

Town of Irmo
Financial Statements
Year Ended June 30, 2019
(With Independent Auditor's Report Thereon)

Town of Irmo

Table of Contents

| | <u>Page</u> |
|--|-------------|
| Independent Auditor's Report | 1 - 2 |
| Management's Discussion and Analysis | 3 - 8 |
| Basic Financial Statements | |
| Government-wide Financial Statements | |
| Statement of Net Position | 9 |
| Government-wide Financial Statements | |
| Statement of Activities | 10 |
| Fund Financial Statements | |
| Balance Sheet - Governmental Funds | 11 |
| Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position | 12 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds | 13 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 14 |
| Balance Sheet – Proprietary Fund | 15 |
| Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund | 16 |
| Statement of Cash Flows – Proprietary Fund | 17 |
| Statement of Fiduciary Net Position | 18 |
| Statement of Changes in Fiduciary Net Position | 19 |
| Notes to Financial Statements | 20 – 39 |
| Required Supplementary Information | |
| Budgetary Comparison Schedule | 40 |
| Schedule of Proportionate Share of the Net Pension Liability and Related Ratios | 41 |
| Schedule of Employer Contributions | 42 |
| Notes to Required Supplementary Information | 43 |
| Other Financial Information | |
| Schedule of Court Fines, Assessments and Surcharges | 44 |



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Independent Auditor's Report

The Honorable Mayor and
Members of Town Council
Town of Irmo
Irmo, South Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Irmo, as of and for the year ended June 30, 2019, 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 of 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 and the major fund of the Town of Irmo, as of June 30, 2019, 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 management's discussion and analysis, budgetary comparison information, schedule of proportionate share of the net pension liability and schedule of related ratios and schedule of employer contributions as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Irmo's financial statements as a whole. The other financial information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Highsmith & Highsmith, LLC

Highsmith & Highsmith, LLC
Travelers Rest, South Carolina

October 17, 2019

Town of Irmo
Management's Discussion and Analysis
June 30, 2019

This section of the Town of Irmo, South Carolina (the "Town") annual financial report presents our discussion and analysis of the Town's financial performance for the year ended June 30, 2019. Please read it in conjunction with the Town's financial statements, which follow this section.

Financial Highlights

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$6,622,847 (*net position*). Of this amount, \$790,999 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position decreased by \$266,602.
- As of the close of the current fiscal year, the Town's governmental fund reported combined ending fund balance of \$5,450,987, an increase of \$343,498 from the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$5,130,620, or 81 percent of total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business. Financial information is presented in two statements – *statement of net position* and *statement of activities*.

The *statement of net position* presents information on all of the Town's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all of a significant portion of their costs through user fees and charges (*business-*

Town of Irmo
Management's Discussion and Analysis
June 30, 2019

type activities). The governmental activities of the Town include general government, highways and streets, human services, economic development, culture and recreation activities.

Fund financial statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the other governmental funds. Only the general fund is considered to be a major fund. Data from the other three governmental funds are combined into a single, aggregated presentation.

The Town adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for the governmental funds.

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

Town of Irmo
Management's Discussion and Analysis
June 30, 2019

Government-wide Financial Analysis

As noted earlier, net position may service over time as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by \$6,622,847 at the close of the most recent fiscal year. The largest portion of the Town's net position (87 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment). The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Net position of \$63,434 is restricted by state law for specific purposes. The remaining balance of unrestricted net position \$790,999 may be used to meet the government's ongoing obligations to citizens and creditors.

- During the current fiscal year, the government's net position decreased by \$266,602, primarily due to depreciation and pension expenditures.

Statement of Net Position Information

The following information is a condensed version of the Statement of Net Position.

| | Net Position | | | | | |
|--|---------------------|---------------------|------------------|------------------|---------------------|---------------------|
| | Governmental | | Business-type | | Totals | |
| | Activities | | Activities | | | |
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Assets | | | | | | |
| Current and other assets | \$ 5,548,960 | \$ 5,199,059 | \$ 95,495 | 95,293 | \$ 5,644,455 | \$ 5,294,352 |
| Capital assets, net of depreciation | 5,768,414 | 6,057,595 | - | - | 5,768,414 | 6,057,595 |
| Restricted assets | 63,434 | 56,859 | - | - | 63,434 | 56,859 |
| Total assets | <u>11,380,808</u> | <u>11,313,513</u> | <u>95,495</u> | <u>95,293</u> | <u>11,476,303</u> | <u>11,408,806</u> |
| Deferred outflows | <u>1,197,776</u> | <u>1,258,722</u> | <u>-</u> | <u>-</u> | <u>1,197,776</u> | <u>1,258,722</u> |
| Total assets and deferred outflows | <u>12,578,584</u> | <u>12,572,235</u> | <u>95,495</u> | <u>95,293</u> | <u>12,674,079</u> | <u>12,667,528</u> |
| Liabilities | | | | | | |
| Long-term liabilities outstanding | 5,046,391 | 4,663,416 | - | - | 5,046,391 | 4,663,416 |
| Other liabilities | <u>607,928</u> | <u>558,301</u> | <u>-</u> | <u>-</u> | <u>607,928</u> | <u>558,301</u> |
| Total liabilities | 5,654,319 | 5,221,717 | - | - | 5,654,319 | 5,221,717 |
| Deferred inflows | <u>396,913</u> | <u>556,362</u> | <u>-</u> | <u>-</u> | <u>396,913</u> | <u>556,362</u> |
| Total liabilities and deferred inflows | <u>6,051,232</u> | <u>5,778,079</u> | <u>-</u> | <u>-</u> | <u>6,051,232</u> | <u>5,778,079</u> |
| Net Position | | | | | | |
| Invested in capital assets, net of related debt | 5,768,414 | 6,057,595 | - | - | 5,768,414 | 6,057,595 |
| Restricted | 63,434 | 56,859 | - | - | 63,434 | 56,859 |
| Unrestricted | <u>695,504</u> | <u>679,702</u> | <u>95,495</u> | <u>95,293</u> | <u>790,999</u> | <u>774,995</u> |
| Total net position | <u>\$ 6,527,352</u> | <u>\$ 6,794,156</u> | <u>\$ 95,495</u> | <u>\$ 95,293</u> | <u>\$ 6,622,847</u> | <u>\$ 6,889,449</u> |

The Town's Total Net Position decreased by \$266,602 during the fiscal year ended June 30, 2019.

**Town of Irmo
Management's Discussion and Analysis
June 30, 2019**

Statement of Activities Information

The following information is a condensed version of the Statement of Activities.

Statement of Activities

| | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | | <u>Totals</u> | |
|--|--------------------------------|---------------------|---------------------------------|------------------|---------------------|---------------------|
| | <u>2019</u> | <u>2018</u> | <u>2019</u> | <u>2018</u> | <u>2019</u> | <u>2018</u> |
| Revenue: | | | | | | |
| Program revenue: | | | | | | |
| Charges for services | \$ 1,080,038 | \$ 1,037,416 | \$ 74,315 | \$ 81,465 | \$ 1,154,353 | \$ 1,118,881 |
| Operating grants and contributions | 142,520 | - | - | - | 142,520 | - |
| General revenue: | | | | | | |
| Local option sales and fire taxes | 1,138,783 | 1,075,376 | - | - | 1,138,783 | 1,075,376 |
| State shared and unallocated intergovernmental | 337,640 | 321,738 | - | - | 337,640 | 321,738 |
| Licenses and permits | 3,210,214 | 2,841,976 | - | - | 3,210,214 | 2,841,976 |
| Other and transfers | <u>737,266</u> | <u>724,820</u> | <u>26,028</u> | <u>24,016</u> | <u>763,294</u> | <u>748,836</u> |
| Total revenue | <u>6,646,461</u> | <u>6,001,326</u> | <u>100,343</u> | <u>105,481</u> | <u>6,746,804</u> | <u>6,106,807</u> |
| Expenses: | | | | | | |
| Legislative | 55,736 | 54,869 | - | - | 55,736 | 54,869 |
| Administrative | 534,172 | 487,254 | - | - | 534,172 | 487,254 |
| Court | 267,553 | 261,954 | - | - | 267,553 | 261,954 |
| Public works | 721,366 | 661,989 | - | - | 721,366 | 661,989 |
| Sanitation | 1,246,712 | 1,219,021 | - | - | 1,246,712 | 1,219,021 |
| Police | 2,832,059 | 2,692,308 | - | - | 2,832,059 | 2,692,308 |
| Non-departmental and support services | 1,255,667 | 1,380,280 | - | - | 1,255,667 | 1,380,280 |
| Okra Strut Festival fund | <u>-</u> | <u>-</u> | <u>100,141</u> | <u>84,192</u> | <u>100,141</u> | <u>84,192</u> |
| Total expenses | <u>6,913,265</u> | <u>6,757,675</u> | <u>100,141</u> | <u>84,192</u> | <u>7,013,406</u> | <u>6,841,867</u> |
| Change in net position | (266,804) | (756,349) | 202 | 21,289 | (266,602) | (735,060) |
| Beginning net position | <u>6,794,156</u> | <u>7,550,505</u> | <u>95,293</u> | <u>74,004</u> | <u>6,889,449</u> | <u>7,624,509</u> |
| Ending net position | <u>\$ 6,527,352</u> | <u>\$ 6,794,156</u> | <u>\$ 95,495</u> | <u>\$ 95,293</u> | <u>\$ 6,622,847</u> | <u>\$ 6,889,449</u> |

For governmental activities, 100% of the Town's expenses related to government and public activities.

Town of Irmo
Management's Discussion and Analysis
June 30, 2019

Financial Analysis of the Government's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the general fund was \$5,130,620 and the restricted fund balance was \$63,434. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 96% of the total general fund expenditures.

During the current fiscal year, the Town's general fund balance increased \$339,723.

- Total revenues increased by \$669,946 from the prior year.
- Total expenditures decreased by \$107,838.

General Fund Budgetary Highlights

The Town adopted a budget with budgeted expenditures less than budgeted revenues for the fiscal year ended June 30, 2019. There were no changes between the original budget and the final budget.

Capital Asset Administration

Capital assets - The Town's investment in capital assets for its governmental activities as of June 30, 2019, amounts to \$5,768,414 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery, equipment, and streets and sidewalks. Capital assets, net of accumulated depreciation are comprised of the following:

**Town of Irmo
Management's Discussion and Analysis
June 30, 2019**

| | Balance June 30, 2018 | Additions | Retirements | Transfers | Balance June 30, 2019 |
|--|-----------------------------|--------------|-------------|-----------|-----------------------------|
| Capital assets not being depreciated | | | | | |
| Land and rights of way | \$ 1,492,883 | \$ - | \$ - | \$ - | \$ 1,492,883 |
| Total capital assets not being depreciated | 1,492,883 | - | - | - | 1,492,883 |
| Capital assets being depreciated | | | | | |
| Land improvements | 5,083,095 | - | - | - | 5,083,095 |
| Building and improvements | 2,999,134 | - | (2,635) | - | 2,996,499 |
| Furniture, vehicles, equipment | 1,755,526 | 100,527 | (7,790) | - | 1,848,263 |
| Total capital assets being depreciated | 9,837,755 | 100,527 | (10,425) | - | 9,927,857 |
| Less accumulated depreciation for: | | | | | |
| Land improvements | (2,042,278) | (127,476) | - | - | (2,169,754) |
| Building and improvements | (1,858,062) | (103,657) | 2,635 | - | (1,959,084) |
| Furniture, vehicles, equipment | (1,372,703) | (158,575) | 7,790 | - | (1,523,488) |
| Total accumulated depreciation | (5,273,043) | (389,708) | 10,425 | - | (5,652,326) |
| Total capital assets being depreciated, net | 4,564,712 | (289,181) | - | - | 4,275,531 |
| Net capital assets - Governmental Activities | \$ 6,057,595 | \$ (289,181) | \$ - | \$ - | \$ 5,768,414 |

The total decrease of \$289,181 in net capital assets is the net of asset additions of \$100,527 and depreciation expense of \$389,708.

Economic Factors and Next Year's Budgets and Rates

Inflationary trends in the region compare favorably to national indices. This factor, among others, was considered in preparing the Town's budget for the 2019 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town of Irmo, South Carolina 29063.

Town of Irmo

**Statement of Net Position
June 30, 2019**

| | Governmental Activities | Business-type Activities | Total |
|---|------------------------------------|-------------------------------------|---------------|
| Assets | | | |
| Cash and cash equivalents | \$ 4,362,012 | \$ 94,335 | \$ 4,456,347 |
| Equity in pooled cash | 603,941 | 1,160 | 605,101 |
| Receivables, net | 129,042 | - | 129,042 |
| Due from other governments | 305,877 | - | 305,877 |
| Prepaid expenses | 148,088 | - | 148,088 |
| Restricted assets: | | | |
| Cash and cash equivalents | 63,434 | - | 63,434 |
| Capital assets, net of accumulated depreciation | 5,768,414 | - | 5,768,414 |
| Total assets | 11,380,808 | 95,495 | 11,476,303 |
| Deferred outflows | | | |
| Deferred outflows for pensions | 1,197,776 | - | 1,197,776 |
| Total assets and deferred outflows | \$ 12,578,584 | \$ 95,495 | \$ 12,674,079 |
| Liabilities | | | |
| Accounts payable and accrued liabilities | \$ 85,025 | \$ - | \$ 85,025 |
| Due to state government | 11,596 | - | 11,596 |
| Deposit liabilities | 13,312 | - | 13,312 |
| Deferred revenue | 497,995 | - | 497,995 |
| Accrued compensated absences | 418,175 | - | 418,175 |
| Net pension liability | 4,628,216 | - | 4,628,216 |
| Total liabilities | 5,654,319 | - | 5,654,319 |
| Deferred inflows | | | |
| Deferred inflows for pensions | 396,913 | - | 396,913 |
| Total liabilities and deferred inflows | 6,051,232 | - | 6,051,232 |
| Net Position | | | |
| Invested in capital assets, net of related debt | 5,768,414 | - | 5,768,414 |
| Restricted | 63,434 | - | 63,434 |
| Unrestricted | 695,504 | 95,495 | 790,999 |
| Total net position | \$ 6,527,352 | \$ 95,495 | \$ 6,622,847 |

Town of Irmo

**Statement of Activities
Year Ended June 30, 2019**

| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Program Revenues</u> | | | <u>Net (Expense) Revenue and Changes in Net Position</u> | | |
|--|-----------------------|---------------------------------|---|---|--|-------------------------------------|---------------------|
| | | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Totals</u> |
| <u>Governmental activities:</u> | | | | | | | |
| Legislative | \$ (55,736) | \$ - | \$ - | \$ - | \$ (55,736) | \$ - | \$ (55,736) |
| Administrative | (534,172) | - | - | - | (534,172) | - | (534,172) |
| Court | (267,553) | - | - | - | (267,553) | - | (267,553) |
| Public works | (721,366) | - | - | - | (721,366) | - | (721,366) |
| Sanitation | (1,246,712) | 959,150 | - | - | (287,562) | - | (287,562) |
| Police | (2,832,059) | 120,888 | 142,520 | - | (2,568,651) | - | (2,568,651) |
| Non-departmental and support services | (1,255,667) | - | - | - | (1,255,667) | - | (1,255,667) |
| Total governmental activities | <u>(6,913,265)</u> | <u>1,080,038</u> | <u>142,520</u> | <u>-</u> | <u>(5,690,707)</u> | <u>-</u> | <u>(5,690,707)</u> |
| <u>Business-type activities:</u> | | | | | | | |
| Okra Strut fund | (100,141) | 74,315 | - | - | - | (25,826) | (25,826) |
| Total business-type activities | <u>(100,141)</u> | <u>74,315</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(25,826)</u> | <u>(25,826)</u> |
| Total functions and programs | <u>\$ (7,013,406)</u> | <u>\$ 1,154,353</u> | <u>\$ 142,520</u> | <u>\$ -</u> | <u>(5,690,707)</u> | <u>(25,826)</u> | <u>(5,716,533)</u> |
| <u>General revenues and transfers</u> | | | | | | | |
| Local option sales tax | | | | | 1,138,783 | - | 1,138,783 |
| State shared and unallocated intergovernmental | | | | | 337,640 | - | 337,640 |
| Licenses, permits and franchise fees | | | | | 3,210,214 | - | 3,210,214 |
| Fire taxes | | | | | 595,347 | - | 595,347 |
| Unrestricted investment earnings | | | | | 85,591 | 28 | 85,619 |
| Miscellaneous | | | | | 82,328 | - | 82,328 |
| Transfers in (out) | | | | | (26,000) | 26,000 | - |
| Total general revenues and transfers | | | | | <u>5,423,903</u> | <u>26,028</u> | <u>5,449,931</u> |
| Change in net position | | | | | <u>(266,804)</u> | <u>202</u> | <u>(266,602)</u> |
| Net position, beginning | | | | | 6,794,156 | 95,293 | 6,889,449 |
| Net position, ending | | | | | <u>\$ 6,527,352</u> | <u>\$ 95,495</u> | <u>\$ 6,622,847</u> |

Town of Irmo
Balance Sheet
Governmental Funds
June 30, 2019

| | General Fund | ABC Permit Fund | Capital Projects Fund | Total Governmental Funds |
|---|-------------------------|----------------------------|----------------------------------|---|
| Assets | | | | |
| Cash and cash equivalents | \$ 4,360,953 | \$ - | \$ 1,059 | \$ 4,362,012 |
| Equity in pooled cash | 544,155 | 59,300 | 486 | 603,941 |
| Receivables, net | 29,568 | - | 48,000 | 77,568 |
| Due from other governments | 305,877 | - | - | 305,877 |
| Prepaid items | 148,088 | - | - | 148,088 |
| Restricted assets: | | | | |
| Cash and cash equivalents | 63,434 | - | - | 63,434 |
| Total assets | \$ 5,452,075 | \$ 59,300 | \$ 49,545 | \$ 5,560,920 |
| Liabilities and Fund Balances | | | | |
| Liabilities: | | | | |
| Accounts payable and accrued liabilities | \$ 85,025 | \$ - | \$ - | \$ 85,025 |
| Due to state government | 11,596 | - | - | 11,596 |
| Deposit liabilities | 13,312 | - | - | 13,312 |
| Total liabilities | 109,933 | - | - | 109,933 |
| Fund balances: | | | | |
| Nonspendable - prepaid items | 148,088 | - | - | 148,088 |
| Restricted | 63,434 | - | - | 63,434 |
| Assigned | - | 59,300 | - | 59,300 |
| Unassigned | 5,130,620 | - | 49,545 | 5,180,165 |
| Total fund balances | 5,342,142 | 59,300 | 49,545 | 5,450,987 |
| Total liabilities and fund bal | \$ 5,452,075 | \$ 59,300 | \$ 49,545 | \$ 5,560,920 |

Town of Irmo

**Reconciliation of the Governmental Funds - Balance Sheet
to the Statement of Net Position
June 30, 2019**

Total fund balance - Governmental Funds \$ 5,450,987

Amounts reported for governmental activities in the Statement of Net Position
are different because:

Capital assets used in governmental activities are not financial resources
and therefore, are not reported in these funds. 5,768,414

Other assets not available to pay current expenditures and therefore
not reported in the fund statements. 51,474

Cash received in advance of period for which revenue is recognized
as deferred in the statement of net position. (497,995)

Long-term liabilities are not due and payable in the current period and
therefore are not reported in these funds.

Compensated absences (418,175)

Net pension liability (4,628,216)

Deferred outflows for pensions 1,197,776

Deferred inflows for pensions (396,913)

Total net position of Governmental Activities \$ 6,527,352

Town of Irmo

**Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
Year Ended June 30, 2019**

| | <u>General Fund</u> | <u>ABC Permit Fund</u> | <u>Capital Project Fund</u> | <u>Total Governmental Funds</u> |
|---|-------------------------|----------------------------|---------------------------------|---|
| Revenues | | | | |
| Local option sales tax | \$ 1,138,783 | \$ - | \$ - | \$ 1,138,783 |
| Licenses and permits | 2,472,354 | - | - | 2,472,354 |
| State shared revenue | 321,890 | 15,750 | - | 337,640 |
| Franchise fees | 737,860 | - | - | 737,860 |
| Fines and forfeitures | 120,888 | - | - | 120,888 |
| Fire taxes | 595,347 | - | - | 595,347 |
| Grants | 142,520 | - | - | 142,520 |
| Interest income | 85,566 | - | 25 | 85,591 |
| Sanitation fees | 995,990 | - | - | 995,990 |
| Other revenue | 82,328 | - | - | 82,328 |
| Total revenues | <u>6,693,526</u> | <u>15,750</u> | <u>25</u> | <u>6,709,301</u> |
| Expenditures | | | | |
| General Government: | | | | |
| Legislative | 53,837 | - | - | 53,837 |
| Administrative | 488,626 | - | - | 488,626 |
| Court | 247,563 | - | - | 247,563 |
| Public works: | | | | |
| General public works | 639,351 | - | - | 639,351 |
| Sanitation | 1,246,712 | - | - | 1,246,712 |
| Police | 2,657,752 | - | - | 2,657,752 |
| Non-departmental and support services | 1,005,962 | - | - | 1,005,962 |
| Total expenditures | <u>6,339,803</u> | <u>-</u> | <u>-</u> | <u>6,339,803</u> |
| Excess (deficiency) of revenues over expenses | <u>353,723</u> | <u>15,750</u> | <u>25</u> | <u>369,498</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers in (out) | (14,000) | - | (12,000) | (26,000) |
| Net change in fund balance | <u>339,723</u> | <u>15,750</u> | <u>(11,975)</u> | <u>343,498</u> |
| Fund balance, beginning of year | 5,002,419 | 43,550 | 61,520 | 5,107,489 |
| Fund balance, end of year | <u>\$ 5,342,142</u> | <u>\$ 59,300</u> | <u>\$ 49,545</u> | <u>\$ 5,450,987</u> |

Town of Irmo

**Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
Year Ended June 30, 2019**

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

| | |
|--|---------------------|
| Net change in fund balances-total governmental funds | \$ 343,498 |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period. | (289,181) |
| Net revenues and expenses in the statement of activities that do not provide or use current financial resources are not reported in these funds. | <u>(321,121)</u> |
| Change in net position of governmental activities | <u>\$ (266,804)</u> |

Town of Irmo

**Balance Sheet
Proprietary Fund
June 30, 2019**

| | | Business-type Activities |
|-------------------------------------|----|-------------------------------------|
| | | <u>Okra Strut Fund</u> |
| Assets | | |
| Cash and cash equivalents | \$ | 94,335 |
| Equity in pooled cash | | 1,160 |
| Total assets | \$ | <u>95,495</u> |
| Liabilities and Net Position | | |
| Liabilities: | | - |
| Total liabilities | | <u>-</u> |
| Net Position: | | |
| Unrestricted | | 95,495 |
| Total net position | | <u>95,495</u> |
| Total liabilities and net position | \$ | <u>95,495</u> |

Town of Irmo

**Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund
Year Ended June 30, 2019**

| | <u>Business-type Activities Okra Strut Fund</u> |
|---|--|
| Operating Revenues | |
| Rental, concessions and sales | \$ 74,315 |
| Total operating revenues | <u>74,315</u> |
| Operating Expenses | |
| Contract labor and volunteer expenses | 14,265 |
| Contractual services/rentals/marketing | 80,955 |
| Miscellaneous | 4,921 |
| Total operating expenses | <u>100,141</u> |
| Operating income | <u>(25,826)</u> |
| Non-Operating Revenue (Expenses) | |
| Interest income | 28 |
| Transfer in from other funds | 26,000 |
| Total Non-operating revenue (expenses) | <u>26,028</u> |
| Change in net position | 202 |
| Net position, beginning of year | 95,293 |
| Net position, end of year | <u>\$ 95,495</u> |

Town of Irmo

**Statement of Cash Flows
Proprietary Fund
9Year Ended June 30, 2019**

| | Business-type Activities |
|---|-------------------------------------|
| | <u>Okra Strut Fund</u> |
| Cash Flows from Operating Activities | |
| Receipts from customers and others | \$ 74,315 |
| Payments to suppliers | <u>(100,141)</u> |
| Net cash provided (used) by operating activities | <u>(25,826)</u> |
| Cash Flows from Capital and Related Financing Activities | |
| Net transfers from other funds | <u>26,000</u> |
| Net cash provided (used) by financing activities | <u>26,000</u> |
| Cash Flows from Investing Activities | |
| Interest income | <u>28</u> |
| Net cash provided (used) by investing activities | <u>28</u> |
| Net increase in cash and cash equivalents | 202 |
| Cash and cash equivalents, beginning of year | <u>95,293</u> |
| Cash and cash equivalents, end of year | <u><u>\$ 95,495</u></u> |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | |
| Operating income | \$ (25,826) |
| Net cash provided (used) by operating activities | <u><u>\$ (25,826)</u></u> |

Town of Irmo

**Statement of Changes in Fiduciary Net Position
Fiduciary Fund
Year Ended June 30, 2019**

| | <u>Susan Rene Branham Memorial Fund</u> |
|-------------------------------------|--|
| Additions | |
| Contributions | - |
| Total additions | <u>\$ -</u> |
| Change in net position | - |
| Net position, beginning of year | <u>2,228</u> |
| Net position, end of year | <u><u>\$ 2,228</u></u> |

Town of Irmo

Notes to the Financial Statements Year Ended June 30, 2019

Note 1 – Description of Entity

The Town of Irmo, South Carolina (the “Town”) was incorporated in 1890. The Town operates under a Mayor-Council form of government and provides the following services as authorized by its charter: public safety (police), highways and streets, sanitation, public improvements, planning and zoning, general and administrative services. The accompanying financial statements conform to accounting principles generally accepted in the United States of America as applicable to governments.

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government; (2) organizations for which the primary government is financially accountable; and (3) other organizations for which the nature and significance of their relationship with the primary government are such that the exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. Based on the application of these criteria, there were no organizations which met the criteria described above.

Note 2 – Summary of Significant Accounting Policies

The Town applies all Governmental Accounting Standards Board (GASB) pronouncements as well as Financial Accounting Standards Board (FASB) statements and interpretations, and the Accounting Principles Board (APB) of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the Town government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. Major individual government funds are reported as separate columns in the fund financial statements.

Town of Irmo

Notes to the Financial Statements Year Ended June 30, 2019

Note 2 – Summary of Significant Accounting Policies, continued

Measurement focus, basis of accounting, and financial statement presentation

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

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Property taxes collected within this sixty day period is an example of such revenue. In determining when to recognize intergovernmental revenues (grants and entitlements), the legal and contractual requirements of the individual programs are used as guidance. Revenues are recognized when the eligibility requirements have been met. Expenditures generally are recorded when a liability is incurred, except for debt service expenditures, as well as expenditures related to compensated absences and claims and judgments which are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government, or specifically identified.

The government reports the following major governmental fund:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government.

The *special revenue fund* is used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes. The Town has established a special revenue fund for the ABC

Town of Irmo

Notes to the Financial Statements Year Ended June 30, 2019

Note 2 – Summary of Significant Accounting Policies, continued

Measurement focus, basis of accounting, and financial statement presentation

Permit revenues which are restricted to expenditures for tourism and development.

The *capital projects fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

The *proprietary fund (enterprise fund)* is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through the user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Okra Strut Annual Festival is accounted for as an Enterprise Fund operation.

The government reports the following funds separately that are not included in the government-wide financial statements:

The *fiduciary fund* consists of Trust and Agency Funds which are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. These include Expendable Trust and Agency Funds. Expendable Trust Funds are accounted for in essentially the same manner as government funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The resources of these funds are not available to support government programs and are therefore not reported in government funds.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Cash and Cash Equivalents

The State of South Carolina General Statutes permits the Town to invest in certain types of financial instruments. In addition, the State has a Local Government Investment Pool (where fair value of the position in the pool is the same as the value of the pool shares) which invests in the types of instruments allowed under state laws.

Cash is maintained in demand deposits or savings accounts, certificates of deposits, repurchase agreements, or U.S. Government Securities. There were no deposit or investment transactions during the year that were in violation of either state statutes or the policy of the Town.

Town of Irmo

Notes to the Financial Statements Year Ended June 30, 2019

Note 2 – Summary of Significant Accounting Policies, continued

Cash and Cash Equivalents, continued

As of June 30, 2019, the Town had deposits and investments as follows:

| | <u>Fair Value</u> |
|--|---------------------|
| Deposits with financial institutions | \$ 999,268 |
| Investment with S.C. Local Government Investment Pool | <u>4,367,150</u> |
| | <u>\$ 5,366,418</u> |

Interest rate risk. The Town manages its exposure to declines in fair values by limiting its investments to the State's investment pools which do not normally have maturity dates and can be withdrawn on demand.

Credit risk. As of June 30, 2019, the Town's investment with the S.C. Local Government Investment Pool is overseen by the State, which invests in instruments allowed under state laws.

Concentration of Credit Risk. The Town's investment policy currently does not involve investment in individual issuers.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Town's deposits may not be returned to the Town. The Town's policy is that all deposits in excess of federal insurance amounts be collateralized with securities held by the pledging financial institution's trust department or agent in the Town's name. As of June 30, 2019, the Town did not have any amounts exposed to custodial credit risk.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of 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. The Town's investment in the state investment pool is not subject to custodial credit risk.

Receivables and Payables

Outstanding balances between funds are reported as "due to/from other funds." Advances between funds, as reported in the funds financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

The Town did not levy a tax on personal and real property for its fiscal 2018 – 2019. Revenue and receivables reported as of and for the year ended June 30, 2019 are the result of collections of prior fiscal year levies.

Town of Irmo

**Notes to the Financial Statements
Year Ended June 30, 2019**

Note 2 – Summary of Significant Accounting Policies, continued

Capital Assets

Capital assets, which include land, buildings, improvements, machinery and equipment are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the Town are depreciated using the straight-line method over the following estimated useful lives:

| <u>Assets</u> | <u>Years</u> |
|-------------------------|--------------|
| Buildings | 20 - 30 |
| Furniture and equipment | 3 - 10 |
| Infrastructure | 10 - 25 |

Deferred Outflows/Inflows of Resources

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

Compensated Absences

It is the Town’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Upon termination of employment, unused vacation or sick leave is payable to the employee. All vacation and sick pay is accrued when incurred in the government-wide financial statements.

Town of Irmo

Notes to the Financial Statements Year Ended June 30, 2019

Note 2 – Summary of Significant Accounting Policies, continued

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts or other commitments for expenditures are recorded to reserve a portion of an applicable appropriation, is utilized in governmental funds, primarily the General Fund. Encumbrances outstanding at year-end are reported as reservations of fund balance as they do not constitute expenditures or liabilities under accounting principles generally accepted.

Fund Equity

In the government-wide financial statements, net assets are classified in the following categories:

Invested in Capital Assets, Net of Related Debt – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt are attributable to the acquisition, construction or improvement of these assets reduce this category.

Restricted Net Assets – The category presents external restrictions imposed by creditor, grantors, contributors or laws or regulation of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Assets – This category represents the net assets of the Town, which are not restricted for any project or other purpose.

In the fund financial statements, the Town implemented GASB No. 54 Fund Balance Reporting and Governmental Fund Type Definitions for the year ended June 30, 2013. GASB No. 54 established that fund balance for governmental funds should be reported in the classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purpose for which the amounts in these funds can be spent. These classifications may consist of the following:

Non-spendable – generally, amounts that are not expected to be converted to cash, such as inventories or prepaid amounts. This classification also includes some long-term amounts such as property acquired for resale or the long-term portion of loans receivable. However, if the eventual proceeds or collections from these would be restricted, committed, or assigned, these amounts would be included in that other classification.

Legally or Contractually Required to be Maintained Intact – amounts that are required to be maintained intact, such as the principal of a permanent fund.

Restricted – amounts that can be used only for specific purpose because of (a) constitutional provisions of enabling legislation of (b) externally imposed constraints. (External constraints might be imposed by creditors, grantors, contributors, or even the laws or regulations of other governments.

Town of Irmo

**Notes to the Financial Statements
Year Ended June 30, 2019**

Note 2 – Summary of Significant Accounting Policies, continued

Fund Equity, continued

Committed – amounts that can be used only for specific purposes because of a formal action by the government’s highest level of decision-making authority. This classification might also include contractual obligation if existing resources have been committed for use in satisfying those contractual requirements. The formal action to establish constraints should be taken before year-end, even if the amount might not be determined until the subsequent period.

Assigned – amounts intended to be used for specific purposes but that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body, another body (such as a finance committee), or by an official to whom that authority has been given. This is the residual fund balance classification for all governmental funds except the general fund. Assigned fund balances should not be reported in the general fund if doing so causes the government to report a negative unassigned general fund balance.

Unassigned - this is the residual classification for the general fund (i.e., everything that is not in another classification or in another fund). The general fund is the only governmental fund that can report a positive unassigned fund balance. Other governmental funds might have a negative unassigned fund balance as a result of overspending for specific purposes for which amounts had been restricted, committed, or assigned.

Below are the fund balance classifications for the governmental funds at June 30, 2019:

| | <u>General Fund</u> | | <u>Other Governmental Funds</u> | | <u>Total Governmental Funds</u> |
|------------------------|-------------------------|------|---|------|---|
| Fund Balances | | | | | |
| Nonspendable - prepaid | \$ 148,088 | \$ - | \$ - | \$ - | \$ 148,088 |
| Restricted | | | | | |
| Victims Assistance | 63,434 | - | - | - | 63,434 |
| Assigned | | | | | |
| Tourism development | - | - | 59,300 | - | 59,300 |
| Unassigned | <u>5,130,620</u> | - | <u>49,545</u> | - | <u>5,180,165</u> |
| Total Fund Balances | <u>\$ 5,342,142</u> | \$ - | <u>\$ 108,845</u> | \$ - | <u>\$ 5,450,987</u> |

Town of Irmo

Notes to the Financial Statements Year Ended June 30, 2019

Note 2 – Summary of Significant Accounting Policies, continued

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

Note 3 – Stewardship, Compliance, and Accountability

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The various departments meet with their respective Council Committees during the last quarter of the fiscal year to discuss their operating budget requests
2. The Council meets in a workshop to discuss all the department's budgets.
3. The proposed budget is enacted prior to July 1 in the form of an ordinance (with three readings and one public hearing) to raise revenue.
4. Department heads may transfer budget amounts (up to \$1,500) between line items in their department with the approval of the Town Administrator. Amounts over \$1,500 require Town Council approval.
5. Town Council must authorize budget transfers between departments and all transfers in/out of personnel line items.
6. Budgets for the General Fund are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

For the year ended June 30, 2019, total budgets for the General Fund equaled \$6,192,632.

Town of Irmo

**Notes to the Financial Statements
Year Ended June 30, 2019**

Note 4 – Capital Assets

Capital asset activity for the year ended June 30, 2019 was as follows:

| | Balance June 30, 2018 | <u>Additions</u> | <u>Retirements</u> | Transfers | Balance June 30, 2019 |
|--|-----------------------------|------------------|--------------------|-----------|-----------------------------|
| Capital assets not being depreciated | | | | | |
| Land and rights of way | \$ 1,492,883 | \$ - | \$ - | \$ - | \$ 1,492,883 |
| Total capital assets not being depreciated | 1,492,883 | - | - | - | 1,492,883 |
| Capital assets being depreciated | | | | | |
| Land improvements | 5,083,095 | - | - | - | 5,083,095 |
| Building and improvements | 2,999,134 | - | (2,635) | - | 2,996,499 |
| Furniture, vehicles, equipment | 1,755,526 | 100,527 | (7,790) | - | 1,848,263 |
| Total capital assets being depreciated | 9,837,755 | 100,527 | (10,425) | - | 9,927,857 |
| Less accumulated depreciation for: | | | | | |
| Land improvements | (2,042,278) | (127,476) | - | | (2,169,754) |
| Building and improvements | (1,858,062) | (103,657) | 2,635 | | (1,959,084) |
| Furniture, vehicles, equipment | (1,372,703) | (158,575) | 7,790 | | (1,523,488) |
| Total accumulated depreciation | (5,273,043) | (389,708) | 10,425 | - | (5,652,326) |
| Total capital assets being depreciated, net | 4,564,712 | (289,181) | - | - | 4,275,531 |
| Net capital assets - Governmental Activities | \$ 6,057,595 | \$ (289,181) | \$ - | \$ - | \$ 5,768,414 |

Depreciation expense for the year ended June 30, 2019 was charged to functions/programs of the primary government as follows:

| | |
|--|-------------------|
| Governmental Activities | |
| Non-departmental | \$ 249,705 |
| Police | 120,456 |
| Public works | 19,547 |
| Total depreciation expense - governmental activities | \$ <u>389,708</u> |

Town of Irmo

**Notes to Financial Statements
Year Ended June 30, 2019**

Note 5 – Long-Term Debt

Changes in long-term debt for the year ended June 30, 2019 was as follows:

| | <u>Balance at July 1, 2017</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance at June 30, 2019</u> | <u>Due Within One Year</u> |
|---------------------------------|------------------------------------|------------------|------------------|-------------------------------------|--------------------------------|
| Governmental activities: | | | | | |
| Compensated absences | \$ 333,001 | 85,174 | - | \$ 418,175 | \$ - |
| Governmental activities | | | | | |
| Long-term liabilities | \$ 333,001 | \$ 85,174 | \$ - | \$ 418,175 | \$ - |

Note 6 – Pension Plan

The South Carolina Public Employee Benefit Authority (PEBA), created July 1, 2012 and governed by an 11-member Board, is the state agency responsible for the administration and management of the various Retirement Systems and retirement programs of the state of South Carolina, including the State Optional Retirement Program and the S.C. Deferred Compensation Program, as well as the state’s employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems’ five defined benefit pension plans. The Retirement Funding and Administration Act of 2017, which became effective July 1, 2017, increased the employer and employee contribution rates, established a ceiling on the SCRS and PORS employee contribution rates, lowered the assumed rate of return, required a scheduled reduction of the funding periods, and addressed various governance issues including the assignment of the PEBA Board as custodian of the retirement trust funds and assignment of the RSIC and PEBA as cotrustees of the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems.

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, 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.

Town of Irmo

Notes to Financial Statements Year Ended June 30, 2019

Note 6 – Pension Plan, continued

Plan Description

The South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan, was established 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 and other benefits for teachers and employees of the state and its political subdivisions. SCRS covers employees of state agencies, public school districts, higher education institutions, other participating local subdivisions of government and individuals newly elected to the South Carolina General Assembly at or after the 2012 general election.

The State Optional Retirement Program (State ORP) is a defined contribution plan that is offered as an alternative to SCRS to certain newly hired employees of state agencies, institutions of higher education, public school districts and individuals first elected to the General Assembly at or after the general election in November 2012. State ORP participants direct the investment of their funds into an account administered by one of four third party record keepers.

The South Carolina Police Officers Retirement System (PORS), a cost-sharing multiple-employer defined benefit pension plan, was established 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 and other benefits to police officers and firefighters. PORS also covers peace officers, coroners, probate judges and magistrates.

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.

State ORP – As an alternative to membership in SCRS, newly hired state, public school, and higher education employees and individuals newly elected to the S.C. General Assembly beginning with the November 2012 general election have the option to participate in the State Optional Retirement Program (State ORP), which is defined contribution plan. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers. For this reason, State ORP programs are not considered part of the retirement systems for financial statement purposes. Employee and Employer contributions to the State ORP are at the same rates

Town of Irmo

Notes to Financial Statements Year Ended June 30, 2019

Note 6 – Pension Plan, continued

Membership, continued

as SCRS. A direct remittance is required from the employers to the member's account with investment providers for the employee contribution (8 percent) and a portion of the employer contribution (5 percent). A direct remittance is also required to SCRS for the remaining portion of the employer contribution (5.75 percent) and an incidental death benefit contribution (.15 percent), if applicable, which is retained by SCRS.

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

Benefits

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

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

Town of Irmo

Notes to Financial Statements Year Ended June 30, 2019

Note 6 – Pension Plan, continued

Benefits, continued

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

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

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

Contributions

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. If the scheduled employee and employer contributions provided in statute, or the rates last adopted by the board, are insufficient to maintain the amortization period set in statute, the board shall increase employer contribution rates as necessary.

After June 30, 2027, 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 eighty-five 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 eighty-five percent. 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 eighty-five percent, then effective on the following July first, and annually thereafter as necessary, the

Town of Irmo

**Notes to Financial Statements
Year Ended June 30, 2019**

Note 6 – Pension Plan, continued

Contributions, continued

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 eighty-five percent.

The Retirement System Funding and Administration Act 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 period.

Required employee contribution rates for fiscal year 2018-2019 are as follows:

| | Fiscal Year 2019 | Fiscal Year 2018 |
|----------------------|-------------------------|-------------------------|
| SCRS | | |
| Employee Class Two | 9.00% | 9.00% |
| Employee Class Three | 9.00% | 9.00% |
| State ORP | | |
| Employee | 9.00% | 9.00% |
| PORS | | |
| Employee Class Two | 9.75% | 9.75% |
| Employee Class Three | 9.75% | 9.75% |

Required employer contributions for fiscal year 2018-2019 are as follows:

| | Fiscal Year 2019 | Fiscal Year 2018 |
|-----------------------------------|-------------------------|-------------------------|
| SCRS | | |
| Employer Class Two | 14.41% | 13.41% |
| Employer Class Three | 14.41% | 13.41% |
| Employer Incidental Death Benefit | 0.15% | 0.15% |
| State ORP | | |
| Employer Contribution (2) | 14.41% | 13.41% |
| Employer Incidental Death Benefit | 0.15% | 0.15% |
| PORS | | |
| Employer Class Two | 16.84% | 15.84% |
| Employer Class Three | 16.84% | 15.84% |
| Employer Incidental Death Benefit | 0.20% | 0.20% |
| Employer Accidental Death Program | 0.20% | 0.20% |

Town of Irmo

**Notes to Financial Statements
Year Ended June 30, 2019**

Note 6 – Pension Plan, continued

Pension Plan Fiduciary Net Position

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, 2018, for SCRS and PORS are presented below.

| <u>System</u> | <u>Total Pension Liability</u> | <u>Plan Fiduciary Net Position</u> | <u>Employers' Net Pension Liability (Asset)</u> | <u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u> |
|---------------|--------------------------------|------------------------------------|---|---|
| SCRS | \$ 48,821,730,067 | \$ 26,414,916,370 | \$ 22,406,813,697 | 54.1% |
| PORS | \$ 7,403,972,673 | \$ 4,570,430,247 | \$ 2,833,542,426 | 61.7% |

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.

Actuarial Assumptions

Actuarial valuations of the 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 for the period ending June 30, 2015.

The June 30, 2018, 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, 2017. The total pension liability was rolled-forward from the valuation date to the plans’ fiscal year end, June 30, 2018, using generally accepted actuarial principles.

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

Town of Irmo

**Notes to Financial Statements
Year Ended June 30, 2019**

Note 6 – Pension Plan, continued

Actuarial Assumptions, continued

| | SCRS | PORS |
|--------------------------------|--------------------------------------|-------------------------------------|
| Actuarial cost method | Entry age normal | Entry age normal |
| Actuarial assumptions: | | |
| Investment rate of return (1) | 7.25% | 7.25% |
| Projected salary increases (1) | 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 |

(1) Includes inflation at 2.25%

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.

| 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% |

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 represents 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 2018 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 below. 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 Irmo

**Notes to Financial Statements
Year Ended June 30, 2019**

Note 6 – Pension Plan, continued

Long-Term Expected Rate of Return, continued

| Asset Class | Target Asset Allocation | Expected Arithmetic Real Rate of Return | Long-term Expected Portfolio Real Rate of Return |
|-----------------------------------|--|--|---|
| Global Equity | 47.0% | | |
| Global Public Equity | 33.0% | 6.99% | 2.31% |
| Private Equity | 9.0% | 8.73% | 0.79% |
| Equity Options Strategies | 5.0% | 5.52% | 0.28% |
| Real Assets | 10.0% | | |
| Real estate (Private) | 6.0% | 3.54% | 0.21% |
| Real estate (REITs) | 2.0% | 5.46% | 0.11% |
| Infrastructure | 2.0% | 5.09% | 0.10% |
| Opportunistic | 13.0% | | |
| GRAA/Risk Parity | 8.0% | 3.75% | 0.30% |
| Hedge Funds (non-PA) | 2.0% | 3.45% | 0.07% |
| Other Opportunistic Strategies | 3.0% | 3.75% | 0.11% |
| Diversified Credit | 18.0% | | |
| Mixed Credit | 6.0% | 3.05% | 0.18% |
| Emerging Markets Debt | 5.0% | 3.94% | 0.20% |
| Private Debt | 7.0% | 3.89% | 0.27% |
| Conservative Fixed Income | 12.0% | | |
| Core Fixed Income | 10.0% | 0.94% | 0.09% |
| Cash and Short Duration (Net) | 2.0% | 0.34% | 0.01% |
| Total Expected Real Return | 100.0% | | 5.03% |
| Inflations for Actuarial Purposes | | | 2.25% |
| Total Expected Nominal Return | | | <u>7.28%</u> |

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.

Town of Irmo

**Notes to Financial Statements
Year Ended June 30, 2019**

Note 6 – Pension Plan, continued

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.

| Sensitivity of the Net Pension Liability to Changes in the Discount Rate | | | |
|--|---------------------------|----------------------------------|---------------------------|
| System | 1.00% Decrease (6.25%) | Current Discount Rate (7.25%) | 1.00% Increase (8.25%) |
| SCRS | \$ 2,466,053 | \$ 1,929,900 | \$ 1,546,601 |
| PORS | \$ 3,637,411 | \$ 2,698,126 | \$ 1,928,773 |

Net Pension Liability

At June 30, 2019, the Town reported a net pension liability of \$1,929,900 and \$2,698,126 for its proportionate shares of the SCRS and PORS net pension liabilities, respectively. The net pension liability was measured as of July 1, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportionate shares of the net pension liabilities were based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2019, the Town's proportionate shares of the SCRS and PORS plans were .008613 percent and .09552 percent respectively, for June 30, 2019.

Pension Expense

For the year ended June 30, 2019, the Town recognized pension expense for the SCRS plan of \$248,925. For the year ended June 30, 2019, the Town recognized pension expense for the PORS plan of \$319,716.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Town of Irmo

Notes to Financial Statements Year Ended June 30, 2019

Note 6 – Pension Plan, continued

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued

For the SCRS plan, there were total deferred outflows of resources of \$513,067 consisting of differences between expected and actual experience of \$80,052, the net difference between projected and actual earnings on pension plan investments of \$95,557, changes in proportion and differences between employer contributions and proportionate share of contributions of \$201,802, and Town contributions subsequent to the measurement date of \$135,656. There were deferred inflows of resources of \$170,478 for the SCRS plan consisting of differences between expected and actual experience.

For the PORS plan, there were total deferred outflows of resources of \$684,709 consisting of differences between expected and actual experience of \$261,035, the net difference between projected and actual earnings on pension plan investments of \$167,053, changes in proportion and differences between employer contributions and proportionate share of contributions of \$21,803, and Town contributions subsequent to the measurement date of \$234,819. There were deferred inflows of resources of \$226,435 for the PORS plan consisting of differences between expected and actual experience.

The \$135,656 and \$234,819 reported as deferred outflows of resources resulting from the Town's contributions subsequent to the measurement date for the SCRS and PORS plans, respectively, during the year ended June 30, 2019 will be recognized as a reduction of the net pension liabilities in the year ending June 30, 2020.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows for the SCRS and PORS plans, respectively:

For the SCRS plan, \$120,467 will be recognized for the fiscal years 2020. For fiscal year 2021 \$58,785 will be recognized. For fiscal year 2022 \$26,749 will be recognized and \$932 will be recognized in 2023.

For the PORS plan, \$143,074 will be recognized for the fiscal years 2020. For fiscal year 2021 \$77,828 will be recognized. For fiscal year 2022 \$72 will be recognized and \$2,482 will be recognized in 2023.

Covered Payroll and Contributions

The payroll for Town employees covered by the SCRS totaled \$931,700 and \$866,621 for the year ended June 30, 2019 and 2018, while the payroll for PORS covered employees totaled \$1,362,057 and \$1,277,566, respectively.

The Town's contributions to SCRS and PORS are summarized as follows:

Town of Irmo

**Notes to Financial Statements
Year Ended June 30, 2019**

**Note 6 – Pension Plan, continued
Covered Payroll and Contributions, continued**

| Year Ended | Employer | | | Employee | | |
|---------------|----------|------------|------------|----------|-----------|------------|
| | Percent | SCRS | PORS | Percent | SCRS | PORS |
| June 30, 2019 | 100% | \$ 134,258 | \$ 229,370 | 100% | \$ 83,853 | \$ 132,801 |
| June 30, 2018 | 100% | \$ 116,214 | \$ 202,366 | 100% | \$ 77,996 | \$ 124,563 |
| June 20, 2017 | 100% | \$ 87,320 | \$ 178,443 | 100% | \$ 66,274 | \$ 119,134 |

Note 7 – Post-Employment Benefits

As of June 30, 2019, the Town does not offer any post-employment retirement benefits to its employees.

Note 8 – Commitments

The Town has contracted with a third-party company to provide residential garbage pick-up (sanitation) service for a five-year period ending December 31, 2019 with annual cost of living adjustments of not less than 3% nor more than 5%. The contract is paid in monthly installments equaling \$11.70 per residential dwelling.

Note 9 – Leases - Lessors

The Town, as lessor, renewed the lease agreement dated July 18, 2007 on June 19, 2008 with the South Carolina Department of Public Safety to lease the building located at 1239 Columbia Avenue, Irmo, South Carolina at a basic annual rental payment of \$5,168 for a term of 108 months with two five-year unconditional renewal options.

Note 10 – Risk Management

The Town is exposed to various risks of loss relating to liability, theft or impairment of assets, errors or omissions, injuries to employees and natural disasters. Commercial liability and property insurance coverage is purchased to protect against losses from these risks. The Town does not maintain a self-insurance fund.

During the fiscal year ended June 30, 2019, the Town did not experience any significant uninsured claims. Accordingly, there was no liability or expense recorded for actual claims, and management does not believe any provision for unasserted claims is necessary.

Note 11– Subsequent Events

Subsequent events were evaluated through October 17, 2019, which is the date the financial statements were available to be issued.

Town of Irmo

**Schedule of Revenues, Expenditures and Changes in Fund Balances - General Fund
Budget and Actual
Year Ended June 30, 2019
(With comparative actual amounts for year ended June 30, 2018)**

| | <u>2019</u> | | | | <u>2018</u> |
|--|-------------------------|---------------------|---------------------------|---------------------------------------|------------------|
| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance With Final Budget</u> | <u>Actual</u> |
| | <u>Original</u> | <u>Final</u> | | | |
| Revenues | | | | | |
| Local option sales tax | \$ 1,050,000 | \$ 1,050,000 | \$ 1,138,783 | \$ 88,783 | \$ 1,075,376 |
| Licenses and permits | 2,011,350 | 2,011,350 | 2,472,354 | 461,004 | 2,227,748 |
| State shared revenue | 302,000 | 302,000 | 321,890 | 19,890 | 307,938 |
| Franchise fees | 620,000 | 620,000 | 737,860 | 117,860 | 614,228 |
| Fines and forfeitures | 120,600 | 120,600 | 120,888 | 288 | 137,017 |
| Fire taxes | 540,000 | 540,000 | 595,347 | 55,347 | 552,479 |
| Grants | 88,716 | 88,716 | 142,520 | 53,804 | 100,411 |
| Interest income | 28,500 | 28,500 | 85,566 | 57,066 | 55,223 |
| Sanitation fees | 1,040,000 | 1,040,000 | 995,990 | (44,010) | 843,415 |
| Other revenue and appropriation of fund balance | 269,466 | 269,466 | 82,328 | (187,138) | 109,745 |
| Total revenues | <u>6,070,632</u> | <u>6,070,632</u> | <u>6,693,526</u> | <u>622,894</u> | <u>6,023,580</u> |
| Expenditures | | | | | |
| General Government: | | | | | |
| Legislative | 53,135 | 53,135 | 53,837 | (702) | 52,955 |
| Administrative | 491,565 | 491,565 | 488,626 | 2,939 | 464,562 |
| Court | 258,075 | 258,075 | 247,563 | 10,512 | 242,672 |
| Public works: | | | | | |
| General public works | 635,925 | 635,925 | 639,351 | (3,426) | 600,560 |
| Sanitation | 1,090,000 | 1,090,000 | 1,246,712 | (156,712) | 1,219,021 |
| Police | 2,790,982 | 2,790,982 | 2,657,752 | 133,230 | 2,501,917 |
| Non-departmental | 872,950 | 872,950 | 1,005,962 | (133,012) | 1,365,954 |
| Total expenditures | <u>6,192,632</u> | <u>6,192,632</u> | <u>6,339,803</u> | <u>(147,171)</u> | <u>6,447,641</u> |
| Excess of revenues over expenditures | <u>(122,000)</u> | <u>(122,000)</u> | <u>353,723</u> | <u>475,723</u> | <u>(424,061)</u> |
| Other Financing Sources (Uses) | | | | | |
| Transfers in (out) | <u>122,000</u> | <u>122,000</u> | <u>(14,000)</u> | <u>(136,000)</u> | <u>(12,000)</u> |
| Net change in fund balances | <u>-</u> | <u>-</u> | <u>339,723</u> | <u>339,723</u> | <u>(436,061)</u> |
| Fund balance, beginning of year | <u>5,002,419</u> | <u>5,002,419</u> | <u>5,002,419</u> | <u>-</u> | <u>5,438,480</u> |
| Fund Balance, end of year | <u>\$ 5,002,419</u> | <u>\$ 5,002,419</u> | <u>\$ 5,342,142</u> | <u>\$ 339,723</u> | <u>5,002,419</u> |

Town of Irmo

**Schedule of Proportionate Share of the Net Pension Liability
Employee Pension Plan
Year Ended June 30, 2019**

| <u>System</u> | <u>Proportion of the Net Pension Liability</u> | <u>Proportionate Share of the Net Pension Liability</u> | <u>Actual Covered Member Payroll</u> | <u>Net Pension Liability as a Percentage of Covered Payroll</u> | <u>Fiduciary Net Position as a Percentage of Total Pension Liability</u> |
|---------------|--|---|--|---|--|
| SCRS | | | | | |
| 2015 | 0.007219% | \$ 1,242,872 | \$ 727,834 | 170.76% | 59.90% |
| 2016 | 0.007763% | \$ 1,472,290 | \$ 827,001 | 178.03% | 57.00% |
| 2017 | 0.008540% | \$ 1,824,131 | \$ 765,292 | 238.36% | 52.90% |
| 2018 | 0.007585% | \$ 1,707,505 | \$ 866,621 | 197.03% | 53.30% |
| 2019 | 0.008613% | \$ 1,929,000 | \$ 931,700 | 207.04% | 54.10% |
| PORS | | | | | |
| 2015 | 0.09850% | \$ 1,885,634 | \$ 1,282,145 | 147.07% | 67.50% |
| 2016 | 0.10349% | \$ 2,255,648 | \$ 1,383,276 | 163.07% | 64.60% |
| 2017 | 0.10410% | \$ 2,640,521 | \$ 1,289,328 | 204.80% | 60.40% |
| 2018 | 0.09574% | \$ 2,622,910 | \$ 1,277,566 | 205.31% | 60.90% |
| 2019 | 0.09552% | \$ 2,698,126 | \$ 1,362,057 | 198.09% | 61.70% |

*Schedule is intended to show information for 10 years.
Additional information will be displayed as they become available.*

Town of Irmo

**Schedule of Contributions to Employee Pension Plan
Year Ended June 30, 2019**

| | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---|----------------|----------------|----------------|----------------|----------------|
| SCRS | | | | | |
| Contractually required contribution | \$ 134,258 | 116,214 | 87,320 | \$ 90,226 | \$ 78,242 |
| Contributions in relation to the contractually required contributio | <u>134,258</u> | <u>116,214</u> | <u>87,320</u> | <u>90,226</u> | <u>78,242</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>-</u> | <u>-</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll | \$ 931,700 | 866,621 | 765,292 | \$ 827,001 | \$ 727,834 |
| Contributions as a percentage of covered payroll | 14.41% | 13.41% | 11.41% | 10.91% | 10.75% |
| PORS | | | | | |
| Contractually required contribution | \$ 229,370 | 202,366 | 178,443 | \$ 184,529 | \$ 166,807 |
| Contributions in relation to the contractually required contributio | <u>229,370</u> | <u>202,366</u> | <u>178,443</u> | <u>184,529</u> | <u>166,807</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>-</u> | <u>-</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll | \$ 1,362,057 | 1,277,566 | 1,289,328 | \$ 1,383,276 | \$ 1,282,145 |
| Contributions as a percentage of covered payroll | 16.84% | 15.84% | 13.84% | 13.34% | 13.01% |

*Schedule is intended to show information for 10 years.
Additional information will be displayed as they become available.*

Town of Irmo
Notes to Required Supplementary Information
June 30, 2019

Budgets and Budgetary Accounting

The approved budget and amendments are legally enacted through passage of an ordinance authorizing the Town Administrator to administer the budget and to transfer necessary appropriations among departments. Additional budget appropriations must be approved by Council.

Formal budgetary integration is employed as a management control device during the year for the General, Special Revenue and Okra Strut Funds.

The legal level of budget is at the fund level for the Town of Irmo. The budgetary comparison schedule displays detail at the department level as additional information.

Net Pension Liability

| | SCRS | PORS |
|---|---|--|
| Valuation date | July 1, 2016 | July 1, 2016 |
| Actuarial cost method | Entry age normal | Entry age normal |
| Asset valuation method | 5-year smoothed | 5 yearer-smoothed |
| Amortization method | Level percent of payroll | Level percent of payroll |
| Remaining amortization period | 30 years variable, not to exceed 30 years | 30 years variable, not to exceed 30 years |
| Inflation rate | 2.25% | 2.25% |
| Projected salary increases | 3.5% plus step-rate increases for memebers with less than 15 years of service. | 3.5% plus step-rate increases for memebers with less than 15 years of service. |
| Investment rate of return | 7.50% | 7.50% |
| Mortality | The 2016 public retirees of South Carolina mortality tables for males and females, both projected at Scale AA from the year 2016. Male rates multiplied by 100% for non-educators and 92% for educators. Female rates multiplied by 111% for non-educators and 98% for educators. | The 2016 public retirees of South Carolina mortality tables for males and females, both projected at Scale AA from the year 2016. Male rates multiplied by 125% and female rates are multiplied by 111%. |
| Comment on the development of the actuarially determined and actual contribution rate | Contribution rate for fiscal year 2018 is determined in accordance with the Retirement System Funding and Administration Act of 2017. | Contribution rate for fiscal year 2018 is determined in accordance with the Retirement System Funding and Administration Act of 2017. |

Town of Irmo

**Schedule of Court Fines, Assessments and Surcharges
Year Ended June 30, 2019**

Court fines and assessments

| | | |
|--|----|---------------|
| Court fines and assessments collected | \$ | 156,359 |
| Court fines and assessments remitted to State Treasurer | | (140,685) |
| Total court fines and assessments retained | \$ | <u>15,674</u> |

Surcharges and assessments retained for victims services

| | | |
|--|----|---------------|
| Surcharges collected and retained | \$ | 3,728 |
| Assessments retained | | 11,946 |
| Total surcharges and assessments retained for victim | \$ | <u>15,674</u> |

Funds allocated to victims services

| | | |
|--|----|---------------|
| Carryover funds from prior years | \$ | 56,859 |
| Surcharges and assessments retained | | 15,674 |
| Expenditures for victims services | | (9,099) |
| Total unexpended victims rights assistance funds | \$ | <u>63,434</u> |