

**TOWN OF PINE RIDGE**  
**SOUTH CAROLINA**

**BASIC FINANCIAL STATEMENTS**  
**AND REQUIRED SUPPLEMENTARY INFORMATION**

**FOR THE YEAR ENDED JUNE 30, 2018**

**TOWN OF PINE RIDGE, SOUTH CAROLINA**  
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**AND REQUIRED SUPPLEMENTARY INFORMATION**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Honorable Mayor and Members of Town Council  
Town of Pine Ridge, South Carolina

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of The Town of Pine Ridge, South Carolina, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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, each major fund, and the aggregate remaining fund information of the Town of Pine Ridge, South Carolina, as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, schedule of proportionate share of net pension liability and related ratios, and schedule of employer contributions on pages 26-28 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.



Brodie Summers & Wilkes LLP  
Certified Public Accountants  
Orangeburg, South Carolina  
November 28, 2018

## **BASIC FINANCIAL STATEMENTS**

**TOWN OF PINE RIDGE, SOUTH CAROLINA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

|   | <u>Governmental</u><br><u>Activities</u> |
|---|--|
| <b><u>Assets</u></b>                                  |  |
| Current Assets:                                       |  |
| Cash and Cash Equivalents                             | \$ 539,938                               |
| Investments   | 226,501                                  |
| Accounts Receivable                                   | 170,546                                  |
| Prepaid Expenses                                      | 24,414                                   |
| Restricted Cash and Cash Equivalents                  | 94,229                                   |
| Total Current Assets                                  | <u>1,055,628</u>                         |
| Noncurrent Assets:                                    |  |
| Capital Assets  |  |
| Land  | 6,505                                    |
| Building & Equipment, Net of Accumulated Depreciation | 465,349                                  |
| Total Noncurrent Assets                               | <u>471,854</u>                           |
| <b>Total Assets</b>                                   | <u>1,527,482</u>                         |
| <b><u>Deferred Outflows of Resources</u></b>          |  |
| Contributions to pension plan in current fiscal year  | 24,536                                   |
| Pension Deferrals                                     | 96,839                                   |
| <b>Total Deferred Outflows of Resources</b>           | <u>121,375</u>                           |
| <b><u>Liabilities</u></b>                             |  |
| Current Liabilities:                                  |  |
| Accounts Payable                                      | 78,449                                   |
| Payroll Taxes Payable                                 | 5,233                                    |
| Court Escrow Payable                                  | 1,549                                    |
| Long Term Debt - Due Within One Year                  | 9,275                                    |
| Total Current Liabilities                             | <u>94,506</u>                            |
| Non Current Liabilities:                              |  |
| Accrued Compensated Absences                          | 4,094                                    |
| Long Term Debt - Due in More Than One Year            | 28,895                                   |
| Net Pension Liability                                 | 384,901                                  |
| Total Non Current Liabilities                         | <u>417,890</u>                           |
| <b>Total Liabilities</b>                              | <u>512,396</u>                           |
| <b><u>Deferred Inflows of Resources</u></b>           |  |
| Pension Deferrals                                     | 24,835                                   |
| <b>Total Deferred Inflows of Resources</b>            | <u>24,835</u>                            |
| <b><u>Net Position</u></b>                            |  |
| Net Investment in Capital Assets                      | 433,684                                  |
| Restricted For:                                       |  |
| Victim's Assitance                                    | 25,000                                   |
| Unrestricted  | 652,942                                  |
| <b>Total Net Position</b>                             | <u>\$ 1,111,626</u>                      |

The Accompanying Notes are an Integral Part of These Financial Statements.

**TOWN OF PINE RIDGE, SOUTH CAROLINA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

| <b><u>Functions/Programs</u></b>     | <b><u>Expenses</u></b> | <b><u>Program Revenues</u></b>                 |  |  | <b><u>Net (Expense) Revenue &amp; Changes in Net Position</u></b> |
|--------------------------------------|------------------------|--|--|--|---|
|                                      |                        | <b><u>Charges for Services &amp; Sales</u></b> | <b><u>Operating Grants &amp; Contributions</u></b> | <b><u>Capital Grants &amp; Contributions</u></b> |   |
| Governmental Activities:             |                        |  |  |  |   |
| General Government                   | \$ 361,549             | \$ 4,423                                       | \$ -   | \$ -   | \$ (357,126)  |
| Public Safety                        | 289,131                | 175,058  | -  | -  | (114,073)   |
| <b>Total Governmental Activities</b> | <b>\$ 650,680</b>      | <b>\$ 179,481</b>                              | <b>\$ -</b>  | <b>\$ -</b>                                      | <b>\$ (471,199)</b>   |

General Revenues:

Taxes:

|                        |         |
|------------------------|---------|
| Brokers Tax            | 5,695   |
| Insurance Tax          | 141,305 |
| Telecommunications Tax | 5,381   |

Intergovernmental Revenue:

|                                       |         |
|---------------------------------------|---------|
| State of South Carolina               | 46,683  |
| Franchise Fees                        | 169,108 |
| Business Licenses and Permits         | 87,298  |
| Interest Income                       | 2,272   |
| Gain (Loss) on Sale of Capital Assets | 2,478   |
| Other General Revenues                | 2,509   |

|                                 |                     |
|---------------------------------|---------------------|
| Total General Revenues          | <u>462,729</u>      |
| Change in Net Position          | <u>(8,470)</u>      |
| Net Position, Beginning of Year | 1,120,096           |
| Net Position, End of Year       | <u>\$ 1,111,626</u> |

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

|  | <b><u>General Fund</u></b>   | <b><u>Victims Assistance</u></b> | <b><u>Total Governmental Funds</u></b> |
|--|------------------------------|----------------------------------|--|
| <b><u>Assets:</u></b>                            |                              |                                  |  |
| Cash and Cash Equivalents                        | \$ 539,938                   | \$ -                             | \$ 539,938                             |
| Investments                                      | 226,501                      | -                                | 226,501                                |
| Accounts Receivable                              | 170,546                      | -                                | 170,546                                |
| Prepaid Expenses                                 | 24,414                       | -                                | 24,414                                 |
| Restricted Cash and Cash Equivalents             | -                            | 94,229                           | 94,229                                 |
| Due From Other Funds                             | 8,201                        | -                                | 8,201                                  |
| <b>Total Assets</b>                              | <b><u>\$ 969,600</u></b>     | <b><u>\$ 94,229</u></b>          | <b><u>\$ 1,063,829</u></b>             |
| <br><b><u>Liabilities and Fund Balances:</u></b> |                              |                                  |  |
| <b><u>Liabilities:</u></b>                       |                              |                                  |  |
| Accounts Payable                                 | \$ 17,421                    | \$ 61,028                        | \$ 78,449                              |
| Payroll Taxes Payable                            | 5,233                        | -                                | 5,233                                  |
| Court Escrow Payable                             | 1,549                        | -                                | 1,549                                  |
| Due to Other Funds                               | -                            | 8,201                            | 8,201                                  |
| <b>Total Liabilities</b>                         | <b><u>24,203</u></b>         | <b><u>69,229</u></b>             | <b><u>93,432</u></b>                   |
| <br><b><u>Fund Balances:</u></b>                 |                              |                                  |  |
| Nonspendable                                     |                              |                                  |  |
| Prepaid Expenses                                 | 24,414                       | -                                | 24,414                                 |
| Restricted                                       |                              |                                  |  |
| Victims Services                                 | -                            | 25,000                           | 25,000                                 |
| Committed  |                              |                                  |  |
| 60th Anniversary                                 | 10,006                       | -                                | 10,006                                 |
| Capital Improvement                              | 15,000                       | -                                | 15,000                                 |
| Unassigned                                       | 895,977                      | -                                | 895,977                                |
| <b>Total Fund Balances</b>                       | <b><u>945,397</u></b>        | <b><u>25,000</u></b>             | <b><u>970,397</u></b>                  |
| <br><b>Total Liabilities and Fund Balances</b>   | <br><b><u>\$ 969,600</u></b> | <br><b><u>\$ 94,229</u></b>      | <br><b><u>\$ 1,063,829</u></b>         |

**TOWN OF PINE RIDGE, SOUTH CAROLINA**  
**RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

|  |           |                         |
|--|-----------|-------------------------|
| <b>Total Fund Balances - Governmental Funds</b>  | <b>\$</b> | <b>970,397</b>          |
| Amounts reported for governmental activities in the Statement of Net Position are different because of the following:  |           |                         |
| Capital Assets of \$711,187; net of Accumulated Depreciation (\$239,333) are not financial resources and therefore are not reported in Governmental Funds.   |           | 471,854                 |
| Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position   |           | 24,536                  |
| The Town's proportionate shares of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to its participation in the state pension plans are not recorded in the governmental funds but are recorded in the Statement of Net Position |           | (312,897)               |
| Discount on non-interest bearing note is deferred and amortized on the Statement of Net Position   |           | 1,830                   |
| Long Term Liabilities are not due and payable in the current period and, therefore are not reported in the Governmental Funds.   |           | (40,000)                |
| Accrued Compensated Absences are not due and payable in the current period and accordingly are not reported in Governmental Funds. This amount is included in the Statement of Net Position  |           | <u>(4,094)</u>          |
| Net Position of Governmental Activities  | <b>\$</b> | <b><u>1,111,626</u></b> |

**TOWN OF PINE RIDGE, SOUTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

|   | <u>General Fund</u> | <u>Victims<br/>Assistance</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|---|---------------------|-------------------------------|---|
| <b>Revenues</b>                                     |                     |                               |   |
| Business Licenses                                   | \$ 87,298           | \$ -                          | \$ 87,298                               |
| Brokers Tax   | 5,695               | -                             | 5,695                                   |
| Insurance Tax                                       | 141,305             | -                             | 141,305                                 |
| Telecommunications Tax                              | 5,381               | -                             | 5,381                                   |
| Police Fines  | 164,914             | 10,144                        | 175,058                                 |
| Sanitation  | 4,423               | -                             | 4,423                                   |
| Franchise Fees                                      | 169,108             | -                             | 169,108                                 |
| Zoning  | 2,314               | -                             | 2,314                                   |
| Interest Income                                     | 2,272               | -                             | 2,272                                   |
| Miscellaneous                                       | 195                 | -                             | 195                                     |
| Intergovernmental Programs:                         |                     |                               |   |
| State of South Carolina                             | 46,683              | -                             | 46,683                                  |
| <b>Total Revenues</b>                               | <u>629,588</u>      | <u>10,144</u>                 | <u>639,732</u>                          |
| <b>Expenditures</b>                                 |                     |                               |   |
| General and Administrative                          | 339,732             | -                             | 339,732                                 |
| Public Safety - Police                              | 164,784             | 68,580                        | 233,364                                 |
| Capital Outlay                                      | 78,816              | -                             | 78,816                                  |
| Debt Service:                                       |                     |                               |   |
| Principal   | 9,102               | -                             | 9,102                                   |
| Interest Expense                                    | 898                 | -                             | 898                                     |
| <b>Total Expenditures</b>                           | <u>593,332</u>      | <u>68,580</u>                 | <u>661,912</u>                          |
| <b>Excess (Deficiency) of Revenues Over (Under)</b> |                     |                               |   |
| <b>Expenditures</b>                                 | <u>36,256</u>       | <u>(58,436)</u>               | <u>(22,180)</u>                         |
| <b>Other Financing Sources (Uses)</b>               |                     |                               |   |
| Sale of Capital Assets                              | 2,859               | -                             | 2,859                                   |
| <b>Total Other Financing Sources (Uses)</b>         | <u>2,859</u>        | <u>-</u>                      | <u>2,859</u>                            |
| <b>Excess (Deficiency) of Revenues Over (Under)</b> |                     |                               |   |
| <b>Expenditures</b>                                 | <u>39,115</u>       | <u>(58,436)</u>               | <u>(19,321)</u>                         |
| Fund Balances, Beginning of Year                    | 906,282             | 83,436                        | 989,718                                 |
| <b>Fund Balances, End of Year</b>                   | <u>\$ 945,397</u>   | <u>\$ 25,000</u>              | <u>\$ 970,397</u>                       |

**TOWN OF PINE RIDGE, SOUTH CAROLINA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

|  |           |                              |
|--|-----------|------------------------------|
| <b>Net Change in Fund Balances - Total Governmental Funds</b>  | <b>\$</b> | <b>(19,321)</b>              |
| Amounts reported for governmental activities in the Statement of Activities are different because of the following:  |           |                              |
| Governmental Funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay of \$86,507 exceeded depreciation expense of (\$56,477) in the current period. |           | 30,030                       |
| Governmental funds report principal repayments on debt obligations as an expenditure. However, the repayment of principal has not effect on the net position.  |           | 9,102                        |
| Governmental Funds report only proceeds received from the sale of capital assets, without any consideration for the net book value of the asset(s) that were sold. The Statement of Activities reports gains or losses based on the proceeds and the net book value of the asset(s) sold.  |           | (381)                        |
| Contributions to the pension plan in the current fiscal year are not included in the Statement of Activities   |           | 24,536                       |
| Changes in the Town's proportionate shares of the net pension liability, deferred outflows of resources, and deferred inflows of resources for the current year are not reported in the governmental funds but are reported in the Statement of Activities   |           | (55,343)                     |
| The net change in Accrued Compensated Absences in the Statement of Activities does not require the use of current financial resources and therefore, is not reported as expenditures in governmental funds.  |           | <u>2,907</u>                 |
| Change in Net Position of Governmental Activities  | <b>\$</b> | <b><u><u>(8,470)</u></u></b> |

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

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

The Town of Pine Ridge, South Carolina is located in Lexington County. The Town was established in 1958. The Town provides a wide range of governmental services, including police protection for areas within the town limits, a municipal court system and garbage collection. The Town is governed by an elected mayor and four councilmen.

In evaluating the Town as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the Town may be financially accountable and, as such, should be included within the Town's financial statements. The Town (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial burden on the Town. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Based on the application of the criteria set forth by the Governmental Accounting Standards Board, the Town does not have a component unit.

**Basis of Presentation**

The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

**A. Government-Wide Financial Statements**

The Town's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present Governmental Activities. The Town does not operate a Business-Type Activity. Fiduciary activities of the Town are not included in these statements.

The Statement of Activities presents a comparison between direct expenses and program revenues for each major function/program of the Town's governmental activities. Direct expenses are those that are specifically associated with a program. Advertising costs, salaries, employee benefits, and other operating expenses have been allocated to major functions in order to present a more accurate and complete picture of the cost of the Town's services. Program revenue consists of proceeds from the fines and penalties issued from Public Safety, Victim Service fines, grants, and contributions. Revenues that are not classified as program revenues, including all franchise fees, business licenses, etc., are presented as general revenues.

**B. Fund Financial Statements**

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for the general fund and other governmental funds. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements. The Town has presented all major funds that met those qualifications. In addition, the Town has presented certain funds, specifically the Victims Assistance Fund as a major fund because the Town believes the financial position and activity of this fund is significant to the Town as a whole.

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

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation (Continued)**

The Town reports the following major governmental funds:

General Fund: The general fund is the general operating fund of the Town. The general fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are franchise fees, state revenue, business licenses, and municipal court fines. The primary expenditures are for public safety and administrative payroll. The general fund is always reported as a major fund in the governmental fund statements.

Victims Services Fund – This fund is used to account for the monies received as a result of court ordered victims services fines and the expenditures for victim services.

**Measurement Focus and Basis of Accounting**

**A. Government-Wide Financial Statements**

These statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the Town’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position and Statement of Activities have been eliminated.

The financial statements of the Town have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting authority for governmental accounting and financial reporting principles in the United States of America. All applicable GASB statements have been implemented.

**B. Governmental Fund Financial Statements**

All governmental funds are accounted for on a spending or “current financial resources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the Town are intergovernmental revenues and sanitation service income. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

**Use of Restricted Funds**

When both restricted and unrestricted resources are available for use, it is the Town’s policy to use restricted resources first, then unrestricted resources as they are needed.

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

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenue and expenses during the period reported. These estimates include assessing the collectability of accounts receivable and the useful lives and impairment of tangible and intangible assets, among others. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from the estimates.

**Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

**Restricted Assets**

Certain assets of the Victim Assistance Fund is classified as restricted assets because its use is restricted by enabling legislation.

**Allowances for Doubtful Accounts**

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

**Capital Assets**

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. In the government-wide financial statements, the cost of property sold or retired, together with the related accumulated depreciation, is removed and any resulting gain or loss is included in net income.

Property, plant and equipment purchased or acquired is carried at historical cost. Donated or contributed capital assets are recorded at their estimated fair value on the date received. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year.

Additions, improvements, and other capital outlay that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend lives are not capitalized.

Depreciation is computed using the straight-line method over the following estimated useful lives:

|                                    |             |
|------------------------------------|-------------|
| Buildings and Improvements         | 20-50 years |
| Furniture, Machinery and Equipment | 5-10 years  |

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net 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 and so will not be recognized as an expense or expenditure until then. The Town has two items that meet this criterion, contributions made to the pension plan during the fiscal year June 30, 2018 and deferrals of pension expense that result from the implementation of GASB Statement 68.

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

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Deferred Outflows/Inflows of Resources (Continued)**

In addition to liabilities, the statement of net 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 and so will not be recognized as revenue until then. The Town has one item that meets this criterion for this category – deferrals of pension expense that result from the implementation of GASB Statement 68.

**Compensated Absences**

General leave for the Town includes only vacation pay. General leave is based on full-time employees' length of employment and is earned ratably during the span of employment. Upon termination, employees are paid full value for any unused accrued vacation time.

Vested or accumulated general leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated general leave that are not expected to be liquidated with expendable available financial resources are maintained separately and represents a reconciling item between the fund and government-wide presentations.

**Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Note premiums and discounts are deferred and amortized over the life of the notes using the straight-line method. Notes payable are reported net of the applicable note premium or discount.

In the fund financial statements, governmental fund types recognize note premiums and discounts, as well as note issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

**Net Position**

Net position in the government-wide statements is classified as net investment in capital assets; restricted; and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

**Fund Balances – Governmental Funds**

As of June 30, 2018, fund balances of the governmental funds are classified as follows:

*Nonspendable* — Amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

*Restricted* — Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

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

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fund Balances – Governmental Funds (Continued)**

*Committed* — Amounts that can be used only for specific purposes determined by a formal action of the Town. The Town Council is the highest level of decision-making authority for the Town of Pine Ridge. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Council.

*Assigned* — Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The Town Council is the only party that has the right to make assignments of fund balance through the budget process and agenda items for the Town at this time.

*Unassigned* — All other spendable amounts.

As of June 30, 2018, fund balances are composed of the following:

|                              | <u>General Fund</u> | <u>Victims<br/>Assistance</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|------------------------------|---------------------|-------------------------------|---|
| Non-spendable:               |                     |                               |   |
| Prepaid Expenses             | \$ 24,414           | \$ -                          | \$ 24,414                               |
| Restricted:                  |                     |                               |   |
| Victims Services             | -                   | 25,000                        | 25,000                                  |
| Committed:                   |                     |                               |   |
| 60 <sup>th</sup> Anniversary | 10,006              | -                             | 10,006                                  |
| Capital Improvement          | 15,000              | -                             | 15,000                                  |
| Assigned:                    |                     |                               |   |
| None                         | -                   | -                             | -                                       |
| Unassigned                   | <u>895,977</u>      | <u>-</u>                      | <u>895,977</u>                          |
| Total fund balances          | <u>\$ 945,397</u>   | <u>\$ 25,000</u>              | <u>\$ 970,397</u>                       |

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

**Transfers**

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to move unrestricted revenue collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**Due to and Due from Other Funds**

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. The balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

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

**NOTE 2 – DEPOSITS AND INVESTMENTS**

At June 30, 2018, the Town’s cash and investments included demand deposits, certificates of deposit, and local government pools. The demand deposits and certificates of deposit were secured by Federal Depository Insurance Corporation (FDIC). The local government investment pool is managed by the State of South Carolina. The fair value of its position in the pool is the same as the value of the pool shares.

Under State law, the Town of Pine Ridge is authorized to hold funds in deposit accounts with banking institutions and invest funds in the following items: obligations of the United States and agencies thereof, obligations of the state of South Carolina or any of its political units, savings and loan associations to the extent insured by an agency of the federal government, and/or certificates of deposit where the certificates are federally insured or collaterally secured by collateral of the types in the previously mentioned items.

**Investments**

As of June 30, 2018, the Town had the following investments:

| <u>Investment Type</u>              | <u>Fair Value</u> | <u>Less than 1 yrs</u> | <u>1 – 5 yrs</u> | <u>5 – 10 yrs</u> | <u>No Maturity</u> |
|-------------------------------------|-------------------|------------------------|------------------|-------------------|--------------------|
| Certificates of Deposit             | \$ 75,342         | \$ 75,342              | \$ -             | \$ -              | \$ -               |
| SC Local Government Investment pool | 151,159           | -                      | -                | -                 | 151,159            |
| Total Investments                   | \$ 226,501        | \$ 75,342              | \$ -             | \$ -              | \$ 151,159         |

**External Investment Pool**

The State Treasurer maintains the South Carolina Local Government Investment Pool, a cash and investment pool that is available for use by counties, municipalities, school districts, special purpose districts, and other political subdivisions. Funds deposited into LGIP are used to purchase investment securities including, US Government Securities (direct obligations), Federal Agency Securities, Repurchase Agreements fully collateralized by Treasuries or Agencies, and A1/P1 Commercial Paper (Moody’s/S&P highest rating). The securities are delivered to a third party financial institution for safekeeping in the name of South Carolina State Treasurer for the purpose of having LGIP classified risk category “A” of GASB #3. The Town’s deposits with LGIP represent participation units in a portfolio comprised of the above referenced securities. A daily interest rate for The Town’s account is determined based on an average yield of securities in the LGIP portfolio on a given day net an administrative charge. Interest earnings are computed daily and credited to the Town’s account on the last day of each month.

A separate financial report for the South Carolina Local Government Investment Pool is prepared by the State Treasurer in accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools. Copies of the report can be obtained from the South Carolina State Treasurer’s Office, Local Government Investment Pool, P.O. Box 11778, Columbia, South Carolina 29211.

**Interest rate risk**

The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing rates.

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

**NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)**

**Credit Risk**

The Town has no investment policy that would further limit its investment choices other than state law. As of June 30, 2018, the underlying security rating of the Town's investment in the SC Local Government Investment Pool may be obtained from the LGIP's complete financial statements. This investment pool does not have a credit quality rating assigned.

**Custodial Credit Risk – Deposits**

Custodial risk is the risk that in the event of bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. At June 30, 2018, the carrying amount of the Town's deposits was \$634,167 and the bank balance was \$644,507. As of June 30, 2018 all of the Town's deposits were covered by federal depository insurance or by collateral held by the Town's pledging bank in the Town's name.

**Custodial Credit Risk – Investments**

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the above certificates of deposit the Town does not have any custodial credit risk because all certificates of deposit are covered under FDIC insurance.

**Concentration of Credit Risk**

The Town does not have a formal concentration of credit risk policy that limits concentration of credit risk.

**NOTE 3 – ACCOUNTS RECEIVABLE**

Accounts receivable and the provision for bad debt at June 30, 2018, are as follows:

| <u>Fund Type</u>   | <u>Outstanding<br/>Balance</u> | <u>Provision for<br/>Bad Debt</u> | <u>Net</u>        |
|--------------------|--------------------------------|-----------------------------------|-------------------|
| Governmental Funds | \$ <u>170,546</u>              | \$ <u>-0-</u>                     | \$ <u>170,546</u> |

All of the outstanding receivables balance and corresponding provision for bad debt in the governmental funds pertains to receivables in the General Fund.

Accounts Receivable in the governmental activities is made up of \$152,081 from Franchise Fees, \$5,692 from Brokers Tax, \$1,105 from Sanitation, and \$11,668 from the State of South Carolina.

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

**NOTE 4—CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2018 was as follows:

|   | <u>June 30, 2017</u>     | <u>ADDITIONS</u>        | <u>RETIREMENTS</u>      | <u>June 30, 2018</u>     |
|---|--------------------------|-------------------------|-------------------------|--------------------------|
| <b><u>Governmental Activities</u></b>             |                          |                         |                         |                          |
| Capital Assets, not Being Depreciated:            |                          |                         |                         |                          |
| Construction in Process                           | \$ 11,158                | \$ -                    | \$ 11,158               | -                        |
| Land  | 6,505                    | -                       | -                       | 6,505                    |
| Total Capital Assets, not Being Depreciated       | <u>17,663</u>            | <u>-</u>                | <u>11,158</u>           | <u>6,505</u>             |
| Capital Assets, Being Depreciated:                |                          |                         |                         |                          |
| Building and Improvements                         | 332,134                  | 57,671                  | -                       | 389,805                  |
| Furniture and Equipment                           | 276,406                  | 39,994                  | 1,523                   | 314,877                  |
| Total Capital Assets Being Depreciated            | <u>608,540</u>           | <u>97,665</u>           | <u>1,523</u>            | <u>704,682</u>           |
| Less Accumulated Depreciation:                    |                          |                         |                         |                          |
| Buildings and Improvements                        | 45,692                   | 10,705                  | -                       | 56,397                   |
| Furniture and Equipment                           | 138,306                  | 45,772                  | 1,142                   | 182,936                  |
| Total Accumulated Depreciation                    | <u>183,998</u>           | <u>56,477</u>           | <u>1,142</u>            | <u>239,333</u>           |
| Total Capital Assets Being Depreciated, Net       | <u>424,542</u>           | <u>41,188</u>           | <u>381</u>              | <u>465,349</u>           |
| <b>Net Governmental Activities Capital Assets</b> | <b>\$ <u>442,205</u></b> | <b>\$ <u>41,188</u></b> | <b>\$ <u>11,539</u></b> | <b>\$ <u>471,854</u></b> |

Depreciation expense was charged to functions as follows:

|                            |                  |
|----------------------------|------------------|
| Governmental activities:   |                  |
| General government         | \$ 13,571        |
| Public safety              | 42,906           |
| Total Depreciation Expense | <u>\$ 56,477</u> |

**NOTE 5 – INTERFUND TRANSACTIONS**

Between Governmental Activities

| <u>Receivable Fund</u> | <u>Payable Fund</u>     | <u>Amount</u> | <u>Purpose</u>                                |
|------------------------|-------------------------|---------------|---|
| General Fund           | Victims Assistance Fund | \$ 8,201      | To record unremitted Victims Assurances funds |

**NOTE 6—RESTRICTED NET POSITION**

The government-wide statement of net position reports \$25,000 of restricted net position, of which \$25,000 is restricted by enabling legislation.

**Governmental activities:**

|  |                  |
|--|------------------|
| <u>Victims Assistance</u> - This fund is used to account for the monies received as a result of court ordered victims services fines and the expenditures are for victim services. | \$ 25,000        |
| Total restricted position - Governmental activities  | <u>\$ 25,000</u> |

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

**NOTE 7 – LONG-TERM LIABILITIES**

A summary of Long-term liability activity for the year ended June 30, 2018 is as follows:

|                              | <u>June 30, 2017</u> | <u>Additions</u> | <u>Reductions</u> | <u>June 30, 2018</u> | <u>Due Within One Year</u> |
|------------------------------|----------------------|------------------|-------------------|----------------------|----------------------------|
| Governmental activities:     |                      |                  |                   |                      |                            |
| Accrued Compensated Absences | \$ 7,003             | \$ 5,658         | \$ 8,567          | \$ 4,094             | -                          |
| Note Payable                 | 47,272               | -                | 9,102             | 38,170               | 9,275                      |
| Total Long-Term Liabilities  | <u>\$ 54,275</u>     | <u>\$ 5,658</u>  | <u>\$ 17,669</u>  | <u>\$ 42,264</u>     | <u>\$ 9,275</u>            |

For governmental activities, compensated absences and notes payable are liquidated by the general fund.

The note payable reported as a liability of the Town’s governmental activities is:

| <u>Lender</u>       | <u>Purpose</u>  | <u>Security</u> | <u>Issue Amount</u> | <u>Maturity Date</u> | <u>Interest Rate</u> | <u>June 30, 2018</u> |
|---------------------|-----------------|-----------------|---------------------|----------------------|----------------------|----------------------|
| Lexington<br>County | Office Building | Unsecured       | \$ 50,000           | August 2021          | 1.90%                | \$ 38,170            |

Principal and Interest Payments in Subsequent Years:

|      | <u>Principal</u> | <u>Interest</u> |
|------|------------------|-----------------|
| 2019 | \$ 9,275         | \$ 725          |
| 2020 | 9,451            | 549             |
| 2021 | 9,631            | 369             |
| 2022 | 9,813            | 187             |
|      | <u>\$ 38,170</u> | <u>\$ 1,830</u> |

There was \$898 of interest expense reported for the year ended June 30, 2018. Authorization for general long-term debt is specific to a particular purpose; thus, an objective connection can be made to a specific program. All interest on long-term debt is reported as a direct expense of the program for which borrowing is related.

**NOTE 8 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Budgetary information**

An annual budget is adopted on a basis consistent with generally accepted accounting principles for the general fund. All annual appropriations lapse at fiscal year end.

The Town of Pine Ridge, South Carolina follows these procedures in establishing the budgetary data reflected in the financial statements:

- Management submits to Town Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
- Prior to July 1, the budget is legally enacted through passage of an ordinance.
- Formal budgetary integration is employed as a management control device during the year for all funds.

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

**NOTE 8 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)**

**Budgetary information (Continued)**

- The appropriated budget is prepared by fund, function and department. The government's department heads may make transfers of appropriations within a department. The general government function of the General Fund is treated as a department for budgetary purposes and its budget is adopted at the object level. Transfers of appropriations between departments require the approval of the governing council. The legal level of budgetary control is the department level. There was one amendment made to the budget as originally adopted for the fiscal year ended June 30, 2018.

**Excess of expenditures over appropriations**

For the year ended June 30, 2018 expenditures in public safety exceeded appropriations by \$1,004 and debt service exceeded appropriations by \$10,000. These over expenditures were covered by available fund balance in the general fund.

**NOTE 9 - DEFINED BENEFIT PENSION PLAN**

Description of the Entity

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

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

PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The CAFR is publicly available through the Retirement Benefits' link on PEBA's website at [www.peba.sc.gov](http://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 Description

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

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

**NOTE 9—DEFINED BENEFIT PENSION PLAN (CONTINUED)**

Plan Description (Continued)

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

Membership

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

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

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

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

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

**NOTE 9—DEFINED BENEFIT PENSION PLAN (CONTINUED)**

Benefits (Continued)

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

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

Contributions

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

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

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

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

**NOTE 9—DEFINED BENEFIT PENSION PLAN (CONTINUED)**

Contributions (Continued)

Required employee contribution rates<sup>1</sup> are as follows:

|                      | <u>Fiscal Year 2018</u> | <u>Fiscal Year 2017</u> |
|----------------------|-------------------------|-------------------------|
| <b>SCRS</b>          |                         |                         |
| Class Two            | 9.00%                   | 8.66%                   |
| Class Three          | 9.00%                   | 8.66%                   |
| <b>PORS</b>          |                         |                         |
| Employee Class Two   | 9.75%                   | 9.24%                   |
| Employee Class Three | 9.75%                   | 9.24%                   |

Required employer contribution rates are as follows:

|                          | <u>Fiscal Year 2018</u> | <u>Fiscal Year 2017</u> |
|--------------------------|-------------------------|-------------------------|
| <b>SCRS</b>              |                         |                         |
| Class Two                | 13.41%                  | 11.41%                  |
| Class Three              | 13.41%                  | 11.41%                  |
| Death Benefit Program    | 0.15%                   | 0.15%                   |
| <b>PORS</b>              |                         |                         |
| Class Two                | 15.84%                  | 13.84%                  |
| Class Three              | 15.84%                  | 13.84%                  |
| Death Benefit Program    | 0.20%                   | 0.20%                   |
| Accidental Death Program | 0.20%                   | 0.20%                   |

The Town's contributions to the Plan for the year ended June 30, 2018 were \$24,536. The Town reported a \$3,548 payable to the Plan for outstanding contributions as of June 30, 2018.

Actuarial Assumptions and Methods

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

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

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

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

**NOTE 9—DEFINED BENEFIT PENSION PLAN (CONTINUED)**

Actuarial Assumptions and Methods (Continued)

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

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

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

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

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

Net Pension Liability

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

| System | Total Pension Liability | Plan Fiduciary Net Position | Employers' Net Pension Liability (Asset) | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|--------|-------------------------|-----------------------------|--|--|
| SCRS   | \$ 48,244,437,494       | \$ 25,732,829,268           | \$ 22,511,608,226                        | 53.3%  |
| PORS   | 7,013,684,001           | 4,274,123,178               | 2,739,560,823                            | 60.9%  |

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

As of June 30, 2018, the Town reported a liability of \$384,901 for its proportion share of the net pension liability. The Town's proportionate share of the total net pension liability was based on the ratio of the Town's actual contributions of \$9,977 and \$13,469 paid to SCRS and PORS, respectively, for the year ended June 30, 2017 relative to the actual contributions of \$1,166,365,261 and \$191,766,547 from all participating employers. At June 30, 2017, the Town's proportionate share was .000855% for SCRS and .00702% for PORS, which was a decrease of .000055% and an increase of .00227%, respectively, from its proportion measured as of June 30, 2016.

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

**NOTE 9—DEFINED BENEFIT PENSION PLAN (CONTINUED)**

Net Pension Liability (Continued)

For the year ended June 30, 2018, the Town recognized pension expense of \$25,893 for its participation in the SCRS Plan and pension expense of \$29,841 for its participation in the PORS Plan. The expense amount includes actual employer contributions, changes in 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 as reported by PEBA for the year ended June 30, 2017.

At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
|--|---|--|
| Differences between expected and actual experience   | \$ 2,574                                      | 107  |
| Assumption Changes   | 29,530  |  |
| Net difference between projected and actual investment earnings  | 12,230  | -  |
| Changes in proportionate share and differences between employer contributions & proportionate share of total plan employer contributions | 52,505  | 24,728                                       |
| Town contributions subsequent to the measurement date  | 24,536  | -  |
| <b>Total</b>   | <b>\$ 121,375</b>                             | <b>24,835</b>                                |

The \$24,536 of deferred outflows of resources resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

|              | <b>Year ending June 30,</b> |               |
|--------------|-----------------------------|---------------|
| 2019         | \$                          | 25,590        |
| 2020         |                             | 24,124        |
| 2021         |                             | 17,253        |
| 2022         |                             | 5,037         |
| <b>Total</b> | <b>\$</b>                   | <b>72,004</b> |

Long-term Expected Rate of Return

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

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

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

**NOTE 9—DEFINED BENEFIT PENSION PLAN (CONTINUED)**

Long-term Expected Rate of Return (Continued)

| <u>Asset Class</u>               | <u>Target<br/>Asset<br/>Allocation</u> | <u>Expected<br/>Arithmetic<br/>Real Rate<br/>of Return</u> | <u>Long-term<br/>Expected<br/>Portfolio<br/>Real Rate of<br/>Return</u> |
|----------------------------------|--|--|---|
| <b>Global Equity</b>             | <b>45.0%</b>                           |  |   |
| Global Public Equity             | 31.0%                                  | 6.72%  | 2.08%   |
| Private Equity                   | 9.0%                                   | 9.60%  | 0.86%   |
| Equity Options Strategies        | 5.0%                                   | 5.91%  | 0.30%   |
| <b>Real Assets</b>               | <b>8.0%</b>                            |  |   |
| Real Estate (Private)            | 5.0%                                   | 4.32%  | 0.22%   |
| Real Estate (REITs)              | 2.0%                                   | 6.33%  | 0.13%   |
| Infrastructure                   | 1.0%                                   | 6.26%  | 0.06%   |
| <b>Opportunistic</b>             | <b>17.0%</b>                           |  |   |
| GTAA/Risk Parity                 | 10.0%                                  | 4.16%  | 0.42%   |
| Hedge Funds (non-PA)             | 4.0%                                   | 3.82%  | 0.15%   |
| Other Opportunistic Strategies   | 3.0%                                   | 4.16%  | 0.12%   |
| <b>Diversified Credit</b>        | <b>18.0%</b>                           |  |   |
| Mixed Credit                     | 6.0%                                   | 3.92%  | 0.24%   |
| Emerging Markets Debt            | 5.0%                                   | 5.01%  | 0.25%   |
| Private Debt                     | 7.0%                                   | 4.37%  | 0.31%   |
| <b>Conservative Fixed Income</b> | <b>12.0%</b>                           |  |   |
| Core Fixed Income                | 10.0%                                  | 1.60%  | 0.16%   |
| Cash and Short Duration (Net)    | 2.0%                                   | 0.92%  | 0.02%   |
| Total Expected Real Return       | 100.0%                                 |  | 5.31%   |
| Inflation for Actuarial Purposes |  |  | 2.25%   |
| Total Expected Nominal Return    |  |  | 7.56%   |

Discount Rate

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

Sensitivity Analysis

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

| <b>Sensitivity of the Net Position Liability to Changes in the Discount Rate</b> |                               |  |                                   |
|--|-------------------------------|--|-----------------------------------|
| <b>System</b>  | <b>1.00% Decrease (6.25%)</b> | <b>Current Discount Rate<br/>(7.25%)</b> | <b>1.00% Increase<br/>(8.25%)</b> |
| <b>SCRS</b>  | \$ 29,014,370,642             | \$ 22,511,608,226                        | \$ 18,565,959,440                 |
| <b>PORS</b>  | 3,698,928,254                 | 2,739,560,823                            | 1,983,879,869                     |

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

**NOTE 9—DEFINED BENEFIT PENSION PLAN (CONTINUED)**

Additional Financial and Actuarial Information

Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the Systems' audited financial statements for the fiscal year ended June 30, 2017 (including the unmodified audit opinion on the financial statements). Additional actuarial information is available in the accounting and financial reporting actuarial valuation as of June 30, 2017.

**NOTE 10—RISK MANAGEMENT**

The Town of Pine Ridge, South Carolina is exposed to various risks of loss and maintains purchased insurance policies divided into coverage for workers' compensation, property and casualty, general tort liability, employee dishonesty, and employee health. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risk. The insurers promise to pay to or on behalf of the insured for covered economic losses sustained during the policy period in accordance with insurance policy and benefit programs limits.

General Liability Insurance:

The Town is covered under an insurance policy through the State Fiscal Accountability Authority. The per occurrence policy limit is \$1,000,000 and the deductible is \$250.

Workers' Compensation Insurance:

The Town is covered under an insurance policy through the South Carolina Accident Fund. The premium for this policy is determined by the classification of employees and earnings of employees.

Property Insurance:

The Town is covered under an insurance policy through the State Fiscal Accountability Authority. Property is insured according to a schedule of covered property submitted to the Town by the State Fiscal Accountability Authority. The total all-risk property insurance coverage is \$771,854 subject to a \$500 per loss deductible for vehicles and \$1,000 for building and contents.

During the last three fiscal (claims) years none of the above programs have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage from coverage in the prior year.

**NOTE 11 – ECONOMIC DEPENDENCY**

The Town of Pine Ridge, South Carolina is dependent on South Carolina Electric and Gas, the South Carolina State Treasurer's Office, and the Municipal Association of South Carolina. These agencies account for approximately 54% of the gross revenue of the Town.

**NOTE 12 – SUBSEQUENT EVENTS**

Subsequent events have been evaluated through the date of the auditor's report, which is the date the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION**

**TOWN OF PINE RIDGE, SOUTH CAROLINA**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR FISCAL YEAR ENDED JUNE 30, 2018**

|   | <u>BUDGETED AMOUNTS</u> |                   | <u>ACTUAL</u><br><u>(BUDGETARY BASIS)</u> | <u>VARIANCE WITH</u><br><u>FINAL BUDGET</u><br><u>FAVORABLE</u><br><u>(UNFAVORABLE)</u> |
|---|-------------------------|-------------------|---|---|
|   | <u>ORIGINAL</u>         | <u>FINAL</u>      |   |   |
| <b>Revenues</b>                                     |                         |                   |   |   |
| Business Licenses                                   | \$ 94,000               | \$ 104,000        | \$ 87,298                                 | \$ (16,702)   |
| Brokers Tax   | -                       | -                 | 5,695                                     | 5,695   |
| Insurance Tax                                       | 119,600                 | 121,000           | 141,305                                   | 20,305  |
| Telecommunications Tax                              | -                       | -                 | 5,381                                     | 5,381   |
| Police Fines  | 124,000                 | 124,000           | 164,914                                   | 40,914  |
| Sanitation  | 4,300                   | 4,500             | 4,423                                     | (77)  |
| Franchise Fees                                      | 171,685                 | 177,300           | 169,108                                   | (8,192)   |
| Zoning  | 2,000                   | 2,000             | 2,314                                     | 314   |
| Interest Income                                     | 1,200                   | 1,860             | 2,272                                     | 412   |
| Grant Income  | 57,785                  | -                 | -   | -   |
| Sundry  | 250                     | 190               | 195                                       | 5   |
| Intergovernmental Programs:                         |                         |                   |   |   |
| State of South Carolina                             | 51,636                  | 46,674            | 46,683                                    | 9   |
| <b>Total Revenues</b>                               | <u>626,456</u>          | <u>581,524</u>    | <u>629,588</u>                            | <u>48,064</u>   |
| <b>Expenditures</b>                                 |                         |                   |   |   |
| Current:  |                         |                   |   |   |
| General and Administrative:                         |                         |                   |   |   |
| Public Safety - Police:                             | 374,576                 | 383,365           | 339,732                                   | 43,633  |
| Capital Outlay                                      | 163,544                 | 163,780           | 164,784                                   | (1,004)   |
| Debt Service:                                       | 273,664                 | 219,076           | 78,816                                    | 140,260   |
| Principal   | -                       | -                 | 9,102                                     | (9,102)   |
| Interest  | -                       | -                 | 898                                       | (898)   |
| <b>Total Expenditures</b>                           | <u>811,784</u>          | <u>766,221</u>    | <u>593,332</u>                            | <u>172,889</u>  |
| <b>Excess (Deficiency) of Revenues</b>              |                         |                   |   |   |
| <b>Over (Under) Expenditures</b>                    | <u>(185,328)</u>        | <u>(184,697)</u>  | <u>36,256</u>                             | <u>220,953</u>  |
| <b>Other Financing Sources (Uses)</b>               |                         |                   |   |   |
| Fund Balance Appropriated                           | 201,800                 | 201,800           | -   | (201,800)   |
| Sale of Capital Assets                              | -                       | -                 | 2,859                                     | 2,859   |
| <b>Total Other Financing Sources (Uses)</b>         | <u>201,800</u>          | <u>201,800</u>    | <u>2,859</u>                              | <u>(198,941)</u>  |
| <b>Excess (Deficiency) of Revenues Over (Under)</b> |                         |                   |   |   |
| <b>Expenditures</b>                                 | 16,472                  | 17,103            | 39,115                                    | 22,012  |
| Fund Balances, Beginning                            | 633,317                 | 658,119           | 906,282                                   | 248,163   |
| <b>Fund Balances, Ending</b>                        | <u>\$ 649,789</u>       | <u>\$ 675,222</u> | <u>\$ 945,397</u>                         | <u>\$ 270,175</u>   |

**Reconciliation of Budgetary Basis to GAAP Basis**

**Excess (Deficiency) of Revenues Over (Under)**

**Expenditures - Budgetary Basis**

|   |                 |
|---|-----------------|
| Accrued Compensated Absences Expenditures Greater Than One Year | \$ 39,115       |
| Depreciation Expense  | 2,907           |
| Capital Outlay Reported as Expenditures                         | (56,477)        |
| Gain (Loss) on Sale of Capital Assets                           | 86,507          |
| Long-Term Debt Payment  | (381)           |
| Current Pension Plan Contributions                              | 9,102           |
| Pension Expense   | 24,536          |
| Revenue - Special Revenue Fund                                  | (55,343)        |
| <b>Excess (Deficiency) of Revenues Over (Under)</b>             | <u>(58,436)</u> |

|                                  |                   |
|----------------------------------|-------------------|
| <b>Expenditures - GAAP Basis</b> | <u>\$ (8,470)</u> |
|----------------------------------|-------------------|

**TOWN OF PINE RIDGE, SOUTH CAROLINA**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS**  
**YEAR ENDED JUNE 30, 2018**

| <u>Year Ended*</u> | <u>Proportion of<br/>the Net Pension<br/>Liability (Asset)</u> | <u>Proportionate<br/>Share of the Net<br/>Pension Liability<br/>(Asset)</u> | <u>Actual Covered<br/>Member Payroll</u> | <u>Net Pension<br/>Liability (Asset)<br/>as a Percentage<br/>of Covered<br/>Payroll</u> | <u>Fiduciary Net<br/>Position as a<br/>Percentage of<br/>Total Pension<br/>Liability</u> |
|--------------------|--|---|--|---|--|
| SCRS:              |  |   |  |   |  |
| 6/30/14            | 0.000704%  | \$ 126,272  | \$ 34,244                                | 368.7%  | 56.39%   |
| 6/30/15            | 0.000704%  | 121,205   | 64,876                                   | 186.8%  | 59.92%   |
| 6/30/16            | 0.000900%  | 170,689   | 88,111                                   | 193.7%  | 56.99%   |
| 6/30/17            | 0.000910%  | 194,375   | 87,291                                   | 222.7%  | 52.91%   |
| 6/30/18            | 0.000855%  | \$ 192,474  | \$ 87,057                                | 221.1%  | 53.34%   |
| PORS:              |  |   |  |   |  |
| 6/30/14            | 0.005830%  | \$ 120,916  | \$ 99,770                                | 121.2%  | 62.98%   |
| 6/30/15            | 0.005830%  | 111,669   | 72,727                                   | 153.5%  | 67.55%   |
| 6/30/16            | 0.006130%  | 133,538   | 61,389                                   | 217.5%  | 64.57%   |
| 6/30/17            | 0.004750%  | 120,356   | 97,935                                   | 122.9%  | 60.44%   |
| 6/30/18            | 0.007020%  | \$ 192,427  | \$ 92,727                                | 207.5%  | 60.94%   |

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

\* The data provided in the schedule is based as of the measurement date of SCRS & PORS' net pension liability, which is as of the beginning of the town's fiscal year.

**TOWN OF PINE RIDGE, SOUTH CAROLINA**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**YEAR ENDED JUNE 30, 2018**

| <u>Year Ended</u> | <u>Statutorily<br/>Required<br/>Contribution</u> | <u>Actual<br/>Employer<br/>Contributions</u> | <u>Contribution<br/>Excess /<br/>(Deficiency)</u> | <u>Actual Covered<br/>Member Payroll</u> | <u>Contributions<br/>as a Percentage<br/>of Covered<br/>Payroll</u> |
|-------------------|--|--|---|--|---|
| SCRS:             |  |  |   |  |   |
| 6/30/14           | \$ 6,611   | \$ 6,611                                     | \$ -  | \$ 64,876                                | 10.19%  |
| 6/30/15           | 8,991  | 8,991  | -   | 84,392                                   | 10.65%  |
| 6/30/16           | 9,521  | 9,521  | -   | 88,111                                   | 10.81%  |
| 6/30/17           | 9,912  | 9,912  | -   | 87,291                                   | 11.36%  |
| 6/30/18           | \$ 10,573  | \$ 10,573                                    | \$ -  | \$ 87,057                                | 12.14%  |
| PORS:             |  |  |   |  |   |
| 6/30/14           | \$ 8,709   | \$ 8,709                                     | \$ -  | \$ 72,727                                | 11.97%  |
| 6/30/15           | 9,929  | 9,929  | -   | 77,049                                   | 12.89%  |
| 6/30/16           | 8,106  | 8,106  | -   | 61,389                                   | 13.20%  |
| 6/30/17           | 13,145   | 13,145                                       | -   | 97,935                                   | 13.42%  |
| 6/30/18           | \$ 13,963  | \$ 13,963                                    | \$ -  | \$ 92,727                                | 15.06%  |

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

\* The data provided in the schedule is based as of the measurement date of SCRS & PORS' net pension liability, which is as of the beginning of the town's fiscal year.