



**TOWN OF RIDGELAND, SOUTH CAROLINA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2015**

Mayor

Joseph N. Malphrus

Mayor Pro Tempore

Tommy Rhodes

Town Council Members

Josephine Boyles
Grady Woods
Chris DuBose

Town Administrator

Jason C. Taylor

Clerk – Treasurer

Penny Daley

Finance Director

Sharon Boyles

**TOWN OF RIDGELAND, SOUTH CAROLINA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2015
TABLE OF CONTENTS**

FINANCIAL SECTION	<u>PAGE</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	12
Statement of Activities	13
Fund Financial Statements:	
Balance Sheet – Governmental Funds	14
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	17
Statement of Net Position – Proprietary Fund	18
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Fund	19
Statement of Cash Flows – Proprietary Fund	20
Notes to the Financial Statements	21
 <u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
Schedule of the Proportionate Share of the Net Pension Liability	40
Schedule of Contributions	41
 <u>SUPPLEMENTARY INFORMATION</u>	
Combining and Individual Fund Financial Statements and Schedules	
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	42
Schedule of Revenues, Expenses, and Changes in Net Assets – Budget and Actual – Proprietary Fund	49
Schedule of Fines, Assessments, and Surcharges	52
 COMPLIANCE SECTION	
Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed In Accordance with Government Auditing Standards	53

FINANCIAL SECTION



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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Ridgeland (Town) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Ridgeland, as of June 30, 2015, and the respective changes in financial position, and the respective budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Change in Accounting Principle

As discussed in Note 14 to the financial statements, in 2015 the Town of Ridgeland adopted new accounting guidance, *GASB Statement No. 68, Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and historical pension information on pages 3-11 and 40-41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual 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 17, 2015, on our consideration of the Town of Ridgeland's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Ridgeland's internal control over financial reporting and compliance.



Beaufort, South Carolina
December 17, 2015

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, 2015. We encourage readers to consider the information presented here in conjunction with the accompanying financial statements and notes.

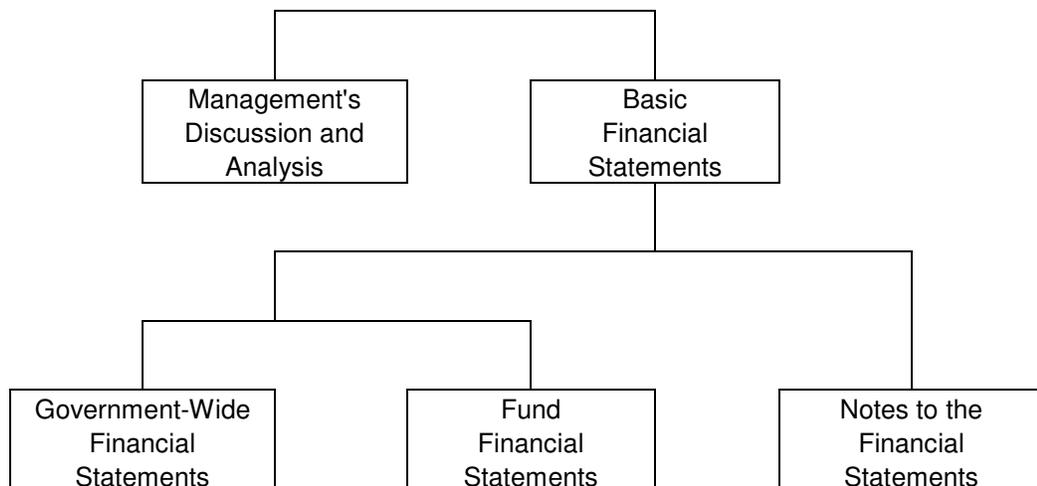
Financial Highlights

- The Town implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which required a restatement of the beginning net position in governmental activities of \$2,968,309 and \$453,988 in business-type activities.
- The assets of the Town exceeded its liabilities by \$12,843,115 at June 30, 2015 as compared to \$16,004,733 at the end of the previous fiscal year. The net position in the governmental activities decreased from \$6,748,958 at June 30, 2014 to \$3,704,406 at June 30, 2015, and the net position in the business-type activities decreased from \$9,255,775 at June 30, 2014 to \$9,138,709 at June 30, 2015. The Town's net position increase of \$260,679 is due to a decrease of \$76,243 in governmental activities and an increase of \$336,922 in business-type activities.
- As of the close of the fiscal year the Town's governmental fund reported an ending fund balance of \$2,558,132 as compared to \$2,716,875 for the previous fiscal year, resulting in a decrease of \$158,743, as compared to an increase in the previous year of \$1,688,735.

Overview of the Financial Statements

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

Required Components of Annual Financial Report



Government-wide Financial Statements

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

The first of these government-wide statements is the Statement of Net Position. The Statement of Net Position presents information on all the Town's assets and liabilities, with the difference between the two being reported as net position. Over time increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The second government-wide statement is the Statement of Activities. The Statement of Activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Fund Financial Statements

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

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

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

Notes to the Financial Statements

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

Other Information

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

Government-wide Financial Analysis

Net Position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At June 30, 2015 the Town's assets exceeded liabilities by \$12,843,115. This represents a decrease in the Town's net position of \$3,161,618 or 20%. This decrease is largely due to the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which required the restatement of net position at June 30, 2014 in the amount of \$3,422,297.

The following is a comparative presentation of the net position of the Town as of June 30, 2015 and June 30, 2014.

	Governmental Activities		Business-type Activities		Totals	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Assets:						
Current assets	\$ 3,101,299	\$ 3,206,968	\$ 1,864,336	\$ 1,739,023	\$ 4,965,635	\$ 4,945,991
Capital assets, net	4,270,169	4,172,390	7,950,235	7,784,674	12,220,404	11,957,064
Total Assets	<u>7,371,468</u>	<u>7,379,358</u>	<u>9,814,571</u>	<u>9,523,697</u>	<u>17,186,039</u>	<u>16,903,055</u>
Deferred Outflows of Resources	299,928	-	45,872	-	345,800	-
Current liabilities	459,118	435,155	180,598	230,736	639,716	665,891
Long-term liabilities	3,206,346	195,245	495,019	37,186	3,701,365	232,431
Total Liabilities	<u>3,665,464</u>	<u>630,400</u>	<u>675,617</u>	<u>267,922</u>	<u>4,341,081</u>	<u>898,322</u>
Deferred Inflows of Resources	301,526	-	46,117	-	347,643	-
Net position						
Net investment in capital assets	4,217,463	4,085,127	7,950,237	7,784,674	12,167,700	11,869,801
Restricted	1,202,407	1,379,884	931,160	964,057	2,133,567	2,343,941
Unrestricted	(1,715,464)	1,283,947	257,312	507,044	(1,458,152)	1,790,991
Total net position	<u>\$ 3,704,406</u>	<u>\$ 6,748,958</u>	<u>\$ 9,138,709</u>	<u>\$ 9,255,775</u>	<u>\$ 12,843,115</u>	<u>\$ 16,004,733</u>

The largest portion \$12,167,700 of net position reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. The Town's long-term liabilities as of June 30, 2015 were \$3,654,187, which was an increase of \$3,421,755 over the previous year. This increase was for the most part the net pension liability of \$3,441,026 which represents the end of year balance for the net pension liability. Restricted net position represents cash on hand for capital projects, drug fund, tourism, victims assistance, debt service, and repairs and maintenance.

Change in Net Position.

The following is a comparative analysis of the changes in net position for the years ended June 30, 2015 and June 30, 2014:

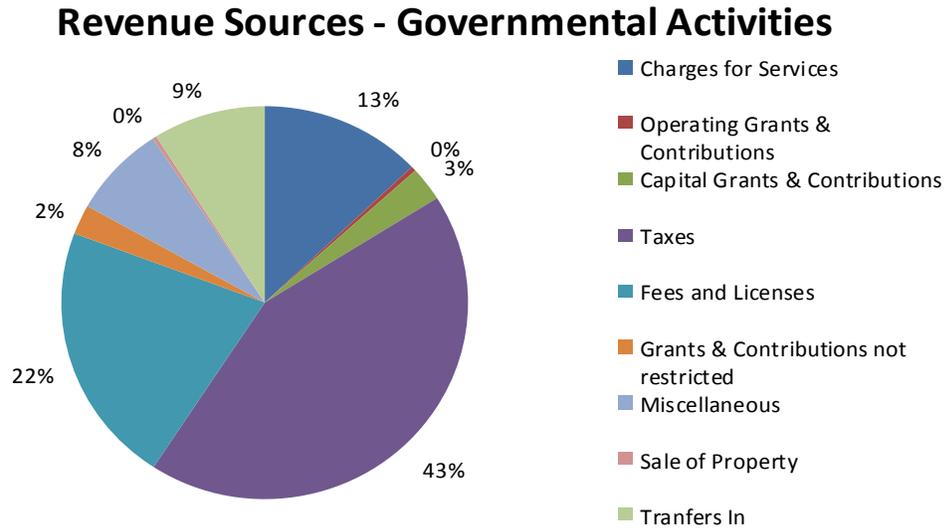
Changes in Net Position						
For the Years Ended June 30:						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program Revenues						
Charges for Services	\$ 525,350	\$ 563,961	\$ 1,852,454	\$ 1,509,200	\$ 2,377,804	\$ 2,073,161
Operating Grants and Contributions	15,380	1,529,988	-	-	15,380	1,529,988
Capital Grants and Contributions	114,836	38,073	110,800	279,576	225,636	317,649
Total Program Revenues	<u>655,566</u>	<u>2,132,022</u>	<u>1,963,254</u>	<u>1,788,776</u>	<u>2,618,820</u>	<u>3,920,798</u>
General Revenues						
Taxes	1,758,216	1,839,879	-	-	1,758,216	1,839,879
Business License Fees	876,398	842,528	-	-	876,398	842,528
Investment Earnings	85	122	858	1,100	943	1,222
Impact and Capacity Fees	-	-	6,525	-	6,525	-
Miscellaneous	307,976	225,318	2,560	4,898	310,536	230,216
Grants & Contributions not restricted	99,735	115,442	-	-	99,735	115,442
Sale of Property	13,500	62,657	-	-	13,500	62,657
Transfers	365,000	365,000	(365,000)	(365,000)	-	-
Total General Revenues	<u>3,420,910</u>	<u>3,450,946</u>	<u>(355,057)</u>	<u>(359,002)</u>	<u>3,065,853</u>	<u>3,091,944</u>
Total Revenues	<u>4,076,476</u>	<u>5,582,968</u>	<u>1,608,197</u>	<u>1,429,774</u>	<u>5,684,673</u>	<u>7,012,742</u>
Expenses:						
Administrative	790,501	758,148	-	-	790,501	758,148
General Services	432,481	398,230	-	-	432,481	398,230
Public Safety	2,640,271	2,406,295	-	-	2,640,271	2,406,295
Tourism	286,626	247,538	-	-	286,626	247,538
Water	-	-	537,886	504,441	537,886	504,441
Sewer	-	-	733,389	739,600	733,389	739,600
Interest	2,840	2,885	-	-	2,840	2,885
Total Expenses	<u>4,152,719</u>	<u>3,813,096</u>	<u>1,271,275</u>	<u>1,244,041</u>	<u>5,423,994</u>	<u>5,057,137</u>
Change in Net Position	(76,243)	1,769,872	336,922	185,733	260,679	1,955,605
Net Position- Beginning	6,748,958	4,979,086	9,255,775	9,070,042	16,004,733	14,049,128
Restatement of Net Position for GASB 68	(2,968,309)	-	(453,988)	-	(3,422,297)	-
Net Position- Ending	<u>\$ 3,704,406</u>	<u>\$ 6,748,958</u>	<u>\$ 9,138,709</u>	<u>\$ 9,255,775</u>	<u>\$ 12,843,115</u>	<u>\$ 16,004,733</u>

Overall program revenues went down \$1,301,978 from \$3,920,798 to \$2,618,820 which related to the drug seizure funds received in the prior year. General revenues remained fairly constant at \$3,065,853 compared to \$3,091,944.

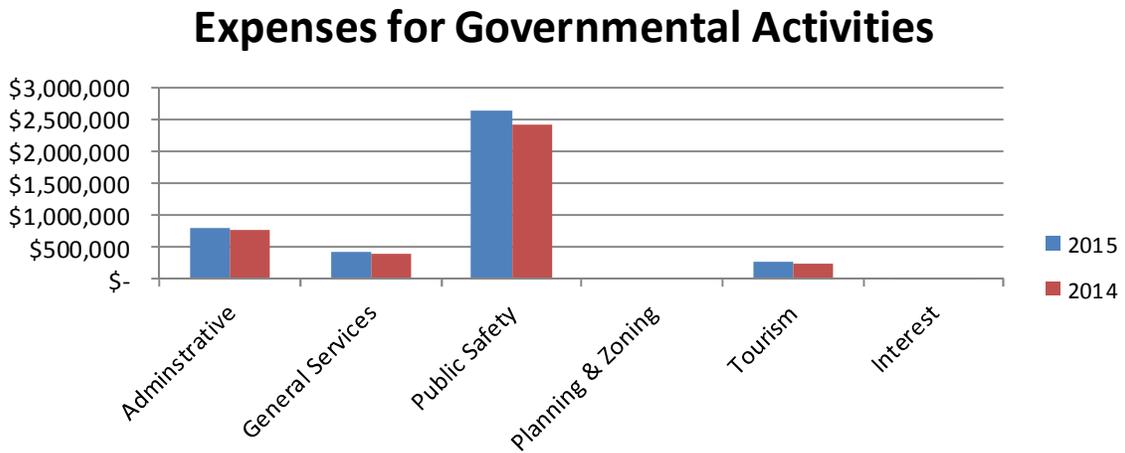
Overall expenses were up \$366,857 from \$5,057,137 to \$5,423,994 which related to the drug seizure funds that were expended during the current year. Other increases in expenses were normal, routine service contracts and supplies.

The prior period restatement of net position relates to the GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which required the restatement of net position at June 30, 2014.

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

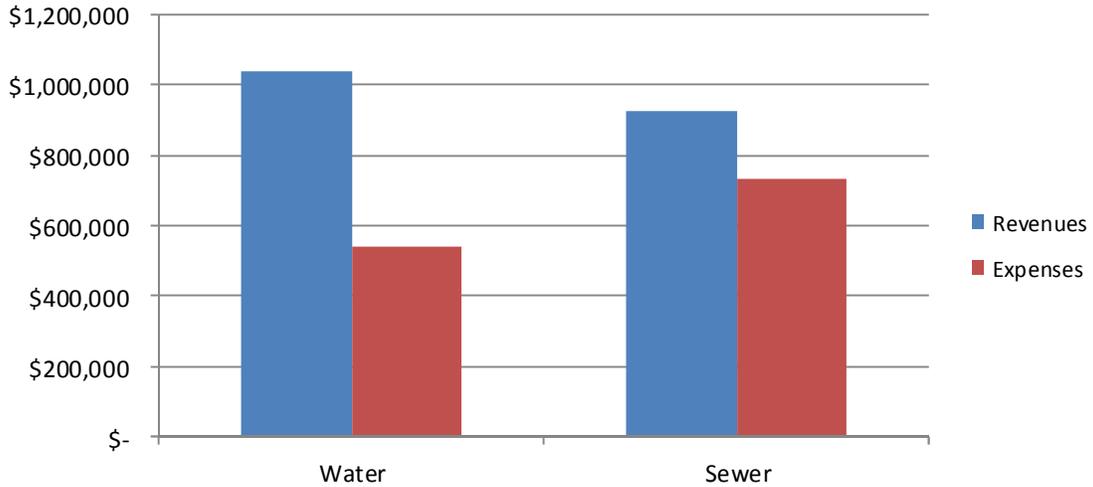


The following graph depicts the expenses for the various governmental activities of the Town.



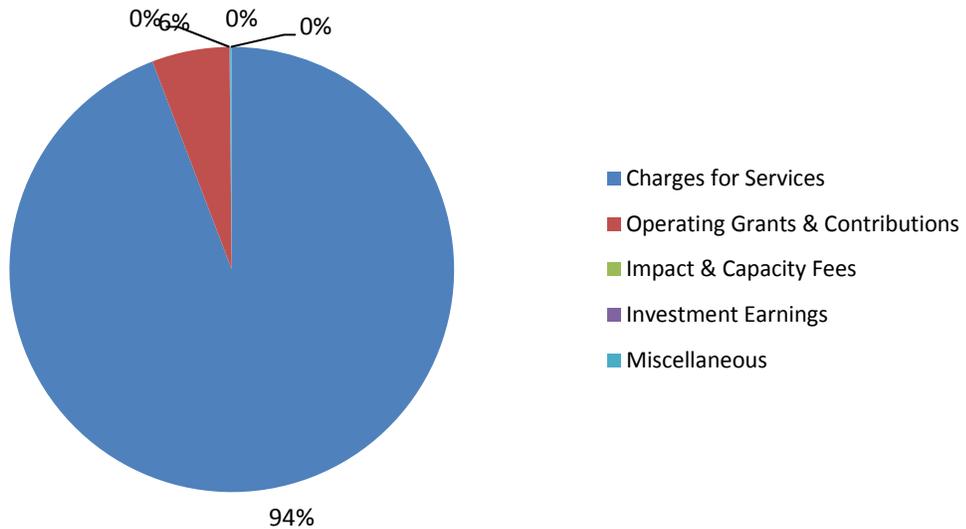
The following graph depicts the program revenues and expenses of the Town's business-type activities.

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 \$2,558,132, a decrease of 1% or \$158,743. \$1,202,407 is restricted for capital projects, tourism, garbage payments, victim assistance, and the drug fund; leaving an unassigned balance of \$1,355,725.

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

The total net position, of the proprietary fund, at the end of the fiscal year was \$9,138,709, a decrease of 1% or \$453,988. Net position of \$931,160 is restricted for capital projects, debt service, and repairs. The investment in capital assets less accumulated depreciation and related debt is \$7,950,237, leaving a balance of \$257,312 in unrestricted net position.

General Fund Budgetary Highlights

The general fund revenues exceeded budgeted amounts by \$457,447 or 14%. \$114,000 was due to grant revenue that was not budgeted, \$136,000 in local option sales tax and business licenses, \$51,000 in property taxes, \$56,000 in hospitality and accommodations taxes, \$14,000 in state aid, and \$92,000 in other various miscellaneous revenues. Expenditures on the budgetary basis exceeded budget by \$235,245 or 1%. The excess expenditures were a result of the police overages that are being refunded through miscellaneous income and other capital projects.

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, 2015, totals \$12,220,404 (net of depreciation). The following schedule details the capital assets, net of depreciation, at June 30, 2015 with a comparison to fiscal year ended June 30, 2014:

	Governmental Activities	Business-Type Activities	June 30, 2015 Total	June 30, 2014 Total
Construction in Progress	\$ 286,163	\$ 851,907	\$ 1,138,070	\$ 866,930
Land	1,204,394	1,242,158	2,446,552	2,446,552
Buildings and Improvements	520,509	74,487	594,996	620,193
Improvements other than Building	706,640	-	706,640	658,659
Machinery, Equipment, Vehicles	550,754	95,498	646,252	659,200
Infrastructure	1,001,709	5,686,185	6,687,894	6,705,530
Total Capital Assets - net	\$ 4,270,169	\$ 7,950,235	\$ 12,220,404	\$ 11,957,064

Increases in capital assets in governmental activities and business-type activities were \$945,815 which includes vehicles for \$155,322, mowers for \$13,450, radio for \$6,000, ATV for \$6,500, paving and resurfacing at Town Hall for \$74,344, Harold Turpin Park tennis courts for \$117,367, Battle of Honey Hill historical preservation for \$42,492, Fire Department Annex \$7,500, and engineering for waste water treatment facility for \$478,500, and the Wise Street Pump Station Project \$44,340. Depreciation expense for 2015 was \$640,459 compared to \$684,114 in the prior year.

Long-Term Obligations

At June 30, 2015 the Town has long-term debt in the amount of \$3,206,346 in the General Fund and \$495,019 in the Proprietary Fund. The long-term obligations was attributable to capital leases for the acquisition of a street sweepers and two trucks, compensated absences, and net pension liability. The Town implemented GASB Statement No. 68 which restated the beginning net position for the net pension liability. All other changes represented regularly scheduled principal reductions on the existing outstanding debt. No new debt was taken out in 2015. The following schedule details the long-term obligations for the year ended June 30, 2015 with a comparison to fiscal year ended June 30, 2014:

	Governmental Activities	Business-Type Activities	June 30, 2015 Total	June 30, 2014 Total
Capital Leases	\$ 53,506	\$ -	\$ 53,506	\$ 87,263
Net Pension Liability*	2,984,553	456,473	3,441,026	3,660,030
Compensated Absences	168,287	38,546	206,833	199,695
Total Long-Term Obligations	<u>\$ 3,206,346</u>	<u>\$ 495,019</u>	<u>\$ 3,701,365</u>	<u>\$ 3,946,988</u>

*The prior period restatement of \$3,422,297 related to the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which required the restatement of net position for June 30, 2014.

Economic Factors and Next Year's Budget

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

The 2015-2016 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, 2016 is \$4,025,423 with tax millage at 118.2 mills. The budget for the proprietary fund for fiscal year ended June 30, 2016 was set at \$1,962,540. The proprietary fund budget is expected to be funded with water and sewer fees charged to customers and fund equity.

Request for Information

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

BASIC FINANCIAL STATEMENTS

TOWN OF RIDGELAND, SOUTH CAROLINA
STATEMENT OF NET POSITION
JUNE 30, 2015

	PRIMARY GOVERNMENT		
	GOVERNMENTAL	BUSINESS-TYPE	TOTAL
	ACTIVITIES	ACTIVITIES	
ASSETS			
Cash and Cash Equivalents	\$ 1,213,313	\$ 329,258	\$ 1,542,571
Accounts Receivable	684,060	191,407	875,467
Prepaid Expenses	-	151,274	151,274
Due from General Fund	-	135,750	135,750
Restricted Assets			
Cash and Cash Equivalents	1,203,926	1,056,647	2,260,573
Capital Assets, not being depreciated	1,490,557	2,094,065	3,584,622
Capital Assets, being depreciated	2,779,612	5,856,170	8,635,782
Total Assets	<u>7,371,468</u>	<u>9,814,571</u>	<u>17,186,039</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows on Net Pension Liability	299,928	45,872	345,800
Total Deferred Outflows of Resources	<u>299,928</u>	<u>45,872</u>	<u>345,800</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 7,671,396</u>	<u>\$ 9,860,443</u>	<u>\$ 17,531,839</u>
LIABILITIES			
Accounts Payable	224,003	39,352	263,355
Payroll Liabilities	97,846	15,759	113,605
Customer Deposits	1,519	125,487	127,006
Due to Proprietary Funds	135,750	-	135,750
Noncurrent Liabilities			
Due within one year	43,323	3,855	47,178
Due after one year	3,163,023	491,164	3,654,187
Total Liabilities	<u>3,665,464</u>	<u>675,617</u>	<u>4,341,081</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows on Net Pension Liability	301,526	46,117	347,643
Total Deferred Inflows of Resources	<u>301,526</u>	<u>46,117</u>	<u>347,643</u>
NET POSITION			
Net Investment in Capital Assets	4,217,463	7,950,237	12,167,700
Restricted for Capital Projects	9,643	352,326	361,969
Restricted for Debt Service	-	341,584	341,584
Restricted for Tourism	201,758	-	201,758
Restricted for Victim Assistance	142,332	-	142,332
Restricted for Repairs and Contingencies	-	237,250	237,250
Restricted for Drug Fund	848,674	-	848,674
Unrestricted	(1,715,464)	257,312	(1,458,152)
Total Net Position	<u>3,704,406</u>	<u>9,138,709</u>	<u>12,843,115</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 7,671,396</u>	<u>\$ 9,860,443</u>	<u>\$ 17,531,839</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, 2015**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSES) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	CAPITAL GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
Primary Government							
Governmental Activities:							
Administrative Services	\$ 790,501	\$ -	\$ -	\$ -	\$ (790,501)	\$ -	\$ (790,501)
General Services	432,481	-	-	-	(417,101)	-	(417,101)
Public Safety	2,640,271	482,361	15,380	-	(2,157,910)	-	(2,157,910)
Planning and Zoning	-	42,989	-	-	42,989	-	42,989
Tourism	286,626	-	-	114,836	(171,790)	-	(171,790)
Interest	2,840	-	-	-	(2,840)	-	(2,840)
Total Governmental Activities	4,152,719	525,350	15,380	114,836	(3,497,153)	-	(3,497,153)
Business-type Activities:							
Water	537,886	929,126	-	110,800	-	502,040	502,040
Sewer	733,389	923,328	-	-	-	189,939	189,939
Total Business-type Activities	1,271,275	1,852,454	-	110,800	-	691,979	691,979
Total Primary Government	\$ 5,423,994	\$ 2,377,804	\$ 15,380	\$ 225,636	(3,497,153)	691,979	(2,805,174)
General Revenues:							
Taxes:							
Property and Vehicle					593,766	-	593,766
Local Option Sales Tax					798,976	-	798,976
Hospitality					305,274	-	305,274
Accommodations					55,721	-	55,721
Penalties					4,479	-	4,479
Impact and Capacity Fees					-	6,525	6,525
Business License Fees					876,398	-	876,398
Grants and contributions not restricted					99,735	-	99,735
Investment Earnings					85	858	943
Miscellaneous					307,976	2,560	310,536
Sale of Property					13,500	-	13,500
Transfers					365,000	(365,000)	-
Total General Revenues and Transfers					3,420,910	(355,057)	3,065,853
Change in Net Position					(76,243)	336,922	260,679
Net Position, Beginning of year					6,748,958	9,255,775	16,004,733
Restatement of Net Position for GASB 68					(2,968,309)	(453,988)	(3,422,297)
Net Position, Ending of year					\$ 3,704,406	\$ 9,138,709	\$ 12,843,115

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

**TOWN OF RIDGELAND, SOUTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015**

	GENERAL FUND	SPECIAL REVENUE FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS			
Cash	\$ 1,213,313	\$ -	\$ 1,213,313
Receivables, net	684,060	-	684,060
Restricted Assets:			
Cash	355,252	848,674	1,203,926
Total Assets	<u>\$ 2,252,625</u>	<u>\$ 848,674</u>	<u>\$ 3,101,299</u>
LIABILITIES			
Accounts Payable	\$ 224,003	\$ -	\$ 224,003
Payroll Liabilities	97,846	-	97,846
Customer Deposits	1,519	-	1,519
Due to Proprietary Fund	135,750	-	135,750
Total Liabilities	<u>459,118</u>	<u>-</u>	<u>459,118</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues-property taxes	84,049	-	84,049
Total Deferred Inflows of Resources	<u>84,049</u>	<u>-</u>	<u>84,049</u>
FUND BALANCES			
Restricted for Capital Projects	9,643	-	9,643
Restricted for Tourism	201,758	-	201,758
Restricted for Victim Assistance	142,332	-	142,332
Restricted for Drug Fund	-	848,674	848,674
Unassigned	1,355,725	-	1,355,725
Total Fund Balances	<u>1,709,458</u>	<u>848,674</u>	<u>2,558,132</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 2,252,625</u>	<u>\$ 848,674</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	4,270,169
Other long-term assets are not available to pay for current expenditures and, therefore, are reported as unavailable revenues in the funds.	84,049
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	299,928
Deferred inflows of resources:	
Related to pensions	(301,526)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(3,206,346)
Net position of governmental activities	<u>\$ 3,704,406</u>

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

TOWN OF RIDGELAND, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	GENERAL FUND	SPECIAL REVENUE FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES			
Property Taxes	\$ 619,529	\$ -	\$ 619,529
Hospitality and Accommodations Taxes	360,995	-	360,995
Fees and Fines	525,350	-	525,350
Intergovernmental	99,735	-	99,735
Local Option Sales Taxes	798,976	-	798,976
Business Licenses	876,398	-	876,398
Investment Earnings	85	-	85
Miscellaneous	307,976	-	307,976
Grant	114,836	15,380	130,216
Sale of Real Property	-	13,500	13,500
Total Revenues	<u>3,703,880</u>	<u>28,880</u>	<u>3,732,760</u>
EXPENDITURES			
Current:			
Administrative Services	780,253	-	780,253
General Services	411,579	-	411,579
Public Safety	2,217,653	285,753	2,503,406
Tourism	139,439	-	139,439
Capital Outlay	261,156	124,072	385,228
Debt Service			
Principal	33,758	-	33,758
Interest	2,840	-	2,840
Total Expenditures	<u>3,846,678</u>	<u>409,825</u>	<u>4,256,503</u>
Excess (Deficiency) of Revenues Over (Under) Revenues	<u>(142,798)</u>	<u>(380,945)</u>	<u>(523,743)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	365,000	-	365,000
Total Other Financing Sources (Uses)	<u>365,000</u>	<u>-</u>	<u>365,000</u>
Net Change in Fund Balances	222,202	(380,945)	(158,743)
Fund balances, Beginning of year	1,487,256	1,229,619	2,716,875
Fund balances, Ending of year	<u>\$ 1,709,458</u>	<u>\$ 848,674</u>	<u>\$ 2,558,132</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, 2015**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ (158,743)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds report capital outlays in expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$385,228) and depreciation (\$287,449) differ in the current period.</p>	97,779
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	(21,284)
<p>Governmental funds report compensated absences when paid, therefore current year accruals are not reported in the funds.</p>	(9,910)
<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>	
Pension contributions	217,980
Cost of benefits earned net of employee contributions	(235,823)
<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>	
Capital Lease Principal Payments	33,758
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ (76,243)

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

TOWN OF RIDGELAND, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

	BUDGETED AMOUNT		ACTUAL	VARIANCE
	ORIGINAL	FINAL		FAVORABLE (UNFAVORABLE)
REVENUES				
Property Taxes	\$ 568,001	\$ 568,001	\$ 619,529	\$ 51,528
Local Option Sales Taxes	700,332	700,332	798,976	98,644
Hospitality and Accommodations Taxes	305,000	305,000	360,995	55,995
Business Licenses	839,000	839,000	876,398	37,398
Fees and Fines	533,000	533,000	525,350	(7,650)
Intergovernmental	86,000	86,000	99,735	13,735
Investment Earnings	100	100	85	(15)
Miscellaneous	215,000	215,000	307,976	92,976
Grant	-	-	114,836	114,836
Total Revenues	<u>3,246,433</u>	<u>3,246,433</u>	<u>3,703,880</u>	<u>457,447</u>
EXPENDITURES				
Administrative Services	756,345	756,345	854,597	(98,252)
General Services	475,785	475,785	460,354	15,431
Public Safety	2,119,303	2,119,303	2,242,764	(123,461)
Tourism	260,000	260,000	288,963	(28,963)
Total Expenditures	<u>3,611,433</u>	<u>3,611,433</u>	<u>3,846,678</u>	<u>(235,245)</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>(365,000)</u>	<u>(365,000)</u>	<u>(142,798)</u>	<u>222,202</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	365,000	365,000	365,000	-
Total Other Financing Sources and (Uses)	<u>365,000</u>	<u>365,000</u>	<u>365,000</u>	<u>-</u>
Net Change in Fund Balances	-	-	222,202	222,202
Fund Balances, Beginning of year	1,487,256	1,487,256	1,487,256	-
Fund Balances, Ending of year	<u>\$1,487,256</u>	<u>\$ 1,487,256</u>	<u>\$ 1,709,458</u>	<u>\$ 222,202</u>

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

TOWN OF RIDGELAND, SOUTH CAROLINA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	BUSINESS-TYPE ACTIVITIES	
	ENTERPRISE FUNDS	
	WATER AND SEWER	TOTAL
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 329,258	\$ 329,258
Receivables, net	191,407	191,407
Restricted Assets:		
Cash and Cash Equivalents	1,056,647	1,056,647
Due from General Fund	135,750	135,750
Prepaid Expenses	151,274	151,274
Total Current Assets	1,864,336	1,864,336
Capital Assets		
Non-depreciable		
Land	1,242,158	1,242,158
Wastewater Expansion Project	851,907	851,907
Depreciable		
Buildings and Improvements	95,647	95,647
Machinery, Equipment, and Automotive	397,518	397,518
Water and Sewer System	11,699,936	11,699,936
Less: Accumulated Depreciation	(6,336,931)	(6,336,931)
Net Capital Assets	7,950,235	7,950,235
Total Assets	9,814,571	9,814,571
Deferred Outflows of Resources		
Deferred Outflows on Net Pension Liability	45,872	45,872
Total Deferred Outflows of Resources	45,872	45,872
Total Assets and Deferred Outflows of Resources	\$ 9,860,443	\$ 9,860,443
Liabilities		
Current Liabilities		
Accounts Payable	39,352	39,352
Accrued Expenses	15,759	15,759
Customer Deposits	125,487	125,487
Compensated Absences - current portion	3,855	3,855
Total Current Liabilities	184,453	184,453
Noncurrent Liabilities		
Compensated Absences	34,691	34,691
Net Pension Liability	456,473	456,473
Total Noncurrent Liabilities	491,164	491,164
Total Liabilities	675,617	675,617
Deferred Inflows of Resources		
Deferred Inflows on Net Pension Liability	46,117	46,117
Total Deferred Inflows of Resources	46,117	46,117
Net Position		
Net Investment in Capital Assets	7,950,237	7,950,237
Restricted for Capital Projects	352,326	352,326
Restricted for Debt Service	341,584	341,584
Restricted for Repairs and Contingencies	237,250	237,250
Unrestricted	257,312	257,312
Total Net Position	9,138,709	9,138,709
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 9,860,443	\$ 9,860,443

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, 2015**

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS	
	WATER AND SEWER	TOTAL
OPERATING REVENUES		
Charges for Services	\$ 1,852,454	\$ 1,852,454
Miscellaneous	2,560	2,560
Total Operating Revenues	<u>1,855,014</u>	<u>1,855,014</u>
OPERATING EXPENSES		
Personnel Services	484,438	484,438
Contractual Services	62,613	62,613
Utilities	162,126	162,126
Office Expense	21,021	21,021
Repairs and Maintenance	25,323	25,323
Supplies	96,120	96,120
Leases	45,000	45,000
Depreciation and Amortization	353,010	353,010
Other Operating Expenses	21,624	21,624
Total Operating Expenses	<u>1,271,275</u>	<u>1,271,275</u>
Operating Income (Loss)	<u>583,739</u>	<u>583,739</u>
NONOPERATING REVENUES (EXPENSES)		
Investment Income	858	858
Impact and Capacity Fees	6,525	6,525
Grant Income	110,800	110,800
Total Nonoperating Revenues (Expenses)	<u>118,183</u>	<u>118,183</u>
Income (Loss) Before Transfers	701,922	701,922
Transfers Out	<u>(365,000)</u>	<u>(365,000)</u>
Change in Net Position	336,922	336,922
Total Net Position, Beginning of year	9,255,775	9,255,775
Restatement of Net Position for GASB 68	(453,988)	(453,988)
Total Net Position, End of year	<u>\$ 9,138,709</u>	<u>\$ 9,138,709</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, 2015**

	BUSINESS-TYPE ACTIVITIES- ENTERPRISE FUNDS	
	WATER AND SEWER	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers and Users	\$ 1,840,624	\$ 1,840,624
Cash Paid to Suppliers	(454,688)	(454,688)
Cash Paid to and for Employees	(477,022)	(477,022)
Net Cash Provided (Used) by Operating Activities	<u>908,914</u>	<u>908,914</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers Between Funds	(365,000)	(365,000)
Net Cash Provided (Used) by Financing Activities	<u>(365,000)</u>	<u>(365,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Impact and Capacity Fees	6,525	6,525
Grant Income	110,800	110,800
Acquisition and Construction of Capital Assets	(560,574)	(560,574)
Disposals of capital assets	42,003	42,003
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(401,246)</u>	<u>(401,246)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	858	858
Net Cash Provided (Used) by Investing Activities	<u>858</u>	<u>858</u>
Net Increase (Decrease) in Cash and Cash Equivalents	143,526	143,526
Cash and Cash Equivalents, Beginning of year	1,242,379	1,242,379
Cash and Cash Equivalents, End of year	<u>\$ 1,385,905</u>	<u>\$ 1,385,905</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ 583,739	\$ 583,739
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	353,010	353,010
Accounts Receivable	(26,787)	(26,787)
Prepaid Expenses	45,000	45,000
Accounts Payable	(65,861)	(65,861)
Accrued Expenses	(2,772)	(2,772)
Payroll Liabilities	7,458	7,458
Customer Deposits	12,397	12,397
Net Pension Liability and Related Accounts	2,730	2,730
Total Adjustments	<u>325,175</u>	<u>325,175</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 908,914</u>	<u>\$ 908,914</u>

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

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

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 FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The Town reports the following major governmental funds:

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

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

The Town reports the following major proprietary fund:

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

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

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

Measurement Focus and Basis of Accounting

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

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

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

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

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 FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (expenses/expenditures) until then. The Town has 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 purposes from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide, a flow assumption must be made about the order in which the resources are considered to be applied. It is the 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 purposes from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide, a flow assumption must be made about the order in which the resources are considered to be applied. It is the 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).

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

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

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

Revenues and Expenditures/Expenses

Program Revenues

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

Property taxes

Taxes on real property and certain personal property attach as an enforceable lien on the property as of January 1. Taxes are levied and billed the following September on all property other than vehicles and are payable without penalty until January 15 of the following year. Penalties are assessed on unpaid taxes on the following dates: January 16 – three percent, February 1 – an additional seven percent, March 16 – an additional five percent. If not paid by October 1, the property is subject to sale by the delinquent tax office. Assessed property is subject to lien one year from the levy date if taxes remain unpaid. Taxes on licensed motor vehicles are levied during the month when the taxpayer's license registration is due for renewal. The property tax rate approved by ordinance for fiscal year 2014 is 116.2 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.

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

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

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

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

NOTE 3 DEPOSITS AND INVESTMENTS

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

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

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a formal investment policy to address custodial credit risk. The Town has a deposit policy for custodial credit risk. As of June 30, 2015, the bank balances were \$3,838,348. 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, 2015.

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 3 DEPOSITS AND INVESTMENTS – CONTINUED

Restrictions on Cash and Investments

Cash and investments restricted as to use are as follows:

	General Fund	Special Revenue Fund	Proprietary Fund	Total
Depreciation Fund	\$ -	\$ -	\$ 170,180	\$ 170,180
Drug Fund	-	848,674	-	848,674
Contingent Fund	-	-	171,404	171,404
RF Grant Expense	-	-	22,782	22,782
Water & Sewer Deposits	-	-	125,487	125,487
RF Grant Account	-	-	5,812	5,812
Grant Account	100	-	-	100
Garbage Deposits	1,519	-	-	1,519
Water Tank Repair	-	-	214,468	214,468
Accommodations Tax	46	-	-	46
Impact Fees	-	-	339,964	339,964
Tourism Support	201,712	-	-	201,712
Victim Assistance	142,332	-	-	142,332
Rural Development	-	-	6,550	6,550
Veterans Memorial Park	9,543	-	-	9,543
Total Restrictions on Cash and Investments	\$ 355,252	\$ 848,674	\$ 1,056,647	\$ 2,260,573

NOTE 4 RECEIVABLES

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

	General Fund	Proprietary Fund	Total
Property taxes	\$ 116,774	\$ -	\$ 116,774
Auto taxes	6,471	-	6,471
Accommodation taxes	23,175	-	23,175
Local option sales taxes	228,308	-	228,308
Business licenses	269,616	-	269,616
Grants receivable	22,765	-	22,765
Other	49,677	-	49,677
Allowance for doubtful accounts	(32,726)	-	(32,726)
Water/ sewer billings	-	191,407	191,407
Total	\$ 684,060	\$ 191,407	\$ 875,467

The allowance for doubtful accounts represents property taxes uncollected as of June 30, 2015.

NOTE 5 PREPAID EXPENSES

The Town entered into a five year lease agreement in the proprietary fund expiring on November 9, 2018 by paying \$225,000 during fiscal year 2015. For the year ended June 30, 2015, the Town reported \$45,000 in rent expense with the balance of \$151,274 as prepaid expense.

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 6 CAPITAL ASSETS

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

Governmental Activities	June 30, 2014	Increases	Decreases	June 30, 2015
<i>Capital assets not being depreciated</i>				
Land and improvements	\$ 1,204,394	\$ -	\$ -	\$ 1,204,394
Construction in progress	212,839	73,324	-	286,163
Total capital assets not being depreciated	<u>1,417,233</u>	<u>73,324</u>	<u>-</u>	<u>1,490,557</u>
<i>Capital assets being depreciated</i>				
Buildings	865,694	-	-	865,694
Improvements other than buildings	994,936	94,035	-	1,088,971
Machinery and equipment	1,533,259	143,525	-	1,676,784
Infrastructure	2,295,733	74,344	-	2,370,077
Total capital assets being depreciated	<u>5,689,622</u>	<u>311,904</u>	<u>-</u>	<u>6,001,526</u>
Less accumulated depreciation for:				
Buildings	322,792	22,393	-	345,185
Improvements other than buildings	336,277	46,054	-	382,331
Machinery and equipment	1,002,831	123,199	-	1,126,030
Infrastructure	1,272,565	95,803	-	1,368,368
Total accumulated depreciation	<u>2,934,465</u>	<u>287,449</u>	<u>-</u>	<u>3,221,914</u>
Total capital assets being depreciated, net	<u>2,755,157</u>	<u>24,455</u>	<u>-</u>	<u>2,779,612</u>
Governmental activities capital assets, net	<u>\$ 4,172,390</u>	<u>\$ 97,779</u>	<u>\$ -</u>	<u>\$ 4,270,169</u>
Business-Type Activities	June 30, 2014	Increases	Decreases	June 30, 2015
<i>Capital assets not being depreciated</i>				
Land and improvements	\$ 1,242,158	\$ -	\$ -	\$ 1,242,158
Construction in progress	654,091	522,823	325,007	851,907
Total capital assets not being depreciated	<u>1,896,249</u>	<u>522,823</u>	<u>325,007</u>	<u>2,094,065</u>
<i>Capital assets being depreciated</i>				
Buildings	95,647	-	-	95,647
Machinery and equipment	401,770	37,750	42,002	397,518
Infrastructure	11,374,929	325,007	-	11,699,936
Total capital assets being depreciated	<u>11,872,346</u>	<u>362,757</u>	<u>42,002</u>	<u>12,193,101</u>
Less accumulated depreciation for:				
Buildings	18,355	2,805	-	21,160
Machinery and equipment	272,998	29,022	-	302,020
Infrastructure	5,692,568	321,183	-	6,013,751
Total accumulated depreciation	<u>5,983,921</u>	<u>353,010</u>	<u>-</u>	<u>6,336,931</u>
Total capital assets being depreciated, net	<u>5,888,425</u>	<u>9,747</u>	<u>42,002</u>	<u>5,856,170</u>
Business-Type activities capital assets, net	<u>\$ 7,784,674</u>	<u>\$ 532,570</u>	<u>\$ 367,009</u>	<u>\$ 7,950,235</u>

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 6 CAPITAL ASSETS – CONTINUED

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

<u>Governmental Activities</u>		<u>Business Type Activities</u>	
Administrative Services	\$ 15,084	Water Utilities	\$ 176,505
Public Safety		Sewer Utilities	176,505
Police	75,202		<u>\$ 353,010</u>
Fire	29,575		
General Services	20,401		
Tourism	147,187		
Total	<u>\$ 287,449</u>		

NOTE 7 LONG-TERM OBLIGATIONS

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

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

	<u>June 30, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2015</u>	<u>Due Within A Year</u>
Governmental Activities					
Capital leases	\$ 87,263	\$ -	\$ 33,757	\$ 53,506	\$ 26,494
Compensated absences	158,377	9,910	-	168,287	16,829
Net pension liability	3,174,505	-	189,952	2,984,553	-
Governmental Activities Long-term Obligations	<u>\$ 3,420,145</u>	<u>\$ 9,910</u>	<u>\$ 223,709</u>	<u>\$ 3,206,346</u>	<u>\$ 43,323</u>
Business-type Activities					
Compensated absences	\$ 41,318	\$ -	\$ 2,772	\$ 38,546	\$ 3,855
Net pension liability	485,525	-	29,052	456,473	-
Business-type Activities Long-term Obligations	<u>\$ 526,843</u>	<u>\$ -</u>	<u>\$ 31,824</u>	<u>\$ 495,019</u>	<u>\$ 3,855</u>

Governmental Type Activities

Capital Leases

The following is a summary of capital lease transactions for the year ended June 30, 2015.

	<u>June 30, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2015</u>	<u>Due Within A Year</u>
Wells Fargo	21,440	-	14,162	7,278	6,480
SCB&T (F-250)	18,815	-	8,935	9,880	9,112
SCB&T (F-450)	47,008	-	10,660	36,348	10,902
Total	<u>\$ 87,263</u>	<u>\$ -</u>	<u>\$ 33,757</u>	<u>\$ 53,506</u>	<u>\$ 26,494</u>

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 7 LONG-TERM OBLIGATIONS – CONTINUED

Capital lease with Wells Fargo for the purchase of a street sweeper, payable in monthly installments of \$1,313.87 including interest at 5.5% beginning December 15, 2009 for a period of five years. The balance due on this lease at June 30, 2015 is \$7,278.

Capital lease with SCB&T for the purchase of a truck, payable in monthly installments of \$768.60 including interest at 1.95% beginning September 1, 2013 for a period of three years. The balance due on this lease at June 30, 2015 is \$9,880.

Capital lease with SCB&T for the purchase of a truck, payable in monthly installments of \$967.36 including interest at 2.25% beginning November 3, 2013 for a period of five years. The balance due on this lease at June 30, 2015 is \$36,348.

The assets acquired through capital leases are as follows:

Street sweeper	\$	81,287
F-250		26,855
F-450		54,847
Less: accumulated depreciation		(96,718)
Net book value		<u><u>\$ 66,271</u></u>

The annual requirements to amortize the leases payable, as described in the preceding paragraphs at June 30, 2015 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 26,494	\$ 907	\$ 27,401
2017	11,918	459	12,377
2018	11,403	205	11,608
2019	3,691	18	3,709
Total	<u><u>\$ 53,506</u></u>	<u><u>\$ 1,589</u></u>	<u><u>\$ 55,095</u></u>

Business-Type Activities:

Compensated Absences

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

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

Each day of leave consists of one eight hour period.

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

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

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 7 LONG-TERM OBLIGATIONS – CONTINUED

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, 2015 are \$168,287 and \$38,546 respectively, and include 16% for employee benefits.

The South Carolina Public Employee Benefit Authority (PEBA), which was created July 1, 2012, administers the various retirement systems and retirement programs managed by its Retirement Division. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as co-trustee and co-fiduciary of the systems and the trust funds. By law, the Budget and Control Board, which consists of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the Systems and serves as a co-trustee of the Systems in conducting that review. PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the South Carolina Retirement Systems' Pension Trust Funds. The CAFR is publicly available on the Retirement Benefits' link on PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, PO Box 11960, Columbia, SC 29211-1960. PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state.

General Information about the Pension Plan

Plan Description

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

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

Membership

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

- SCRS - Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.
- PORS - To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; or to serve as a peace officer employed by the Department of Corrections, the Department of Juvenile Justice, or

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 7 LONG-TERM OBLIGATIONS – CONTINUED

- the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

Benefits

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

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

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

- 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 FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 7 LONG-TERM OBLIGATIONS – CONTINUED

Contributions

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. The PEBA Board may increase the SCRS and PORS employer and employee contribution rates on the basis of the actuarial valuations, but any such increase may not result in a differential between the employee and employer contribution rate that exceeds 2.9% of earnable compensation for SCRS and 5% for PORS. An increase in the contribution rates adopted by the board may not provide for an increase of more than one-half of one percent in any one year. If the scheduled employee and employer contributions provided in statute or the rates last adopted by the board are insufficient to maintain a thirty year amortization schedule of the unfunded liabilities of the plans, the board shall increase the contribution rates in equal percentage amounts for the employer and employee as necessary to maintain the thirty-year amortization period; and, this increase is not limited to one-half of one percent per year. Total employer contributions to the pension plan from the System were \$247,478 for the year ended June 30, 2015.

Required employee contribution rates for fiscal year 2014-2015 are as follows:

SCRS

Employee Class Two	8.00% of earnable compensation
Employee Class Three	8.00% of earnable compensation

PORS

Employee Class One	\$21 per month
Employee Class Two	8.41% of earnable compensation
Employee Class Three	8.41% of earnable compensation

Required employer contributions for fiscal year 2014-2015 are as follows:

SCRS

Employer Class Two	10.75% of earnable compensation
Employer Class Three	10.75% of earnable compensation
Employer Incidental Death Benefit	0.15% of earnable compensation

PORS

Employer Class One	7.80% of earnable compensation
Employer Class Two	13.01% of earnable compensation
Employer Class Three	13.01% of earnable compensation
Employer Incidental Death Benefit	0.20% of earnable compensation
Employer Accidental Death Program	0.20% of earnable compensation

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Net Pension Liability

At June 30, 2015, the Town reported a liability of \$3,441,026 for its proportionate share of the net pension liability. The most recent annual actuarial valuation reports adopted by the PEBA Board and Budget and Control Board are as of July 1, 2013. The net pension liability of each defined benefit pension plan was therefore determined based on the July 1, 2013 actuarial valuations, using membership

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 7 LONG-TERM OBLIGATIONS – CONTINUED

data as of July 1, 2013, projected forward to the end of the fiscal year, and financial information of the pension trust funds as of June 30, 2014, using generally accepted actuarial procedures. The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB No. 67 less that System's fiduciary net position.

For the year ended June 30, 2015, the Town recognized pension expense of \$273,060. At June 30, 2015, the Town reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 94,481	\$ -
Net difference between projected and actual earnings on pension plan investments	-	347,643
Contributions subsequent to the measurement date	251,319	-
Total	<u>\$ 345,800</u>	<u>\$ 347,643</u>

The contributions applied to the pension liability of \$251,319 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. The following schedule reflects the amortization of remaining deferred outflows/(inflows) of resources at June 30, 2014. Average remaining services lives of all employees provided with pension through the pension plans at June 30, 2014 was 4.233 years for SCRS and 4.856 years for PORS.

<u>Measurement Period Ending June 30,</u>	<u>SCRS</u>	<u>PORS</u>
2015	\$ (19,805)	\$ (40,326)
2016	(19,805)	(40,326)
2017	(19,805)	(40,326)
2018	(30,618)	(42,151)
Thereafter	-	-
Net Balance of Deferred Outflows/(Inflows) of Resources	<u>\$ (90,033)</u>	<u>\$ (163,129)</u>

Actuarial Assumptions and Methods

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

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 7 LONG-TERM OBLIGATIONS – CONTINUED

The following table provides a summary of the actuarial assumptions and methods used in the July 1, 2013, valuations for SCRS and PORS.

	SCRS	PORS
Actuarial Cost Method	Entry Age	Entry Age
Actuarial Assumptions:		
Investment rate of return	7.5%	7.5%
Projected salary increases	Levels off at 3.5%	Levels off at 4.0%
Includes inflation at	2.75%	2.75%
Benefits adjustments	Lesser of 1% or \$500	Lesser of 1% or \$500

The post-retiree mortality assumption is dependent upon the member's job category and gender. This assumption includes base rates which are automatically adjusted for future improvement in mortality using published Scale AA projected from the year 2000.

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

The long-term expected rate of return on pension plan investments for actuarial purposes is based upon the 30 year capital market outlook at the end of the third quarter 2012. The actuarial long-term expected rates of return represent best estimates of arithmetic real rates of return for each major asset class and were developed in coordination with the investment consultant for the Retirement System Investment Commission (RSIC) using a building block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as Consensus Economic forecasts. The actuarial long-term assumptions for other asset classes are based on historical results, current market characteristics and professional judgment.

The RSIC has exclusive authority to invest and manage the retirement trust funds' assets. As co-fiduciary of the Systems, statutory provisions and governance policies allow the RSIC to operate in a manner consistent with a long-term investment time horizon. The expected real rates of investment return, along with the expected inflation rate, form the basis for the target asset allocation adopted annually by the RSIC. For actuarial purposes, the long-term expected rate of return is calculated by weighting the expected future real rates of return by the target allocation percentage and then adding the actuarial expected inflation which is summarized in the table on the following page. For actuarial purposes, the 7.50% assumed annual investment rate of return used in the calculation of the total pension liability includes a 4.75% real rate of return and a 2.75% inflation component.

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 7 LONG-TERM OBLIGATIONS – CONTINUED

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Short Term	5.0%	0.09	0.03
Domestic Fixed Income	13.0%	7.40	0.26
Global Fixed Income	9.0%	4.90	0.27
Global Public Equity	31.0%	7.80	2.42
Global Tactical Asset Allocation	10.0%	5.10	0.51
Alternatives	32.0%	35.40	2.39
Total Expected Real Return	<u>100.0%</u>		<u>5.88</u>
Inflation for Actuarial Purposes			<u>2.75</u>
Total Expected Nominal Return			<u><u>8.63</u></u>

Discount Rate

The discount rate used to measure the total pension liability was 7.5%. 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 State Code of Laws. Based on those assumptions, each System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The following table presents the sensitivity of the net pension liability to changes in the discount rate.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

System	1.0% Decrease (6.5%)	Discount Rate (7.5%)	1.0% Increase (8.5%)
SCRS	\$ 2,081,570	\$ 1,608,555	\$ 1,213,925
PORS	2,560,857	1,832,471	1,229,827

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

At June 30, 2015, the Town reported payables of \$32,570 that represents the amount due for the month of June.

NOTE 8 RISK MANAGEMENT

The Town purchases various insurance policies providing coverage of workers compensation, tort, property and casualty, and health insurance. Management believes such coverage is sufficient to

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 8 RISK MANAGEMENT – CONTINUED

preclude any significant uninsured losses for the covered risks. The insurers promise to pay to or on behalf of the insured for covered economic losses sustained during the policy in accordance with insurance policy and benefit program limits.

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

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

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

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

NOTE 9 CONTINGENCIES AND COMMITMENTS

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

The Town has construction in commitments of \$203,611 and paid to date \$7,500 for a balance of \$196,111.

NOTE 10 GRANTS

The Town received financial assistance from numerous federal, state and local governmental agencies in the form of grants. Disbursements of funds received under these programs generally require compliance with the terms and conditions specified in the grant agreements. The disbursements are also subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Town; however, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund type's herein or overall financial position of the Town at June 30, 2015.

NOTE 11 INTERFUND RECEIVABLES, PAYABLE, AND TRANSFERS

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

NOTE 12 FUND BALANCES AND NET POSITION

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

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

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 12 FUND BALANCES AND NET POSITION – CONTINUED

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:

	Governmental Activities	Business-type Activities	Total
Capital assets	\$ 7,492,083	\$ 14,287,167	\$ 21,779,250
Accumulated depreciation	(3,221,914)	(6,336,930)	(9,558,844)
Capital leases	(52,706)	-	(52,706)
Total	<u>\$ 4,217,463</u>	<u>\$ 7,950,237</u>	<u>\$ 12,167,700</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	\$ 9,643	\$ 352,326	\$ 361,969
Restricted for Drug Fund	848,674	-	848,674
Restricted for Debt Service	-	341,584	341,584
Restricted for Tourism	201,758	-	201,758
Restricted for Victim Assistance	142,332	-	142,332
Restricted for Repairs and Contingencies	-	237,250	237,250
Total	<u>\$ 1,202,407</u>	<u>\$ 931,160</u>	<u>\$ 2,133,567</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, 2015 the restricted fund balance in the General Fund is \$353,733 and the Special Revenue Fund is reporting \$848,674 restricted for the Police Drug Fund.

NOTE 13 SUBSEQUENT EVENTS

The Town has begun engineering on a new wastewater treatment facility estimated to cost approximately \$14.7 million with construction expected to start in December 2015. This new facility will be known as the Jimmy Mixson Wastewater Reclamation Facility. Construction of this facility will be financed by a Rural Development loan of \$7.6 million, a Rural Development grant of \$6.5 million, and \$600k in other grants. At June 30, 2015, the Town has commitments under contracts for engineering related to this project not completed of approximately \$1,271,940 and has expended \$714,900.

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 14 – RESTATEMENT OF BEGINNING NET POSITION

In accordance with generally accepted accounting principles for fiscal year 2015, the Town made prior period adjustments due to the adoption of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which require the restatement of the June 30, 2014 net position in Governmental and Business-type Activities. The result is a decrease in net position at July 1, 2014 of \$2,968,309 in Governmental Activities and \$453,988 in Business-type Activities.

Governmental Activities	
Net Position June 30, 2014, as Previously Reported	\$ 6,748,958
Pension Liability, Net	(2,968,309)
Net Position, June 30, 2014, as restated	\$ 3,780,649
Business-type Activities	
Net Position June 30, 2014, as Previously Reported	\$ 9,255,775
Pension Liability, Net	(453,988)
Net Position, June 30, 2014, as restated	\$ 8,801,787

REQUIRED SUPPLEMENTARY INFORMATION

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

SCRS

Fiscal Year

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Proportion of the Net Pension Liability	NA	0.009343%								
Proportionate Share of the Net Pension Liability	NA	\$ 1,608,555								
Covered-Employee Payroll	NA	\$ 854,862								
Proportionate Share of the New Pension Liability as a Percentage of Its Covered-Employee Payroll	NA	188.17%								
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	NA	59.90%								

PORS

Fiscal Year

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Proportion of The Net Pension Liability	NA	0.09572%								
Proportionate Share of the Net Pension Liability	NA	\$ 1,832,471								
Covered-Employee Payroll	NA	\$ 1,195,850								
Proportionate Share of the New Pension Liability as a Percentage of Its Covered-Employee Payroll	NA	153.24%								
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	NA	67.50%								

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

SCRS

Fiscal Year

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Contractually Required Contribution	NA	\$ 93,180								
Contributions in Relation to the Contractually Required Contribution	NA	93,180								
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-Employee Payroll	NA	\$ 854,862								
Contributions as a Percentage of Covered-Employee Payroll	NA	10.90%								

PORS

Fiscal Year

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Contractually Required Contribution	NA	\$ 160,363								
Contributions in Relation to the Contractually Required Contribution	NA	160,363								
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-Employee Payroll	NA	\$ 1,195,850								
Contributions as a Percentage of Covered-Employee Payroll	NA	13.41%								

SUPPLEMENTARY INFORMATION

**TOWN OF RIDGELAND, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015**

REVENUES	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Property Taxes			
Property Taxes	\$ 487,001	\$ 529,046	\$ 42,045
Penalties	8,000	4,479	(3,521)
Motor Vehicle Taxes	73,000	86,004	13,004
Sub-total Property Taxes	<u>568,001</u>	<u>619,529</u>	<u>51,528</u>
Hospitality and Accommodations Taxes			
Accommodations Tax	45,000	55,721	10,721
Tourism Support Fees	260,000	305,274	45,274
Sub-total Hospitality and Accommodations Taxes	<u>305,000</u>	<u>360,995</u>	<u>55,995</u>
Fees and Fines			
Municipal Court	480,000	424,316	(55,684)
Planning and Zoning Fees	15,000	42,989	27,989
Victims Assistance Fees	38,000	58,045	20,045
Sub-total Fees and Fines	<u>533,000</u>	<u>525,350</u>	<u>(7,650)</u>
Intergovernmental			
Aid to Sub-divisions - State	86,000	99,735	13,735
Sub-total Intergovernmental	<u>86,000</u>	<u>99,735</u>	<u>13,735</u>
Local Option Sales Tax	700,332	798,976	98,644
Business Licenses	839,000	876,398	37,398
Investment Earnings	100	85	(15)
Miscellaneous	215,000	307,976	92,976
Grant	-	114,836	114,836
Total Revenues	<u>3,246,433</u>	<u>3,703,880</u>	<u>457,447</u>
OTHER FINANCING SOURCES (USES)			
Transfers in Water and Sewer Fund	365,000	365,000	-
Total Other Financing Sources (Uses)	<u>365,000</u>	<u>365,000</u>	<u>-</u>
 Total Revenues	 <u>\$ 3,611,433</u>	 <u>\$ 4,068,880</u>	 <u>\$ 457,447</u>

**TOWN OF RIDGELAND, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
Administrative Services			
Town Operations			
Salaries	\$ 238,481	\$ 241,060	\$ (2,579)
FICA and Medicare	18,244	17,963	281
Workman's Compensation	1,346	1,100	246
Group Health - Life Insurance	40,000	34,332	5,668
Retirement	24,995	25,336	(341)
Unemployment Expenses	2,500	-	2,500
Travel, Training, and Subsistence	2,500	3,082	(582)
Fuel for Vehicles	6,000	5,874	126
Repairs and Maintenance on Vehicles	2,000	2,576	(576)
Communications, Postage, and Telephone	22,000	29,266	(7,266)
Electricity, Water, and Gas	80,000	100,372	(20,372)
Printing and Advertising	6,000	1,309	4,691
Subscriptions, Dues, Library, and Contributions	2,000	2,973	(973)
Services and Service Contracts	48,000	63,632	(15,632)
Repairs and Maintenance of Equipment	1,000	1,457	(457)
Materials and Supplies	12,000	18,915	(6,915)
Property Insurance	120,000	136,476	(16,476)
Miscellaneous	2,000	1,683	317
Lease payment for building	28,508	-	28,508
Contingency Fund	3,000	2,846	154
Capital Outlay			
Furniture and Fixtures	3,000	-	3,000
Office Equipment	2,000	-	2,000
Other Improvement Projects	5,000	-	5,000
Total Town Operations Expenditures	<u>\$ 670,574</u>	<u>\$ 690,252</u>	<u>\$ (19,678)</u>

**TOWN OF RIDGELAND, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
Town Council			
Salaries	\$ 33,600	\$ 36,400	\$ (2,800)
FICA and Medicare	2,571	2,504	67
Workman's Compensation	500	513	(13)
Group Health - Life Insurance	11,900	11,769	131
Retirement	3,700	3,383	317
Travel, Training, and Subsistence	4,000	6,358	(2,358)
Printing and Advertising	1,000	177	823
Subscriptions, Dues, Library, and Contributions	4,000	2,500	1,500
Services and Service Contracts	2,000	60	1,940
Materials and Supplies	500	161	339
Miscellaneous	2,000	1,797	203
Contingency Fund	1,000	963	37
State Accommodations	19,000	23,416	(4,416)
Capital Outlay	-	74,344	(74,344)
	<u>85,771</u>	<u>164,345</u>	<u>(78,574)</u>
Total Town Council Expenditures			
	<u>\$ 756,345</u>	<u>\$ 854,597</u>	<u>\$ (98,252)</u>
Total Administrative Services			

**TOWN OF RIDGELAND, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015**

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
General Services			
Salaries	\$ 170,091	\$ 173,614	\$ (3,523)
Special Salaries	2,000	1,598	402
FICA and Medicare	13,165	13,153	12
Workman's Compensation	7,735	10,315	(2,580)
Group Health-life Insurance	33,891	34,199	(308)
Retirement	22,203	18,416	3,787
Uniforms	3,000	1,621	1,379
Travel, Training, and Subsistence	600	-	600
Fuel for Vehicles	18,000	12,609	5,391
Repairs and Maintenance on Vehicles	7,500	3,016	4,484
Communications, Postage, and Telephone	3,200	2,873	327
Electricity, Water, and Gas	33,000	24,818	8,182
Printing and Advertising	300	-	300
Subscriptions, Dues, Library, and Contributions	500	160	340
Services and Service Contracts	52,000	52,450	(450)
Repairs and Maintenance of Equipment	12,000	11,783	217
Materials and Supplies	46,000	50,291	(4,291)
Animal Control	2,000	-	2,000
Miscellaneous	2,000	163	1,837
Contingency Fund	600	500	100
Capital Outlay			
Machinery and Equipment	16,000	13,450	2,550
Other Improvements	-	10,335	(10,335)
Debt Service			
Note Principal	30,000	23,098	6,902
Note Interest	-	1,892	(1,892)
Total General Services Expenditures	\$ 475,785	\$ 460,354	\$ 15,431

**TOWN OF RIDGELAND, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
Public Safety			
Police Department			
Salaries	\$ 582,000	\$ 648,997	\$ (66,997)
Special Salaries	55,000	68,422	(13,422)
FICA and Medicare	42,998	53,917	(10,919)
Workman's Compensation	26,940	35,016	(8,076)
Group Health-life Insurance	109,986	103,748	6,238
Retirement	82,420	93,590	(11,170)
Uniforms	6,000	8,457	(2,457)
Travel, Training, and Subsistence	10,000	5,371	4,629
Fuel for Vehicles	60,000	76,200	(16,200)
Repairs and Maintenance on Vehicles	25,000	41,001	(16,001)
Communications, Postage, and Telephone	17,000	19,859	(2,859)
Utilities	-	507	(507)
Printing and Advertising	1,500	81	1,419
Subscriptions, Dues, Library, and Contributions	500	-	500
Services and Service Contracts	8,700	8,760	(60)
Repairs and Maintenance on Equipment	1,500	2,121	(621)
Materials and Supplies	12,000	19,534	(7,534)
Miscellaneous	1,000	1,735	(735)
Interest on Bank Notes	41,949	-	41,949
Contingency Funds	5,000	1,500	3,500
Animal Control	1,000	3,009	(2,009)
	<u>1,090,493</u>	<u>1,191,825</u>	<u>(101,332)</u>
Total Police Department Expenditures	\$ 1,090,493	\$ 1,191,825	\$ (101,332)

**TOWN OF RIDGELAND, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
Fire Department			
Salaries - Regular	\$ 456,560	\$ 475,050	\$ (18,490)
Salaries - Special	32,000	34,425	(2,425)
FICA and Medicare	37,375	37,558	(183)
Workman's Compensation	26,000	33,744	(7,744)
Group Health- life Insurance	102,333	88,432	13,901
Retirement	63,161	66,094	(2,933)
Uniforms	5,000	4,490	510
Travel, Training, and Subsistence	9,300	10,052	(752)
Fuel for Vehicles	14,000	13,039	961
Repairs and Maintenance on Vehicles	12,000	17,075	(5,075)
Communications, Postage, and Telephone	5,500	4,811	689
Electricity, Water, and Gas	7,000	8,937	(1,937)
Printing and Advertising	200	105	95
Subscriptions, Dues, Library, and Contributions	1,000	1,239	(239)
Service and Service Contracts	6,500	4,074	2,426
Repairs and Maintenance of Equipment	8,000	10,359	(2,359)
Materials and Supplies	2,500	8,283	(5,783)
Miscellaneous	2,500	361	2,139
Contingency Fund	1,500	2,745	(1,245)
Capital Outlay			
Machinery and Equipment	10,000	6,003	3,997
Office Equipment	1,000	-	1,000
Buildings and Fixed Equipment	2,000	7,500	(5,500)
Debt Service			
Capital Lease Payment - Principal	15,500	10,660	4,840
Capital Lease Payment - Interest	-	948	(948)
Total Fire Department Expenditures	<u>\$ 820,929</u>	<u>\$ 845,984</u>	<u>\$ (25,055)</u>

**TOWN OF RIDGELAND, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
Judicial			
Salaries - Regular	\$ 145,084	\$ 148,578	\$ (3,494)
FICA and Medicare	11,098	11,048	50
Workman's Compensation	700	834	(134)
Group Health- life Insurance	18,158	16,028	2,130
Retirement	16,541	17,370	(829)
Solicitor VA	-	-	-
Travel, Training, and Subsistence	5,000	3,052	1,948
Communications, Postage, and Telephone	1,000	1,171	(171)
Subscriptions, Dues, Library, and Contributions	300	100	200
Services and Service Contracts	6,600	4,010	2,590
Materials and Supplies	800	2,259	(1,459)
Miscellaneous	300	205	95
Contingency Fund	300	300	-
Court Costs	2,000	-	2,000
Total Judicial Expenditures	<u>207,881</u>	<u>204,955</u>	<u>2,926</u>
Total Public Safety Expenditures	<u>2,119,303</u>	<u>2,242,764</u>	<u>(123,461)</u>
Tourism			
Printing and Advertising	20,000	7,713	12,287
Dues and Subscriptions	-	21,947	(21,947)
Services and Service Contracts	-	48,777	(48,777)
Materials and Supplies	-	504	(504)
Dispatcher Expense	55,000	55,000	-
Miscellaneous	1,000	5,498	(4,498)
Capital Outlay			
Other Improvement Projects	<u>184,000</u>	<u>149,524</u>	<u>34,476</u>
Total Tourism Expenditures	<u>260,000</u>	<u>288,963</u>	<u>(28,963)</u>
 Total Expenditures	 <u>3,611,433</u>	 <u>3,846,678</u>	 <u>(235,245)</u>
Net Change in Fund Balances	-	222,202	222,202
Fund Balances, Beginning of year	<u>1,487,256</u>	<u>1,487,256</u>	<u>-</u>
Fund Balances, Ending of year	<u>\$ 1,487,256</u>	<u>\$ 1,709,458</u>	<u>\$ 222,202</u>

**TOWN OF RIDGELAND, SOUTH CAROLINA
 PROPRIETARY FUND - WATER AND SEWER
 SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2015**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
OPERATING REVENUES			
Charges for Services			
Water	\$ 828,000	\$ 883,376	\$ 55,376
Sewer	828,000	896,865	68,865
Administrative Charges and Penalties	40,000	45,750	5,750
Connection Fees	8,000	14,900	6,900
Cut-off Fees	8,500	11,563	3,063
Total Charges For Services	<u>1,712,500</u>	<u>1,852,454</u>	<u>139,954</u>
Miscellaneous	<u>547,949</u>	<u>2,560</u>	<u>(545,389)</u>
Total Operating Revenues	<u>2,260,449</u>	<u>1,855,014</u>	<u>(405,435)</u>
NONOPERATING REVENUES			
Investment Income	1,000	858	(142)
Impact and Capacity Fees	-	6,525	6,525
Grant Income	<u>-</u>	<u>110,800</u>	<u>110,800</u>
Total Nonoperating Revenues	<u>1,000</u>	<u>118,183</u>	<u>117,183</u>
Total Revenues	<u>\$ 2,261,449</u>	<u>\$ 1,973,197</u>	<u>\$ (288,252)</u>

**TOWN OF RIDGELAND, SOUTH CAROLINA
 PROPRIETARY FUND - WATER AND SEWER
 SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2015**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
WATER DEPARTMENT - EXPENSES			
Personnel			
Salaries	\$ 125,937	\$ 124,409	\$ 1,528
FICA and Medicare	9,634	9,433	201
Workman's Compensation	18,000	20,524	(2,524)
Group Health-life Insurance	19,911	24,227	(4,316)
Retirement	13,199	13,871	(672)
Total Personnel	<u>186,681</u>	<u>192,464</u>	<u>(5,783)</u>
Operations			
Uniforms	1,500	1,399	101
Travel, Training, and Subsistence	3,000	1,482	1,518
Fuel for Vehicles	6,000	5,918	82
Repairs and Maintenance on Vehicles	2,000	1,384	616
Communications, Postage, and Telephone	6,000	10,151	(4,151)
Electricity, Water, and Gas	40,000	30,981	9,019
Printing and Advertising	1,200	820	380
Dues and Subscriptions	2,000	2,053	(53)
Services and Service Contracts	32,500	38,296	(5,796)
Repairs and Maintenance of Equipment	6,000	8,361	(2,361)
Materials and Supplies	50,000	65,793	(15,793)
Miscellaneous	1,200	1,979	(779)
Contingency Fund	500	300	200
Capital Outlay			
Autos and Automotive Equipment	30,000	-	30,000
Office Equipment	1,500	-	1,500
Other Capital Outlays	12,500	-	12,500
Outlay Construction	117,500	-	117,500
Depreciation	-	176,505	(176,505)
Total Operations	<u>313,400</u>	<u>345,422</u>	<u>(32,022)</u>
Nonoperating Expenses			
Interest	50,000	-	50,000
Transfers to General Fund	227,500	227,500	-
Total Nonoperating Expenses	<u>277,500</u>	<u>227,500</u>	<u>50,000</u>
Total Water Department	<u>\$ 777,581</u>	<u>\$ 765,386</u>	<u>\$ 12,195</u>

**TOWN OF RIDGELAND, SOUTH CAROLINA
 PROPRIETARY FUND - WATER AND SEWER
 SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2015**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
SEWER DEPARTMENT - EXPENSES			
Personnel			
Salaries	\$ 207,420	\$ 212,824	\$ (5,404)
Special Salaries	7,000	3,071	3,929
FICA and Medicare	16,403	15,996	407
Workman's Compensation	8,300	7,612	688
Group Health-life Insurance	32,218	29,674	2,544
Retirement	22,745	22,797	(52)
Total Personnel	<u>294,086</u>	<u>291,974</u>	<u>2,112</u>
Operations			
Uniforms	1,500	1,344	156
Travel, Training, and Subsistence	3,000	1,723	1,277
Fuel for Vehicles	10,000	5,937	4,063
Repairs and Maintenance on Vehicles	4,000	4,196	(196)
Communications, Postage and Telephone	4,500	6,193	(1,693)
Electricity, Water, and Gas	130,400	131,145	(745)
Printing and Advertising	700	284	416
Dues and Subscriptions	1,500	1,520	(20)
Services and Service Contracts	525,000	24,317	500,683
Repairs and Maintenance of Equipment	25,000	11,382	13,618
Materials and Supplies	25,000	30,327	(5,327)
Miscellaneous	2,100	1,142	958
Contingency Fund	900	400	500
Turf Farm Lease	-	45,000	(45,000)
Capital Outlay:			
Office Equipment	1,200	-	1,200
Machinery and Equipment	20,000	-	20,000
Other Improvement Projects Expenses	71,000	-	71,000
Outlay Construction	176,482	-	176,482
Depreciation	-	176,505	(176,505)
Total Operations	<u>1,002,282</u>	<u>441,415</u>	<u>560,867</u>
Nonoperating Expense			
Interest	50,000	-	50,000
Transfers to General Fund	137,500	137,500	-
Total Nonoperating Expenses	<u>187,500</u>	<u>137,500</u>	<u>50,000</u>
Total Sewer Department	<u>1,483,868</u>	<u>870,889</u>	<u>612,979</u>
Change in Net Position	-	336,922	336,922
Net Position, Beginning of year	9,255,775	9,255,775	-
Restatement of Net Position for GASB 68	(453,988)	(453,988)	-
Net Position, End of year	<u>\$ 8,801,787</u>	<u>\$ 9,138,709</u>	<u>\$ 336,922</u>

**TOWN OF RIDGELAND, SOUTH CAROLINA
GENERAL FUND
SUPPLEMENTAL SCHEDULE OF FINES, ASSESSMENTS, AND SURCHARGES
FOR THE YEAR ENDED JUNE 30, 2015**

COURT FINES

Total Court Fines Collected	\$ 1,196,709
Court Assessments Remitted to the State Treasurer	(432,789)
Court Surcharges Remitted to the State Treasurer	(227,081)
Court Assessments/Surcharges Allocated to Victim Services	<u>(60,544)</u>
Court Fines Retained by Town	<u><u>\$ 476,295</u></u>

Victim Services

Court Assessments Allocated to Victim Services	\$ 55,157
Court Surcharges Allocated to Victim Services	<u>5,387</u>
Funds Allocated to Victim Services	<u><u>\$ 60,544</u></u>

VICTIM SERVICES

Carry Forward from Fiscal Year Ended June 30, 2014	124,036
Funds Allocated to Victim Services	60,544
Less: Victim Service Expenditures	<u>(42,248)</u>
Funds Available for Carry Forward	<u><u>\$ 142,332</u></u>

COMPLIANCE SECTION



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

CROWLEY WECHSLER & ASSOCIATES LLC

CERTIFIED PUBLIC ACCOUNTANTS

www.CWACPAS.com

BEAUFORT ~ MOUNT PLEASANT

Member:
American Institute of CPAs
South Carolina Association of CPAs

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Ridgeland (Town), as of and for the year ended June 30, 2015, 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 17, 2015.

Internal Control over Financial Reporting

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

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

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

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

Beaufort, South Carolina
December 17, 2015