



**TOWN OF RIDGELAND, SOUTH CAROLINA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2016**

Mayor

Joseph N. Malphrus, Jr.

Mayor Pro Tempore

Thomas Rhodes

Town Council Members

Josephine Boyles
Grady Woods
Chris DuBose

Town Administrator

Jason C. Taylor (June 2016)
Dennis E. Averkin (September 2016)

Clerk – Treasurer

Penny Daley

Finance Director

Sharon Boyles

**TOWN OF RIDGELAND, SOUTH CAROLINA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2016
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	42
Schedule of Contributions	43
 <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	44
Schedule of Revenues, Expenses, and Changes in Net Assets – Budget and Actual – Proprietary Fund	51
Schedule of Fines, Assessments, and Surcharges	54
 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	55
Independent Auditors' Report on Compliance for Each Major Program and on Internal Controls over Compliance Required by the Uniform Guidance	57
Schedule of Expenditures of Federal Awards	59
Schedule of Findings and Questioned Costs	60
Summary Schedule of Prior Audit Findings	61

FINANCIAL 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 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, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town, as of June 30, 2016, and the respective changes in financial position, the respective budgetary comparison for the General Fund and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

P.O. BOX 481
1411 QUEEN STREET
BEAUFORT, SC 29901
TEL 843.379.1065 FAX 843.379.1066

P.O. BOX 2569
941 HOUSTON NORTHCUTT BLVD.
MOUNT PLEASANT, SC 29465
TEL 843.971.0882 FAX 843.971.0884

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 42-43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2016, 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
November 29, 2016

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, 2016. We encourage readers to consider the information presented here in conjunction with the accompanying financial statements and notes.

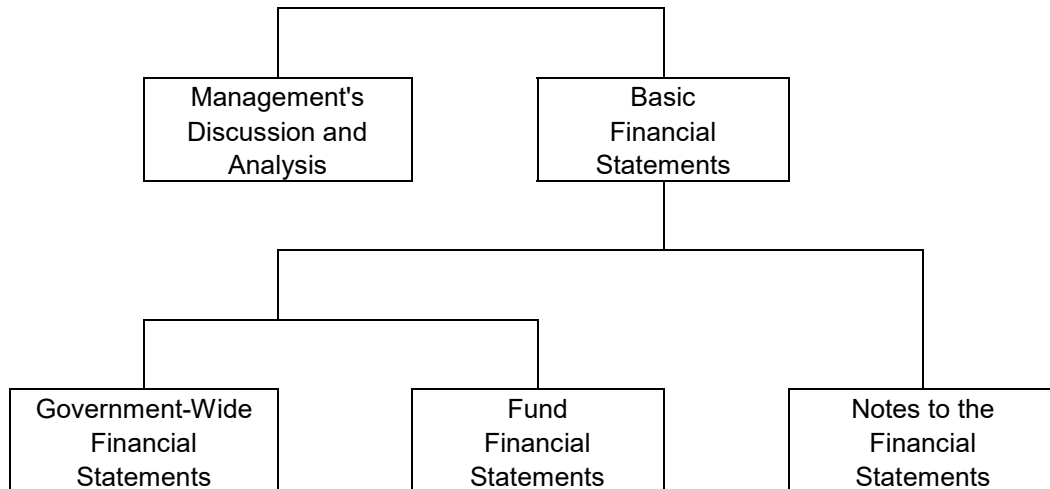
Financial Highlights

- The assets and deferred outflows of the Town exceeded its liabilities and deferred inflows by \$13,216,590 at June 30, 2016 as compared to \$12,843,115 at the end of the previous fiscal year. The net position in the governmental activities increased from \$3,704,406 at June 30, 2015 to \$4,500,703 at June 30, 2016, and the net position in the business-type activities decreased from \$9,138,709 at June 30, 2015 to \$8,715,887 at June 30, 2016. The Town's net position increase of \$373,475 is due to an increase of \$796,297 in governmental activities and a decrease of \$422,822 in business-type activities.
- As of the close of the fiscal year the Town's governmental fund reported an ending fund balance of \$2,400,595 as compared to \$2,558,132 for the previous fiscal year, resulting in a decrease of \$157,537, as compared to a decrease in the previous year of \$158,743.

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, 2016 the Town's assets and deferred outflows exceeded liabilities and deferred inflows by \$13,216,590 (net position). This represents an increase in the Town's net position of \$373,475 or 2.91% from the prior year.

The following is a comparative presentation of the net position of the Town as of June 30, 2016 and June 30, 2015.

	Governmental Activities		Business-type Activities		Totals	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Assets:						
Current assets	\$ 2,859,693	\$ 3,101,299	\$ 2,105,029	\$ 1,864,336	\$ 4,964,722	\$ 4,965,635
Capital assets, net	5,195,649	4,270,169	7,521,269	7,950,235	12,716,918	12,220,404
Total Assets	<u>8,055,342</u>	<u>7,371,468</u>	<u>9,626,298</u>	<u>9,814,571</u>	<u>17,681,640</u>	<u>17,186,039</u>
Deferred Outflows of Resources	341,026	299,928	16,355	45,872	357,381	345,800
Current liabilities	378,206	459,118	363,937	180,598	742,143	639,716
Long-term liabilities	3,487,792	3,206,346	558,153	495,019	4,045,945	3,701,365
Total Liabilities	<u>3,865,998</u>	<u>3,665,464</u>	<u>922,090</u>	<u>675,617</u>	<u>4,788,088</u>	<u>4,341,081</u>
Deferred Inflows of Resources	29,667	301,526	4,676	46,117	34,343	347,643
Net position						
Net investment in capital assets	5,169,404	4,217,463	7,521,269	7,950,237	12,690,673	12,167,700
Restricted	758,441	1,202,407	807,328	931,160	1,565,769	2,133,567
Unrestricted	<u>(1,427,142)</u>	<u>(1,715,464)</u>	<u>387,290</u>	<u>257,312</u>	<u>(1,039,852)</u>	<u>(1,458,152)</u>
Total net position	<u>\$ 4,500,703</u>	<u>\$ 3,704,406</u>	<u>\$ 8,715,887</u>	<u>\$ 9,138,709</u>	<u>\$13,216,590</u>	<u>\$12,843,115</u>

The largest portion of net position reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items was \$12,690,673 at June 30, 2016. The Town's long-term liabilities as of June 30, 2016 were \$4,045,945, which was an increase of \$344,580 over the previous year. Restricted net position represents cash on hand for capital projects, drug fund, tourism, victim's assistance, debt service, and repairs and maintenance.

Change in Net Position.

The following is a comparative analysis of the changes in net position for the years ended June 30, 2016 and June 30, 2015:

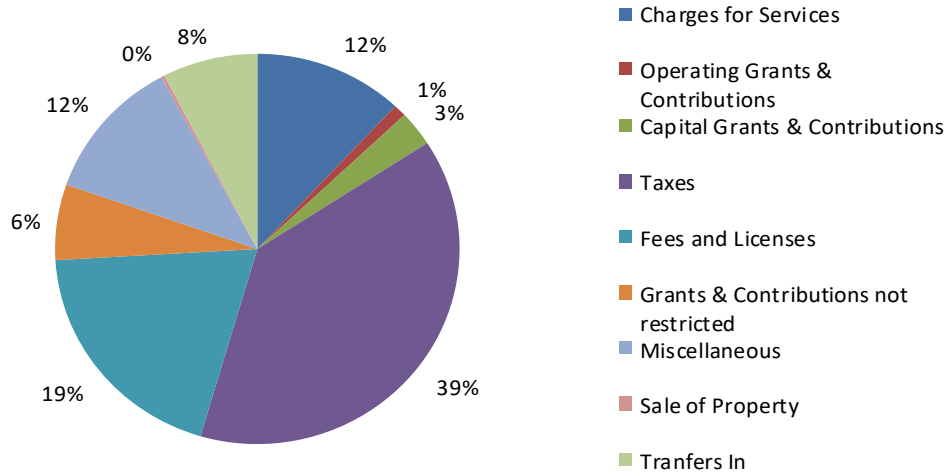
	Changes in Net Position					
	For the Years Ended June 30:					
	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program Revenues						
Charges for Services	\$ 573,499	\$ 525,350	\$ 1,892,607	\$ 1,852,454	\$ 2,466,106	\$ 2,377,804
Operating Grants and Contributions	48,868	15,380	-	-	48,868	15,380
Capital Grants and Contributions	564,473	114,836	385,301	110,800	949,774	225,636
Total Program Revenues	1,186,840	655,566	2,277,908	1,963,254	3,464,748	2,618,820
General Revenues						
Taxes	1,854,701	1,758,216	-	-	1,854,701	1,758,216
Business License Fees	937,541	876,398	-	-	937,541	876,398
Investment Earnings	177	85	1,429	858	1,606	943
Impact and Capacity Fees	-	-	11,258	6,525	11,258	6,525
Miscellaneous	141,298	102,976	17,436	2,560	158,734	105,536
Grants & Contributions not restricted	300,179	304,735	-	-	300,179	304,735
Sale of Property	12,301	13,500	-	-	12,301	13,500
Special Item - WWTF Impairment	-	-	(807,583)	-	(807,583)	-
Transfers	365,000	365,000	(365,000)	(365,000)	-	-
Total General Revenues	3,611,197	3,420,910	(1,142,460)	(355,057)	2,468,737	3,065,853
Total Revenues	4,798,037	4,076,476	1,135,448	1,608,197	5,933,485	5,684,673
Expenses:						
Administrative	830,528	790,501	-	-	830,528	790,501
General Services	417,988	432,481	-	-	417,988	432,481
Public Safety	2,536,014	2,640,271	-	-	2,536,014	2,640,271
Tourism	216,304	286,626	-	-	216,304	286,626
Water	-	-	570,751	537,886	570,751	537,886
Sewer	-	-	987,519	733,389	987,519	733,389
Interest	906	2,840	-	-	906	2,840
Total Expenses	4,001,740	4,152,719	1,558,270	1,271,275	5,560,010	5,423,994
Change in Net Position	796,297	(76,243)	(422,822)	336,922	373,475	260,679
Net Position- Beginning	3,704,406	6,748,958	9,138,709	9,255,775	12,843,115	16,004,733
Restatement of Net Position for GASB 68	-	(2,968,309)	-	(453,988)	-	(3,422,297)
Net Position- Ending	\$ 4,500,703	\$ 3,704,406	\$ 8,715,887	\$ 9,138,709	\$ 13,216,590	\$ 12,843,115

Overall program revenues went up \$845,928, which is primarily related to donations of land and building for \$425,000, CDBG funds received in the current year, and an increase in charges for services. General revenues were \$2,468,737 in the current year compared to \$3,065,853 in the prior year. Changes in General revenues can be attributed to the impairment of the waste water treatment plant for (\$807,583).

Overall expenses were up \$136,016 from \$5,560,010 in the current year compared to \$5,423,994 in the prior year which related to the CDBG funds that were expended during the current year. Other increases in expenses were normal, routine service contracts and supplies.

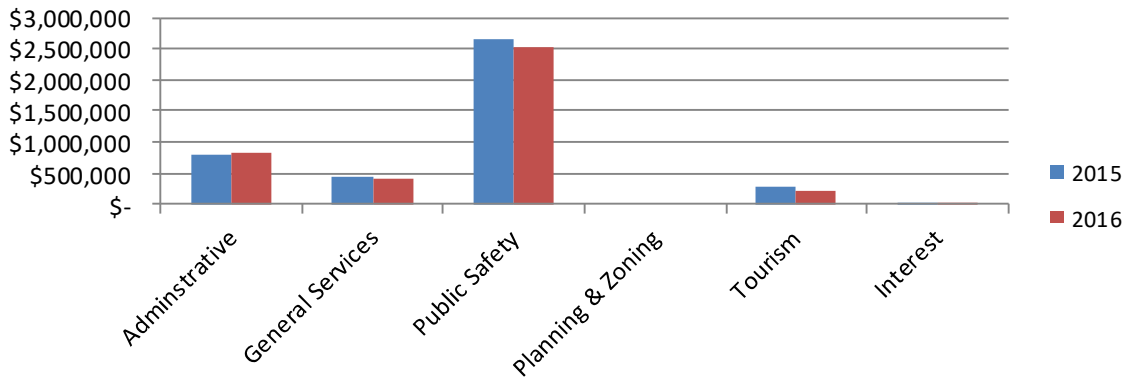
The following graph depicts the revenue sources for the various governmental activities of the Town.

Revenue Sources - Governmental Activities



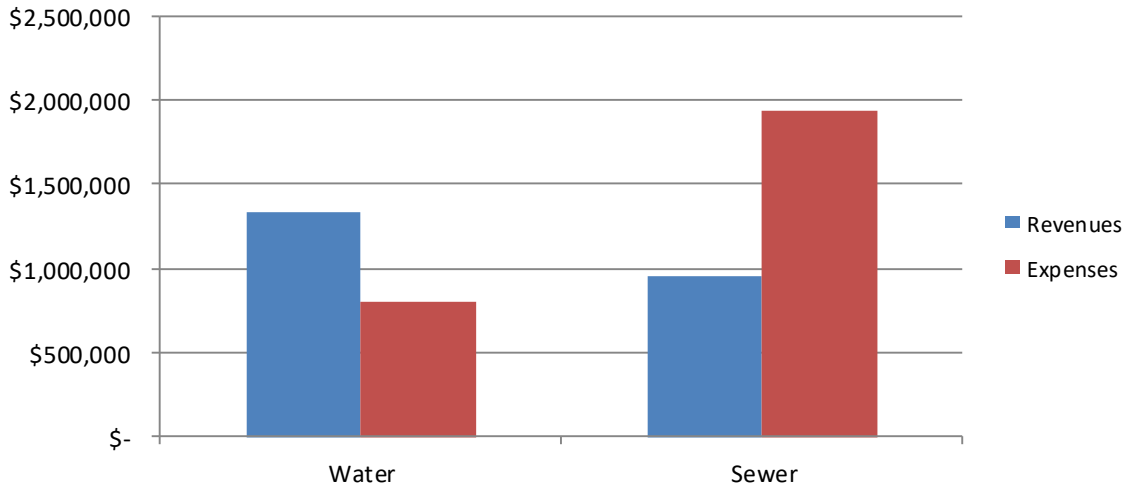
The following graph depicts the expenses for the various governmental activities of the Town.

Expenses for Governmental Activities



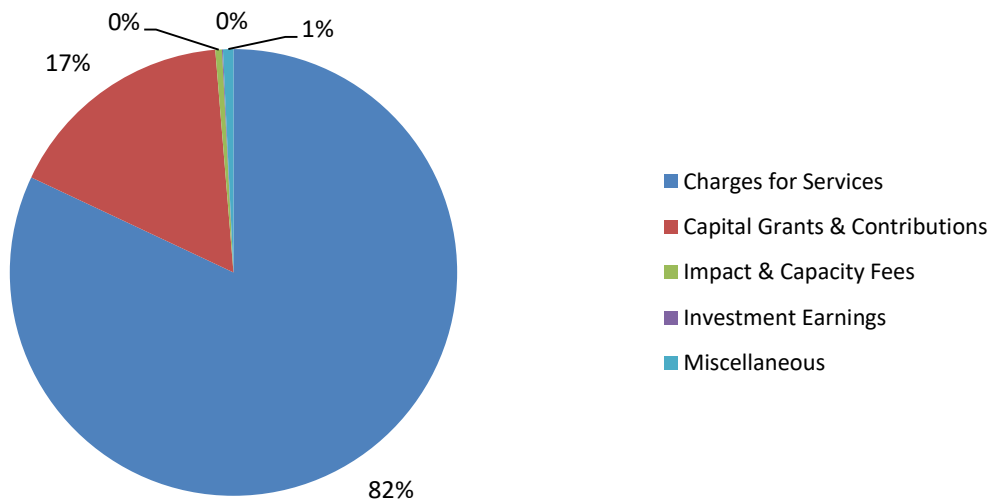
The following graph depicts the program revenues and expenses of the Town's business-type activities.

Program Revenues and Expenses Proprietary Fund



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

Revenue Sources - Proprietary Funds



Financial Analysis of Town Funds

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

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

As of the end of the current fiscal year, the Town’s governmental funds reported ending fund balances of \$2,400,595, a decrease of 6.5% or \$157,537. \$758,441 is restricted for capital projects, tourism, victim assistance, and the drug fund leaving an unassigned balance of \$1,642,154.

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 \$8,715,887, a decrease of 4.6% or \$422,822. Net position of \$807,328 is restricted for capital projects, debt service, and repairs. The investment in capital assets less accumulated depreciation and related debt is \$7,521,271, leaving a balance of \$387,288 in unrestricted net position.

General Fund Budgetary Highlights

The general fund revenues exceeded budgeted amounts by \$352,602 or 9.80%. \$139,000 was due to grant revenue that was not budgeted, \$176,000 in local option sales tax and business licenses, \$(114,000) in property taxes, \$64,000 in hospitality and accommodations taxes, \$34,000 in fines and fees, and \$56,000 in other various miscellaneous revenues. Expenditures on the budgetary basis exceeded budget by \$110,181 or 2.78%.

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, 2016, totals \$12,716,918 (net of depreciation). The following schedule details the capital assets, net of depreciation, at June 30, 2016 with a comparison to fiscal year ended June 30, 2015:

	Governmental Activities	Business-Type Activities	June 30, 2016 Total	June 30, 2015 Total
Construction in Progress	\$ 551,617	\$ 511,740	\$ 1,063,357	\$ 1,138,070
Land	1,310,394	1,244,658	2,555,052	2,446,552
Buildings and Improvements	1,225,457	75,136	1,300,593	594,996
Improvements other than Building	724,287	-	724,287	706,640
Machinery, Equipment, Vehicles	468,320	106,490	574,810	646,252
Infrastructure	915,574	5,583,245	6,498,819	6,687,894
Total Capital Assets - net	<u>\$ 5,195,649</u>	<u>\$ 7,521,269</u>	<u>\$ 12,716,918</u>	<u>\$ 12,220,404</u>

Increases in capital assets in governmental activities and business-type activities were \$1,960,090 which includes vehicles for \$64,458, lawnmowers for \$13,780, fire department renovations of \$95,692, donated land of \$106,000, land of \$2,500, donated building of \$319,000, police station renovations of 306,000, Battle of Honey Hill historical preservation for \$22,880, school building roof repairs for \$16,000, Harold Terpin Park renovations of \$262,393, Town Hall renovations of \$40,508, Architecture of \$15,123, water tank upgrade of \$177,875, well upgrade of \$50,465 and Wise Street pump construction of \$467,416. Depreciation expense for 2016 was \$655,993 compared to \$640,459 in 2015.

Long-Term Obligations

At June 30, 2016 the Town has long-term obligations in the amount of \$3,487,792 in the General Fund and \$558,153 in the Proprietary Fund. The long-term obligations are attributable to capital leases for the acquisition of a street sweepers and two trucks, compensated absences, and net pension liability. No new debt was taken out in 2016. The following schedule details the long-term obligations for the year ended June 30, 2016 with a comparison to fiscal year ended June 30, 2015:

	Governmental Activities	Business-Type Activities	June 30, 2016 Total	June 30, 2015 Total
Capital Leases	\$ 26,245	\$ -	\$ 26,245	\$ 53,506
Net Pension Liability	3,311,021	521,886	3,832,907	3,441,026
Compensated Absences	150,526	36,267	186,793	206,833
Total Long-Term Obligations	<u>\$ 3,487,792</u>	<u>\$ 558,153</u>	<u>\$ 4,045,945</u>	<u>\$ 3,701,365</u>

Economic Factors and Next Year's Budget

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

The 2016-2017 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, 2017 is \$4,311,519 with tax millage at 125.2 mills. The budget for the proprietary fund for fiscal year ended June 30, 2017 was set at \$1,965,000. 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, 2016

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and Cash Equivalents	\$ 1,436,398	\$ 614,952	\$ 2,051,350
Accounts Receivable	663,340	305,063	968,403
Prepaid Expenses	-	106,274	106,274
Due from General Fund	-	135,750	135,750
Restricted Assets			
Cash and Cash Equivalents	759,955	942,990	1,702,945
Capital Assets, not being depreciated	1,862,011	1,756,398	3,618,409
Capital Assets, being depreciated	3,333,638	5,764,871	9,098,509
Total Assets	<u>8,055,342</u>	<u>9,626,298</u>	<u>17,681,640</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows on Net Pension Liability	341,026	16,355	357,381
Total Deferred Outflows of Resources	<u>341,026</u>	<u>16,355</u>	<u>357,381</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 8,396,368</u>	<u>\$ 9,642,653</u>	<u>\$ 18,039,021</u>
LIABILITIES			
Accounts Payable	174,253	213,562	387,815
Payroll Liabilities	66,689	14,713	81,402
Customer Deposits	1,514	135,662	137,176
Due to Proprietary Funds	135,750	-	135,750
Noncurrent Liabilities			
Due within one year	49,555	9,067	58,622
Due after one year	3,438,237	549,086	3,987,323
Total Liabilities	<u>3,865,998</u>	<u>922,090</u>	<u>4,788,088</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows on Net Pension Liability	29,667	4,676	34,343
Total Deferred Inflows of Resources	<u>29,667</u>	<u>4,676</u>	<u>34,343</u>
NET POSITION			
Net Investment in Capital Assets	5,169,404	7,521,269	12,690,673
Restricted for Capital Projects	10,798	346,047	356,845
Restricted for Debt Service	-	365,761	365,761
Restricted for Tourism	271,529	-	271,529
Restricted for Victim Assistance	126,010	-	126,010
Restricted for Repairs and Contingencies	-	95,520	95,520
Restricted for Drug Fund	350,104	-	350,104
Unrestricted	(1,427,142)	387,290	(1,039,852)
Total Net Position	<u>4,500,703</u>	<u>8,715,887</u>	<u>13,216,590</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 8,396,368</u>	<u>\$ 9,642,653</u>	<u>\$ 18,039,021</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, 2016**

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	\$ 830,528	\$ -	\$ -	\$ -	\$ (830,528)	\$ -	\$ (830,528)
General Services	417,988	-	-	-	(369,120)	-	(369,120)
Public Safety	2,536,014	560,754	48,868	425,000	(1,550,260)	-	(1,550,260)
Planning and Zoning	-	12,745	-	-	12,745	-	12,745
Tourism	216,304	-	-	139,473	(76,831)	-	(76,831)
Interest	906	-	-	-	(906)	-	(906)
Total Governmental Activities	4,001,740	573,499	48,868	564,473	(2,814,900)	-	(2,814,900)
Business-type Activities:							
Water	570,751	944,015	-	385,301	-	758,565	758,565
Sewer	987,519	948,592	-	-	-	(38,927)	(38,927)
Total Business-type Activities	1,558,270	1,892,607	-	385,301	-	719,638	719,638
Total Primary Government	\$ 5,560,010	\$ 2,466,106	\$ 48,868	\$ 949,774	(2,814,900)	719,638	(2,095,262)
General Revenues:							
Taxes:							
Property and Vehicle					585,996	-	585,996
Local Option Sales Tax					871,053	-	871,053
Hospitality					316,980	-	316,980
Accommodations					75,222	-	75,222
Penalties					5,450	-	5,450
Impact and Capacity Fees					-	11,258	11,258
Business License Fees					937,541	-	937,541
Grants and contributions not Restricted					300,179	-	300,179
Investment Earnings					177	1,429	1,606
Miscellaneous					141,298	17,436	158,734
Sale of Property					12,301	-	12,301
Special Item - Waste Water Treatment Facility Impairment					-	(807,583)	(807,583)
Transfers					365,000	(365,000)	-
Total General Revenues, Special Items, and Transfers					3,611,197	(1,142,460)	2,468,737
Change in Net Position					796,297	(422,822)	373,475
Net Position, Beginning of year					3,704,406	9,138,709	12,843,115
Net Position, Ending of year					\$ 4,500,703	\$ 8,715,887	\$ 13,216,590

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

**TOWN OF RIDGELAND, SOUTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016**

	GENERAL FUND	SPECIAL REVENUE FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS			
Cash	\$ 1,436,398	\$ -	\$ 1,436,398
Receivables, net	663,340	-	663,340
Restricted Assets:			
Cash	409,851	350,104	759,955
Total Assets	<u>\$ 2,509,589</u>	<u>\$ 350,104</u>	<u>\$ 2,859,693</u>
LIABILITIES			
Accounts Payable	\$ 174,253	\$ -	\$ 174,253
Payroll Liabilities	66,689	-	66,689
Customer Deposits	1,514	-	1,514
Due to Proprietary Fund	135,750	-	135,750
Total Liabilities	<u>378,206</u>	<u>-</u>	<u>378,206</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues-property taxes	80,892	-	80,892
Total Deferred Inflows of Resources	<u>80,892</u>	<u>-</u>	<u>80,892</u>
FUND BALANCES			
Restricted for Capital Projects	10,798	-	10,798
Restricted for Tourism	271,529	-	271,529
Restricted for Victim Assistance	126,010	-	126,010
Restricted for Drug Fund	-	350,104	350,104
Unassigned	1,642,154	-	1,642,154
Total Fund Balances	<u>2,050,491</u>	<u>350,104</u>	<u>2,400,595</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances:	<u>\$ 2,509,589</u>	<u>\$ 350,104</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.	5,195,649
Other long-term assets are not available to pay for current expenditures and, therefore, are reported as unavailable revenues in the funds.	80,892
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	341,026
Deferred inflows of resources:	
Related to pensions	(29,667)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(3,487,792)
Net position of governmental activities	<u>\$ 4,500,703</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, 2016

	GENERAL FUND	SPECIAL REVENUE FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES			
Property Taxes	\$ 594,603	\$ -	\$ 594,603
Hospitality and Accommodations Taxes	392,202	-	392,202
Fees and Fines	573,499	-	573,499
Intergovernmental	300,179	-	300,179
Local Option Sales Taxes	871,053	-	871,053
Business Licenses	937,541	-	937,541
Investment Earnings	177	-	177
Miscellaneous	141,298	-	141,298
Grant	139,473	48,868	188,341
Sale of Real Property	-	12,301	12,301
Total Revenues	<u>3,950,025</u>	<u>61,169</u>	<u>4,011,194</u>
EXPENDITURES			
Current:			
Administrative Services	819,035	-	819,035
General Services	407,885	-	407,885
Public Safety	2,271,166	130,520	2,401,686
Tourism	77,646	-	77,646
Capital Outlay	468,706	330,607	799,313
Debt Service			
Principal	27,260	-	27,260
Interest	906	-	906
Total Expenditures	<u>4,072,604</u>	<u>461,127</u>	<u>4,533,731</u>
Excess (Deficiency) of Revenues Over (Under) Revenues	<u>(122,579)</u>	<u>(399,958)</u>	<u>(522,537)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	365,000	-	365,000
Transfer From Special Revenue Fund	98,612	(98,612)	-
Total Other Financing Sources (Uses)	<u>463,612</u>	<u>(98,612)</u>	<u>365,000</u>
Change in Fund Balances	341,033	(498,570)	(157,537)
Fund balances, Beginning of year	1,709,458	848,674	2,558,132
Fund balances, Ending of year	<u>\$ 2,050,491</u>	<u>\$ 350,104</u>	<u>\$ 2,400,595</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, 2016**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ (157,537)
<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 (\$799,313) and depreciation (\$298,833) differ in the current period.</p>	500,480
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is an increase in net position</p>	425,000
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	(3,157)
<p>Governmental activities report compensated absences when paid, therefore current year accruals are not reported in the funds.</p>	17,761
<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	249,325
Cost of benefits earned net of employee contributions	(262,835)
<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	27,260
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 796,297

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, 2016**

	BUDGETED AMOUNT		ACTUAL	VARIANCE
	ORIGINAL	FINAL		FAVORABLE (UNFAVORABLE)
REVENUES				
Property Taxes	\$ 709,523	\$ 709,523	\$ 594,603	\$ (114,920)
Local Option Sales Taxes	776,000	776,000	871,053	95,053
Hospitality and Accommodations Taxes	328,000	328,000	392,202	64,202
Business Licenses	855,800	855,800	937,541	81,741
Fees and Fines	539,000	539,000	573,499	34,499
Intergovernmental	304,000	304,000	300,179	(3,821)
Investment Earnings	100	100	177	77
Miscellaneous	85,000	85,000	141,298	56,298
Grant	-	-	139,473	139,473
Total Revenues	<u>3,597,423</u>	<u>3,597,423</u>	<u>3,950,025</u>	<u>352,602</u>
EXPENDITURES				
Administrative Services	879,724	879,724	856,088	23,636
General Services	521,331	521,331	486,791	34,540
Public Safety	2,281,368	2,281,368	2,388,331	(106,963)
Tourism	280,000	280,000	341,394	(61,394)
Total Expenditures	<u>3,962,423</u>	<u>3,962,423</u>	<u>4,072,604</u>	<u>(110,181)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(365,000)</u>	<u>(365,000)</u>	<u>(122,579)</u>	<u>242,421</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	365,000	365,000	365,000	-
Transfer From Special Revenue Fund	-	-	98,612	98,612
Total Other Financing Sources and (Uses)	<u>365,000</u>	<u>365,000</u>	<u>463,612</u>	<u>98,612</u>
Change in Fund Balances	-	-	341,033	341,033
Fund Balances, Beginning of year	1,709,458	1,709,458	1,709,458	-
Fund Balances, Ending of year	<u>\$ 1,709,458</u>	<u>\$ 1,709,458</u>	<u>\$ 2,050,491</u>	<u>\$ 341,033</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, 2016

	BUSINESS-TYPE ACTIVITIES	
	ENTERPRISE FUNDS	
	WATER AND SEWER	TOTAL
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 614,952	\$ 614,952
Receivables, net	305,063	305,063
Restricted Assets:		
Cash and Cash Equivalents	942,990	942,990
Due from General Fund	135,750	135,750
Prepaid Expenses	106,274	106,274
Total Current Assets	2,105,029	2,105,029
Capital Assets		
Non-depreciable		
Land	1,244,658	1,244,658
Wastewater Expansion Project	511,740	511,740
Depreciable		
Buildings and Improvements	99,102	99,102
Machinery, Equipment, and Automotive	431,584	431,584
Water and Sewer System	11,928,276	11,928,276
Less: Accumulated Depreciation	(6,694,091)	(6,694,091)
Net Capital Assets	7,521,269	7,521,269
Total Assets	9,626,298	9,626,298
Deferred Outflows of Resources		
Deferred Outflows on Net Pension Liability	16,355	16,355
Total Deferred Outflows of Resources	16,355	16,355
Total Assets and Deferred Outflows of Resources	\$ 9,642,653	\$ 9,642,653
Liabilities		
Current Liabilities		
Accounts Payable	213,562	213,562
Accrued Expenses	14,713	14,713
Customer Deposits	135,662	135,662
Compensated Absences - current portion	9,067	9,067
Total Current Liabilities	373,004	373,004
Noncurrent Liabilities		
Compensated Absences	27,200	27,200
Net Pension Liability	521,886	521,886
Total Noncurrent Liabilities	549,086	549,086
Total Liabilities	922,090	922,090
Deferred Inflows of Resources		
Deferred Inflows on Net Pension Liability	4,676	4,676
Total Deferred Inflows of Resources	4,676	4,676
Net Position		
Net Investment in Capital Assets	7,521,269	7,521,269
Restricted for Capital Projects	346,047	346,047
Restricted for Debt Service	365,761	365,761
Restricted for Repairs and Contingencies	95,520	95,520
Unrestricted	387,290	387,290
Total Net Position	8,715,887	8,715,887
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 9,642,653	\$ 9,642,653

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, 2016

	BUSINESS-TYPE ACTIVITIES	
	ENTERPRISE FUNDS	
	WATER AND SEWER	TOTAL
OPERATING REVENUES		
Charges for Services	\$ 1,892,607	\$ 1,892,607
Miscellaneous	17,436	17,436
Total Operating Revenues	<u>1,910,043</u>	<u>1,910,043</u>
OPERATING EXPENSES		
Personnel Services	540,505	540,505
Contractual Services	179,488	179,488
Utilities	178,156	178,156
Office Expense	14,282	14,282
Repairs and Maintenance	111,703	111,703
Supplies	103,633	103,633
Leases	45,000	45,000
Depreciation and Amortization	357,160	357,160
Other Operating Expenses	28,343	28,343
Total Operating Expenses	<u>1,558,270</u>	<u>1,558,270</u>
Operating Income (Loss)	<u>351,773</u>	<u>351,773</u>
NONOPERATING REVENUES (EXPENSES)		
Investment Income	1,429	1,429
Impact and Capacity Fees	11,258	11,258
Grant Income	385,301	385,301
Total Nonoperating Revenues (Expenses)	<u>397,988</u>	<u>397,988</u>
Income (Loss) Before Special Items and Transfers	749,761	749,761
Special Item - Waste Water Treatment Facility Impairment	(807,583)	(807,583)
Transfers Out	<u>(365,000)</u>	<u>(365,000)</u>
Change in Net Position	(422,822)	(422,822)
Net Position, Beginning of year	9,138,709	9,138,709
Net Position, End of year	<u>\$ 8,715,887</u>	<u>\$ 8,715,887</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, 2016**

	BUSINESS-TYPE ACTIVITIES- ENTERPRISE FUNDS	
	WATER AND SEWER	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers and Users	\$ 1,806,562	\$ 1,806,562
Cash Paid to Suppliers	(441,395)	(441,395)
Cash Paid to and for Employees	(490,341)	(490,341)
Net Cash Provided (Used) by Operating Activities	874,826	874,826
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers Between Funds	(365,000)	(365,000)
Net Cash Provided (Used) by Financing Activities	(365,000)	(365,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Impact and Capacity Fees	11,258	11,258
Grant Income	385,301	385,301
Acquisition and Construction of Capital Assets	(735,777)	(735,777)
Net Cash Provided (Used) by Capital and Related Financing Activities	(339,218)	(339,218)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	1,429	1,429
Net Cash Provided (Used) by Investing Activities	1,429	1,429
Net Increase (Decrease) in Cash and Cash Equivalents	172,037	172,037
Cash and Cash Equivalents, Beginning of year	1,385,905	1,385,905
Cash and Cash Equivalents, End of year	\$ 1,557,942	\$ 1,557,942
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ 351,773	\$ 351,773
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	357,160	357,160
Accounts Receivable	(113,656)	(113,656)
Prepaid Expenses	45,000	45,000
Accounts Payable	174,210	174,210
Accrued Expenses	(2,279)	(2,279)
Payroll Liabilities	(1,046)	(1,046)
Customer Deposits	10,175	10,175
Net Pension Liability and Related Accounts	53,489	53,489
Total Adjustments	523,053	523,053
Net Cash Provided (Used) by Operating Activities	\$ 874,826	\$ 874,826

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

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Government-Wide Financial Statements

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

Reporting Entity

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

Basis of Presentation – Government-Wide Financial Statements

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

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

Basis of Presentation – Fund Financial Statements

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

TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The Town reports the following major governmental funds:

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

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

The Town reports the following major proprietary fund:

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

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

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

Measurement Focus and Basis of Accounting

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

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

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

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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

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

Deposits and Investments

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

Prepaid items

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

Capital assets

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

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

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenues) until then. The Town has unavailable revenue resulting from property taxes that arises under modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. That statement of net position reports deferred inflows of resources related to its net pension liability. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position Flow Assumptions

Sometimes the Town will fund outlays for a particular 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).

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

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

Revenues and Expenditures/Expenses

Program Revenues

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

Property taxes

Taxes on real property and certain personal property attach as an enforceable lien on the property as of January 1. Taxes are levied and billed the following September on all property other than vehicles and are payable without penalty until January 15 of the following year. Penalties are assessed on unpaid taxes on the following dates: January 16 – three percent, February 1 – an additional seven percent, March 16 – an additional five percent. If not paid by October 1, the property is subject to sale by the delinquent tax office. Assessed property is subject to lien one year from the levy date if taxes remain unpaid. Taxes on licensed motor vehicles are levied during the month when the taxpayer's license registration is due for renewal. The property tax rate approved by ordinance for tax year 2015 is 118.2 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.

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Proprietary Fund Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer fund are charges to customers for sales and services. The water and sewer fund also

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

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

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

Excess of expenditures over appropriations

Actual expenditures exceeded appropriations in the general fund (the legal level of budgetary control) by \$110,181. This over expenditure was funded by additional revenues.

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.

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 3 DEPOSITS AND INVESTMENTS – CONTINUED

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

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a formal investment policy to address custodial credit risk. The Town has a deposit policy for custodial credit risk. All of the Town's deposits at year end were covered by federal depository insurance or by collateral held in the pledging financial institution's trust department in the Town's name. Therefore, none of the Town's deposits were exposed to custodial credit risk at June 30, 2016.

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	\$ -	\$ -	\$ 182,268	\$ 182,268
Drug Fund	-	350,104	-	350,104
Contingent Fund	-	-	183,493	183,493
RF Grant Expense	-	-	22,777	22,777
Water & Sewer Deposits	-	-	135,662	135,662
RF Grant Account	-	-	5,812	5,812
Grant Account	100	-	-	100
Garbage Deposits	1,514	-	-	1,514
Water Tank Repair	-	-	72,743	72,743
Accommodations Tax	46	-	-	46
Impact Fees	-	-	340,135	340,135
Tourism Support	271,483	-	-	271,483
Victim Assistance	126,010	-	-	126,010
Rural Development	-	-	100	100
Veterans Memorial Park	10,698	-	-	10,698
Total Restrictions on Cash and Investments	\$ 409,851	\$ 350,104	\$ 942,990	\$ 1,702,945

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 4 RECEIVABLES

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

	General Fund	Proprietary Fund	Total
Property taxes	\$ 153,047	\$ -	\$ 153,047
Auto taxes	2,826	-	2,826
Accommodation taxes	35,399	-	35,399
Local option sales taxes	236,594	-	236,594
Business licenses	290,536	-	290,536
Grants receivable	-	141,514	141,514
Other	21,766	-	21,766
Allowance for doubtful accounts	(76,828)	-	(76,828)
Water/ sewer billings	-	163,549	163,549
Total	\$ 663,340	\$ 305,063	\$ 968,403

The allowance for doubtful accounts represents property taxes uncollected as of June 30, 2016.

NOTE 5 PREPAID EXPENSES

The Town entered into a five-year lease agreement totaling \$225,000 in the proprietary fund expiring on November 9, 2018. During fiscal year 2016, the Town reported \$45,000 in rent expense with the balance of \$106,274 as prepaid expense.

NOTE 6 CAPITAL ASSETS

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

Governmental Activities	June 30, 2015	Increases	Decreases	June 30, 2016
<i>Capital assets not being depreciated</i>				
Land and improvements	\$ 1,204,394	\$ 106,000	\$ -	\$ 1,310,394
Construction in progress	286,163	439,966	174,512	551,617
Total capital assets not being depreciated	<u>1,490,557</u>	<u>545,966</u>	<u>174,512</u>	<u>1,862,011</u>
<i>Capital assets being depreciated</i>				
Buildings	865,694	734,140	-	1,599,834
Improvements other than buildings	1,088,969	65,372	-	1,154,341
Machinery and equipment	1,676,784	53,347	77,302	1,652,829
Infrastructure	2,370,077	-	-	2,370,077
Total capital assets being depreciated	<u>6,001,524</u>	<u>852,859</u>	<u>77,302</u>	<u>6,777,081</u>
Less accumulated depreciation for:				
Buildings	345,183	29,194	-	374,377
Improvements other than buildings	382,331	47,723	-	430,054
Machinery and equipment	1,126,030	135,781	77,302	1,184,509
Infrastructure	1,368,368	86,135	-	1,454,503
Total accumulated depreciation	<u>3,221,912</u>	<u>298,833</u>	<u>77,302</u>	<u>3,443,443</u>
Total capital assets being depreciated, net	<u>2,779,612</u>	<u>554,026</u>	<u>-</u>	<u>3,333,638</u>
Governmental activities capital assets, net	<u>\$ 4,270,169</u>	<u>\$ 1,099,992</u>	<u>\$ 174,512</u>	<u>\$ 5,195,649</u>

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 6 CAPITAL ASSETS – CONTINUED

Business-Type Activities	June 30, 2015	Increases	Decreases	June 30, 2016
<i>Capital assets not being depreciated</i>				
Land and improvements	\$ 1,242,158	\$ 2,500	\$ -	\$ 1,244,658
Construction in progress	851,907	467,416	807,583	511,740
Total capital assets not being depreciated	<u>2,094,065</u>	<u>469,916</u>	<u>807,583</u>	<u>1,756,398</u>
<i>Capital assets being depreciated</i>				
Buildings	95,647	3,455	-	99,102
Machinery and equipment	397,518	34,066	-	431,584
Infrastructure	11,699,936	228,340	-	11,928,276
Total capital assets being depreciated	<u>12,193,101</u>	<u>265,861</u>	<u>-</u>	<u>12,458,962</u>
Less accumulated depreciation for:				
Buildings	21,162	2,804	-	23,966
Machinery and equipment	300,761	24,333	-	325,094
Infrastructure	6,015,008	330,023	-	6,345,031
Total accumulated depreciation	<u>6,336,931</u>	<u>357,160</u>	<u>-</u>	<u>6,694,091</u>
Total capital assets being depreciated, net	<u>5,856,170</u>	<u>(91,299)</u>	<u>-</u>	<u>5,764,871</u>
Business-Type activities capital assets, net	<u>\$ 7,950,235</u>	<u>\$ 378,617</u>	<u>\$ 807,583</u>	<u>\$ 7,521,269</u>

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

Governmental Activities		Business Type Activities	
Administrative Services	\$ 17,978	Water Utilities	\$ 178,580
Public Safety		Sewer Utilities	178,580
Police	99,734		<u>\$ 357,160</u>
Fire	31,784		
General Services	12,826		
Tourism	136,511		
Total	<u>\$ 298,833</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:

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 7 LONG-TERM OBLIGATIONS – CONTINUED

	<u>June 30, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2016</u>	<u>Due Within A Year</u>
Governmental Activities					
Capital leases	\$ 53,505	\$ -	\$ 27,260	\$ 26,245	\$ 11,924
Compensated absences	168,287	-	17,761	150,526	37,631
Net pension liability	2,984,554	560,378	233,911	3,311,021	-
Governmental Activities Long-term Obligations	<u>\$ 3,206,346</u>	<u>\$ 560,378</u>	<u>\$ 278,932</u>	<u>\$ 3,487,792</u>	<u>\$ 49,555</u>
Business-type Activities					
Compensated absences	\$ 38,546	\$ -	\$ 2,279	\$ 36,267	\$ 9,067
Net pension liability	456,473	100,415	35,002	521,886	-
Business-type Activities Long-term Obligations	<u>\$ 495,019</u>	<u>\$ 100,415</u>	<u>\$ 37,281</u>	<u>\$ 558,153</u>	<u>\$ 9,067</u>

Governmental Type Activities

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, 2016 is \$774.

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, 2016 is \$25,471.

The assets acquired through capital leases are as follows:

Street sweeper	\$ 81,287
F-250	26,855
F-450	54,847
Less: accumulated depreciation	(104,888)
	<u>\$ 58,101</u>

The annual requirements to amortize the leases payable, as described in the preceding paragraphs at June 30, 2016 are as follows:

<u>Year Ending June 30,</u>	<u>Total</u>
2017	\$ 12,383
2018	11,607
2019	2,902
Total Minimum Lease Payments	26,892
Less Amount Representing Interest	(647)
Present Value of Minimum Lease Payments	<u>\$ 26,245</u>

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 7 LONG-TERM OBLIGATIONS – CONTINUED

Compensated Absences

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

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

Each day of leave consists of one eight-hour period.

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

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

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

Compensated absences are paid from the General Fund for the governmental activities and from the Water and Sewer Fund for the business-type activities. The accrued compensated absences at June 30, 2016 are \$150,526 and \$36,267 respectively, and include 16% for employee benefits.

Pension Plan

Description of the Entity

The South Carolina Public Employee Benefit Authority (PEBA), which was created July 1, 2012, administers the various retirement systems and retirement programs managed by its Retirement Division. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as co-trustee and co-fiduciary of the systems and the trust funds. By law, the Budget and Control Board (State Fiscal Accountability Authority effective July 1, 2015), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the South Carolina Retirement Systems (Systems) and serves as a co-trustee of the Systems in conducting that review.

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

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 7 LONG-TERM OBLIGATIONS – CONTINUED

PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The CAFR is publicly available 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.

Plan Descriptions

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

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

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

Membership

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

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

TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 7 LONG-TERM OBLIGATIONS – CONTINUED

Benefits

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

Contributions

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. Upon recommendation by the actuary in the annual actuarial valuation, the PEBA board may adopt and present to the Budget and Control Board for approval an increase in the SCRS and PORS employer and employee contribution rates, but any such increase may not result in a differential between the employee and employer contribution rate that exceeds 2.9 percent of earnable compensation for SCRS and 5 percent for PORS. An increase in the contribution rates adopted by the board may not provide for an increase of more than one-half of one percent in any one year. If the scheduled employee and employer contributions provided in 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.

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 7 LONG-TERM OBLIGATIONS – CONTINUED

Required employee contribution rates¹ for fiscal year 2015-2016 are as follows:

	<u>Fiscal Year 2016</u>	<u>Fiscal Year 2015</u>
SCRS		
Employee Class Two	8.16%	8.00%
Employee Class Three	8.16%	8.00%
PORS		
Employee Class Two	8.74%	8.41%
Employee Class Three	8.74%	8.41%

Required employer contribution rates¹ for fiscal year 2015-2016 are as follows:

	<u>Fiscal Year 2016</u>	<u>Fiscal Year 2015</u>
SCRS		
Employer Class Two	10.91%	10.75%
Employer Class Three	10.91%	10.75%
Employer Incidental Death Benefit	0.15%	0.15%
PORS		
Employer Class Two	13.34%	13.01%
Employer Class Three	13.34%	13.01%
Employer Accidental Death Program	0.20%	0.20%
Employer Incidental Death Benefit	0.20%	0.20%

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

Actuarial Assumptions and Methods

Actuarial valuations 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. Actuarial assumptions and methods used during the evaluation process are subject to periodic revision, typically with an experience study, as actual results over an extended period of time are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. The last experience study was performed on data through June 30, 2010, and the next experience study, performed on data through June 30, 2015, is currently underway.

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

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

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 7 LONG-TERM OBLIGATIONS – CONTINUED

	SCRS	PORS
Actuarial cost method	Entry age normal	Entry age normal
Investment rate of return ¹	7.5%	7.5%
Projected salary increases	3.5% to 12.5% (varies by service) ¹	4.0% to 10.0% (varies by service) ¹
Benefit adjustments	Lesser of 1% or \$500 annually	Lesser of 1% or \$500 annually

¹ includes inflation at 2.75%

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

Former Job Class	Males	Females
Educators	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 and Firefighters	RP-2000 Males (with Blue Collar adjustment) multiplied by 115%	RP-2000 Females (with Blue Collar adjustment) multiplied by 115%

Net Pension Liability

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. NPL totals, as of June 30, 2015, for SCRS and PORS are presented as follows:

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a % of the Total Pension Liability
SCRS	\$ 4,020,352	\$ 2,291,269	\$ 1,729,083	57.00%
PORS	5,937,870	3,834,046	2,103,824	64.60%

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

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 7 LONG-TERM OBLIGATIONS – CONTINUED

Long-term Expected Rate of Return

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

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

<u>Asset class</u>	<u>Target Asset Allocation</u>	<u>Expected Arithmetic Real Rate of Return</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Short Term	5.0%		
Cash	2.0%	1.90%	0.04%
Short Duration	3.0%	2.00%	0.06%
Domestic Fixed Income	13.0%		
Core Fixed Income	7.0%	2.70%	0.19%
Mixed Credit	6.0%	3.80%	0.23%
Global Fixed Income	9.0%		
Global Fixed Income	3.0%	2.80%	0.08%
Emerging Markets Debt	6.0%	5.10%	0.31%
Global Public Equity	31.0%	7.10%	2.20%
Global Tactical Asset Allocation	10.0%	4.90%	0.49%
Alternatives	32.0%		
Hedge Funds (Low Beta)	8.0%	4.30%	0.34%
Private Debt	7.0%	9.90%	0.69%
Private Equity	9.0%	9.90%	0.89%
Real Estate (Broad Market)	5.0%	6.00%	0.30%
Commodities	3.0%	5.90%	0.18%
Total Expected Real Return	100.0%		6.00%
Inflation for Actuarial Purposes			2.75%
Total Expected Nominal Return			8.75%

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that the funding policy specified in the South Carolina Code of Laws will remain unchanged in future years. Based on those assumptions, each System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 7 LONG-TERM OBLIGATIONS – CONTINUED

Sensitivity Analysis

The following table presents the collective net pension liability of the participating employers calculated using the discount rate of 7.50%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is 1.00% lower (6.50%) or 1.00% higher (8.50%) than the current rate.

System	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
SCRS	\$ 2,179,880	\$ 1,729,083	\$ 1,351,258
PORS	2,865,959	2,103,824	1,422,599

Pension Expense

Components of collective pension expense reported in the Schedules of Pension Amounts by Employer for the fiscal year ended June 30, 2015, are presented below:

Description	SCRS	PORS
Service cost (annual cost of current service)	\$ 67,848	\$ 148,755
Interest on the total pension liability	287,011	420,222
Plan administrative costs	1,145	1,871
Plan member contributions	(65,287)	(103,146)
Expected return on plan assets	(172,640)	(285,906)
Recognition of current year amortization - Difference between expected and actual experience	12,780	14,152
Recognition of current year amortization - Difference between projected and actual investment earnings	(5,377)	(7,609)
Other	121	(1,024)
Total	\$ 125,601	\$ 187,315

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

Deferred Outflows of Resources and Deferred Inflows of Resources

The following schedule reflects the amortization of collective deferred outflows/(inflows) of resources related to pensions outstanding as of June 30, 2015.

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 7 LONG-TERM OBLIGATIONS – CONTINUED

	Difference between expected and actual experience			
	SCRS		PORS	
	June 30, 2014	June 30, 2015	June 30, 2014	June 30, 2015
Initial Balance	\$ 59,678	\$ (4,069)	\$ 61,583	\$ 6,536
Amortization period ¹	4.233	4.164	4.856	4.796
Amortized ² period ending June 30,				
2014	\$ (14,098)	-	\$ (12,682)	-
2015	(14,098)	\$ 977	(12,682)	\$ (1,363)
2016	(14,098)	977	(12,682)	(1,363)
2017	(14,098)	977	(12,682)	(1,363)
2018	(3,286)	977	(10,855)	(1,363)
2019	-	161	-	(1,084)

	Difference between projected and actual investment earnings			
	SCRS		PORS	
	June 30, 2014	June 30, 2015	June 30, 2014	June 30, 2015
Initial Balance	\$ (169,516)	\$ 138,529	\$ (265,041)	\$ 229,237
Amortization period ³	5	5	5	5
Amortized ² period ending June 30,				
2014	\$ 33,903	-	\$ 53,008	-
2015	33,903	\$ (27,706)	53,008	\$ (45,847)
2016	33,903	(27,706)	53,008	(45,847)
2017	33,903	(27,706)	53,008	(45,847)
2018	33,904	(27,706)	53,009	(45,847)
2019	-	(27,705)	-	(45,849)

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

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

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

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

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

Employer Contributions

Employers' proportionate shares were calculated on the basis of employer contributions actually remitted to the plan for the fiscal year ended June 30, 2015. Employer contributions recognized by the Systems that are not representative of future contribution effort are excluded in the determination of employers' proportionate shares. Examples of employer contributions not representative of future contribution effort are contributions toward the purchase of employee service purchases and employer contributions paid by employees.

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 7 LONG-TERM OBLIGATIONS – CONTINUED

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

	SCRS	PORS
Employer Contributions Reported in SCRS Statement of Changes in Net Position for the fiscal year ended June 30, 2015	\$ 93,223	\$ 160,671
Deduct: Employer Contributions Not Representative of Future Contribution Effort	(43)	(308)
Employer Contributions Used as the Basis for Allocating Employers' Proportionate Shares of Collective Pension Amounts - June 30, 2015 Measurement Date	\$ 93,180	\$ 160,363

Additional Financial and Actuarial Information

Information contained in these Notes to the Schedules of Employer Allocations and Schedules of Pension Amounts by Employer (Schedules) was compiled from the Systems' audited financial statements for the fiscal year ended June 30, 2015, and the accounting and financial reporting actuarial valuation as of June 30, 2015. Additional financial information supporting the preparation of the Schedules (including the unmodified audit opinion on the financial statements and required supplementary information) is available in the Systems' CAFR.

Payables to the Pension Plan

At June 30, 2016, the Town reported payables of \$0 that represents the amount due for the month of June.

NOTE 8 RISK MANAGEMENT

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

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

1. Claims of covered public employees for long-term disability and group life insurance benefits (South Carolina Retirement System and State Accident Fund).
2. Property and casualty insurance on equipment and vehicles owned by the Town of Ridgeland, as well as tort liability on the Town's employees (South Carolina Insurance Reserve Fund).

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

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 8 RISK MANAGEMENT– CONTINUED

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 in the Water and Sewer Fund of \$667,792 and paid \$360,685 as of June 30, 2016, for a balance of \$307,107.

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, 2016.

NOTE 11 INTERFUND RECEIVABLES, PAYABLE, AND TRANSFERS

The Water and Sewer Fund budgeted and actually transferred \$365,000 to the General Fund. The Special Revenue Fund transferred \$98,612 to the General Fund for overages.

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

NOTE 12 FUND BALANCES AND NET POSITION

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

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

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

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 12 FUND BALANCES AND NET POSITION – CONTINUED

	Governmental Activities	Business-type Activities	Total
Capital assets	\$ 8,639,092	\$ 14,215,360	\$ 22,854,452
Accumulated depreciation	(3,443,443)	(6,694,091)	(10,137,534)
Capital leases	(26,245)	-	-
Total	<u>\$ 5,169,404</u>	<u>\$ 7,521,269</u>	<u>\$ 12,716,918</u>

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

	Governmental Activities	Business-type Activities	Total
Restricted for Capital Projects	\$ 10,798	\$ 346,047	\$ 356,845
Restricted for Drug Fund	350,104	-	350,104
Restricted for Debt Service	-	365,761	365,761
Restricted for Tourism	271,529	-	271,529
Restricted for Victim Assistance	126,010	-	126,010
Restricted for Repairs and Contingencies	-	95,520	95,520
Total	<u>\$ 758,441</u>	<u>\$ 807,328</u>	<u>\$ 1,565,769</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, 2016 the restricted fund balance in the General Fund is \$408,337 and the Special Revenue Fund is reporting \$350,104 restricted for the Police Drug Fund.

NOTE 13 SUBSEQUENT EVENTS

The Town entered into two new lease agreements after year end. The first lease relates to a Motorola radio system, with the purchase price totaling \$345,004. No payments or interest is due for the first two years. after two years, the Town will pay seven annual payments of \$54,350 with an interest rate of 3.39% and would incur an additional fee of \$19,488 annually for radio user fees. The second lease relates to the purchase of two firetrucks totaling \$51,000. The Town had budgeted overages relating to hurricane Matthew of approximately \$50,000, of which 75% is anticipated to be reimbursed by FEMA.

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Proportion of the Net Pension Liability	NA	NA	NA	NA	NA	NA	NA	NA	0.009343%	0.009117%
Proportionate Share of the Net Pension Liability	NA	NA	NA	NA	NA	NA	NA	NA	\$ 1,608,555	\$ 1,729,083
Covered-Employee Payroll	NA	NA	NA	NA	NA	NA	NA	NA	\$ 854,861	\$ 919,652
Proportionate Share of the New Pension Liability as a Percentage of Its Covered-Employee Payroll	NA	NA	NA	NA	NA	NA	NA	NA	188.17%	188.01%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	NA	NA	NA	NA	NA	NA	NA	NA	59.90%	57.00%

PORS

Fiscal Year

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Proportion of The Net Pension Liability	NA	NA	NA	NA	NA	NA	NA	NA	0.09572%	0.09653%
Proportionate Share of the Net Pension Liability	NA	NA	NA	NA	NA	NA	NA	NA	\$ 1,832,471	\$ 2,103,824
Covered-Employee Payroll	NA	NA	NA	NA	NA	NA	NA	NA	\$ 1,195,850	\$ 1,258,673
Proportionate Share of the New Pension Liability as a Percentage of Its Covered-Employee Payroll	NA	NA	NA	NA	NA	NA	NA	NA	153.24%	167.15%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	NA	NA	NA	NA	NA	NA	NA	NA	67.50%	64.60%

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

SCRS

Fiscal Year

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Contractually Required Contribution	NA	NA	NA	NA	NA	NA	NA	NA	\$ 93,180	\$ 101,714
Contributions in Relation to the										
Contractually Required Contribution	NA	NA	NA	NA	NA	NA	NA	NA	93,180	101,714
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-Employee Payroll	NA	NA	NA	NA	NA	NA	NA	NA	\$ 854,862	\$ 919,652
Contributions as a Percentage of										
Covered-Employee Payroll	NA	NA	NA	NA	NA	NA	NA	NA	10.90%	11.06%

PORS

Fiscal Year

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Contractually Required Contribution	NA	NA	NA	NA	NA	NA	NA	NA	\$ 160,363	\$ 172,938
Contributions in Relation to the										
Contractually Required Contribution	NA	NA	NA	NA	NA	NA	NA	NA	160,363	172,938
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-Employee Payroll	NA	NA	NA	NA	NA	NA	NA	NA	\$ 1,195,850	\$ 1,258,673
Contributions as a Percentage of										
Covered-Employee Payroll	NA	NA	NA	NA	NA	NA	NA	NA	13.41%	13.74%

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, 2016**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES			
Property Taxes			
Property Taxes	\$ 618,523	\$ 541,097	\$ (77,426)
Penalties	8,000	5,450	(2,550)
Motor Vehicle Taxes	83,000	48,056	(34,944)
Sub-total Property Taxes	<u>709,523</u>	<u>594,603</u>	<u>(114,920)</u>
Hospitality and Accommodations Taxes			
Accommodations Tax	48,000	75,222	27,222
Tourism Support Fees	280,000	316,980	36,980
Sub-total Hospitality and Accommodations Taxes	<u>328,000</u>	<u>392,202</u>	<u>64,202</u>
Fees and Fines			
Municipal Court	477,000	496,969	19,969
Planning and Zoning Fees	20,000	12,745	(7,255)
Victims Assistance Fees	42,000	63,785	21,785
Sub-total Fees and Fines	<u>539,000</u>	<u>573,499</u>	<u>34,499</u>
Intergovernmental			
Aid to Sub-divisions - State	99,000	95,179	(3,821)
County Fire Contract	205,000	205,000	-
Sub-total Intergovernmental	<u>304,000</u>	<u>300,179</u>	<u>(3,821)</u>
Local Option Sales Tax	776,000	871,053	95,053
Business Licenses	855,800	937,541	81,741
Investment Earnings	100	177	77
Miscellaneous	85,000	141,298	56,298
Grant	-	139,473	139,473
Total Revenues	<u>3,597,423</u>	<u>3,950,025</u>	<u>352,602</u>
OTHER FINANCING SOURCES (USES)			
Transfers in Water and Sewer Fund	365,000	365,000	-
Transfer From Special Revenue Fund	-	98,612	98,612
Total Other Financing Sources (Uses)	<u>365,000</u>	<u>463,612</u>	<u>98,612</u>
Total Revenues	<u>\$ 3,962,423</u>	<u>\$ 4,413,637</u>	<u>\$ 451,214</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, 2016**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
Administrative Services			
Town Operations			
Salaries	\$ 243,839	\$ 251,275	\$ (7,436)
FICA and Medicare	18,654	18,442	212
Workman's Compensation	1,410	1,420	(10)
Group Health - Life Insurance	48,000	42,532	5,468
Retirement	26,459	28,361	(1,902)
Unemployment Expenses	2,000	-	2,000
Travel, Training, and Subsistence	2,500	3,967	(1,467)
Fuel for Vehicles	6,000	4,942	1,058
Repairs and Maintenance on Vehicles	2,000	3,152	(1,152)
Communications, Postage, and Telephone	30,000	35,401	(5,401)
Electricity, Water, and Gas	100,000	100,115	(115)
Printing and Advertising	6,000	719	5,281
Subscriptions, Dues, Library, and Contributions	3,000	5,865	(2,865)
Services and Service Contracts	65,800	61,215	4,585
Repairs and Maintenance of Equipment	800	1,985	(1,185)
Materials and Supplies	13,000	20,537	(7,537)
Property Insurance	145,000	148,056	(3,056)
Miscellaneous	2,000	1,156	844
Lease payment for building	28,508	-	28,508
Contingency Fund	3,000	1,505	1,495
Capital Outlay			
Furniture and Fixtures	3,000	-	3,000
Office Equipment	2,000	-	2,000
Other Improvement Projects	36,661	37,053	(392)
	<u>\$ 789,631</u>	<u>\$ 767,698</u>	<u>\$ 21,933</u>
Total Town Operations Expenditures			

**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, 2016**

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Town Council			
Salaries	\$ 34,272	\$ 31,360	\$ 2,912
FICA and Medicare	2,621	2,118	503
Workman's Compensation	600	195	405
Group Health - Life Insurance	12,300	12,115	185
Retirement	3,800	3,164	636
Travel, Training, and Subsistence	4,000	4,307	(307)
Printing and Advertising	1,000	648	352
Subscriptions, Dues, Library, and Contributions	4,000	2,589	1,411
Services and Service Contracts	2,000	-	2,000
Materials and Supplies	500	433	67
Miscellaneous	2,000	1,276	724
Contingency Fund	1,000	1,000	-
State Accommodations	22,000	29,185	(7,185)
Total Town Council Expenditures	<u>90,093</u>	<u>88,390</u>	<u>1,703</u>
Total Administrative Services	<u>\$ 879,724</u>	<u>\$ 856,088</u>	<u>\$ 23,636</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, 2016**

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
General Services			
Salaries	\$ 177,592	\$ 182,593	\$ (5,001)
Special Salaries	2,000	2,413	(413)
FICA and Medicare	13,739	13,771	(32)
Workman's Compensation	10,000	10,025	(25)
Group Health-life Insurance	35,000	39,355	(4,355)
Retirement	19,600	21,144	(1,544)
Uniforms	3,100	2,754	346
Travel, Training, and Subsistence	600	-	600
Fuel for Vehicles	18,500	10,887	7,613
Repairs and Maintenance on Vehicles	7,500	1,726	5,774
Communications, Postage, and Telephone	3,300	3,165	135
Electricity, Water, and Gas	34,000	26,956	7,044
Printing and Advertising	300	65	235
Subscriptions, Dues, Library, and Contributions	500	160	340
Services and Service Contracts	54,000	30,197	23,803
Repairs and Maintenance of Equipment	12,000	12,788	(788)
Materials and Supplies	46,000	49,700	(3,700)
Animal Control	2,000	-	2,000
Miscellaneous	2,000	-	2,000
Contingency Fund	600	186	414
Capital Outlay			
Machinery and Equipment	38,000	19,555	18,445
Other Improvements	21,000	44,672	(23,672)
Debt Service			
Note Principal	20,000	14,479	5,521
Note Interest	-	200	(200)
Total General Services Expenditures	\$ 521,331	\$ 486,791	\$ 34,540

**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, 2016**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
Public Safety			
Police Department			
Salaries	\$ 597,475	\$ 617,632	\$ (20,157)
Special Salaries	55,000	93,766	(38,766)
FICA and Medicare	49,915	53,699	(3,784)
Workman's Compensation	32,000	35,072	(3,072)
Group Health-life Insurance	109,000	105,796	3,204
Retirement	88,000	96,080	(8,080)
Uniforms	6,000	7,986	(1,986)
Travel, Training, and Subsistence	10,000	7,915	2,085
Fuel for Vehicles	60,000	57,393	2,607
Repairs and Maintenance on Vehicles	25,000	40,701	(15,701)
Communications, Postage, and Telephone	17,000	20,756	(3,756)
Utilities	-	5,941	(5,941)
Printing and Advertising	1,500	79	1,421
Subscriptions, Dues, Library, and Contributions	500	-	500
Services and Service Contracts	8,700	10,364	(1,664)
Repairs and Maintenance on Equipment	1,500	6,494	(4,994)
Materials and Supplies	12,000	12,879	(879)
Miscellaneous	1,000	2,578	(1,578)
Interest on Bank Notes	41,949	-	41,949
Contingency Funds	5,000	1,730	3,270
Animal Control	1,000	2,196	(1,196)
	<u>1,122,539</u>	<u>1,179,057</u>	<u>(56,518)</u>
Total Police Department Expenditures	\$ 1,122,539	\$ 1,179,057	\$ (56,518)

**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, 2016**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
Fire Department			
Salaries - Regular	\$ 466,011	\$ 480,326	\$ (14,315)
Salaries - Special	35,000	32,614	2,386
FICA and Medicare	38,328	37,679	649
Workman's Compensation	30,000	32,720	(2,720)
Group Health- life Insurance	100,000	90,386	9,614
Retirement	66,256	70,227	(3,971)
Uniforms	5,000	5,166	(166)
Travel, Training, and Subsistence	9,300	8,334	966
Fuel for Vehicles	14,000	7,906	6,094
Repairs and Maintenance on Vehicles	12,000	20,249	(8,249)
Communications, Postage, and Telephone	5,500	4,834	666
Electricity, Water, and Gas	7,000	6,911	89
Printing and Advertising	200	1,540	(1,340)
Subscriptions, Dues, Library, and Contributions	1,000	1,193	(193)
Service and Service Contracts	26,500	15,475	11,025
Repairs and Maintenance of Equipment	8,000	8,431	(431)
Materials and Supplies	2,500	9,399	(6,899)
Miscellaneous	2,300	457	1,843
Contingency Fund	1,500	1,312	188
Capital Outlay			
Machinery and Equipment	10,000	-	10,000
Office Equipment	1,000	93,545	(92,545)
Buildings and Fixed Equipment	75,000	10,133	64,867
Debt Service			
Capital Lease Payment - Principal	25,500	12,781	12,719
Capital Lease Payment - Interest	-	706	(706)
	<u> </u>	<u> </u>	<u> </u>
Total Fire Department Expenditures	<u>\$ 941,895</u>	<u>\$ 952,324</u>	<u>\$ (10,429)</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, 2016**

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Judicial			
Salaries - Regular	\$ 150,091	\$ 148,153	\$ 1,938
FICA and Medicare	11,482	11,006	476
Workman's Compensation	1,000	1,141	(141)
Group Health- life Insurance	18,711	20,342	(1,631)
Retirement	17,750	18,099	(349)
Travel, Training, and Subsistence	5,000	3,460	1,540
Communications, Postage, and Telephone	1,000	1,798	(798)
Subscriptions, Dues, Library, and Contributions	300	200	100
Services and Service Contracts	8,000	13,495	(5,495)
Materials and Supplies	1,000	849	151
Miscellaneous	300	-	300
Contingency Fund	300	300	-
Court Costs	2,000	38,107	(36,107)
Total Judicial Expenditures	<u>216,934</u>	<u>256,950</u>	<u>(40,016)</u>
Total Public Safety Expenditures	<u>2,281,368</u>	<u>2,388,331</u>	<u>(106,963)</u>
Tourism			
Printing and Advertising	20,000	19,131	869
Dues and Subscriptions	-	840	(840)
Services and Service Contracts	-	1,197	(1,197)
Materials and Supplies	-	145	(145)
Dispatcher Expense	55,000	55,000	-
Miscellaneous	1,000	1,333	(333)
Capital Outlay			
Other Improvement Projects	<u>204,000</u>	<u>263,748</u>	<u>(59,748)</u>
Total Tourism Expenditures	<u>280,000</u>	<u>341,394</u>	<u>(61,394)</u>
Total Expenditures	<u>3,962,423</u>	<u>4,072,604</u>	<u>(110,181)</u>
Net Change in Fund Balances	-	341,033	341,033
Fund Balances, Beginning of year	<u>1,709,458</u>	<u>1,709,458</u>	<u>-</u>
Fund Balances, Ending of year	<u>\$ 1,709,458</u>	<u>\$ 2,050,491</u>	<u>\$ 341,033</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, 2016**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
OPERATING REVENUES			
Charges for Services			
Water	\$ 898,000	\$ 892,864	\$ (5,136)
Sewer	960,000	919,796	(40,204)
Administrative Charges and Penalties	40,000	51,151	11,151
Connection Fees	8,000	17,058	9,058
Cut-off Fees	8,500	11,738	3,238
Total Charges For Services	<u>1,914,500</u>	<u>1,892,607</u>	<u>(21,893)</u>
Miscellaneous	47,000	17,436	(29,564)
Total Operating Revenues	<u>1,961,500</u>	<u>1,910,043</u>	<u>(51,457)</u>
NONOPERATING REVENUES			
Investment Income	1,040	1,429	389
Impact and Capacity Fees	-	11,258	11,258
Grant Income	-	385,301	385,301
Total Nonoperating Revenues	<u>1,040</u>	<u>397,988</u>	<u>396,948</u>
Total Revenues	<u>\$ 1,962,540</u>	<u>\$ 2,308,031</u>	<u>\$ 345,491</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, 2016**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
WATER DEPARTMENT - EXPENSES			
Personnel			
Salaries	\$ 130,251	\$ 117,321	\$ 12,930
FICA and Medicare	9,965	8,890	1,075
Workman's Compensation	21,920	20,556	1,364
Group Health-life Insurance	20,500	21,114	(614)
Retirement	14,406	31,925	(17,519)
Total Personnel	<u>197,042</u>	<u>199,806</u>	<u>(2,764)</u>
Operations			
Uniforms	1,500	3,086	(1,586)
Travel, Training, and Subsistence	3,000	2,082	918
Fuel for Vehicles	8,000	5,060	2,940
Repairs and Maintenance on Vehicles	2,000	1,689	311
Communications, Postage, and Telephone	6,000	4,355	1,645
Electricity, Water, and Gas	40,000	35,122	4,878
Printing and Advertising	1,200	1,025	175
Dues and Subscriptions	2,000	772	1,228
Services and Service Contracts	40,000	53,208	(13,208)
Repairs and Maintenance of Equipment	6,000	16,978	(10,978)
Materials and Supplies	55,000	67,496	(12,496)
Miscellaneous	1,200	1,192	8
Contingency Fund	500	300	200
Capital Outlay			
Autos and Automotive Equipment	35,000	-	35,000
Office Equipment	1,500	-	1,500
Other Capital Outlays	12,500	-	12,500
Outlay Construction	65,000	-	65,000
Depreciation	-	178,580	(178,580)
Total Operations	<u>280,400</u>	<u>370,945</u>	<u>(90,545)</u>
Nonoperating Expenses			
Transfers to General Fund	227,500	227,500	-
Total Nonoperating Expenses	<u>227,500</u>	<u>227,500</u>	<u>-</u>
 Total Water Department Expense	 <u>\$ 704,942</u>	 <u>\$ 798,251</u>	 <u>\$ (93,309)</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, 2016

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
SEWER DEPARTMENT - EXPENSES			
Personnel			
Salaries	\$ 215,883	\$ 215,424	\$ 459
Special Salaries	7,000	8,119	(1,119)
FICA and Medicare	17,051	16,680	371
Workman's Compensation	9,200	7,624	1,576
Group Health-life Insurance	32,913	33,920	(1,007)
Retirement	24,651	58,932	(34,281)
Total Personnel	<u>306,698</u>	<u>340,699</u>	<u>(34,001)</u>
Operations			
Uniforms	1,500	3,105	(1,605)
Travel, Training, and Subsistence	3,000	1,690	1,310
Fuel for Vehicles	8,000	6,079	1,921
Repairs and Maintenance on Vehicles	4,000	1,617	2,383
Communications, Postage and Telephone	4,500	7,226	(2,726)
Electricity, Water, and Gas	140,000	143,034	(3,034)
Printing and Advertising	700	539	161
Dues and Subscriptions	1,500	365	1,135
Services and Service Contracts	500,000	126,280	373,720
Repairs and Maintenance of Equipment	25,000	91,419	(66,419)
Materials and Supplies	30,000	36,137	(6,137)
Miscellaneous	2,100	960	1,140
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	4,389	66,611
Depreciation	-	178,580	(178,580)
Total Operations	<u>813,400</u>	<u>646,820</u>	<u>166,580</u>
Nonoperating Expense			
Transfers to General Fund	137,500	137,500	-
Total Nonoperating Expenses	<u>137,500</u>	<u>137,500</u>	<u>-</u>
Special Item - WWTF Impairment	-	807,583	(807,583)
Total Special Item	<u>-</u>	<u>807,583</u>	<u>(807,583)</u>
Total Sewer Department Expense	<u>1,257,598</u>	<u>1,932,602</u>	<u>132,579</u>
Change in Net Position	-	(422,822)	(422,822)
Net Position, Beginning of year	9,138,709	9,138,709	-
Net Position, End of year	<u>\$ 9,138,709</u>	<u>\$ 8,715,887</u>	<u>\$ (422,822)</u>

**TOWN OF RIDGELAND, SOUTH CAROLINA
GENERAL FUND
SUPPLEMENTAL SCHEDULE OF FINES, ASSESSMENTS, AND SURCHARGES
FOR THE YEAR ENDED JUNE 30, 2016**

COURT FINES

Total Court Fines Collected	\$ 1,240,531
Court Assessments Remitted to the State Treasurer	(462,237)
Court Surcharges Remitted to the State Treasurer	(233,650)
Court Assessments/Surcharges Allocated to Victim Services	<u>(63,153)</u>
Court Fines Retained by Town	<u>\$ 481,491</u>

Victim Services

Court Assessments Allocated to Victim Services	\$ 58,064
Court Surcharges Allocated to Victim Services	<u>5,089</u>
Funds Allocated to Victim Services	<u>\$ 63,153</u>

VICTIM SERVICES

Carry Forward from Fiscal Year Ended June 30, 2015	142,332
Funds Allocated to Victim Services	63,153
Less: Victim Service Expenditures	<u>(79,475)</u>
Funds Available for Carry Forward	<u>\$ 126,010</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, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated November 29, 2016.

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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies.

Compliance and Other Matters

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

P.O. BOX 481
1411 QUEEN STREET
BEAUFORT, SC 29901
TEL 843.379.1065 FAX 843.379.1066

P.O. BOX 2569
941 HOUSTON NORTHCUTT BLVD.
MOUNT PLEASANT, SC 29465
TEL 843.971.0882 FAX 843.971.0884

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.



Beaufort, South Carolina
November 29, 2016



CROWLEY WECHSLER & ASSOCIATES LLC

CERTIFIED PUBLIC ACCOUNTANTS

www.CWACPAS.com

BEAUFORT ~ MOUNT PLEASANT

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

Member:
American Institute of CPAs
South Carolina Association of CPAs

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited the Town of Ridgeland's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town of Ridgeland's major federal programs for the year ended June 30, 2016. The Town of Ridgeland's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Ridgeland's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Ridgeland's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Town of Ridgeland, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

P.O. BOX 481
1411 QUEEN STREET
BEAUFORT, SC 29901
TEL 843.379.1065 FAX 843.379.1066

P.O. BOX 2569
941 HOUSTON NORTHCUTT BLVD.
MOUNT PLEASANT, SC 29465
TEL 843.971.0882 FAX 843.971.0884

Report on Internal Control over Compliance

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

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

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

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



Crowley Wechsler & Associates LLC
Beaufort, South Carolina
November 29, 2016

**TOWN OF RIDGELAND, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016**

Federal Grantor/ Pass Through Grantor / Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Pass-Through to Sub-Recipients	Total Federal Expenditures
Department of Housing and Urban Development				
Passed thru South Carolina Department of Commerce				
Community Development Block Grants	14.228	4-CI-14-017	\$ -	\$ 385,301
Department of Justice				
Equitable Sharing Program - Justice Funds	16.922		-	458,156
Department of Treasury				
Equitable Sharing Program - Treasury Funds	21.000		-	90,519
Department of the Interior				
American Battlefield Protection	15.926		-	22,880
Total expenditures of Federal and State awards			<u>\$ -</u>	<u>\$ 956,856</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Town of Ridgeland (the Town), under programs of the federal government for the year ended June 30, 2016. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a select portion of the operations of the Town, it is not intended to and does not present the financial position, change in net assets, or cash flows of the Town.

Note B - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The Town has elected not to use the 10% de minimis indirect cost rate as allowed under Uniform Guidance.

Note C - Subrecipients

The Town did not pass any federal awards to subrecipients during the year.

**TOWN OF RIDGELAND, SOUTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2016**

SECTION I – SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

 Material weakness(es) identified? Yes X No

 Significant deficiency(ies) identified? Yes X None Reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs:

 Material weakness(es) identified? Yes X No

 Significant deficiency(ies) identified? Yes X No

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)? Yes X No

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
16.922	Equitable Sharing Program

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as a low-risk auditee? Yes x No

SECTION II – FINANCIAL STATEMENT FINDINGS

NONE

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE

**TOWN OF RIDGELAND, SOUTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2016**

Summary of Auditors' Results

1. The independent auditors' report expressed an unmodified opinion.
2. There was no financial statement finding in the audit of the financial statements.

Financial Statement Findings

None