	538
Assessments retained			57,763	57,763
Total Surcharges and Assessments retained for victim services			58,301	58,301

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		27,825	-	27,825
<u>Victim Service Revenue:</u>				
Victim Service Fines Retained by City/County Treasurer		-	-	-
Victim Service Assessments Retained by City/County Treasurer		57,763	-	57,763
Victim Service Surcharges Retained by City/County Treasurer		538	-	538
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)		86,126	-	86,126

TOWN OF RIDGELAND, SOUTH CAROLINA
UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (per ACT 96)
For The Year Ended June 30, 2022

<u>Expenditures for Victim Service Program:</u>	<u>Municipal</u>	<u>County</u>	<u>Total</u>
Salaries and Benefits		-	-
Operating Expenditures	51,174	-	51,174
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)	51,174	-	51,174
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)	34,952	-	34,952
Less: Prior Year Fund Deficit Repayment	-	-	-
Carryforward Funds – End of Year	34,952	-	34,952

COMPLIANCE SECTION



Richard D. Crowley, CPA, CVA
Lisa T. Wechsler, CPA, CFE
Robert J. Nagy, CPA, CGMA
Raquel Biascochea, JD, CPA
Jordan Graham, CPA

CERTIFIED PUBLIC ACCOUNTANTS

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
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, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated December 19, 2022.

Report on 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) as a basis for designing 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. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses as item 2022-001, that we consider to be a significant deficiency.

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Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

A handwritten signature in blue ink that reads "Crowley Wechsler & Associates LLC". The signature is written in a cursive, flowing style.

Crowley Wechsler & Associates LLC
Beaufort, South Carolina
December 19, 2022

**TOWN OF RIDGELAND, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2022**

We consider the deficiencies described below to be significant deficiencies:

2022-001 Segregation of duties

Criteria: Segregation of duties are necessary for proper internal controls.

Cause: Because of the size of the Town, we noted an issue with segregation of duties.

Effect: Segregation of duties ensures that no one individual has access to resources if the individual also is responsible for processing, summarizing, and reporting information or authorizing transactions.

Management's Response: Management is aware of a lack of segregation of duties and attempts to mitigate when able; however, due to the size of the Town, this is not always possible under current circumstances. Management is exploring the possibility of adding another employee to its finance department. Management is also considering having employees of one department reconciling bank accounts of a different department.