

Lexington County Recreation District
Financial Statements
Year Ended June 30, 2023

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GOVERNMENTAL AUDITING STANDARD REPORT

Independent Auditor's Report on Compliance and on Internal Control Over
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INDEPENDENT AUDITORS' REPORT

The Honorable Chairman and Members of
The Lexington County Recreation District
563 South Lake Drive, Room 202
Lexington, South Carolina

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lexington County Recreation District, Lexington, South Carolina (hereafter referred to as the "District") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information and the respective budgetary comparison for the General Fund and the Special Revenue Fund of the Lexington County Recreation District as of June 30, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate where there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of the Proportionate Share of the South Carolina Retirement System Net Pension Liabilities, Schedule of South Carolina Retirement System Contributions, the Schedule of Changes in the Employer's Net OPEB Liability and Related Ratios, and the Schedule of Employer Contributions 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.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "The Brittingham Group LLP". The signature is written in a cursive, flowing style. It is contained within a thin black rectangular border.

West Columbia, South Carolina
June 27, 2024

LEXINGTON COUNTY RECREATION DISTRICT
LEXINGTON, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

The Lexington County Recreation District's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the District's financial activity, (c) identify changes in the District's financial position (its ability to address the next and subsequent year challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

The Lexington County Recreation District offers readers of the District's financial statements a narrative overview and analysis of the District's financial activities for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with information we have provided in our financial statements and the notes to the financial statements.

Financial Highlights

- The assets of the Lexington County Recreation District exceeded its liabilities at June 30, 2023 by \$50,496,247 (Net Position).
- The District's total net position increased by \$3,904,919.
- As of June 30, 2023, the District's governmental funds reported a combined ending fund balance of \$33,087,294, an increase of \$4,674,279, from the previous fiscal year. Of this amount, \$24,913,859 is unassigned.
- At the end of the current fiscal year, the General Fund reported a fund balance of \$24,940,408 or 169.22% of total General Fund expenditures and transfers out for the fiscal year.
- The General Fund reported a \$640,747 increase in revenue over budget, and a decrease in expenditures of \$2,021,883 under budgeted appropriations.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Lexington County Recreation District's basic financial statements. The 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 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 District's finances, in a manner similar to a private-sector business. The statement of net position presents information on all of the District'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 District is improving or deteriorating.

The statement of activities presents information showing how the District'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 (uncollected taxes and earned but unused vacation leave).

LEXINGTON COUNTY RECREATION DISTRICT
LEXINGTON, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

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 District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District only has the governmental funds category.

Governmental funds - 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 near-term 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 near-term 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 Lexington County Recreation District 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 all four governmental funds because each are considered to be major funds.

The District adopts an annual appropriated budget for its General Fund and Special Revenue Fund (Aging Program). Budgetary comparison statements have been provided for these funds to demonstrate compliance with the budget.

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.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indication of a government's financial position. In the case of the District, assets exceeded liabilities by \$50,496,247 at the close of the most recent fiscal year. The District's net position increased by \$3,904,919 for the fiscal year.

The largest portion of the District's net position (75.29%) reflects its investment in capital assets (land, buildings, infrastructure, vehicles, furniture, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

LEXINGTON COUNTY RECREATION DISTRICT
LEXINGTON, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

Lexington County Recreation District Net Position

Lexington County Recreation District Net Position

	2023	2022
Current and Other Assets	\$ 34,728,238	\$ 30,102,464
Capital Assets	55,049,415	57,150,095
Deferred Outflows	3,397,911	4,049,234
	<hr/>	<hr/>
Total Assets and Deferred Outflows of Resources	93,175,564	91,301,793
	<hr/>	<hr/>
Current and Other Liabilities	2,416,639	2,353,416
Long-Term Debt Outstanding	33,200,082	39,112,162
Deferred Inflows	7,062,596	3,244,887
	<hr/>	<hr/>
Total Liabilities and Deferred Inflows of Resources	42,679,317	44,710,465
	<hr/>	<hr/>
Net Assets		
Net Investment in Capital Assets	38,017,830	38,956,810
Restricted	2,926,643	665,463
Unrestricted	9,551,774	6,969,055
	<hr/>	<hr/>
Total Net Assets	\$ 50,496,247	\$ 46,591,328
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An additional portion of the District's net position (5.80%) represents resources that are subject to external restrictions on how they may be used.

At the end of the current fiscal year, the District is able to report a positive balance of net position for its governmental activities.

The changes in net position displayed on the next page shows the governmental activities for the fiscal year.

LEXINGTON COUNTY RECREATION DISTRICT
LEXINGTON, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

Lexington County Recreation District's Change in Net Position

	<u>2023</u>	<u>2022</u>
Revenues:		
Program Revenues		
Charges for Service	\$ 2,602,273	\$ 2,376,317
Operations Grants & Contributions	920,509	730,146
Capital Grants & Contributions	32,370	160,058
General Revenues		
Property Taxes	18,104,436	17,252,919
Accommodations Tax	37,231	38,000
Investment & Interest Income	254,031	5,358
Total Revenues	<u>21,950,850</u>	<u>20,562,798</u>
Expenses		
Personnel	5,702,754	6,957,904
Maintenance	5,274,572	4,838,673
Operations	430,752	406,279
Programs	279,100	322,234
Special Projects	1,057,130	1,057,605
Aging Program (Includes Personnel)	3,934,939	4,027,558
Capital Outlay	780,741	682,409
Interest & Fees	585,943	455,567
Total Expenses	<u>18,045,931</u>	<u>18,748,229</u>
Increase in Net Position	3,904,919	1,814,569
Net Position, Beginning of Year	<u>46,591,328</u>	<u>44,776,759</u>
Net Position, End of Year	<u><u>\$ 50,496,247</u></u>	<u><u>\$ 46,591,328</u></u>

LEXINGTON COUNTY RECREATION DISTRICT
LEXINGTON, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

Financial Analysis of Governmental Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2023, the Lexington County Recreation District's governmental funds reported combined ending fund balances of \$33,087,294 an increase of \$4,674,279 over the prior year. Approximately 75.30% of the total amount (\$24,913,859) constitutes unassigned fund balance, which is available for spending at the District's discretion. The remaining of fund balance is restricted to indicate that it is not available for new spending because it has already been committed to the special revenue fund (\$2,964,868), capital projects (\$2,255,375), pay debt service (\$2,926,643) and nonspendable for inventory/prepays (\$26,549).

The General Fund is the primary operating fund of the District. At the end of the current fiscal year, total fund balance was \$24,940,408 of which \$24,913,859 was unassigned. As a measure of the General Fund's liquidity, a comparison of both total and unreserved fund balances to total fund expenditures and transfers out shows percentages of 169.22% and 169.04% respectively. The fund balance of the General Fund increased by \$1,882,050 during the fiscal year. This increase is a result of an increase in property taxes and a favorable variance of actual expenditures under budget.

The Special Revenue Fund (Aging Program) has a total Fund balance of \$2,964,868 which reflects an increase of \$85,077 over the prior year.

The Debt Service Fund has a total fund balance of \$2,926,643, which reflects an increase of \$2,261,180 over the prior year. This increase is a result of the Bond payment schedule.

The Capital Projects Fund has a total fund balance of \$2,255,375, which reflects an increase of \$445,972 over the prior year. This increase is a result of the transfer from the General Fund.

General Fund Budgetary Highlights

A budget to actual statement is provided for the General Fund and Special Revenue Fund (Aging Program). Columns for both the original budget adopted for fiscal year 2023, as well as the final budget are presented. Revenues and other financing sources in the General Fund were \$750,717 above estimated. The actual General Fund expenditures and transfers were \$1,631,333 above the final budget amounts.

LEXINGTON COUNTY RECREATION DISTRICT
LEXINGTON, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

Capital Assets and Debt Administration

Capital Assets - The Lexington County Recreation District's investment in capital assets as of June 30, 2023, amounts to \$57,049,415 (net of accumulated depreciation). This investment in capital assets includes land, buildings, infrastructure, vehicles, furniture, and machinery and equipment.

Lexington County Recreation District's Capital Assets (Net)

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Land	\$ 10,835,228	\$ 10,835,228
Land Improvements	7,025,421	7,025,421
Construction in Progress		4,987
Buildings	16,744,781	17,530,390
Improvements other than Buildings	13,122,655	14,205,171
Machinery and Park Equipment	458,968	504,761
Furniture and Equipment	122,508	107,060
Vehicles	668,370	779,960
Infrastructure	5,975,263	6,157,117
Leased Asset	96,221	-
	<u> </u>	<u> </u>
Totals	<u>\$ 55,049,415</u>	<u>\$ 57,150,095</u>

Long-term Debt - At the end of the current fiscal year, the Lexington County Recreation District had total bonded debt outstanding of \$16,703,161. The full amount of outstanding debt is backed full faith and credit by the tax payers of the District.

The state limits the amount of general obligation debt the District may issue to 8% of the assessed value of all taxable property in the District. The current debt limitation for the district is \$96,468,981, which is significantly in excess of the District's outstanding general obligation debt.

Lexington County Recreation District's Outstanding Debt

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
General Obligation Bonds	\$ 16,703,161	\$ 17,935,267

The District's total debt decreased \$1,229,642 during the current fiscal year.

LEXINGTON COUNTY RECREATION DISTRICT
LEXINGTON, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

Economic Factors and Next Year's Budgets and Rates

- At June 30, 2023, the unemployment rate for Lexington County was 3.0%, one of the lowest rates in South Carolina. This compares favorably with the state's rate of 3.2% and the national rate of 3.8%.
- Inflation trends in the region compare favorably to national indexes.

All of these factors were considered in preparing the District's budget for the 2024 fiscal year.

At the end of the current fiscal year, the unassigned fund balance in the General Fund was \$24,913,859. The district has appropriated \$500,000 of this amount for spending in the 2024 fiscal year budget.

Request of Information

This financial report is designed to provide a general overview of the Lexington County Recreation District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to the Lexington County Recreation and Aging Commission, Finance Director, 563 South Lake Drive, Lexington, South Carolina 29072.

LEXINGTON COUNTY RECREATION DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023

	<u>TOTAL</u>
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 17,154,362
Investments	13,143,054
Receivables (Net)	
Property Taxes	972,836
Interest	1,363
Other	299,059
Due from Other Governments	3,131,015
Inventory	5,138
Prepays	21,411
TOTAL CURRENT ASSETS	<u>34,728,238</u>
Noncurrent Assets:	
Capital Assets, not being depreciated	17,860,649
Capital Assets, being depreciated and amortized, net	37,092,545
Right of Use Asset, Net	96,221
TOTAL NONCURRENT ASSETS	<u>55,049,415</u>
TOTAL ASSETS	<u>89,777,653</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred OPEB outflows	3,085,000
Deferred pension outflows	312,911
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>3,397,911</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>93,175,564</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	358,636
Accrued Salaries	252,356
Accrued Payroll Taxes and Fringes	155,161
Compensated Absences	132,227
Unavailable Revenue	19,805
Accrued Interest	238,454
Current Portion of Bond Principal	1,260,000
TOTAL CURRENT LIABILITIES	<u>2,416,639</u>
Noncurrent Liabilities:	
Other Post Employment Benefits Payable	8,343,000
Compensated Absences	332,132
Bonds Payable	15,443,161
Lease Liability	89,970
Net Pension Liability	8,991,819
TOTAL NONCURRENT LIABILITIES	<u>33,200,082</u>
TOTAL LIABILITIES	<u>35,616,721</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Related to OPEB	6,837,000
Related to Pensions	225,596
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>7,062,596</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>42,679,317</u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	38,017,830
Restricted For:	
Debt Service	2,926,643
Unrestricted-Unfunded Pension Obligation	(8,904,504)
Unrestricted-Other Post Employment Benefits	(12,095,000)
Unrestricted-Other	30,551,278
TOTAL NET POSITION	<u>\$ 50,496,247</u>

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

LEXINGTON COUNTY RECREATION DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Functional Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Personnel	\$ 5,702,754				\$ (5,702,754)
Maintenance	5,274,572				(5,274,572)
Operations	430,752	\$ 60,314			(370,438)
Programs	279,100	336,175			57,075
Special Projects	1,057,130	1,744,533			687,403
Aging Program (Including Personnel)	3,934,939	461,251	\$ 920,509		(2,553,179)
Capital Outlay	780,741			\$ 32,370	(748,371)
Interest and Fees	585,943				(585,943)
Total Governmental Activities	<u>\$ 18,045,931</u>	<u>\$ 2,602,273</u>	<u>\$ 920,509</u>	<u>\$ 32,370</u>	(14,490,779)
General Revenues:					
Property Taxes Levied For:					
General Purpose					14,108,563
Debt Service					3,995,873
Accommodations Tax					37,231
Interest and Investment Income					254,031
Total General Revenue					18,395,698
Change in Net Position					3,904,919
Net Position, Beginning of Year					46,591,328
Net Position, End of Year					\$ 50,496,247

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

LEXINGTON COUNTY RECREATION DISTRICT
LEXINGTON, SOUTH CAROLINA
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
<u>ASSETS</u>					
Cash	\$ 13,658,700	\$ 3,180,555		\$ 315,107	\$ 17,154,362
Investments	12,130,794			1,012,260	13,143,054
Receivables (Net of Allowance for Uncollectibles)					
Property Taxes	751,412		\$ 221,424		972,836
Interest	1,363				1,363
Other	101,697	194,898		2,464	299,059
Inventory	5,138				5,138
Prepays	21,411				21,411
Due From Other Governments	230,437		2,900,578		3,131,015
Due From Other Funds	199	2,935		1,056,174	1,059,308
Total Assets	<u>\$ 26,901,151</u>	<u>\$ 3,378,388</u>	<u>\$ 3,122,002</u>	<u>\$ 2,386,005</u>	<u>\$ 35,787,546</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 233,326	\$ 110,310		\$ 15,000	\$ 358,636
Accrued Payroll Taxes and Fringes	138,881	16,280			155,161
Accrued Salaries	185,869	66,487			252,356
Unearned Revenue		19,805			19,805
Due to Other Funds	743,040	200,638		115,630	1,059,308
Total Liabilities	<u>1,301,116</u>	<u>413,520</u>	<u>-</u>	<u>130,630</u>	<u>1,845,266</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Unavailable revenue-property taxes	659,627		195,359		854,986
Total Deferred Inflows of Resources	<u>659,627</u>	<u>-</u>	<u>195,359</u>	<u>-</u>	<u>854,986</u>
<u>FUND BALANCES</u>					
Nonspendable	26,549				26,549
Restricted			2,926,643	2,255,375	5,182,018
Assigned		2,964,868			2,964,868
Unassigned	24,913,859				24,913,859
Total Fund Balances	<u>24,940,408</u>	<u>2,964,868</u>	<u>2,926,643</u>	<u>2,255,375</u>	<u>33,087,294</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 26,901,151</u>	<u>\$ 3,378,388</u>	<u>\$ 3,122,002</u>	<u>\$ 2,386,005</u>	<u>\$ 35,787,546</u>

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

LEXINGTON COUNTY RECREATION DISTRICT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

Ending fund balances - total governmental funds **\$ 33,087,294**

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

Capital assets and right-to-use lease used in governmental activities are not financial resources and
therefore are not reported in the governmental funds:

Lease Asset	\$ 109,970	
Land and land improvements	17,860,649	
Buildings	30,004,876	
Improvements other than buildings	29,635,751	
Machinery and equipment	2,365,160	
Office furniture and equipment	427,107	
Vehicles	4,152,277	
Infrastructure	9,108,805	
Accumulated amortization and depreciation	<u>(38,615,180)</u>	55,049,415

Unavailable revenues reported in the governmental funds are recognized as revenues for the governmental activities		854,986
---	--	---------

Accrued interest payable on bonds and lease not reported in governmental funds		(238,454)
--	--	-----------

Some liabilities, including net pension obligations, are not due and payable in the current
period and, therefore, are not reported as liabilities in the funds.
governmental funds balance sheet. Long-term liabilities consist of the following:

Compensated absences	(464,359)	
Lease liability	(89,970)	
Other post-employment benefits	(8,343,000)	
Net pension liability	(8,991,819)	
General obligation bonds payable	(16,460,000)	
Issuance premium (to be amortized against interest expense)	<u>(243,161)</u>	(34,592,309)

Deferred outflows and inflows or resources related to pensions and other post employment benefits
are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows of resources related to pensions	312,911	
Deferred inflows of resources related to pensions	(225,596)	
Deferred outflows of resources related to Other Post Employment Benefits	3,085,000	
Deferred inflows of resources related to Other Post Employment Benefits	<u>(6,837,000)</u>	(3,664,685)

Net position of governmental activities **\$ 50,496,247**

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

LEXINGTON COUNTY RECREATION DISTRICT
LEXINGTON, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	General	Special Revenue	Debt Service	Capital Projects	Total
Revenues					
Property Taxes	\$ 14,165,326		\$ 4,011,950		\$ 18,177,276
Fees and Registration	410,363				410,363
Federal Grants		\$ 473,219			473,219
State Grants		273,212			273,212
Pass-Thru Grant		174,078			174,078
Program Revenue	1,665,207	313,761			1,978,968
Other Revenue	269,871	23,565	86,843	\$ 32,370	412,649
In-Kind Revenue		123,925			123,925
Total Revenues	16,510,767	1,381,760	4,098,793	32,370	22,023,690
Expenditures					
Personnel	5,865,614	2,287,452			8,153,066
Maintenance	3,921,177	322,654			4,243,831
Operations	418,479	243,898			662,377
Programs	279,100	160,881			439,981
Special Projects	443,750				443,750
Food Cost		477,801			477,801
In-Kind Expenditures		123,925			123,925
Pass-Thru Grant		174,078			174,078
Capital Outlay	310,567	5,994		586,398	902,959
Bond Principal Retirement			1,210,000		1,210,000
Interest and Fees			627,613		627,613
Total Expenditures	11,238,687	3,796,683	1,837,613	586,398	17,459,381
Excess Revenue Over (Under) Expenditures	5,272,080	(2,414,923)	2,261,180	(554,028)	4,564,309
Other Financing Sources (Uses)					
Lease Proceeds	109,970				109,970
Transfer From Other Funds		2,500,000		1,000,000	3,500,000
Transfer To Other Funds	(3,500,000)				(3,500,000)
Excess revenues and other financing sources over (under) expenditures and other uses	1,882,050	85,077	2,261,180	445,972	4,674,279
Fund Balance - Beginning of Year	23,058,358	2,879,791	665,463	1,809,403	28,413,015
Fund Balance - End of Year	\$ 24,940,408	\$ 2,964,868	\$ 2,926,643	\$ 2,255,375	\$ 33,087,294

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

LEXINGTON COUNTY RECREATION DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
OF GOVERNMENTAL FUNDS
JUNE 30, 2023

Net Change in Fund Balances - Total Governmental Funds		\$ 4,674,279
Amounts reported for governmental activities in the Statement of Activities are different because:		
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Property Taxes		(72,840)
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets are depreciated over their estimated useful lives:		
Expenditures for capital assets	\$ 311,650	
Current year rounding difference	4	
Current year amortization expense	(13,749)	
Current year depreciation expense	<u>(2,508,551)</u>	(2,210,646)
Repayment of long-term debt is reported as an expenditures in governmental funds but the repayment reduces long-term liabilities in the Statement of Net Position. In the current year, these amounts consisted of:		
General obligation bond principal retirement	1,210,000	
Accrued interest lease	(358)	
Lease payments	<u>20,000</u>	1,229,642
Interest expense on accrued interest on bonds payable is not recognized in Governmental Funds		19,922
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Change in compensated absences	(16,807)	
Amortization on bond premium	<u>22,106</u>	5,299
The Other Post Employment Benefits liability and the related deferred outflows and deferred inflows related to funding for future retiree benefit payments, which are not considered current. The net pension liability, deferred outflows and deferred inflows increased in the current year.		<u>259,263</u>
Changes in net position of governmental activities		<u>\$ 3,904,919</u>

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

LEXINGTON COUNTY RECREATION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET TO ACTUAL-
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

EXHIBIT 7

	<u>Budget</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Property Taxes	\$ 13,903,620	13,903,620	\$ 14,165,326	\$ 261,706
Fees and Registration	350,000	350,000	410,363	60,363
Program Revenue	1,547,400	1,547,400	1,665,207	117,807
Other Revenue	69,000	69,000	269,871	200,871
Total Revenue	15,870,020	15,870,020	16,510,767	640,747
Expenditures:				
Personnel	7,057,635	7,057,635	5,865,614	1,192,021
Maintenance	4,340,710	4,340,710	3,921,177	419,533
Operations	525,875	525,875	418,479	107,396
Programs	307,800	307,800	279,100	28,700
Special Projects	567,550	567,550	443,750	123,800
Capital Outlay	461,000	461,000	310,567	150,433
Total Expenditures	13,260,570	13,260,570	11,238,687	2,021,883
Excess Revenues Over Expenditures	2,609,450	2,609,450	5,272,080	2,662,630
Other Financing Sources (uses)				
Lease Proceeds			109,970	109,970
Transfer to Other Funds	(3,109,450)	(3,109,450)	(3,500,000)	(390,550)
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ (500,000)	\$ (500,000)	1,882,050	\$ 2,382,050
Fund Balance - Beginning of Year			23,058,358	
Fund Balance - End of Year			\$ 24,940,408	

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

LEXINGTON COUNTY RECREATION DISTRICT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET TO ACTUAL-
SPECIAL REVENUE FUND (AGING FUND)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

EXHIBIT 8

	<u>Budget</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Federal Aging Grants	\$ 330,000	\$ 330,000	\$ 473,219	\$ 143,219
State Aging Grants	280,000	280,000	273,212	(6,788)
Pass-Thru Grant		-	174,078	174,078
Program Revenue	279,200	279,200	313,761	34,561
Other Revenue	5,000	5,000	23,565	18,565
In-Kind Revenue	75,000	75,000	123,925	48,925
Total Revenue	969,200	969,200	1,381,760	412,560
Expenditures:				
Personnel	2,523,000	2,523,000	2,287,452	235,548
Maintenance	402,500	402,500	322,654	79,846
Operations	262,150	262,150	243,898	18,252
Programs	127,000	127,000	160,881	(33,881)
Food Cost	690,000	690,000	477,801	212,199
In-Kind Expenditures	75,000	75,000	123,925	(48,925)
Pass-Thru Grant		-	174,078	(174,078)
Capital Outlay	99,000	99,000	5,994	93,006
Total Expenditures	4,178,650	4,178,650	3,796,683	381,967
Excess Revenues Over (Under) Expenditures	(3,209,450)	(3,209,450)	(2,414,923)	794,527
Other Financing Sources (Uses)				
Transfer from Other Funds	3,109,450	3,109,450	2,500,000	(609,450)
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ (100,000)	\$ (100,000)	85,077	\$ 185,077
Fund Balance - Beginning of Year			2,879,791	
Fund Balance - End of Year			\$ 2,964,868	

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

LEXINGTON COUNTY RECREATION DISTRICT
LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Note 1. Basis of Presentation

(A) General

The Lexington County Recreation District (The District) was created in 1968 by legislative act to provide leisure service within Lexington County. In 1980, the District accepted responsibility for providing a comprehensive aging program for the residents of the County. The District is governed by a District that is a policy making body with complete authority over budget and policy. The Governor of South Carolina appoints the Commissioners for five-year terms.

(B) Reporting Entity

The accompanying financial statements include data for all departments and agencies comprising the District. The Lexington County Comprehensive Aging Program is part of the District and is included in the Special Revenue Fund.

Note 2. Summary of Significant Accounting Policies

The accounting policies of the District conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of significant policies.

(A) Basis of Accounting

All funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as current assets. The District considers taxes as available if they are collected within sixty days of year-end. Expenditures are recognized when fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which is recognized when the interest is due. Resources from special grants are recognized as revenues to the extent of expenditures made under the provisions of the grants. Funds received before the revenue recognition criteria have been met are reported as unavailable revenue, a liability account.

(B) Fund Accounting

A governmental accounting system should make it possible (1) to show that all applicable legal provisions have been complied with, and (2) to determine fairly, and with full disclosure, the financial position and results of financial operations of the various funds of the District. In order to accomplish these goals, and in response to specific legal provisions, the District's accounting records are organized and operated on a fund basis.

A fund is defined as a fiscal and accounting entity, with self-balancing sets of accounts, recording cash and other financing resources together with all related liabilities, and residual equities, or balances, and changes therein, which are segregated for the purpose of carrying on the specific activities, or attaining certain objectives. Amounts receivable from or payable to other funds are shown in the accounts of each fund and separately presented in the financial statements until liquidated by payment or interfund transfer.

LEXINGTON COUNTY RECREATION DISTRICT
LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Note 2. Summary of Significant Accounting Policies (Continued)

(B) Fund Accounting (Continued)

Governmental Funds

The following types of funds are used in accounting for the financial operations of the District:

- 1) General Fund to account for all financial resources not properly accounted for in other funds.
- 2) Special Revenue Fund to account for the proceeds of specific revenue sources (other than expendable trust or for major capital projects) that are legally restricted to expenditures for specified purposes.
- 3) Debt Service Fund to account for the accumulation of resources, and the payment of principal and interest for general long-term debt.
- 4) Capital Projects Fund to account for the financial resources to be used for acquisition or construction of major capital facilities.

(C) Governmental – Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. The effect of interfund activity has been removed from the statements. This government-wide focus is more on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal year.

The Government-Wide Financial Statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the District are included on the Statement of Net Position.

(D) Inventories

Inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. The costs of the District's governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

(E) Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2023, are not recorded as prepaid items for governmental fund types in the Fund Financial Statements. They are recorded as expenditures when paid.

(F) Budget

The District uses a budget adopted by its commissioners. The budget on a GAAP basis and all encumbrances lapse at the end of each fiscal year. These statements reflect the detailed line item budget used for operations of the fiscal year.

LEXINGTON COUNTY RECREATION DISTRICT
LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Note 2. Summary of Significant Accounting Policies (Continued)

(G) Capital Assets

Capital assets, which include land, buildings, furniture, equipment and infrastructure assets (e.g., paving, sidewalks, drainage and sewer systems, and similar items), are reported in the Governmental-Wide Statements. Capital assets are only capitalized in the Governmental-Wide Statements and fully expended in the government funds. Capital assets are defined by the District as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of two years. The assets are stated at cost or estimated historical cost if purchased or constructed. Donated capital assets are valued at their estimated fair market value on the date received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are depreciated over using the straight-line method over the following estimated useful lives:

Buildings	20 to 50 years
Improvements other than buildings	15 to 30 years
Furniture and Equipment	5 years
Machinery and Equipment	5 to 10 years
Vehicles	5 to 10 years
Infrastructure	30 years

(H) Lease Accounting (Lessee)

The District is a lessee in a noncancellable lease including equipment. The District recognizes a lease liability and an intangible right-to-use lease asset in the governmental-wide financial statements. The District recognizes lease liabilities with an initial, individual value of \$5,000 or more. At the commencement of a lease, the District initially measures the lease liability at the present value of the payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for the lease payments made at or before the lease commencement date, plus certain indirect costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the asset's useful life or the terms of the lease.

Key estimates and judgements related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

The District uses the interest rate charged by the lessor as the discount rate. When the interest rate of the lessor is not provided the District generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the District is reasonably certain to exercise. The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease

LEXINGTON COUNTY RECREATION DISTRICT
LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Note 2.

Summary of Significant Accounting Policies (Continued)

(H) Lease Accounting (Lessee) (Continued)

asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

(I) Net Position and Fund Balances

In the Government-Wide financial statements, the difference between the District's total assets and total liabilities represents net position. Net position for the governmental fund type displays three components; 1) net invested in capital assets; 2) restricted; and 3) unrestricted. Unrestricted net position represent the net position available for future operations. In the fund level financial statements, the difference between the District's total assets and total liabilities represents fund balance. The District reports fund balance in accordance with GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions," for the fund level financial statements. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. Fund balance for the fund level financial statements can display five components: nonspendable, restricted, committed, assigned and unassigned. These components focus on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the fund can be spent. These five components are defined as:

Nonspendable Fund Balance

The nonspendable fund balance component includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that will never be converted to cash, for example, inventories of supplies and prepaid items. It may also include long-term portion of loans and notes receivable, as well as nonfinancial assets held for resale.

Restricted Fund Balance

The restricted fund balance component includes amounts that are either restricted externally by creditors, grantor, contributors, or laws or regulation of other governments or restricted by law through constitutional provisions or enabling legislation.

Committed Fund Balance

The committed fund balance component includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. Committed fund balances also incorporate contractual obligations to the extent that existing resources in the fund have been specifically

LEXINGTON COUNTY RECREATION DISTRICT
LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Note 2. **Summary of Significant Accounting Policies (Continued)**

(I) Net Position and Fund Balances (Continued)

committed for use in satisfying those contractual requirements. The District recognizes committed fund balances that have been approved for specific purposes by District before the fiscal year end.

Assigned Fund Balance

The assigned fund balance component includes amounts that are constrained by the District's intent to be used for specific purposes but are not restricted or committed. The authority for making an assignment is not required to be the District's highest level of decision-making authority and as such, the nature of the actions necessary to remove or modify an assignment does not require the District's highest level of authority.

Unassigned Fund Balance

The unassigned fund balance component includes amounts that have not been assigned to other funds.

(J) 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. The District had \$3,397,911 in deferred outflows at June 30, 2023.

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. Unavailable revenues of \$854,986 is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: property taxes. The District had \$7,062,596 in deferred inflows reported in the entity-wide financial statements at June 30, 2023.

(K) Cash and Investments

The District considers cash and cash equivalents in all funds to be cash on hand and demand deposits. The Districts considers investments in all funds to be certificates of deposits, money market investments, and participating, interest-earning investment accounts.

Note 3. **Receivables**

(A) Property Taxes

Property taxes receivable represent the portion of taxes, which when collected, will be credited to each fund. An allowance for uncollectibles of 47% for motor vehicles and 10% for other property taxes has been made, based on past collections. Property taxes are not recognized as income until measurable and available.

LEXINGTON COUNTY RECREATION DISTRICT
LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Note 3. Receivables (Continued)

(B) Aging Program Grant Revenues

The Special Revenue Fund recognizes revenues and the related receivables in anticipation of reimbursement for cost in excess of income received in accordance with the provisions of contracts for grant awards.

(C) Grants - Other

This represents other state grants where revenue was earned as of June 30, 2023 in that all expenditures related to the grant had occurred during the fiscal year.

Note 4. Due To and From Other Funds

These items represent normal interfund balances resulting from interfund transactions.

Note 5. Due From Other Governments

The amounts due from other governments consist of \$230,437 in the general fund and \$2,900,578 in the debt service fund. These represent property tax revenues collected by the Lexington County Treasurer for general operations and retirement of the District's bond indebtedness respectively, and have not been remitted to the District as of June 30, 2023.

Note 6. Accounts Payable

This item represents amounts, which were unpaid at June 30, 2023 for purchases made through that date.

Note 7. Payroll Taxes and Fringes

This item represents payroll accruals for both withholdings and employer contributions at June 30, 2023.

Note 8. Compensated Absences

Full-time employees of the District accrue leave according to the following schedule:

<u>Number of Years of Service</u>	<u>Vacation Days</u>	<u>Maximum Accumulation</u>
1 – 5	10	45
5 – 10	15	45
10 or more	20	45

Employees can carry over and are paid upon termination up to the maximum accumulation. Part-time employees earn leave at the rate of one-half of the above schedule. Full-time employees accrue sick leave at the rate of 1 day per month and part-time employees at the rate of one-half day per month up to a maximum of 90 days for full-time employees and 45 days for part-time employees. Accrued sick leave is not paid upon termination.

LEXINGTON COUNTY RECREATION DISTRICT
LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Note 9.

Pension Plan

Deferred Compensation Plans

Several optional deferred compensation plans are available to state employees and employers of its political subdivisions. Certain employees of the District have elected to participate. The multiple-employers plans were created under Internal Revenue Sections 457, 401(k), and 403(b), are administrated by third parties and are not included in the Annual Comprehensive Financial Report (ACFR) of the State of South Carolina. Compensation deferred under the plans is placed in trust for the contributing employee. The District has no liability for losses under the plans. Employees may withdraw the current value of their contributions when they terminate state employment. Employees may also withdraw contributions prior to termination if they meet requirements specified by the applicable plan.

South Carolina Retirement System

The majority of employees of the District are covered by a retirement plan through the South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Retirement Division of the South Carolina Public Employee Benefit Authority (PEBA), a public employee retirement system. Generally, all full-time or part-time equivalent State employees in a permanent position are required to participate in and contribute to the SCRS as a condition of employment unless exempted by law as provided in Section 9-1-480 of the South Carolina Code of Laws, as amended, or are eligible and elect to participate in the State Optional Retirement Program (ORP). The SCRS plan provides a life-time monthly retirement annuity benefits to members as well as disability, survivor options, annual benefit adjustments, death benefits, and incidental benefits to eligible employees and retired members.

The Retirement Division maintains five independent defined benefit plans and issues its own publicly available Annual Comprehensive Financial Report (ACFR) which includes financial statements and required supplementary information. A copy of the separately issued ACFR may be obtained by writing to the South Carolina Public Employee Benefit Authority, P.O. Box 11960, Columbia, South Carolina 29211-1960. Furthermore, the Division and the five pension plans are included in the State of South Carolina's ACFR.

Under the SCRS, Class II members are eligible for a full-service retirement annuity upon reaching age 65 or completion of 28 years of credited service regardless of age. Employees who first became members of the System after June 30, 2012 are considered Class III members and are eligible for a full service retirement annuity upon reaching age 65 or upon meeting the rule of 90 requirement (i.e., the members age plus the years of service add up to a total of at least 90). The benefit formula for full benefits effective since July 1, 1989 for the SCRS is 1.82 percent of an employee's average final compensation (AFC) multiplied by the number of years of credited service. For Class II members, AFC is the average annual earnable compensation during 12 consecutive quarters and includes an amount for up to 45 days termination pay at retirement for unused annual leave.

LEXINGTON COUNTY RECREATION DISTRICT
LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Note 9. Pension Plan (Continued)

For Class III members, AFC is the average annual earnable compensation during 20 consecutive quarters and termination pay for unused annual leave at retirement is not included. Early retirement options with reduced benefits are available as early as age 55 for Class II members and age 60 for Class III members. Class II members are vested for a deferred annuity after five years of earned service. Class III members are vested for a deferred annuity after eight years of earned service. Members qualify for a survivor's benefit upon completion of 15 years of credited service (five years effective January 1, 2002).

Disability annuity benefits are payable to Class II members if they have permanent incapacity to perform regular duties of the member's job and they have at least 5 years of earned service (this requirement does not apply if the disability is a result of a job-related injury). Class III members qualify for disability annuity benefits provided they have a minimum of eight years of credited service. An incidental death benefit equal to an employee's annual rate of compensation is payable upon the death of an active employee with a minimum of one year of credited service or to a working retired contributing member. There is no service requirement for death resulting from actual performance of duties for an active member.

Effective July 1, 2019, employees participating in the SCRS were required to contribute 9.00% of all earnable compensation. The employer contribution rate for SCRS was 17.56%. Included in the total SCRS employer contribution rate is a base retirement contribution of 17.41% and 0.15% contribution rate for the incidental death program. The District's contributions for the years ended June 30, 2023, 2022 and 2021 are as follows:

Year Ended June 30,	<u>Employer Contribution Rate</u>			<u>Employer Contribution Rate</u>		
	Base	Incidental Death	Total	Base	Incidental Death	Total
2023	17.41%	0.15%	17.56%	\$ 815,126	\$ 7,023	\$ 822,149
2022	16.41%	0.15%	16.56%	729,126	6,665	735,791
2021	15.41%	0.15%	15.56%	668,498	6,507	675,005

Police Officers Retirement System

The South Carolina Police Officers Retirement System (PORS) is a cost-sharing multiple employer defined benefit public employee retirement system. Generally, all full-time employees whose principal duties are the preservation of public order or the protection or prevention and control of property destruction by fire are required to participate in and contribute to PORS as a condition of employment. This plan provides lifetime monthly annuity benefits as well as disability, survivor benefits and incidental benefits to eligible employees and retirees. In addition, participating employers in the PORS contribute to the accidental death fund which provides annuity benefits to beneficiaries of police officers and firemen killed in the actual performance of their duties. These benefits are independent of any other retirement benefits available to the beneficiary.

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LEXINGTON, SOUTH CAROLINA
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JUNE 30, 2023

Note 9.

Pension Plan (Continued)

For Class III members, AFC is the average annual earnable compensation during 20 consecutive quarters and termination pay for unused annual leave at retirement is not included. PORS does not have an early retirement option. Class II members are vested for a deferred annuity after five years of earned service. Class III members are vested for a deferred annuity after eight years of earned service. Members qualify for a survivor's benefit upon completion of 15 years of credited service (five years effective January 1, 2002).

Effective July 1, 2019, employees participating in the PORS were required to contribute 9.75% of all earnable compensation. The employer contribution rate for PORS was 20.24%. Included in the total PORS employer contribution rate is a base retirement contribution of 19.84% and .20% for the incidental death program and .20% for the accidental death program. The District's contributions for the years ended June 30, 2023, 2022 and 2021 are as follows:

Year Ended June 30,	Employer Contribution Rate			Employer Contribution Rate		
	Death			Death		
	Base	Benefits	Total	Base	Benefits	Total
2023	19.84%	0.40%	20.24%	\$ 4,132	\$ 83	\$ 4,215
2022	18.84%	0.40%	19.24%	3,030	64	3,094
2021	17.84%	0.40%	18.24%	-	-	-

The amounts paid by the District for pension, incidental death benefit program, and accidental death program contributions are reported as employer contribution expenditures within the applicable functional expenditure categories to which the related salaries are charged.

Article X, Section 16, of the South Carolina Constitution requires that all State-operated retirement systems be funded on a sound actuarial basis. Title 9 of the South Carolina Code of Laws of 1976, as amended, prescribes requirements relating to membership, benefit, and employee/employer contributions for each retirement system. Employee and employer contribution rates to SCRS and PORS are actuarially determined.

At June 30, 2023, the District reported \$8,955,633 and \$36,186 for its proportionate share of the net pension liabilities of SCRS and PORS, respectively. The net pension liability of the SCRS defined benefit pension plan was determined based on the July 1, 2022 actuarial valuations, using membership data as of July 1, 2022, projected forward to June 30, 2023, and financial information of the pension trust funds as of June 30, 2023, using generally accepted actuarial procedures. The District's portion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2023, the District's SCRS proportion was 0.037041% and its PORS proportion was 0.001189%.

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LEXINGTON, SOUTH CAROLINA
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JUNE 30, 2023

Note 9. Pension Plan (Continued)

At June 30, 2023, the state reported deferred outflows of resources and deferred inflows of resources to pensions from the following sources:

Deferred Outflow of Resources	SCRS	PORS
Differences between expected and actual experience	\$ 155,485	\$ 1,703
Assumption changes	137,213	788
Difference between employer contributions and proportionate share		17,722
Total deferred outflows	292,698	20,213
Deferred Inflows of resources		
Differences between expected and actual experience	(24,835)	(446)
Assumption changes	(12,258)	(62)
Difference between employer contributions and proportionate share	(187,922)	(73)
Total deferred inflows	(225,015)	(581)
Net deferred outflows/(inflows)	\$67,683	\$19,632

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expenses as follows:

Year ended June 30,	SCRS	PORS	Net
2024	\$ 56,470	\$ 9,891	\$ 66,361
2025	(234,895)	7,002	(227,893)
2026	251,360	2,775	254,135
2027	(5,252)	(36)	(5,288)
	\$ 67,683	\$ 19,632	\$ 87,315

LEXINGTON COUNTY RECREATION DISTRICT
LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Note 9. Pension Plan (Continued)

The total pension liabilities in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

	<u>SCRS</u>	<u>PORS</u>
Actuarial Cost Method	Entry Age	Entry Age
Actuarial Assumptions:		
Investment Rate or Return	7.00%	7.00%
Projected Salary Increases	3.0% to 11.0%	3.5% to 10.5%
Inflation Rate	2.25%	2.25%
Benefit Adjustments	Lesser of 1% or \$500	Lesser of 1% or \$500

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2020 Public Retirees of South Carolina Mortality table (2020 PRSC), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using 80% of Scale UMP projected from the year 2020. Assumption used in the determination of the June 30, 2023, SCRS and PORS valuations are as follows:

<u>Former Job Class</u>	<u>Males</u>	<u>Females</u>
Educators	2020 PRSC Males multiplied by 95%	2020 PRSC Females multiplied by 94%
General Employees and Members of the General Assembly	2020 PRSC Males multiplied by 97%	2020 PRSC Males multiplied by 107%
Public Safety and Firefighters	2020 PRSC Males multiplied by 127%	2020 PRSC Males multiplied by 107%

The long-term expected rate of return on pension plan investments for actuarial purposes is based upon the 20-year capital market assumptions. The long-term expected rate of returns represented 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 2022 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table on the following page. For actuarial purposes, the 7.00 percent assumed annual investment rate of return used in the calculation of the TPL includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

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LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Note 9. Pension Plan (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Allocation / Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Public Equity	46.00%	6.62%	3.04%
Bonds	26.00%	0.31%	0.08%
Private Equity	9.00%	10.91%	0.98%
Privated Debt	7.00%	6.16%	0.43%
Real Assets	12.00%		
Real Estate	9.00%	6.41%	0.58%
Infrastructure	3.00%	6.62%	0.20%
Total Expected Return	100.00%		5.31%
Inflation for Actuarial Purposes			2.25%
			<u>7.56%</u>

The discount rate used to measure the total pension liability (TPL) was 7.00 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 Systems' 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.

The following table represents the District's proportionate share of the net SCRS and PORS pension liabilities calculated using the discount rate of 7.00 percent, as well as what the District's respective net pension liabilities would be if it were calculated using a discount rate of 1.00 percent lower (6.00 percent) or 1.00 percent higher (8.00 percent) than the current rate.

Plan	1% Decrease 6.00%	Current Rate 7.00%	1% Increase 8.00%
SCRS	\$ 11,571,532	\$ 8,955,633	\$ 6,781,389
PORS	51,046	36,186	24,014
	<u>\$ 11,622,578</u>	<u>\$ 8,991,819</u>	<u>\$ 6,805,403</u>

LEXINGTON COUNTY RECREATION DISTRICT
LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Note 10. In-Kind Revenues and Expenditures

The In-Kind revenues are non-cash items for personal services and donated space and other local contributed assets for grant purposes. A corresponding amount is included in the expenditures, which is also non-cash expenditure. In accordance with provisions of the grant, this amount could be used as part of matching funds if required by the grant.

Note 11. Unavailable Revenue

This item represents property taxes and grant receipts that have met the criteria for asset recognition, but not the criteria for revenue recognition in the Fund Financial Statements.

Note 12. Property Taxation

Property taxes are collected by the Lexington County Treasurer and remitted to the District the following month.

Property taxes are levied on real and personal properties owned on the preceding December 31, of each fiscal year ended June 30. Liens attach to the property at the time the taxes are levied. These taxes are due without penalty through January 15. Penalties are added to taxes depending on the date paid as follows:

January 16 through February 1 - 3% of tax
February 2 through March 16 - 10% of tax
March 17 and thereafter - 15% of tax plus collection cost

Current year real and personal taxes become delinquent on March 17. The levy date for motor vehicle taxes is the first day of the month in which the motor vehicle license expires. These taxes are due by the last day of the same month. Property tax revenues are recognized when due or past due and collectible within the current period or soon enough thereafter (defined as sixty days) to pay liabilities of the current period. An allowance is provided for an estimated amount of taxes billed which may ultimately prove to be uncollectible. For governmental funds, unavailable revenue (property taxes) represents that portion of delinquent property taxes which is deemed not available to pay current expenditures.

Note 13. Certificate of Deposits and Other Investments

As of June 30, 2023, the District had the following Certificate of Deposits and Investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Certificate of Deposit	\$ 1,049,252	0.111
Certificate of Deposit	115,220	0.014
Certificate of Deposit	<u>100,000</u>	0.011
Total CD's	<u>1,264,472</u>	
Money Market	11,878,582	
Total Investments	<u><u>\$ 13,143,054</u></u>	

LEXINGTON COUNTY RECREATION DISTRICT
LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Note 13. Certificate of Deposits and Other Investments (Continued)

Interest rate risk. In accordance with its investment policy, the District manages its exposure to declines in fair value by limiting the weighted average maturity of its investment portfolio to short periods of time.

Credit risk. State statute (SC Code Section 12-45-220) outlines acceptable investment vehicles and limits the level of risk that may be accepted by a government entity. State statute and the District's investment portfolio limit the District's investments to obligations of the United States and agencies thereof; general obligations of the State of South Carolina or any of its political units; interest bearing accounts in repurchase agreements with savings and loan associations to the extent that the same are insured by an agency of the Federal government; certificates of deposit where the certificates are collaterally secured by securities of the type described above, held by a third party as escrow agent or custodian, of a fair value not less than the amount of the certificates of deposit so secured, including interest, provided, however, such collateral shall not be required to the extent the same are insured by an agency of the United States Government; or deposit accounts with banking institutions insured and secured in the same manner.

Concentration of Credit Risk. The District's investment policy requires available surplus funds to be invested in long-term certificates of deposits, which are FDIC insured and collateralized by the Federal Reserve or the State Treasurer's Investment Pool, in which case credit risk is limited via allocation of investments over a broad range of securities.

Custodial credit risk-deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. It is the policy of the District to obtain adequate collateralization on all deposits that exceed FDIC insurance coverage. As of June 30, 2023, the District had cash-on hand of \$17,565; and bank deposits in demand, savings, and money market accounts equal to \$30,675,387. All deposits are covered by FDIC insurance or collateralized by federal agency securities held by a third party agent in the District's name.

Custodial credit risk-investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. As of June 30, 2023, all investments in agency securities, as noted above, are book entry investments held by third parties in the District's name.

LEXINGTON COUNTY RECREATION DISTRICT
LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Note 14. Other Post Employment Benefits Plan

(A) Plan Description

The Commission's defined benefit postemployment healthcare plan (the Plan) provides health and dental insurance to retirees. All active and retired employees with health insurance contribute an approved amount to offset the cost of medical coverage. A retiring employee under the state retirement plan who is in a full time, regular position, is eligible to elect post-retirement coverage with the following requirements- Under the South Carolina Retirement System (SCRS) an employee hired before July 1, 2012 may retire at least age 60 with 5 years of service; retire at age 55 with 25 years of service or retire with 28 years of service. Employees hired on or after July 1, 2017 may retiree with at least 8 years of service and 90 points or retire at age 60 with 8 years of service. The employer will cover the following percentages of the medical plan premium for both retiree and a covered spouse based on the following years of service schedule: 5% for a retiree with 5 to 10 years of service; 25% for a retiree with 11 to 15 years of service; 45% for a retiree with 16 to 20 years of service; 65% for a retiree with 21 to 25 years of service; 75% for a retiree with 26 to 30 years of service; 80% for employees with 31+ years of service. The retiree may continue coverage until death or voluntary drop of coverage. A covered spouse may continue coverage until death, death of retiree (COBRA only) or voluntary drop of coverage. The Employer reserves the right to amend the Plan at any time. As of July 1, 2022, the measurement date for the fiscal year 2023, there were 112 covered participants; 93 of which are active participants and the remaining 19 members are retirees receiving benefits.

(B) Funding Policy

The funding policy of the plan sponsor is to contribute annually an amount sufficient to satisfy benefit payment requirements to participants.

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LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Note 14. Other Post Employment Benefits Plan (Continued)

(C) Change in the Net OPEB Obligation

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/ (Asset) (a)-(b)
Balance at July 1, 2022	\$ 12,987,000		\$ 12,987,000
Changes for the year			
Service cost	572,000		572,000
Interest	259,000		259,000
Differences between expected and actual experience	(2,016,000)		(2,016,000)
Contributions-employer			
Contributions-employee		98,000	(98,000)
Net investment income			
Benefits payments	(98,000)	(98,000)	-
Changes of benefit payments			
Administrative expenses			
Assumption changes	(3,361,000)		(3,361,000)
Net Changes	\$ (4,644,000)	\$ -	\$ (4,644,000)
Balance at June 30, 2023*	\$ 8,343,000	\$ -	\$ 8,343,000

*Measurement date is July 1, 2022

(D) Actuarial Assumptions and Actuarial Methods

The total OPEB liability in the July 1, 2022 actuarial valuation was determined using the following key actuarial assumptions, applied to all periods included in the measurement:

Discount Rate:	3.69%
Salary Scale:	2.75%
Healthcare Cost Trend Rates:	7.00% for fiscal year end 2023, decreasing 0.25% per year to an ultimate rate of 5.00%
Mortality:	RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2021
Actuarial Cost Method:	Entry Age Actuarial Cost Method

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LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Note 14. Other Post Employment Benefits Plan (Continued)

(E) Expected Return on Assets:

None

(F) Discount Rate:

The discount rate has been set equal to 3.69% and represents the Municipal GO AA 20-year yield curve rate as of the measurement date.

(G) Sensitivity Analysis

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability/(asset) of the employer as of the measurement date calculated using the discount rate, as well as what the employer's net OPEB liability would be if it were calculated using a discount rate that is 1- percentage-point lower or 1-percentage-point higher than the current rate:

Discount Rate Sensitivity			
	1%		1%
Plan	Decrease	Current	Increase
OPEB Liability	\$ 10,230,000	\$ 8,343,000	\$ 6,892,000

Sensitivity of the net OPEB liability to changes in the Trend rate. The following presents the net OPEB liability/(asset) of the employer as of the measurement date calculated using the trend rate, as well as what the employer's net OPEB liability would be if it were calculated using a trend rate that is 1-percentage- point lower or 1-percentage-point higher than the current rate:

Health Care Cost Trend Rate Sensitivity			
	1%		1%
Plan	Decrease	Current	Increase
OPEB Liability	\$ 6,810,000	\$ 8,343,000	\$ 10,367,000

For the year ended June 30, 2023, Under GASB 75 the District recognized OPEB expense in the amount of (\$54,000) and reported deferred outflows of resources and deferred inflows of resources related to OPEB as of June 30, 2023 from the following sources:

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LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Note 14. Other Post Employment Benefits Plan (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 876,000	\$(3,974,000)
Changes of assumptions or other inputs	2,209,000	(2,863,000)
Total	<u>\$ 3,085,000</u>	<u>\$(6,837,000)</u>

Amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB benefits will be recognized in OPEB Expense as follows:

Year Ended June 30,	Amount
2024	\$ (889,000)
2025	(889,000)
2026	(889,000)
2027	(712,000)
2028	(689,000)
Thereafter	316,000
	<u>\$ (3,752,000)</u>

Note 15. Long-Term Obligations

The District issued \$23,000,000 General Obligation Bonds, Series 2014B on February 20, 2014 for the purpose of (1) financing improvements and enlargements and (2) paying the cost of issuance of the Bonds. The General Obligation Refunding Bonds were issued at a premium of \$442,115.

(A) General Obligation Bonds

General Obligation Bonds outstanding as of June 30, 2023, are as follows:

\$23,000,000 General Obligations Bonds annual installments of \$665,000 to \$1,780,000 through February 1, 2034, interest rates from 1.5% to 4%.	<u>\$ 16,460,000</u>
Total	<u>\$ 16,460,000</u>

LEXINGTON COUNTY RECREATION DISTRICT
LEXINGTON, SOUTH CAROLINA
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JUNE 30, 2023

Note 15. Long-Term Obligations (Continued)

B) Summary of Changes in Long-Term Obligations

The following is a summary of long-term debt of the District for the year ended June 30, 2023:

	<u>Beginning</u>	<u>Additions</u>	<u>Payments</u>	<u>Ending</u>
General Obligation Bonds	\$ 17,670,000	\$ -	\$ 1,210,000	\$ 16,460,000
For issuance Premiums	265,267	-	22,106	243,161
Total General Obligation Bonds	<u>17,935,267</u>	<u>-</u>	<u>1,232,106</u>	<u>16,703,161</u>
Compensated Absences -Short Term	\$ 123,771	\$ 132,227	\$ 123,771	\$ 132,227
Compensated Absences -Long Term	323,781	332,132	323,781	332,132
Total Compensated Absences	<u>\$ 447,552</u>	<u>\$ 464,359</u>	<u>\$ 447,552</u>	<u>\$ 464,359</u>

(C) Future Debt Service Requirements

Annual installments to amortize all long-term debt and interest outstanding as of June 30, 2023 and payable in the fiscal year indicated, are summarized as follows:

<u>Fiscal Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,260,000	\$ 578,463	\$ 1,838,463
2025	1,305,000	528,062	1,833,062
2026	1,345,000	488,912	1,833,912
2027	1,390,000	448,563	1,838,563
2028	1,430,000	406,863	1,836,863
2029-2033	7,950,000	1,271,918	9,221,918
2034	<u>1,780,000</u>	<u>71,200</u>	<u>1,851,200</u>
Total	16,460,000	3,793,981	20,253,981
Add: Unamortized Premium	<u>243,161</u>	<u>-</u>	<u>243,161</u>
	<u>\$ 16,703,161</u>	<u>\$ 3,793,981</u>	<u>\$ 20,497,142</u>

LEXINGTON COUNTY RECREATION DISTRICT
LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Note 16. Capital Assets

	<u>7/1/2022</u>				<u>6/30/2023</u>
	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance</u>
Capital assets not being depreciated					
Land	\$ 10,835,228	\$ -	\$ -	\$ -	\$ 10,835,228
Land Improvements	7,025,421	-	-	-	7,025,421
Construction in Progress	4,987	11,637	\$ -	(16,624)	-
Total capital assets not being depreciated	<u>17,865,636</u>	<u>11,637</u>	<u>-</u>	<u>(16,624)</u>	<u>17,860,649</u>
Capital assets being depreciated					
Buildings	30,004,876	-	-	-	30,004,876
Improvements	29,617,951	17,800	-	-	29,635,751
Machinery & Equipment	2,293,731	71,429	-	-	2,365,160
Furniture & Equipment	380,563	46,544	-	-	427,107
Vehicles	4,099,254	53,023	-	-	4,152,277
Infrastructure	8,980,964	111,217	-	16,624	9,108,805
Total capital assets being depreciated	<u>75,377,339</u>	<u>300,013</u>	<u>-</u>	<u>16,624</u>	<u>75,693,976</u>
Less, accumulated depreciation for:					
Buildings	12,474,486	785,609	-	-	13,260,095
Improvements	15,412,780	1,100,316	-	-	16,513,096
Machinery & Equipment	1,788,970	117,222	-	-	1,906,192
Furniture & Equipment	273,503	31,096	-	-	304,599
Vehicles	3,319,294	164,613	-	-	3,483,907
Infrastructure	2,823,847	309,695	-	-	3,133,542
Total accumulated depreciation	<u>(36,092,880)</u>	<u>(2,508,551)</u>	<u>-</u>	<u>-</u>	<u>(38,601,431)</u>
Total depreciable capital assets, net	<u>39,284,459</u>	<u>(2,208,538)</u>	<u>-</u>	<u>16,624</u>	<u>37,092,545</u>
Lease Asset, net (Note18)					96,221
Governmental activities, capital assets, net	<u>\$ 57,150,095</u>	<u>\$ (2,196,901)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,049,415</u>
Depreciation expense:					
Maintenance	\$ 1,624,253				
Operations	12,273				
Special Projects	613,380				
Aging	<u>258,645</u>				
Total Depreciation	<u><u>\$ 2,508,551</u></u>				

LEXINGTON COUNTY RECREATION DISTRICT
LEXINGTON, SOUTH CAROLINA
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Note 17. Tax Abatements

The Commission's property tax revenues were reduced by \$1,616,689 under agreements entered into by the County as of June 30, 2023. The State of South Carolina reimbursed the County \$85,307 of these property tax revenues, which the County disbursed back to the Commission. See the chart below for further details:

	Amount of Taxes Abated During the Fiscal Year	State of South Carolina Revenue Reimbursement Amount
Fee-In-Lieu of Taxes Program (FILOT)	\$ 85,931	\$ 4,818
Fee-In-Lieu of Tax and Special Source Revenue Credit (FILOT + SSRC)	559,739	7,261
Fee-In-Lieu of Tax and Infrastructure Program (FILOT + IP)	60,354	3,850
Fee-In-Lieu of Tax, Special Source Revenue Credit and Infrastructure Program (FILOT + SSRC + IP)	910,665	69,378
	<u>\$ 1,616,689</u>	<u>\$ 85,307</u>

Note 18. Leases

The District has entered into a noncancellable lease as the lessee for a right-to-use asset. The incremental borrowing rate was 3.63%. As of June 30, 2023, the District had \$89,970 in outstanding lease payable. The annual requirement to amortize all lease payable as of June 30, 2023, including interest payments, are as follows:

Governmental Activities Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 19,299	\$ 3,266	\$ 22,565
2025	18,624	2,657	21,281
2026	17,971	2,029	20,000
2027	17,342	1,377	18,719
2028	16,734	701	17,435
	<u>\$ 89,970</u>	<u>\$ 10,030</u>	<u>\$ 100,000</u>

LEXINGTON COUNTY RECREATION DISTRICT
LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Note 18. Leases (Continued)

Lease asset activity for the District's governmental activities for the year ended June 30, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Remeasurements</u>	<u>Deductions</u>	<u>Ending Balance</u>
Governmental activities					
Lease assets					
Equipment	\$ -	\$ 109,970	\$ -	\$ -	\$ 109,970
Total lease assets	<u> -</u>	<u> 109,970</u>	<u> -</u>	<u> -</u>	<u> 109,970</u>
Less accumulated amortization for:					
Equipment		<u> (13,749)</u>			<u> (13,749)</u>
Total accumulated amortization	<u> -</u>	<u> (13,749)</u>	<u> -</u>	<u> -</u>	<u> (13,749)</u>
Governmental activities total lease assets, net	<u>\$ -</u>	<u>\$ 96,221</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 96,221</u>

Note 19. Subsequent Events

The District has evaluated all events subsequent to the Statement of Net Position date of June 27, 2024, through the date of the audit report, which is the date the financial statements were available to be issued, and have determined there are no subsequent events requiring note disclosure.

LEXINGTON COUNTY RECREATION DISTRICT
LEXINGTON, SOUTH CAROLINA
SCHEDULE OF THE PROPORTIONATE SHARE OF THE SOUTH CAROLINA RETIREMENT SYSTEM
NET PENSION LIABILITIES
AS OF JUNE 30 2023

LAST TEN FISCAL YEARS*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
South Carolina Retirement System										
District's proportion of the net pension liability	0.037041%	0.037314%	0.038376%	0.038829%	0.039953%	0.040641%	0.041235%	0.040785%	0.052450%	0.052450%
District's proportionate share of the net pension liability	\$ 8,955,633	\$ 9,045,635	\$ 8,305,107	\$ 9,921,532	\$ 9,124,852	\$ 9,106,246	\$ 9,282,662	\$ 7,735,072	\$ 9,030,151	\$ 9,407,659
District's covered payroll	\$ 4,681,944	\$ 4,443,183	\$ 4,338,080	\$ 4,331,917	\$ 4,218,959	\$ 3,925,660	\$ 4,162,092	\$ 3,799,687	\$ 3,827,118	\$ 3,866,122
District's proportionate share of the net pension liability as a percentage of its covered payroll	191.28%	203.58%	191.45%	229.03%	216.28%	231.97%	223.03%	203.57%	235.95%	243.34%
Plan fiduciary net position as a percentage of the total pension liability	58.60%	57.10%	60.75%	50.71%	54.40%	54.10%	52.91%	56.99%	59.92%	56.39%
South Carolina Police Officers Retirement System										
District's proportion of the net pension liability	0.001189%	0.001016%	0.000000%	0.000000%	0.000065%	0.000164%	0.001920%	0.036000%	0.028300%	0.028300%
District's proportionate share of the net pension liability	\$ 36,186	\$ 30,479	\$ -	\$ -	\$ 1,865	\$ 4,634	\$ 52,709	\$ 78,462	\$ 54,473	\$ 58,686
District's covered payroll	\$ 20,828	\$ 16,084	\$ -	\$ -	\$ 944	\$ 1,272	\$ 25,916	\$ 35,262	\$ 41,423	\$ 28,053
District's proportionate share of the net pension liability as a percentage of its covered payroll	173.74%	189.50%	0.00%	0.00%	197.56%	364.31%	203.38%	222.51%	131.50%	209.20%
Plan fiduciary net position as a percentage of the total pension liability	67.80%	66.40%	70.37%	58.79%	62.69%	61.73%	60.44%	64.57%	67.55%	62.98%

*-The amounts presented for each fiscal year were determined as of July 1 of ten years prior, using membership data as of the day, projected forward to June 30 of the previous year.

LEXINGTON COUNTY RECREATION DISTRICT
LEXINGTON, SOUTH CAROLINA
SCHEDULE OF THE SOUTH CAROLINA RETIREMENT
SYSTEM CONTRIBUTIONS
AS OF JUNE 30 2023

LAST TEN FISCAL YEARS*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
South Carolina Retirement System										
Contractually required contributions	\$ 815,126	\$ 729,126	\$ 668,498	\$ 667,548	\$ 607,952	\$ 526,431	\$ 474,705	\$ 414,546	\$ 417,164	\$ 404,010
Contributions in relation to the contractually required contribution	<u>(815,126)</u>	<u>(729,126)</u>	<u>(668,498)</u>	<u>(667,548)</u>	<u>(607,952)</u>	<u>(526,431)</u>	<u>(474,705)</u>	<u>(414,546)</u>	<u>(417,164)</u>	<u>(404,010)</u>
Contribution deficiency/(excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District covered payroll	4,681,944	4,443,183	4,338,080	4,331,917	4,218,959	3,925,660	4,162,092	3,799,687	3,827,188	3,866,122
Contributions as a percentage of covered payroll	17.41%	16.41%	15.41%	15.41%	14.41%	13.41%	11.41%	10.91%	10.75%	10.45%
South Carolina Police Officers Retirement System										
Contractually required contributions	\$ 4,132	\$ 3,030	\$ -	\$ -	\$ 159	\$ 5	\$ 3,586	\$ 4,704	\$ 5,555	\$ 3,490
Contributions in relation to the contractually required contribution	<u>(4,132)</u>	<u>(3,030)</u>	<u>-</u>	<u>-</u>	<u>(159)</u>	<u>(5)</u>	<u>(3,586)</u>	<u>(4,704)</u>	<u>(5,555)</u>	<u>(3,490)</u>
Contribution deficiency/(excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District covered payroll	\$ 20,828	\$ 16,084	\$ -	\$ -	\$ 944	\$ 32	\$ 25,916	\$ 35,262	\$ 41,423	\$ 28,053
Contributions as a percentage of covered payroll	19.84%	18.84%	0.00%	0.00%	16.84%	15.84%	13.84%	13.34%	13.01%	12.44%

*-The amounts presented for each fiscal year were determined as of July 1 of ten years prior, using membership data as of the day, projected forward to June 30 of the previous year.

LEXINGTON COUNTY RECREATION DISTRICT
LEXINGTON, SOUTH CAROLINA
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET OPEB
LIABILITY AND RELATED RATIOS
LAST 10 YEARS (AS INFORMATION BECOMES AVAILABLE)
AS OF JUNE 30, 2023

Fiscal Year Ending June 30,	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability						
Service cost	\$ 572,000	\$ 394,000	\$ 445,000	\$ 384,000	\$ 427,000	\$ 416,000
Interest	259,000	215,000	293,000	296,000	342,000	318,000
Changes of benefit terms		1,318,000				
Differences between expected and actual experience	(2,016,000)	1,164,000	(2,200,000)	(280,000)	(1,919,000)	
Changes of assumptions	(3,361,000)	1,529,000	1,009,000	824,000	(154,000)	
Benefit payments, including refunds of employees contributions	(98,000)	(67,000)	(87,000)	(79,000)	(65,000)	(77,000)
Net change in total OPEB liability	<u>\$ (4,644,000)</u>	<u>\$ 4,553,000</u>	<u>\$ (540,000)</u>	<u>\$ 1,145,000</u>	<u>\$ (1,369,000)</u>	<u>\$ 657,000</u>
Total OPEB liability-beginning	\$ 12,987,000	\$ 8,434,000	\$ 8,974,000	\$ 7,829,000	\$ 9,198,000	\$ 8,541,000
Total OPEB liability-ending (a)	\$ 8,343,000	\$ 12,987,000	\$ 8,434,000	\$ 8,974,000	\$ 7,829,000	\$ 9,198,000
Plan fiduciary net position						
Contributions-employer	\$ 98,000	\$ 67,000	\$ 87,000	\$ 79,000	\$ 65,000	\$ 77,000
Contributions-employee						
Net investment income						
Benefit payments, including refunds of employee contributions	(98,000)	(67,000)	(87,000)	(79,000)	(65,000)	(77,000)
Administrative expenses						
Other						
Net change in plan fiduciary net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Plan fiduciary net position-beginning						
Plan fiduciary net position-ending (b)		-	-	-	-	-
Employer's net OPEB liability- ending (a)-(b)	\$ 8,343,000	\$ 12,987,000	\$ 8,434,000	\$ 8,974,000	\$ 7,829,000	\$ 9,198,000
Plan fiduciary net position as a percentage of the total OPEB liability	0%	0%	0%	0%	0%	0%
Covered payroll	\$ 4,280,000	\$ 3,876,000	\$ 3,876,000	\$ 3,838,000	\$ 3,838,000	\$ 3,517,000
Employer's net OPEB liability as a percentage of covered payroll	194.93%	335.06%	217.60%	233.82%	203.99%	261.53%

LEXINGTON COUNTY RECREATION DISTRICT
LEXINGTON, SOUTH CAROLINA
SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAST 10 YEARS (AS INFORMATION BECOMES AVAILABLE)
AS OF JUNE 30, 2023

Fiscal Year Ending June 30,	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially Determined Contribution	\$ 98,000	\$ 67,000	\$ 87,000	\$ 79,000	\$ 65,000	\$ 77,000
Contributions in relation to the Actuarially Determined Contribution	98,000	67,000	87,000	79,000	65,000	77,000
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expected covered-employee payroll	\$ 4,280,000	\$ 3,876,000	\$ 3,876,000	\$ 3,838,000	\$ 3,838,000	\$ 3,517,000
Contributions as a percentage of covered-employee payroll	2.29%	1.73%	2.24%	2.06%	1.69%	2.19%

Notes to Schedule:

The employer has elected to make an annual contribution equal to the benefit payments.
The employer share of net benefits is the difference between the expected benefit payments and the retiree contributions. It is sometimes referred to as "pay-as-you-go."

The expected benefit payments are actuarially determined to reflect the age difference between the overall covered group and the retiree group.

Actuarially determined contributions, which are based on the expected "pay-as-you-go" cost, and actual contributions are from the measurement periods ending June 30 of the year prior to the year-end of the reporting periods shown. This is the first valuation under GASB 75 for the reported Plan.

LEXINGTON COUNTY RECREATION DISTRICT
LEXINGTON, SOUTH CAROLINA
COMBINING BALANCE SHEET - CAPITAL PROJECTS FUND
AS OF JUNE 30 2023

	Capital Projects Account	Bond Account	Fund Total
Assets			
Cash - On Deposit	\$ 298,688	\$ 16,419	\$ 315,107
Investments	1,012,260		1,012,260
Other Receivables	2,464		2,464
Due From Other Funds	1,049,174	7,000	1,056,174
Total Assets	<u>\$ 2,362,586</u>	<u>\$ 23,419</u>	<u>\$ 2,386,005</u>
Liabilities			
Accounts Payable	\$ 15,000		\$ 15,000
Due to Other Funds	114,270	\$ 1,360	115,630
Total Liabilities	<u>129,270</u>	<u>1,360</u>	<u>130,630</u>
Fund Balance			
Unassigned	2,233,316	22,059	2,255,375
Total Fund Balance	<u>2,233,316</u>	<u>22,059</u>	<u>2,255,375</u>
Total Liabilities and Fund Balance	<u>\$ 2,362,586</u>	<u>\$ 23,419</u>	<u>\$ 2,386,005</u>

LEXINGTON COUNTY RECREATION DISTRICT
LEXINGTON, SOUTH CAROLINA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Capital Projects Account	Bond Account	Fund Total
Revenue			
Interest Earned	\$ 15,370	\$ -	\$ 15,370
Other Revenue	17,000		17,000
Total Revenues	<u>32,370</u>		<u>32,370</u>
Expenditures			
Miscellaneous	40,995		40,995
Land Improvements	229,481		229,481
Buildings	130,115		130,115
Equipment	166,222		166,222
Capital Projects - Pine Grove Sports Complex	19,585		19,585
Total Expenditures	<u>586,398</u>		<u>586,398</u>
Excess of Revenues Over (Under) Expenditures	<u>(554,028)</u>	<u>-</u>	<u>(554,028)</u>
Other Financing Sources			
Transfer From Other Funds	1,000,000		1,000,000
Excess revenues and other financing sources over expenditures and other uses	445,972	-	445,972
Fund Balance - Beginning of Year	<u>1,787,344</u>	<u>22,059</u>	<u>1,809,403</u>
Fund Balance - End of Year	<u>\$ 2,233,316</u>	<u>\$ 22,059</u>	<u>\$ 2,255,375</u>

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Honorable Chairman and Members of
Lexington County Recreation District
Lexington, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lexington County Recreation District Lexington, South Carolina, (hereafter referred to as the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 27, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "The Brittingham Group LLP". The signature is written in a cursive, flowing style.

West Columbia, South Carolina
June 27, 2024