



**TOWN OF RIDGELAND, SOUTH CAROLINA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2017**

Mayor

Joseph N. Malphrus, Jr.

Mayor Pro Tempore

Thomas Rhodes

Town Council Members

Josephine Boyles
Grady Woods
Chris DuBose

Town Administrator

Dennis E. Averkin

Clerk – Treasurer

Penny Daley

Finance Director

Sharon Boyles

**TOWN OF RIDGELAND, SOUTH CAROLINA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2017
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FINANCIAL SECTION



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INDEPENDENT AUDITORS' REPORT

To the Mayor and Town Council
Ridgeland, South Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund, of the Town of Ridgeland (Town), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund, of the Town, as of June 30, 2017, and the respective changes in financial position, the respective budgetary comparison for the General Fund and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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MOUNT PLEASANT, SC 29465
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Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2017, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



Crowley Wechsler & Associates LLC
Beaufort, South Carolina
October 15, 2017

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, 2017. We encourage readers to consider the information presented here in conjunction with the accompanying financial statements and notes.

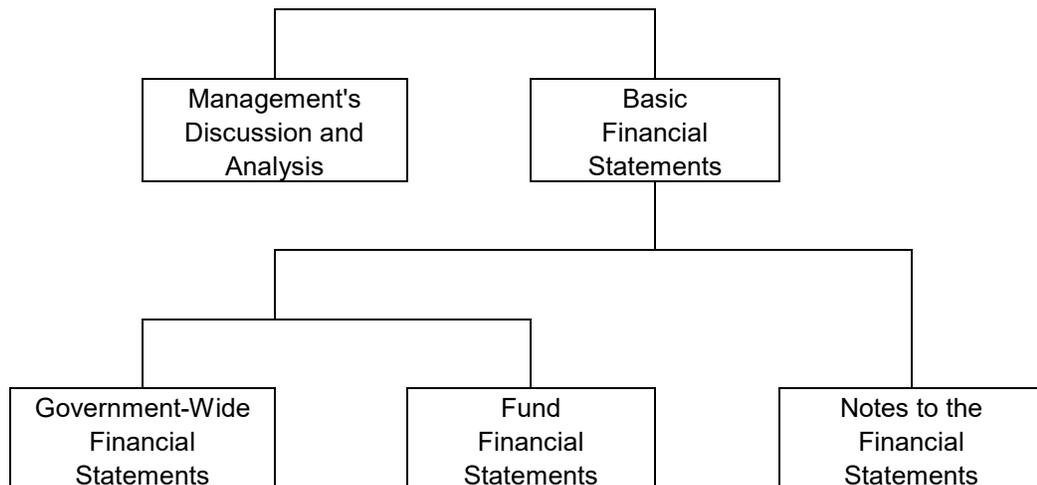
Financial Highlights

- The assets and deferred outflows of the Town exceeded its liabilities and deferred inflows by \$13,711,383 at June 30, 2017 as compared to \$13,216,590 at the end of the previous fiscal year. The net position in the governmental activities increased from \$4,500,703 at June 30, 2016 to \$4,516,302 at June 30, 2017, and the net position in the business-type activities increased from \$8,715,887 at June 30, 2016 to \$9,195,081 at June 30, 2017. The Town's net position increase of \$494,793 is due to an increase of \$15,599 in governmental activities and an increase of \$479,194 in business-type activities.
- As of the close of the fiscal year the Town's governmental fund reported an ending fund balance of \$2,727,031 as compared to \$2,400,596 for the previous fiscal year, resulting in a increase of \$326,435, as compared to a decrease in the previous year of \$157,537.

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, 2017 the Town's assets and deferred outflows exceeded liabilities and deferred inflows by \$13,711,383 (net position). This represents an increase in the Town's net position of \$494,793 or 3.74% from the prior year.

The following is a comparative presentation of the net position of the Town as of June 30, 2017 and June 30, 2016.

	Governmental Activities		Business-type Activities		Totals	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Assets:						
Current assets	\$ 3,163,651	\$ 2,859,693	\$ 2,306,467	\$ 2,105,029	\$ 5,470,118	\$ 4,964,722
Capital assets, net	5,448,036	5,195,649	7,779,219	7,521,269	13,227,255	12,716,918
Total Assets	<u>8,611,687</u>	<u>8,055,342</u>	<u>10,085,686</u>	<u>9,626,298</u>	<u>18,697,373</u>	<u>17,681,640</u>
Deferred Outflows of Resources	759,495	341,026	86,241	16,355	845,736	357,381
Current liabilities	364,032	378,206	300,557	363,937	664,589	742,143
Long-term liabilities	4,470,572	3,487,792	672,988	558,153	5,143,560	4,045,945
Total Liabilities	<u>4,834,604</u>	<u>3,865,998</u>	<u>973,545</u>	<u>922,090</u>	<u>5,808,149</u>	<u>4,788,088</u>
Deferred Inflows of Resources	20,276	29,667	3,301	4,676	23,577	34,343
Net position						
Net investment in capital assets	5,037,300	5,169,404	7,779,219	7,521,269	12,816,519	12,690,673
Restricted	428,673	758,441	812,774	807,328	1,241,447	1,565,769
Unrestricted	(949,671)	(1,427,142)	603,088	387,290	(346,583)	(1,039,852)
Total net position	<u>\$ 4,516,302</u>	<u>\$ 4,500,703</u>	<u>\$ 9,195,081</u>	<u>\$ 8,715,887</u>	<u>\$ 13,711,383</u>	<u>\$ 13,216,590</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 \$12,816,519 at June 30, 2017. The Town's long-term liabilities as of June 30, 2017 were \$5,143,560, which was an increase of \$1,097,615 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, 2017 and June 30, 2016:

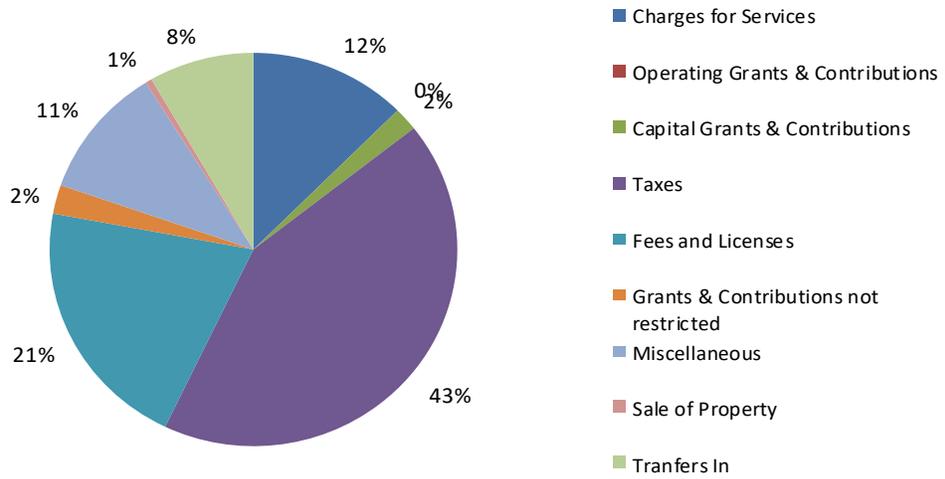
	Changes in Net Position For the Years Ended June 30:					
	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program Revenues						
Charges for Services	\$ 562,002	\$ 573,499	\$ 2,133,637	\$ 1,892,607	\$ 2,695,639	\$ 2,466,106
Operating Grants and Contributions	-	48,868	-	-	-	48,868
Capital Grants and Contributions	86,259	564,473	342,547	385,301	428,806	949,774
Total Program Revenues	<u>648,261</u>	<u>1,186,840</u>	<u>2,476,184</u>	<u>2,277,908</u>	<u>3,124,445</u>	<u>3,464,748</u>
General Revenues						
Taxes	1,921,212	1,854,701	-	-	1,921,212	1,854,701
Business License Fees	934,967	937,541	-	-	934,967	937,541
Investment Earnings	248	177	1,499	1,429	1,747	1,606
Impact and Capacity Fees	-	-	9,342	11,258	9,342	11,258
Miscellaneous	487,545	141,298	5,271	17,436	492,816	158,734
Grants & Contributions not restricted	106,610	300,179	-	-	106,610	300,179
Sale of Property	23,841	12,301	-	-	23,841	12,301
Special Item - WTF Impairment	-	-	-	(807,583)	-	(807,583)
Transfers	375,000	365,000	(375,000)	(365,000)	-	-
Total General Revenues	<u>3,849,423</u>	<u>3,611,197</u>	<u>(358,888)</u>	<u>(1,142,460)</u>	<u>3,490,535</u>	<u>2,468,737</u>
Total Revenues	<u>4,497,684</u>	<u>4,798,037</u>	<u>2,117,296</u>	<u>1,135,448</u>	<u>6,614,980</u>	<u>5,933,485</u>
Expenses:						
Administrative	884,189	830,528	-	-	884,189	830,528
General Services	496,118	417,988	-	-	496,118	417,988
Public Safety	2,711,756	2,536,014	-	-	2,711,756	2,536,014
Tourism	278,006	216,304	-	-	278,006	216,304
Planning and Zoning	112,016	-	-	-	112,016	-
Water	-	-	517,914	570,751	517,914	570,751
Sewer	-	-	1,120,188	987,519	1,120,188	987,519
Interest	-	906	-	-	-	906
Total Expenses	<u>4,482,085</u>	<u>4,001,740</u>	<u>1,638,102</u>	<u>1,558,270</u>	<u>6,120,187</u>	<u>5,560,010</u>
Change in Net Position	15,599	796,297	479,194	(422,822)	494,793	373,475
Net Position- Beginning	<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>
Net Position- Ending	<u>\$ 4,516,302</u>	<u>\$ 4,500,703</u>	<u>\$ 9,195,081</u>	<u>\$ 8,715,887</u>	<u>\$ 13,711,383</u>	<u>\$ 13,216,590</u>

Overall program revenues went down \$340,303, which is primarily related to donations of land or buildings in 2016. General revenues were \$3,490,535 in the current year compared to \$2,468,737 in the prior year. The increase in general revenues can be attributed to the impairment of the waste water treatment plant for (\$807,583) which was written off in 2016.

Overall expenses were up \$560,177 from \$6,120,187 in the current year compared to \$5,560,010 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.

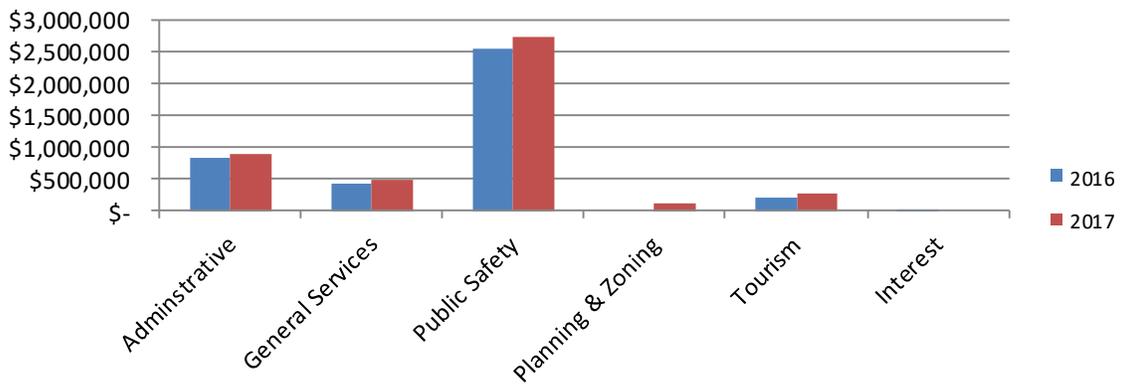
The following graph depicts the revenue sources for the various governmental activities of the Town.

Revenue Sources - Governmental Activities



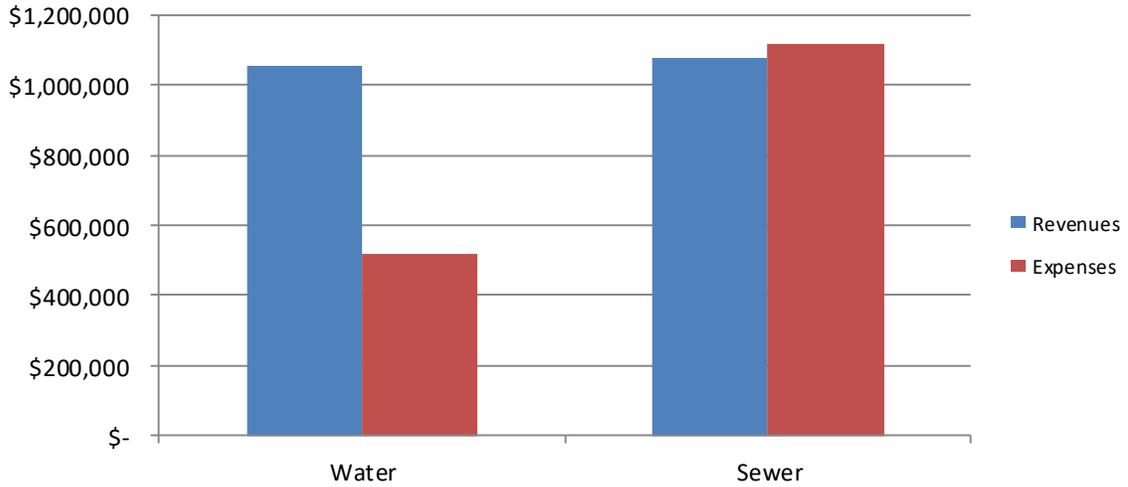
The following graph depicts the expenses for the various governmental activities of the Town.

Expenses for Governmental Activities



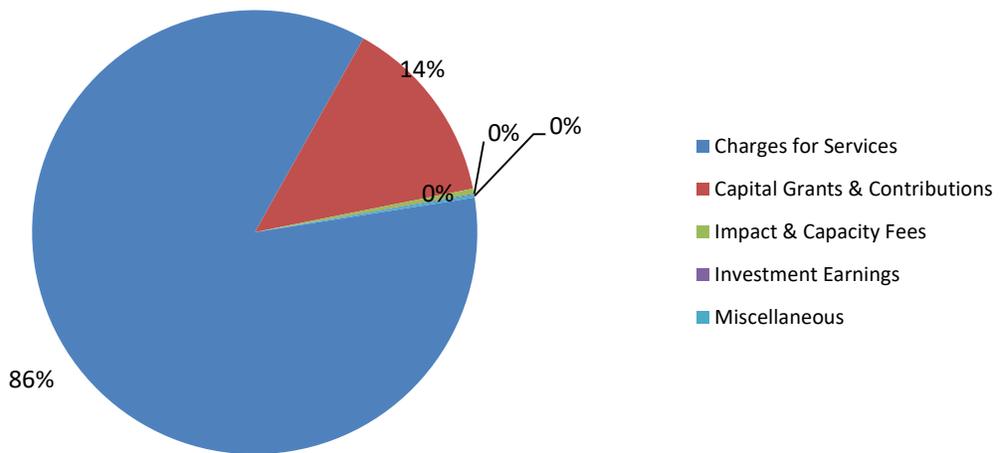
The following graph depicts the program revenues and expenses of the Town's business-type activities.

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 \$2,727,031, an increase of 13.6% or \$326,435. \$428,673 is restricted for capital projects, tourism, victim assistance, and the drug fund leaving an unassigned balance of \$2,298,358.

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

The total net position, of the proprietary fund, at the end of the fiscal year was \$9,195,081, an increase of 5.5% or \$479,194. Net position of \$812,774 is restricted for capital projects, debt service, and repairs. The investment in capital assets less accumulated depreciation and related debt is \$7,779,219, leaving a balance of \$603,088 in unrestricted net position.

General Fund Budgetary Highlights

The general fund revenues exceeded budgeted amounts by \$244,660 or 6.41%. \$5,000 was due to grant revenue that was not budgeted, \$63,000 in local option sales tax and business licenses, \$(122,000) in property taxes, \$65,000 in hospitality and accommodations taxes, \$(7,000) in fines and fees, and \$237,000 in other various miscellaneous revenues. Expenditures on the budgetary basis were below the budget by \$161,222 or 3.79%.

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, 2017, totals \$13,227,255 (net of depreciation). The following schedule details the capital assets, net of depreciation, at June 30, 2017 with a comparison to fiscal year ended June 30, 2016:

	Governmental Activities	Business-Type Activities	June 30, 2017 Total	June 30, 2016 Total
Construction in Progress	\$ 10,622	\$ -	\$ 10,622	\$ 1,063,357
Land	1,270,665	1,244,658	2,515,323	2,555,052
Buildings and Improvements	1,244,098	72,158	1,316,256	1,300,592
Improvements other than Building	1,148,437	-	1,148,437	724,288
Machinery, Equipment, Vehicles	942,827	162,432	1,105,259	574,810
Engineering and Legal	-	27,222	27,222	-
Infrastructure	831,387	6,272,749	7,104,136	6,498,819
Total Capital Assets - net	<u>\$ 5,448,036</u>	<u>\$ 7,779,219</u>	<u>\$ 13,227,255</u>	<u>\$ 12,716,918</u>

Increases in capital assets in governmental activities and business-type activities were \$784,735 which includes vehicles and equipment for \$747,064 and CIP of \$37,671. Depreciation expense for 2017 was \$629,566 compared to \$655,772 in 2016.

Long-Term Obligations

At June 30, 2017 the Town has long-term obligations in the amount of \$4,470,572 in the General Fund and \$672,988 in the Proprietary Fund. The long-term obligations are attributable to capital leases for the acquisition of a street sweepers and two trucks, 3 vehicle leases, lease on Motorola system, compensated absences, and net pension liability. The following schedule details the long-term obligations for the year ended June 30, 2017 with a comparison to fiscal year ended June 30, 2016:

	Governmental Activities	Business-Type Activities	June 30, 2017 Total	June 30, 2016 Total
Capital Leases	\$ 410,736	\$ -	\$ 410,736	\$ 26,245
Net Pension Liability	3,898,213	634,593	4,532,806	3,832,907
Compensated Absences	161,623	38,395	200,018	186,793
Total Long-Term Debt	<u>\$ 4,470,572</u>	<u>\$ 672,988</u>	<u>\$ 5,143,560</u>	<u>\$ 4,045,945</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 2017-2018 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, 2018 is \$4,344,054 with tax millage at 125.2 mills. The budget for the proprietary fund for fiscal year ended June 30, 2018 was set at \$1,971,000. 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, 2017

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and Cash Equivalents	\$ 2,163,474	\$ 982,692	\$ 3,146,166
Accounts Receivable	569,990	216,461	786,451
Prepaid Expenses	-	61,274	61,274
Due from General Fund	-	90,350	90,350
Restricted Assets			
Cash and Cash Equivalents	430,187	955,690	1,385,877
Capital Assets, not being depreciated	1,281,287	1,244,658	2,525,945
Capital Assets, being depreciated	4,166,749	6,534,561	10,701,310
Total Assets	<u>8,611,687</u>	<u>10,085,686</u>	<u>18,697,373</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows on Net Pension Liability	759,495	86,241	845,736
Total Deferred Outflows of Resources	<u>759,495</u>	<u>86,241</u>	<u>845,736</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 9,371,182</u>	<u>\$ 10,171,927</u>	<u>\$ 19,543,109</u>
LIABILITIES			
Accounts Payable	140,425	147,697	288,122
Payroll Liabilities	71,132	9,944	81,076
Accrued Expenses	60,611	-	60,611
Customer Deposits	1,514	142,916	144,430
Due to Proprietary Funds	90,350	-	90,350
Noncurrent Liabilities			
Due within one year	114,255	9,599	123,854
Due after one year	4,356,317	663,389	5,019,706
Total Liabilities	<u>4,834,604</u>	<u>973,545</u>	<u>5,808,149</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows on Net Pension Liability	20,276	3,301	23,577
Total Deferred Inflows of Resources	<u>20,276</u>	<u>3,301</u>	<u>23,577</u>
NET POSITION			
Net Investment in Capital Assets	5,037,300	7,779,219	12,816,519
Restricted for Capital Projects	10,919	346,207	357,126
Restricted for Debt Service	-	389,955	389,955
Restricted for Tourism	87,477	-	87,477
Restricted for Victim Assistance	106,620	-	106,620
Restricted for Repairs and Contingencies	-	76,612	76,612
Restricted for Drug Fund	223,657	-	223,657
Unrestricted	(949,671)	603,088	(346,583)
Total Net Position	<u>4,516,302</u>	<u>9,195,081</u>	<u>13,711,383</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 9,371,182</u>	<u>\$ 10,171,927</u>	<u>\$ 19,543,109</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, 2017**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSES) REVENUE AND CHANGES IN NET POSITION PRIMARY GOVERNMENT		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	CAPITAL GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
Primary Government							
Governmental Activities:							
Administrative Services	884,189	\$ -	\$ -	\$ -	\$ (884,189)	\$ -	\$ (884,189)
General Services	496,118	-	-	-	(496,118)	-	(496,118)
Public Safety	2,711,756	509,793	-	86,259	(2,115,704)	-	(2,115,704)
Planning and Zoning	112,016	52,209	-	-	(59,807)	-	(59,807)
Tourism	278,006	-	-	-	(278,006)	-	(278,006)
Total Governmental Activities	4,482,085	562,002	-	86,259	(3,833,824)	-	(3,833,824)
Business-type Activities:							
Water	517,914	1,054,064	-	125,000	-	661,150	661,150
Sewer	1,120,188	1,079,573	-	217,547	-	176,932	176,932
Total Business-type Activities	1,638,102	2,133,637	-	342,547	-	838,082	838,082
Total Primary Government	\$ 6,120,187	\$ 2,695,639	\$ -	\$ 428,806	(3,833,824)	838,082	(2,995,742)
General Revenues:							
Taxes:							
Property and Vehicle					572,254	-	572,254
Local Option Sales Tax					924,723	-	924,723
Hospitality					314,120	-	314,120
Accommodations					110,115	-	110,115
Impact and Capacity Fees					-	9,342	9,342
Business License Fees					934,967	-	934,967
Grants and contributions not restricted					106,610	-	106,610
Investment Earnings					248	1,499	1,747
Miscellaneous					487,545	5,271	492,816
Sale of Property					23,841	-	23,841
Transfers					375,000	(375,000)	-
Total General Revenues, Special Items, and Transfers					3,849,423	(358,888)	3,490,535
Change in Net Position					15,599	479,194	494,793
Net Position, Beginning of year					4,500,703	8,715,887	13,216,590
Net Position, Ending of year					\$ 4,516,302	\$ 9,195,081	\$ 13,711,383

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

**TOWN OF RIDGELAND, SOUTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017**

	GENERAL FUND	SPECIAL REVENUE FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS			
Cash	\$ 2,163,474	\$ -	\$ 2,163,474
Receivables, net	569,990	-	569,990
Restricted Assets:			
Cash	206,530	223,657	430,187
Total Assets	<u>\$ 2,939,994</u>	<u>\$ 223,657</u>	<u>\$ 3,163,651</u>
LIABILITIES			
Accounts Payable	\$ 140,425	\$ -	\$ 140,425
Payroll Liabilities	71,132	-	71,132
Customer Deposits	1,514	-	1,514
Accrued Expenses	60,611	-	60,611
Due to Proprietary Fund	90,350	-	90,350
Total Liabilities	<u>364,032</u>	<u>-</u>	<u>364,032</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues-property taxes	72,588	-	72,588
Total Deferred Inflows of Resources	<u>72,588</u>	<u>-</u>	<u>72,588</u>
FUND BALANCES			
Restricted for Capital Projects	10,919	-	10,919
Restricted for Tourism	87,477	-	87,477
Restricted for Victim Assistance	106,620	-	106,620
Restricted for Drug Fund	-	223,657	223,657
Unassigned	2,298,358	-	2,298,358
Total Fund Balances	<u>2,503,374</u>	<u>223,657</u>	<u>2,727,031</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance:	<u>\$ 2,939,994</u>	<u>\$ 223,657</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.	5,448,036
Other long-term assets are not available to pay for current expenditures and, therefore, are reported as unavailable revenues in the funds.	72,588
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	759,495
Deferred inflows of resources:	
Related to pensions	(20,276)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(4,470,572)
Net position of governmental activities	<u>\$ 4,516,302</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, 2017

	GENERAL FUND	SPECIAL REVENUE FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES			
Property Taxes	\$ 580,558	\$ -	\$ 580,558
Hospitality and Accommodations Taxes	424,235	-	424,235
Fees and Fines	562,002	-	562,002
Intergovernmental	306,610	-	306,610
Local Option Sales Taxes	924,723	-	924,723
Business Licenses	934,967	-	934,967
Investment Earnings	248	-	248
Miscellaneous	322,836	-	322,836
Grant	5,000	-	5,000
Sale of Real Property	-	23,841	23,841
Total Revenues	<u>4,061,179</u>	<u>23,841</u>	<u>4,085,020</u>
EXPENDITURES			
Current:			
Administrative Services	815,822	-	815,822
General Services	456,995	-	456,995
Public Safety	2,260,438	64,029	2,324,467
Tourism	116,747	-	116,747
Planning and Zoning	107,781	-	107,781
Capital Outlay	609,425	86,259	695,684
Debt Service			
Principal	41,954	-	41,954
Interest	579	-	579
Total Expenditures	<u>4,409,741</u>	<u>150,288</u>	<u>4,560,029</u>
Excess (Deficiency) of Revenues Over (Under) Revenues	<u>(348,562)</u>	<u>(126,447)</u>	<u>(475,009)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from Capital Leases	426,444	-	426,444
Transfers In	375,000	-	375,000
Total Other Financing Sources (Uses)	<u>801,444</u>	<u>-</u>	<u>801,444</u>
Change in Fund Balances	452,882	(126,447)	326,435
Fund balances, Beginning of year	2,050,492	350,104	2,400,596
Fund balances, Ending of year	<u>\$ 2,503,374</u>	<u>\$ 223,657</u>	<u>\$ 2,727,031</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, 2017**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 326,435
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays in expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$695,684) exceeded depreciation (\$387,568).	308,116
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(8,303)
Governmental activities report compensated absences when paid, therefore current year accruals are not reported in the funds.	(11,097)
Governmental activities report losses due to the disposal of capital assets. However, these losses are not reported in the funds.	(55,729)
Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. Pension contributions	(159,332)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items. Capital Lease Principal Payments Issuance of Debt	41,954 <u>(426,445)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ <u>15,599</u>

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

TOWN OF RIDGELAND, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	BUDGETED AMOUNT		ACTUAL	VARIANCE
	ORIGINAL	FINAL		FAVORABLE (UNFAVORABLE)
REVENUES				
Property Taxes	\$ 703,000	\$ 703,000	\$ 580,558	\$ (122,442)
Local Option Sales Taxes	854,104	854,104	924,723	70,619
Hospitality and Accommodations Taxes	359,000	359,000	424,235	65,235
Business Licenses	942,315	942,315	934,967	(7,348)
Fees and Fines	569,000	569,000	562,002	(6,998)
Intergovernmental	304,000	304,000	306,610	2,610
Investment Earnings	100	100	248	148
Miscellaneous	85,000	85,000	322,836	237,836
Grant	-	-	5,000	5,000
Total Revenues	<u>3,816,519</u>	<u>3,816,519</u>	<u>4,061,179</u>	<u>244,660</u>
EXPENDITURES				
Administrative Services	876,976	876,976	842,871	34,105
General Services	614,602	614,602	531,002	83,600
Public Safety	2,356,274	2,356,274	2,744,874	(388,600)
Planning and Zoning	100,667	100,667	107,781	(7,114)
Tourism	300,000	300,000	183,213	116,787
Total Expenditures	<u>4,248,519</u>	<u>4,248,519</u>	<u>4,409,741</u>	<u>(161,222)</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>(432,000)</u>	<u>(432,000)</u>	<u>(348,562)</u>	<u>83,438</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from Capital Lease	-	-	426,444	426,444
Transfers in	432,000	432,000	375,000	57,000
Total Other Financing Sources and (Uses)	<u>432,000</u>	<u>432,000</u>	<u>801,444</u>	<u>483,444</u>
Change in Fund Balances	-	-	452,882	452,882
Fund Balances, Beginning of year	<u>2,050,492</u>	<u>2,050,492</u>	<u>2,050,492</u>	<u>-</u>
Fund Balances, Ending of year	<u>\$ 2,050,492</u>	<u>\$ 2,050,492</u>	<u>\$ 2,503,374</u>	<u>\$ 452,882</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, 2017

	BUSINESS-TYPE ACTIVITIES	
	ENTERPRISE FUNDS	
	WATER AND SEWER	TOTAL
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 982,692	\$ 982,692
Receivables, net	216,461	216,461
Restricted Assets:		
Cash and Cash Equivalents	955,690	955,690
Due from General Fund	90,350	90,350
Prepaid Expenses	61,274	61,274
Total Current Assets	2,306,467	2,306,467
Capital Assets		
Non-depreciable		
Land	1,244,658	1,244,658
Depreciable		
Buildings and Improvements	99,102	99,102
Machinery, Equipment, and Automotive	520,636	520,636
Water and Sewer System	13,002,737	13,002,737
Less: Accumulated Depreciation	(7,087,914)	(7,087,914)
Net Capital Assets	7,779,219	7,779,219
Total Assets	10,085,686	10,085,686
Deferred Outflows of Resources		
Deferred Outflows on Net Pension Liability	86,241	86,241
Total Deferred Outflows of Resources	86,241	86,241
Total Assets and Deferred Outflows of Resources	\$ 10,171,927	\$ 10,171,927
Liabilities		
Current Liabilities		
Accounts Payable	147,697	147,697
Accrued Expenses	9,944	9,944
Customer Deposits	142,916	142,916
Compensated Absences - current portion	9,599	9,599
Total Current Liabilities	310,156	310,156
Noncurrent Liabilities		
Compensated Absences	28,796	28,796
Net Pension Liability	634,593	634,593
Total Noncurrent Liabilities	663,389	663,389
Total Liabilities	973,545	973,545
Deferred Inflows of Resources		
Deferred Inflows on Net Pension Liability	3,301	3,301
Total Deferred Inflows of Resources	3,301	3,301
Net Position		
Net Investment in Capital Assets	7,779,219	7,779,219
Restricted for Capital Projects	346,207	346,207
Restricted for Debt Service	389,955	389,955
Restricted for Repairs and Contingencies	76,612	76,612
Unrestricted	603,088	603,088
Total Net Position	9,195,081	9,195,081
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 10,171,927	\$ 10,171,927

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, 2017**

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS	
	WATER AND SEWER	TOTAL
OPERATING REVENUES		
Charges for Services	\$ 2,133,637	\$ 2,133,637
Miscellaneous	5,271	5,271
Total Operating Revenues	<u>2,138,908</u>	<u>2,138,908</u>
OPERATING EXPENSES		
Personnel Services	426,774	426,774
Contractual Services	427,598	427,598
Utilities	186,092	186,092
Office Expense	8,743	8,743
Repairs and Maintenance	50,100	50,100
Supplies	79,782	79,782
Leases	45,000	45,000
Depreciation and Amortization	393,823	393,823
Other Operating Expenses	20,190	20,190
Total Operating Expenses	<u>1,638,102</u>	<u>1,638,102</u>
Operating Income (Loss)	<u>500,806</u>	<u>500,806</u>
NONOPERATING REVENUES (EXPENSES)		
Investment Income	1,499	1,499
Impact and Capacity Fees	9,342	9,342
Grant Income	342,547	342,547
Total Nonoperating Revenues (Expenses)	<u>353,388</u>	<u>353,388</u>
Income (Loss) Before Special Items and Transfers	854,194	854,194
Transfers Out	<u>(375,000)</u>	<u>(375,000)</u>
Change in Net Position	479,194	479,194
Net Position, Beginning of year	8,715,887	8,715,887
Net Position, End of year	<u>\$ 9,195,081</u>	<u>\$ 9,195,081</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, 2017**

	BUSINESS-TYPE ACTIVITIES- ENTERPRISE FUNDS	
	WATER AND SEWER	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers and Users	\$ 2,234,764	\$ 2,234,764
Cash Paid to Suppliers	(838,370)	(838,370)
Cash Paid to and for Employees	(387,969)	(387,969)
Net Cash Provided (Used) by Operating Activities	1,008,425	1,008,425
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers Between Funds	(375,000)	(375,000)
Interfund receivable	45,400	45,400
Net Cash Provided (Used) by Financing Activities	(329,600)	(329,600)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Impact and Capacity Fees	9,342	9,342
Grant Income	342,547	342,547
Acquisition and Construction of Capital Assets	(651,773)	(651,773)
Net Cash Provided (Used) by Capital and Related Financing Activities	(299,884)	(299,884)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	1,499	1,499
Net Cash Provided (Used) by Investing Activities	1,499	1,499
Net Increase (Decrease) in Cash and Cash Equivalents	380,440	380,440
Cash and Cash Equivalents, Beginning of year	1,557,942	1,557,942
Cash and Cash Equivalents, End of year	\$ 1,938,382	\$ 1,938,382
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ 500,806	\$ 500,806
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	393,823	393,823
Accounts Receivable	88,602	88,602
Prepaid Expenses	45,000	45,000
Accounts Payable	(65,865)	(65,865)
Accrued Expenses	2,128	2,128
Payroll Liabilities	(4,769)	(4,769)
Customer Deposits	7,254	7,254
Net Pension Liability and Related Accounts	41,446	41,446
Total Adjustments	507,619	507,619
Net Cash Provided (Used) by Operating Activities	\$ 1,008,425	\$ 1,008,425

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, 2017**

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, 2017

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, 2017**

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, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Capital Asset Classes	Years
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, 2017**

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 2016 is 125.2 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, 2017**

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 \$161,222. This over expenditure was funded by additional revenues.

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 3 DEPOSITS AND INVESTMENTS

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

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

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a formal investment policy to address custodial credit risk. The Town has a deposit policy for custodial credit risk. All of the Town's deposits at year end were covered by federal depository insurance or by collateral held in the pledging financial institution's trust department in the Town's name. Therefore, none of the Town's deposits were exposed to custodial credit risk at June 30, 2017.

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	\$ -	\$ -	\$ 194,362	\$ 194,362
Drug Fund	-	223,657	-	223,657
Contingent Fund	-	-	195,593	195,593
RF Grant Expense	-	-	22,782	22,782
Water & Sewer Deposits	-	-	142,916	142,916
RF Grant Account	-	-	5,812	5,812
Grant Account	100	-	-	100
Garbage Deposits	1,514	-	-	1,514
Water Tank Repair	-	-	53,830	53,830
Accommodations Tax	46	-	-	46
Impact Fees	-	-	340,300	340,300
Tourism Support	87,431	-	-	87,431
Victim Assistance	106,620	-	-	106,620
Rural Development	-	-	95	95
Veterans Memorial Park	10,819	-	-	10,819
Total Restrictions on Cash and Investments	\$ 206,530	\$ 223,657	\$ 955,690	\$ 1,385,877

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 4 RECEIVABLES

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

	General Fund	Proprietary Fund	Total
Property taxes	\$ 190,429	\$ -	\$ 190,429
Auto taxes	2,915	-	2,915
Accommodation taxes	38,993	-	38,993
Local option sales taxes	68,866	-	68,866
Business licenses	289,829	-	289,829
FEMA	74,012	-	74,012
Other	22,790	-	22,790
Allowance for doubtful accounts	(117,844)	-	(117,844)
Water/ sewer billings	-	216,461	216,461
Total	\$ 569,990	\$ 216,461	\$ 786,451

The allowance for doubtful accounts represents property taxes uncollected as of June 30, 2017.

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 2017, the Town reported \$45,000 in rent expense with the balance of \$61,274 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, 2016	Increases	Decreases	June 30, 2017
<i>Capital assets not being depreciated</i>				
Land and improvements	\$ 1,310,394	\$ -	\$ 39,729	\$ 1,270,665
Construction in progress	551,617	37,671	578,666	10,622
Total capital assets not being depreciated	<u>1,862,011</u>	<u>37,671</u>	<u>618,395</u>	<u>1,281,287</u>
<i>Capital assets being depreciated</i>				
Buildings	1,599,834	64,102	-	1,663,936
Improvements other than buildings	1,154,341	498,564	-	1,652,905
Machinery and equipment	1,652,829	658,012	151,825	2,159,016
Infrastructure	2,370,078	-	-	2,370,078
Total capital assets being depreciated	<u>6,777,082</u>	<u>1,220,678</u>	<u>151,825</u>	<u>7,845,935</u>
Less accumulated depreciation for:				
Buildings	374,377	45,461	-	419,838
Improvements other than buildings	430,054	74,415	-	504,469
Machinery and equipment	1,184,509	183,505	151,825	1,216,189
Infrastructure	1,454,503	84,187	-	1,538,690
Total accumulated depreciation	<u>3,443,443</u>	<u>387,568</u>	<u>151,825</u>	<u>3,679,186</u>
Total capital assets being depreciated, net	<u>3,333,639</u>	<u>833,110</u>	<u>-</u>	<u>4,166,749</u>
Governmental activities capital assets, net	<u>\$ 5,195,650</u>	<u>\$ 870,781</u>	<u>\$ 618,395</u>	<u>\$ 5,448,036</u>

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 6 CAPITAL ASSETS – CONTINUED

Business-Type Activities	June 30, 2016	Increases	Decreases	June 30, 2017
<i>Capital assets not being depreciated</i>				
Land and improvements	\$ 1,244,658	\$ -	\$ -	\$ 1,244,658
Construction in progress	511,740	562,721	1,074,461	-
Total capital assets not being depreciated	<u>1,756,398</u>	<u>562,721</u>	<u>1,074,461</u>	<u>1,244,658</u>
<i>Capital assets being depreciated</i>				
Buildings	99,102	-	-	99,102
Machinery and equipment	431,584	89,052	-	520,636
Infrastructure	11,928,276	1,074,461	-	13,002,737
Total capital assets being depreciated	<u>12,458,962</u>	<u>1,163,513</u>	<u>-</u>	<u>13,622,475</u>
Less accumulated depreciation for:				
Buildings	23,966	2,977	-	26,943
Machinery and equipment	325,094	33,110	-	358,204
Infrastructure	6,345,031	357,736	-	6,702,767
Total accumulated depreciation	<u>6,694,091</u>	<u>393,823</u>	<u>-</u>	<u>7,087,914</u>
Total capital assets being depreciated, net	<u>5,764,871</u>	<u>769,690</u>	<u>-</u>	<u>6,534,561</u>
Business-Type activities capital assets, net	<u>\$ 7,521,269</u>	<u>\$ 1,332,411</u>	<u>\$ 1,074,461</u>	<u>\$ 7,779,219</u>

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

Governmental Activities		Business Type Activities	
Administrative Services	\$ 23,355	Water Utilities	\$ 196,912
Public Safety		Sewer Utilities	196,911
Police	108,286		<u>\$ 393,823</u>
Fire	77,046		
General Services	17,623		
Tourism	161,258		
Total	<u>\$ 387,568</u>		

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 7 LONG-TERM OBLIGATIONS

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

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

	<u>June 30, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2017</u>	<u>Due Within A Year</u>
Governmental Activities					
Capital leases	\$ 26,245	\$ 426,445	\$ 41,954	\$ 410,736	\$ 73,850
Compensated absences	150,526	11,097	-	161,623	40,405
Net pension liability	3,311,021	824,479	237,287	3,898,213	-
Governmental Activities Long-term Obligations	<u>\$ 3,487,792</u>	<u>\$ 1,262,021</u>	<u>\$ 279,241</u>	<u>\$ 4,470,572</u>	<u>\$ 114,255</u>
Business-type Activities					
Compensated absences	\$ 36,267	\$ 2,128	\$ -	\$ 38,395	\$ 9,599
Net pension liability	521,887	150,074	37,368	634,593	-
Business-type Activities Long-term Obligations	<u>\$ 558,154</u>	<u>\$ 152,202</u>	<u>\$ 37,368</u>	<u>\$ 672,988</u>	<u>\$ 9,599</u>

Governmental Type Activities

Capital lease with SCB&T for the purchase of two Ford trucks, payable in monthly installments of \$887.56 including interest at 1.99% beginning January 12, 2017 for a period of five years. The balance due on this lease at June 30, 2017 is \$45,808.

Capital lease with SCB&T for the purchase of a Ford Interceptor, payable in annual installments of \$10,867.19 including interest at 6% beginning April 7, 2017 for a period of two years. The balance due on this lease at June 30, 2017 is \$19,924.

Capital lease with Motorola for the purchase of radios, payable in annual installments of \$54,349.61 plus interest at 0% for the first two years then 3.39% for the remaining term beginning November 1, 2016 for a period of eight years. The balance due on this lease at June 30, 2017 is \$345,004.

The assets acquired through capital leases are as follows:

F-250's (2)	\$ 66,878
Ford Interceptor	30,791
Motorola Radios	345,003
Less: accumulated depreciation	<u>(27,328)</u>
	<u>\$ 415,344</u>

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 7 LONG-TERM OBLIGATIONS – CONTINUED

The annual requirements to amortize the leases payable, as described in the preceding paragraphs at June 30, 2017 are as follows:

<u>Year Ending June 30,</u>	<u>Total</u>
2018	\$ 75,867
2019	75,867
2020	65,000
2021	65,000
2022	59,676
Thereafter	108,699
Total Minimum Lease Payments	450,109
Less Amount Representing Interest	(39,373)
Present Value of Minimum Lease Payments	<u>\$ 410,736</u>

Compensated Absences

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

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

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

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

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

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

Compensated absences are paid from the General Fund for the governmental activities and from the Water and Sewer Fund for the business-type activities. The accrued compensated absences at June 30, 2017 are \$161,623 and \$38,395 respectively, and include 16% for employee benefits.

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 7 LONG-TERM OBLIGATIONS – CONTINUED

Pension Plan

Description of the Entity

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

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

PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The CAFR is publicly available 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, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state.

Plan Descriptions

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

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

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

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 7 LONG-TERM OBLIGATIONS – CONTINUED

Membership

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

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

Benefits

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

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

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

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 7 LONG-TERM OBLIGATIONS – CONTINUED

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

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

Contributions

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. 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.

Required employee contribution rates¹ for fiscal year 2017-2016 are as follows:

	<u>Fiscal Year 2017</u>	<u>Fiscal Year 2016</u>
SCRS		
Employee Class Two	8.66%	8.16%
Employee Class Three	8.66%	8.16%
PORS		
Employee Class Two	9.24%	8.74%
Employee Class Three	9.24%	8.74%

Required employer contribution rates¹ for fiscal year 2017-2016 are as follows:

	<u>Fiscal Year 2017</u>	<u>Fiscal Year 2016</u>
SCRS		
Employer Class Two	11.41%	10.91%
Employer Class Three	11.41%	10.91%
Employer Incidental Death Benefit	0.15%	0.15%
PORS		
Employer Class Two	13.84%	13.34%
Employer Class Three	13.84%	13.34%
Employer Accidental Death Program	0.20%	0.20%
Employer Incidental Death Benefit	0.20%	0.20%

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

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 7 LONG-TERM OBLIGATIONS – CONTINUED

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. An experience report on the System was most recently issued as of July 1, 2015. As a result of the experience study, the actuary recommended adjustments to the actuarial assumptions, which included salary increase, payroll growth, mortality, retirement, terminations, refunds, disability, inflation, and asset valuation method. The experience study also recommended reducing the long-term investment rate of return assumption, which is a prescribed assumption that is set in state statute by the General Assembly, from 7.50 to 7.25 percent. With the exception of the rate of return, all recommended assumption and method changes were adopted by both the PEBA Board and SFAA, as co-fiduciaries. The General Assembly did not change the assumed annual rate of return during the 2016 legislative session so that assumption currently remains at 7.50 percent. The newly adopted assumptions and methods will be first used to perform the July 1, 2016, actuarial valuation, the results of which will be used in determining the total pension liability as of the June 30, 2017, measurement date.

The June 30, 2016, 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, 2015, actuarial valuations, as adopted by the PEBA Board and Budget and Control Board which utilized membership data as of July 1, 2015. The total pension liability was rolled forward from the valuation date to the plan's fiscal year ended June 30, 2016, 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, 2015, valuations for SCRS and PORS.

	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%

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 7 LONG-TERM OBLIGATIONS – CONTINUED

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, 2015, 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, 2017, 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	\$ 4,307,480	\$ 2,278,935	\$ 2,028,545	52.9%
PORS	6,331,071	3,826,810	2,504,261	60.4%

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.

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments, as used in the July 1, 2015 actuarial valuations, is based upon the thirty-year capital market outlook at the end of the fourth quarter 2015. The long-term expected rates of return represent assumptions developed using an arithmetic building block approach, primarily based on consensus expectations and market based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation as adopted beginning January 1, 2016. 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 percent assumed annual investment rate of return used in the calculation of the total pension liability includes 4.75 percent real rate of return and a 2.75 percent inflation component.

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 7 LONG-TERM OBLIGATIONS – CONTINUED

<u>Asset class</u>	<u>Target Asset Allocation</u>	<u>Expected Arithmetic Real Rate of Return</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Global Equity	43.0%		
Global Public Equity	34.0%	6.52%	2.22%
Private Equity	9.0%	9.30%	0.84%
Real Assets	8.0%		
Real Estate	5.0%	4.32%	0.22%
Commodities	3.0%	4.53%	0.13%
Opportunistic	20.0%		
GTAA/Risk Parity	10.0%	3.90%	0.39%
HF (Low Beta)	10.0%	3.87%	0.39%
Diversified Credits	17.0%		
Mixed Credit	5.0%	3.52%	0.17%
Emerging Markets Debt	5.0%	4.91%	0.25%
Private Debt	7.0%	4.47%	0.31%
Conservative Fixed Income	12.0%		
Core Fixed Income	10.0%	1.72%	0.17%
Cash and Short Duration (Net)	2.0%	0.71%	0.01%
Total Expected Real Return	100.0%		5.10%
Inflation for Actuarial Purposes			2.75%
Total Expected Nominal Return			7.85%

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.

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.

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

<u>System</u>	<u>1.0% Decrease (6.5%)</u>	<u>Discount Rate (7.5%)</u>	<u>1.0% Increase (8.5%)</u>
SCRS	\$ 2,530,555	\$ 2,028,545	\$ 1,610,641
PORS	3,282,049	2,504,261	1,805,273

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 7 LONG-TERM OBLIGATIONS – CONTINUED

Pension Expense

Components of collective pension expense reported in the Schedules of Pension Amounts by Employer for the fiscal year ended June 30, 2016, are presented below:

<u>Description</u>	<u>SCRS</u>	<u>PORS</u>
Service cost (annual cost of current service)	\$ 72,496	\$ 154,579
Interest on the total pension liability	306,902	447,934
Plan administrative costs	1,249	2,028
Plan member contributions	(71,622)	(113,725)
Expected return on plan assets	(175,553)	(291,469)
Recognition of current year amortization - Difference between expected and actual experience	14,390	16,926
Recognition of current year amortization - Difference between projected and actual investment earnings	32,651	55,376
Other	95	(1,131)
Total	<u><u>\$ 180,608</u></u>	<u><u>\$ 270,518</u></u>

Additional items included in Total Employer Pension Expense in the Schedules of Pension Amounts by Employer are the current period amortized portions of deferred outflows and/or inflows of resources related to changes in employers' proportionate share of the collective 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, 2017.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 58,186	\$ 2,203
Net difference between projected and actual earnings	454,627	-
Changes in proportion and differences between contributions and proportionate share of contributions	99,358	21,374
Contributions subsequent to the measurement date	233,565	-
Total	<u><u>\$ 845,736</u></u>	<u><u>\$ 23,577</u></u>

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 7 LONG-TERM OBLIGATIONS – CONTINUED

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, 2016. Employer contributions recognized by the Systems that are not representative of future contribution effort are excluded in the determination of employers' proportionate shares. Examples of employer contributions not representative of future contribution effort are contributions toward the purchase of employee service purchases and employer contributions paid by employees.

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

	SCRS	PORS
Employer Contributions Reported in SCRS Statement of Changes in Net Position for the fiscal year ended June 30, 2016	\$ 101,870	\$ 172,994
Deduct: Employer Contributions Not Representative of Future Contribution Effort	(156)	(56)
Employer Contributions Used as the Basis for Allocating Employers' Proportionate Shares of Collective Pension Amounts - June 30, 2016 Measurement Date	\$ 101,714	\$ 172,938

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, 2016, and the accounting and financial reporting actuarial valuation as of June 30, 2016. 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, 2017, the Town reported payables of \$0 that represents the amount due for the month of June.

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

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.

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

NOTE 9 CONTINGENCIES AND COMMITMENTS

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

NOTE 10 GRANTS

The Town received financial assistance from numerous federal, state and local governmental agencies in the form of grants. Disbursements of funds received under these programs generally require compliance with the terms and conditions specified in the grant agreements. The disbursements are also subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Town; however, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund type's herein or overall financial position of the Town at June 30, 2017.

NOTE 11 INTERFUND RECEIVABLES, PAYABLE, AND TRANSFERS

The Water and Sewer Fund budgeted and actually transferred \$375,000 to the General Fund.

In fiscal year 2014, the Town borrowed \$227,000 from the Water and Sewer Fund. At the time, the Water and Sewer Fund owed the General Fund \$91,250, resulting in a net \$135,750 due to the Water and Sewer Fund. Annual payments of \$45,400 will be made to pay off the amount owed to the Water and Sewer Fund, with the first payment being made in August 2016. The balance at June 30, 2017 is \$90,350.

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.

**TOWN OF RIDGELAND, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 12 FUND BALANCES AND NET POSITION – CONTINUED

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:

	Governmental Activities	Business-type Activities	Total
Capital assets	\$ 9,127,222	\$ 14,867,133	\$ 23,994,355
Accumulated depreciation	(3,679,186)	(7,087,914)	(10,767,100)
Capital leases	(410,736)	-	(410,736)
Total	<u>\$ 5,037,300</u>	<u>\$ 7,779,219</u>	<u>\$ 12,816,519</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	\$ 10,919	\$ 346,047	\$ 356,966
Restricted for Drug Fund	223,657	-	223,657
Restricted for Debt Service	-	389,955	389,955
Restricted for Tourism	87,477	-	87,477
Restricted for Victim Assistance	106,620	-	106,620
Restricted for Repairs and Contingencies	-	76,612	76,612
Total	<u>\$ 428,673</u>	<u>\$ 812,614</u>	<u>\$ 1,241,287</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, 2017 the restricted fund balance in the General Fund is \$205,016 and the Special Revenue Fund is reporting \$223,657 restricted for the Police Drug Fund.

NOTE 13 SUBSEQUENT EVENTS

The Town has evaluated subsequent events through October 15, 2017, the date the financial statements were issued, and determined that no event has occurred that would materially affect the financial statements.

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Proportion of the Net Pension Liability	NA	0.009343%	0.009117%	0.009497%						
Proportionate Share of the Net Pension Liability	NA	\$ 1,608,555	\$ 1,729,083	\$ 2,028,545						
Covered-Employee Payroll	NA	\$ 854,861	\$ 919,652	\$ 843,854						
Proportionate Share of the New Pension Liability as a Percentage of Its Covered-Employee Payroll	NA	188.17%	188.01%	240.39%						
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	NA	59.90%	57.00%	52.90%						

PORS

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
42 Proportion of The Net Pension Liability	NA	0.09572%	0.09653%	0.09873%						
Proportionate Share of the Net Pension Liability	NA	\$ 1,832,471	\$ 2,103,824	\$ 2,504,261						
Covered-Employee Payroll	NA	\$ 1,195,850	\$ 1,258,673	\$ 1,217,089						
Proportionate Share of the New Pension Liability as a Percentage of Its Covered-Employee Payroll	NA	153.24%	167.15%	205.76%						
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	NA	67.50%	64.60%	60.40%						

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

SCRS

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Contractually Required Contribution	NA	\$ 93,180	\$ 101,714	\$ 97,550						
Contributions in Relation to the										
Contractually Required Contribution	NA	93,180	101,714	97,550						
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-Employee Payroll	NA	\$ 854,862	\$ 919,652	\$ 843,854						
Contributions as a Percentage of										
Covered-Employee Payroll	NA	10.90%	11.06%	11.56%						

PORS

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Contractually Required Contribution	NA	\$ 160,363	\$ 172,938	\$ 173,313						
Contributions in Relation to the										
Contractually Required Contribution	NA	160,363	172,938	173,313						
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-Employee Payroll	NA	\$ 1,195,850	\$ 1,258,673	\$ 1,217,089						
Contributions as a Percentage of										
Covered-Employee Payroll	NA	13.41%	13.74%	14.24%						

SUPPLEMENTARY INFORMATION

**TOWN OF RIDGELAND, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES			
Property Taxes			
Property Taxes	\$ 613,000	\$ 524,490	\$ (88,510)
Penalties	5,000	4,941	(59)
Motor Vehicle Taxes	85,000	51,127	(33,873)
Sub-total Property Taxes	<u>703,000</u>	<u>580,558</u>	<u>(122,442)</u>
Hospitality and Accommodations Taxes			
Accommodations Tax	59,000	110,115	51,115
Tourism Support Fees	300,000	314,120	14,120
Sub-total Hospitality and Accommodations Taxes	<u>359,000</u>	<u>424,235</u>	<u>65,235</u>
Fees and Fines			
Municipal Court	477,000	465,231	(11,769)
Planning and Zoning Fees	50,000	52,209	2,209
Victims Assistance Fees	42,000	44,562	2,562
Sub-total Fees and Fines	<u>569,000</u>	<u>562,002</u>	<u>(6,998)</u>
Intergovernmental			
Aid to Sub-divisions - State	99,000	101,610	2,610
County Fire Contract	205,000	205,000	-
Sub-total Intergovernmental	<u>304,000</u>	<u>306,610</u>	<u>2,610</u>
Local Option Sales Tax	854,104	924,723	70,619
Business Licenses	942,315	934,967	(7,348)
Investment Earnings	100	248	148
Miscellaneous	85,000	322,836	237,836
Grant	-	5,000	5,000
Total Revenues	<u>3,816,519</u>	<u>4,061,179</u>	<u>244,660</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from capital lease	-	426,444	426,444
Transfers in Water and Sewer Fund	432,000	375,000	(57,000)
Total Other Financing Sources (Uses)	<u>432,000</u>	<u>801,444</u>	<u>369,444</u>
Total Revenues	<u>\$ 4,248,519</u>	<u>\$ 4,862,623</u>	<u>\$ 614,104</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, 2017**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
Administrative Services			
Town Operations			
Salaries	\$ 248,809	\$ 227,535	\$ 21,274
FICA and Medicare	19,034	16,530	2,504
Workman's Compensation	1,600	959	641
Group Health - Life Insurance	48,000	41,356	6,644
Retirement	27,634	24,434	3,200
Unemployment Expenses	2,000	-	2,000
Travel, Training, and Subsistence	-	394	(394)
Uniforms	2,500	2,272	228
Fuel for Vehicles	6,000	3,124	2,876
Repairs and Maintenance on Vehicles	2,000	1,026	974
Communications, Postage, and Telephone	30,000	39,927	(9,927)
Electricity, Water, and Gas	100,000	95,365	4,635
Printing and Advertising	4,000	3,564	436
Subscriptions, Dues, Library, and Contributions	3,000	3,590	(590)
Services and Service Contracts	69,000	77,945	(8,945)
Repairs and Maintenance of Equipment	800	411	389
Materials and Supplies	15,000	19,745	(4,745)
Property Insurance	149,000	140,359	8,641
Miscellaneous	2,000	1,345	655
Office Equipment	28,200	4,510	23,690
Contingency Fund	3,000	400	2,600
Capital Outlay			
Furniture and Fixtures	3,000	-	3,000
Office Equipment	2,000	-	2,000
Other Improvement Projects	10,000	27,049	(17,049)
	<u>\$ 776,577</u>	<u>\$ 731,840</u>	<u>\$ 44,737</u>
Total Town Operations Expenditures	\$ 776,577	\$ 731,840	\$ 44,737

**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, 2017**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
Town Council			
Salaries	\$ 34,272	\$ 34,944	\$ (672)
FICA and Medicare	2,621	2,392	229
Workman's Compensation	600	566	34
Group Health - Life Insurance	12,606	12,229	377
Retirement	3,800	3,471	329
Travel, Training, and Subsistence	4,000	3,889	111
Printing and Advertising	1,000	166	834
Subscriptions, Dues, Library, and Contributions	4,000	3,102	898
Services and Service Contracts	2,000	-	2,000
Materials and Supplies	500	78	422
Miscellaneous	2,000	1,831	169
Contingency Fund	1,000	652	348
State Accommodations	32,000	47,711	(15,711)
Total Town Council Expenditures	<u>100,399</u>	<u>111,031</u>	<u>(10,632)</u>
Total Administrative Services	<u>\$ 876,976</u>	<u>\$ 842,871</u>	<u>\$ 34,105</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, 2017**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
General Services			
Salaries	\$ 209,304	\$ 197,903	\$ 11,401
Special Salaries	4,000	2,409	1,591
FICA and Medicare	16,318	14,850	1,468
Workman's Compensation	12,000	9,686	2,314
Group Health-life Insurance	42,630	39,921	2,709
Retirement	23,700	23,026	674
Uniforms	4,500	3,076	1,424
Travel, Training, and Subsistence	600	350	250
Fuel for Vehicles	18,500	11,601	6,899
Repairs and Maintenance on Vehicles	8,000	6,010	1,990
Communications, Postage, and Telephone	3,300	2,257	1,043
Electricity, Water, and Gas	35,000	24,708	10,292
Printing and Advertising	300	110	190
Subscriptions, Dues, Library, and Contributions	500	202	298
Services and Service Contracts	43,750	34,754	8,996
Repairs and Maintenance of Equipment	16,000	22,155	(6,155)
Materials and Supplies	48,000	62,740	(14,740)
Animal Control	2,500	-	2,500
Miscellaneous	2,500	737	1,763
Contingency Fund	700	500	200
Capital Outlay			
Buildings and Fixed Equipment	10,000	6,533	3,467
Machinery and Equipment	72,500	63,465	9,035
Other Improvements	20,000	3,240	16,760
Debt Service			
Note Principal	20,000	767	19,233
Note Interest	-	2	(2)
Total General Services Expenditures	<u>\$ 614,602</u>	<u>\$ 531,002</u>	<u>\$ 83,600</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, 2017**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
Public Safety			
Police Department			
Salaries	\$ 661,313	\$ 635,729	\$ 25,584
Special Salaries	50,000	78,797	(28,797)
FICA and Medicare	54,415	53,442	973
Workman's Compensation	40,000	33,886	6,114
Group Health-life Insurance	126,248	113,228	13,020
Retirement	98,055	102,295	(4,240)
Uniforms	6,000	9,660	(3,660)
Travel, Training, and Subsistence	10,000	11,379	(1,379)
Fuel for Vehicles	60,000	59,918	82
Repairs and Maintenance on Vehicles	25,000	39,714	(14,714)
Communications, Postage, and Telephone	17,000	23,347	(6,347)
Utilities	15,000	12,630	2,370
Printing and Advertising	1,500	53	1,447
Services and Service Contracts	8,700	15,982	(7,282)
Repairs and Maintenance on Equipment	1,500	1,505	(5)
Materials and Supplies	12,000	12,922	(922)
Miscellaneous	1,000	5,609	(4,609)
Contingency Funds	5,000	1,400	3,600
Animal Control	1,000	2,370	(1,370)
Capital outlay:			
Autos and Equipment	-	261,940	(261,940)
Debt Service			
Capital Lease Payment - Principal	41,949	10,867	31,082
Total Police Department Expenditures	<u>\$ 1,235,680</u>	<u>\$ 1,486,673</u>	<u>\$ (250,993)</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, 2017**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
Fire Department			
Salaries - Regular	\$ 454,608	\$ 449,502	\$ 5,106
Salaries - Special	40,000	37,519	2,481
FICA and Medicare	37,838	35,758	2,080
Workman's Compensation	38,000	30,918	7,082
Group Health- life Insurance	100,000	84,607	15,393
Retirement	68,200	67,998	202
Uniforms	5,000	5,087	(87)
Travel, Training, and Subsistence	9,300	8,041	1,259
Fuel for Vehicles	14,000	9,040	4,960
Repairs and Maintenance on Vehicles	15,000	16,033	(1,033)
Communications, Postage, and Telephone	5,500	6,134	(634)
Electricity, Water, and Gas	8,000	6,796	1,204
Printing and Advertising	500	209	291
Subscriptions, Dues, Library, and Contributions	1,000	619	381
Service and Service Contracts	5,000	28,809	(23,809)
Repairs and Maintenance of Equipment	8,000	10,897	(2,897)
Materials and Supplies	3,000	21,582	(18,582)
Miscellaneous	2,300	1,509	791
Contingency Fund	1,500	1,409	91
Capital Outlay			
Machinery and Equipment	15,500	180,732	(165,232)
Office Equipment	1,000	-	1,000
Debt Service			
Capital Lease Payment - Principal	55,000	30,320	24,680
Capital Lease Payment - Interest	-	577	(577)
Total Fire Department Expenditures	<u>\$ 888,246</u>	<u>\$ 1,034,096</u>	<u>\$ (145,850)</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, 2017

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Judicial			
Salaries - Regular	\$ 153,150	\$ 151,258	\$ 1,892
FICA and Medicare	11,720	11,399	321
Workman's Compensation	1,000	1,103	(103)
Group Health- life Insurance	25,578	26,117	(539)
Retirement	18,000	19,385	(1,385)
Travel, Training, and Subsistence	5,000	5,755	(755)
Communications, Postage, and Telephone	1,200	832	368
Subscriptions, Dues, Library, and Contributions	100	170	(70)
Services and Service Contracts	8,000	6,315	1,685
Repairs and Maintenance	-	30	(30)
Materials and Supplies	1,000	1,441	(441)
Miscellaneous	300	-	300
Contingency Fund	300	300	-
Court Costs	7,000	-	7,000
Total Judicial Expenditures	<u>232,348</u>	<u>224,105</u>	<u>8,243</u>
Total Public Safety Expenditures	<u>2,356,274</u>	<u>2,744,874</u>	<u>(388,600)</u>
Tourism			
Printing and Advertising	20,000	8,500	11,500
Services and Service Contracts	-	46,482	(46,482)
Materials and Supplies	-	5,924	(5,924)
Dispatcher Expense	55,000	55,000	-
Miscellaneous	2,000	841	1,159
Capital Outlay			
Other Improvement Projects	223,000	66,466	156,534
Total Tourism Expenditures	<u>300,000</u>	<u>183,213</u>	<u>116,787</u>
Planning and Zoning			
Salaries-Regular	59,700	45,992	13,708
FICA and Medicare	4,567	3,457	1,110
Worker's Comp	1,000	966	34
Group Health-Life Ins.	12,000	6,161	5,839
Retirement	8,200	6,291	1,909
Uniforms	500	-	500
Travel, Training, and Subsistence	3,000	1,972	1,028
Fuel for Vehicles	2,600	536	2,064
Repairs and Maintenance	-	237	(237)
Comm, Postage, Telephone	-	124	(124)
Dues and Subscriptions	-	3,118	(3,118)
Professional Services	7,500	37,442	(29,942)
Materials and Supplies	1,000	1,097	(97)
Miscellaneous	500	288	212
Contingency Fund	100	100	-
Total Planning and Zoning	<u>100,667</u>	<u>107,781</u>	<u>(7,114)</u>
Total Expenditures	<u>4,248,519</u>	<u>4,409,741</u>	<u>(161,222)</u>
Net Change in Fund Balances	-	452,882	452,882
Fund Balances, Beginning of year	2,050,492	2,050,492	-
Fund Balances, Ending of year	<u>\$ 2,050,492</u>	<u>\$ 2,503,374</u>	<u>\$ 452,882</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, 2017**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
OPERATING REVENUES			
Charges for Services			
Water	\$ 913,000	\$ 1,003,826	\$ 90,826
Sewer	940,000	1,052,445	112,445
Administrative Charges and Penalties	40,000	50,238	10,238
Connection Fees	15,000	15,664	664
Cut-off Fees	9,000	11,464	2,464
Total Charges For Services	<u>1,917,000</u>	<u>2,133,637</u>	<u>216,637</u>
Miscellaneous	47,000	5,271	(41,729)
Total Operating Revenues	<u>1,964,000</u>	<u>2,138,908</u>	<u>174,908</u>
NONOPERATING REVENUES			
Investment Income	1,000	1,499	499
Impact and Capacity Fees	-	9,342	9,342
Grant Income	-	342,547	342,547
Total Nonoperating Revenues	<u>1,000</u>	<u>353,388</u>	<u>352,388</u>
Total Revenues	<u>\$ 1,965,000</u>	<u>\$ 2,492,296</u>	<u>\$ 527,296</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, 2017**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
WATER DEPARTMENT - EXPENSES			
Personnel			
Salaries	\$ 135,326	\$ 100,142	\$ 35,184
FICA and Medicare	10,353	7,577	2,776
Workman's Compensation	23,000	19,862	3,138
Group Health-life Insurance	24,360	20,955	3,405
Retirement	15,035	25,832	(10,797)
Total Personnel	<u>208,074</u>	<u>174,368</u>	<u>33,706</u>
Operations			
Uniforms	2,500	2,476	24
Travel, Training, and Subsistence	3,000	610	2,390
Fuel for Vehicles	8,000	5,766	2,234
Repairs and Maintenance on Vehicles	3,000	1,818	1,182
Communications, Postage, and Telephone	6,000	4,199	1,801
Electricity, Water, and Gas	40,000	44,474	(4,474)
Printing and Advertising	1,200	1,580	(380)
Dues and Subscriptions	2,000	(4,778)	6,778
Services and Service Contracts	40,000	32,886	7,114
Repairs and Maintenance of Equipment	6,000	1,396	4,604
Materials and Supplies	55,000	54,310	690
Miscellaneous	1,200	1,598	(398)
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	50,000	-	50,000
Depreciation	-	196,911	(196,911)
Total Operations	<u>267,400</u>	<u>343,546</u>	<u>(76,146)</u>
Nonoperating Expenses			
Transfers to General Fund	337,500	337,500	-
Total Nonoperating Expenses	<u>337,500</u>	<u>337,500</u>	<u>-</u>
 Total Water Department Expense	 <u>\$ 812,974</u>	 <u>\$ 855,414</u>	 <u>\$ (42,440)</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, 2017

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
SEWER DEPARTMENT - EXPENSES			
Personnel			
Salaries	\$ 222,782	\$ 156,712	\$ 66,070
Special Salaries	7,000	11,112	(4,112)
FICA and Medicare	17,611	12,681	4,930
Workman's Compensation	10,000	7,366	2,634
Group Health-life Insurance	34,204	21,290	12,914
Retirement	25,529	43,245	(17,716)
Total Personnel	<u>317,126</u>	<u>252,406</u>	<u>64,720</u>
Operations			
Uniforms	2,500	2,031	469
Travel, Training, and Subsistence	3,200	610	2,590
Fuel for Vehicles	8,000	4,695	3,305
Repairs and Maintenance on Vehicles	4,000	31,525	(27,525)
Communications, Postage and Telephone	4,500	5,433	(933)
Electricity, Water, and Gas	145,000	141,618	3,382
Printing and Advertising	700	2,091	(1,391)
Dues and Subscriptions	1,500	218	1,282
Services and Service Contracts	450,000	394,712	55,288
Repairs and Maintenance of Equipment	25,000	15,361	9,639
Materials and Supplies	30,000	25,472	4,528
Miscellaneous	2,100	1,804	296
Contingency Fund	900	300	600
Turf Farm Lease	-	45,000	(45,000)
Capital Outlay:			
Office Equipment	5,000	-	5,000
Machinery and Equipment	20,000	-	20,000
Other Improvement Projects Expenses	95,000	-	95,000
Depreciation	-	196,912	(196,912)
Total Operations	<u>797,400</u>	<u>867,782</u>	<u>(70,382)</u>
Nonoperating Expense			
Transfers to General Fund	<u>37,500</u>	<u>37,500</u>	<u>-</u>
Total Nonoperating Expenses	<u>37,500</u>	<u>37,500</u>	<u>-</u>
Total Sewer Department Expense	<u>1,152,026</u>	<u>1,157,688</u>	<u>(5,662)</u>
Change in Net Position	-	479,194	479,194
Net Position, Beginning of year	8,715,887	8,715,887	-
Net Position, End of year	<u>\$ 8,715,887</u>	<u>\$ 9,195,081</u>	<u>\$ 479,194</u>

**TOWN OF RIDGELAND, SOUTH CAROLINA
GENERAL FUND
SUPPLEMENTAL SCHEDULE OF FINES, ASSESSMENTS, AND SURCHARGES
FOR THE YEAR ENDED JUNE 30, 2017**

COURT FINES

Total Court Fines Collected	\$ 1,233,547
Court Assessments Remitted to the State Treasurer	(473,465)
Court Surcharges Remitted to the State Treasurer	(199,804)
Court Assessments/Surcharges Allocated to Victim Services	<u>(64,060)</u>
Court Fines Retained by Town	<u>\$ 496,218</u>

Victim Services

Court Assessments Allocated to Victim Services	\$ 59,481
Court Surcharges Allocated to Victim Services	<u>4,578</u>
Funds Allocated to Victim Services	<u>\$ 64,059</u>

VICTIM SERVICES

Carry Forward from Fiscal Year Ended June 30, 2016	126,010
Funds Allocated to Victim Services	62,786
Less: Victim Service Expenditures	<u>(82,176)</u>
Funds Available for Carry Forward	<u>\$ 106,620</u>

COMPLIANCE SECTION



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

To 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, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated October 15, 2017.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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Purpose of this Report

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



Crowley Wechsler & Associates
Beaufort, South Carolina
October 15, 2017