

Town of Ridgeway

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MANAGEMENT’S DISCUSSION, ANALYSIS AND RESPONSE TO THE BASIC FINANCIAL STATEMENTS PREPARED BY LOVE AND BAILEY, CPA FOR THE YEAR ENDED JUNE 30, 2024

As Mayor of the Town of Ridgeway, and on behalf of the entire Town Council, I am submitting the following response and discussion to the basic financial statements issued by Love and Bailey, CPA, for the year ended June 30, 2024. Each item will be addressed in the order presented in the audit.

Matter Giving Rise to the Qualified Opinion (Note 10)

Love and Bailey issued a qualified opinion based on certain documentation not being maintained and/or available to support the expenditure of some Town funds. These expenditures were across several funds of the Town’s budget including the General Fund and the Utility Fund. Management believes that these transactions are accurately recorded, but was unable to properly document all expenditures. Recognizing this deficiency, a new accounts payable process was implemented. The Town has contracted with the accounting firm of Sheheen, Hancock and Godwin, LLP to review and prepare all documentation before approving the issuance of payments for any goods or services. Management believes this new process corrects the matter identified in Note 10.

Additionally, the audit details the lack of budget comparison schedules that generally accepted accounting principles require as a supplement to the basic financial statements. Sheheen, Hancock and Godwin have begun preparing budget-to-actual comparisons for Fiscal Year 2025 which should fully address this issue as well.

Current Year Findings--2024

In addition to the responses found in the audit document, management offers the following additional information.

2024-001 Lack of Budgetary Controls

The auditors indicated that there was no formal budget adopted by the Town Council for Fiscal Year 2024. While documentation may be lacking, the Town Council did, in fact, adopt a budget by

conducting two formal readings and holding the required public hearing on the document before its approval and adoption.

2024--002 Lack of Council Meeting Minutes

The Town of Ridgeway experienced several changes in the administration of the Town during late 2023 and early 2024. In December, the Mayor and the Town Clerk both resigned and moved out of state. The Mayor Pro-Tem assumed the duties of the Mayor's Office until a special election could be held in the spring of 2024. The current Mayor took office in April of 2024, fully nine months into that particular fiscal year. During the time of the vacancy in the mayor's seat, the Town experience difficulty in recruiting and retaining a qualified Town Clerk. In fact, it took several months to seat a new Clerk and during that time, the process of taking and producing minutes of each meeting was handled by various individuals and full record keeping suffered. However, a new Town Clerk has been appointed and the production of minutes for every Council meeting is now occurring.

Prior Year Findings--2023

In addition to the responses found in the audit document, management offers the following additional information.

2023--001 Lack of Budgetary Controls


Please see response to 2024--001 finding. The same response applies here as the Town did adopt a budget for Fiscal Year 2023 in the proper and required way. Again, documentation on the budget may be lacking, but the Town Council did adopt a formal budget for the year.

2023--002 Lack of Record Keeping

Please see response to Note 10. This issue has been addressed with the outsourcing of the accounts payable function to an accounting firm.

As mentioned above, the Town experienced several key changes in administration, most notably in the mayor's position, in late 2023. Following the special election, a new Mayor was seated in April with little time left in the Fiscal Year 2024 budget. Since assuming office, there have been many changes to the Town's financial processes that will improve the controls and transparency of the organization. Most notably, the Town has employed outside assistance to provide guidance on accounting procedures and budgeting processes. Management is confident that the steps taken will eliminate the issues identified in the most recent basic financial statements.

Respectfully submitted:


Walter J. Johnson, Mayor
Town of Ridgeway