

IRMO CHAPIN RECREATION COMMISSION  
COLUMBIA, SOUTH CAROLINA

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AUDITED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION

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YEAR ENDED JUNE 30, 2021

WITH

INDEPENDENT AUDITORS' REPORT

IRMO CHAPIN RECREATION COMMISSION  
COLUMBIA, SOUTH CAROLINA

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AUDITED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION

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YEAR ENDED JUNE 30, 2021

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# THE BRITTINGHAM GROUP, L.L.P.

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### INDEPENDENT AUDITORS' REPORT

The Honorable Chairman and Members of  
The Irmo Chapin Recreation Commission  
5605 Bush River Road  
Columbia, South Carolina 29212

#### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Irmo Chapin Recreation Commission (the "Commission") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

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

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

#### ***Auditors' Responsibility***

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

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

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Commission, as of June 30, 2021, and the respective changes in financial position, and the respective budgetary comparison for the General Fund and Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the Schedule of Proportionate Share of the South Carolina Retirement Systems Net Pension Liabilities, the Schedule of South Carolina Retirement System Contributions, and the Schedule of Changes in the Commission's Total OPEB Liability and Related Ratios on pages 3-9, 43, 44 and 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated, March 10, 2022 on our consideration of the Commission'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 Commission's internal control over financial reporting and compliance.

The Brittingham Group LLP

West Columbia, South Carolina  
March 10, 2022

# **IRMO CHAPIN RECREATION COMMISSION MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2021**

The Irmo Chapin Recreation Commission's (the "Commission") discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Commission's financial activity, (c) identify changes in the Commission'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.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the fiscal years activities, resulting changes and currently known facts, we encourage readers to consider the information presented here in conjunction with the Commission's financial statements and the notes to the financial statements.

## **FINANCIAL HIGHLIGHTS**

The assets and deferred outflows of the Commission exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$14,843,975.

The Commission's total net position increased by \$2,642,873.

As of the close of the most recent fiscal year, the Commission's governmental funds reported combined ending fund balances of \$7,010,831 an increase of \$1,872,862 in comparison with the prior year.

At the end of the fiscal year, unassigned fund balance for the general fund was \$2,404,479 or 48.19% of total general fund expenditures (excluding interfund transfers).

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

### **Government-wide Financial Statements**

The *government-wide financial statements* are designed to provide readers with a broad overview of the Commission's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the Commission'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 Commission is improving or deteriorating.

The *Statement of Activities* is focused on both the gross and net cost of various functions which are supported by the Commission's general tax and other revenues. This is intended to summarize and simplify the user's analysis of costs of various government services.

**IRMO CHAPIN RECREATION COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021  
(CONTINUED)**

**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 Commission, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the Commission are governmental funds.

**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 funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Commission adopts an annual appropriated budget for its general and special revenue funds. 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.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* that contains statements such as the budget and actual comparison for the governmental funds. Required supplementary information can be found after the notes to the financial statements.

**IRMO CHAPIN RECREATION COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021  
(CONTINUED)**

**Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Commission, assets and deferred outflows exceeded liabilities and deferred inflows by \$14,843,975 at the close of the most recent fiscal year. The Commission's increase in net position for this fiscal year amounts to \$2,642,873.

The largest portion of the Commission's net position is its investment in capital assets (e.g., land and land improvements, buildings and building improvements, furniture, equipment, vehicles, construction in progress, and public domain infrastructure), less any related debt used to acquire those assets that is still outstanding. The Commission uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Commission's investment in its capital assets is reported net of related debt, it should still 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.

An additional portion of the Commission's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position may be used to meet the Commission's ongoing obligations to citizens, creditors, and customers within the respective governmental activities.

At fiscal year end the Commission is able to report positive balances in net investment in capital assets and restricted net position. However, the unrestricted net position has a deficit balance of \$11,315,348. Of this amount, \$14,414,628 is related to unfunded pension and other post-employment benefits (OPEB) obligations. The remaining portion was a surplus of \$3,099,280.

The government-wide financial statements include not only the Irmo Chapin Recreation Commission itself (known as the primary government), but also a legally separate foundation known as the Saluda Shoals Foundation for which the Commission is financially accountable. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself.

**IRMO CHAPIN RECREATION COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021  
(CONTINUED)**

**Irmo Chapin Recreation Commission Net Position**

The following schedule is a summary of the Statement of Net Position as of June 30, 2021 and 2020:

**Statement of Net Position**

	<b>June 30,</b>	
	<b>2021</b>	<b>2020</b>
Current and other assets	\$ 5,032,978	\$ 2,885,846
Other non-current assets	3,794,351	3,121,199
Capital assets, net	39,625,872	38,675,118
<b>Total assets</b>	<b>48,453,201</b>	<b>44,682,163</b>
Deferred outflows of resources	3,326,207	1,655,511
<b>Total assets and deferred outflows of resources</b>	<b>51,779,408</b>	<b>46,337,674</b>
Current liabilities	3,690,880	2,580,791
Non-current liabilities	31,894,479	30,215,766
<b>Total liabilities</b>	<b>35,585,359</b>	<b>32,796,557</b>
Deferred inflows of resources	1,350,074	1,411,893
<b>Total liabilities and deferred inflows of resources</b>	<b>36,935,433</b>	<b>34,208,450</b>
Net position:		
Net investment in capital assets	22,364,972	20,654,118
Restricted	3,794,351	3,121,198
Unrestricted	(11,315,348)	(11,646,092)
<b>Total net position</b>	<b>\$ 14,843,975</b>	<b>\$ 12,129,224</b>



**IRMO CHAPIN RECREATION COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021  
(CONTINUED)**

The following schedule is a summary of changes in net position of governmental activities as of June 30, 2021 and 2020:

**Statement of Activities**

	<b>Year Ended June 30,</b>	
	<b>2021</b>	<b>2020</b>
Revenue		
Program revenue:		
Charges for services	\$ 3,442,103	\$ 4,695,502
Grants and contributions	2,175,008	2,017,904
General revenue:		
Property taxes	7,197,002	6,761,163
Accommodation taxes	68,716	19,996
Unrestricted investment earnings	3,287	13,485
Other	2,637	38,344
Total revenue	<u>12,888,753</u>	<u>13,546,394</u>
Expenses:		
Administration	2,888,102	3,713,974
After school programs	793,710	1,080,842
Chapin area programs	1,822,064	2,187,604
Irmo area programs	1,916,884	1,878,812
Saluda Shoals programs	1,991,268	2,334,513
Senior services programs	189,874	277,664
Sports tourism	6,822	17,973
Therapeutic recreation programs	77,977	112,574
Interest on long-term debt	559,179	619,173
Loss on sale of capital assets	-	71,309
Total expenses	<u>10,245,880</u>	<u>12,294,438</u>
Increase in net position	<u>\$ 2,642,873</u>	<u>\$ 1,251,956</u>

**IRMO CHAPIN RECREATION COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021  
(CONTINUED)**

**Financial Analysis of Irmo Chapin Recreation Commission Funds**

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

As of June 30, 2021, the Commission's governmental funds reported combined fund balances of \$7,010,831 representing a net increase of \$1,872,862 from the prior fiscal year. The primary factor for this increase is the receipt of funds to be used for the future Greenway project.

**General and Special Revenue Funds Budgetary Highlights**

A budget to actual statement is provided for the general and major special revenue funds. Columns for both the original budget adopted for fiscal year 2021 as well as the amended budget are presented. Amendments were made to the original budget in the current fiscal year to reflect the impact of COVID-19 on the Commission's operations.

In the general fund, revenues were under budget by \$32,621 and expenditures were under budget by \$682,502. Reduced expenditures were a result of reduced operations and an agency-wide effort to reduce costs during the COVID-19 pandemic.

**Capital Asset and Debt Administration**

**Capital Assets**

At June 30, 2021 the Commission's investment in capital assets was \$39,625,873 (net of accumulated depreciation). This investment in capital assets includes land and land improvements, buildings and building improvements, furniture, equipment, vehicles, construction in progress, and public domain infrastructure. The net investment from the prior fiscal year was \$38,746,996.

Major capital asset activity during the fiscal year included the following:

- Purchase of additional equipment and machinery in the various areas.

Additional information regarding the Commission's capital assets can be found in *Note 4* of the notes to the financial statements.

**IRMO CHAPIN RECREATION COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021  
(CONTINUED)**

**Long-term Debt**

At the end of the fiscal year, ICRC had General Obligation Bond Debt outstanding of \$16,985,000. The Commission had principal payments in the current year in the amount of \$1,756,000. During the current year, the Commission issued a \$720,000 General Obligation Bond in April that is due in full March of 2022.

The state limits the amount of general obligation debt the Commission can issue to 8 percent of the assessed value of all taxable property within the Commission's boundaries unless additional debt is approved by referendum. Currently, the Commission had no outstanding debt that did not meet the referendum criteria.

Additional information regarding the Commission's long-term debt can be found in *Note 5* of the notes to the financial statements.

**Economic Factors and Fiscal Year 2021 Budgets and Rates**

- At June 30, 2021, the unemployment rate for Lexington County was 6.5%. This compares favorably with the state's rate of 7.8%. The national rate was 11.0% at June 30, 2021. Unemployment rates increased from the prior year due to the effects of COVID-19.
- Property values are increasing in Lexington County and projected growth in tax revenue was realized.
- Population growth patterns in the district are increasing in the Irmo and Chapin areas.

Since the Commission relies on both property taxes and user fees in its governmental activities, these indices and population growth patterns were factored into the Commission's consideration and adoption of the budget for fiscal year 2022.

**Requests for Information**

The Commission's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the Commission's finances and to demonstrate the Commission's accountability. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director.

## IRMO CHAPIN RECREATION COMMISSION

## STATEMENT OF NET POSITION

JUNE 30, 2021

	Governmental Activities	Component Unit
<b>Assets</b>		
Current assets		
Cash and cash equivalents - unrestricted	\$ 1,840,714	\$ 142,281
Cash and cash equivalents - restricted	3,794,351	-
Assets held by others	2,202,968	164,459
Receivables:		
Property taxes	341,454	-
Grants	644,479	-
Pledges	1,923	62,250
Prepaid expenses	1,440	-
Total current assets	8,827,329	368,990
Noncurrent assets		
Non-depreciable capital assets	5,653,875	-
Depreciable capital assets, net	33,971,997	-
Total noncurrent assets	39,625,872	-
Total assets	48,453,201	368,990
<b>Deferred outflows of resources</b>		
Pension plan	1,542,485	-
OPEB plan	1,783,722	-
Total deferred outflows of resources	3,326,207	-
Total assets and deferred outflows of resources	51,779,408	368,990
<b>Liabilities</b>		
Current liabilities		
Accounts payable	199,861	62,250
Accrued liabilities	228,784	-
Unearned revenue	1,089,207	5,750
Compensated absences, current portion	228,028	-
Note payable, current portion	135,000	-
Bonds payable, current portion	2,080,000	-
Total current liabilities	3,960,880	68,000
Noncurrent liabilities		
Other post employment benefits (OPEB) liability	7,454,829	-
Net pension liability	9,012,218	-
Compensated absences, noncurrent portion	187,818	-
Note payable, noncurrent portion	124,996	-
Bonds payable, noncurrent portion	14,905,000	-
Total noncurrent liabilities	31,684,861	-
Total liabilities	35,645,741	68,000
<b>Deferred inflows of resources</b>		
Pension plan	351,598	-
OPEB plan	998,476	-
Total deferred inflows of resources	1,350,074	-
Total liabilities and deferred inflows of resources	36,995,815	68,000
<b>Net position</b>		
Net investment in capital assets	22,380,876	-
Restricted for:		
Debt service	2,947,153	-
Capital projects	847,198	-
Unrestricted - unfunded pension and OPEB Obligations	(14,490,914)	-
Unrestricted - other	3,099,280	300,990
Total net position	\$ 14,783,593	\$ 300,990

See accompanying notes.

IRMO CHAPIN RECREATION COMMISSION

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Component Unit
Primary Government:						
Governmental activities						
Administration	\$ 2,911,272	\$ 26,477	\$ 2,062,593	\$ -	\$ (822,202)	\$ -
After school programs	793,710	1,029,015	(77,760)	-	157,545	-
Chapin area programs	1,837,816	488,633	26,567	-	(1,322,616)	-
Irmo area programs	1,935,390	380,582	5,170	-	(1,549,638)	-
Saluda Shoals programs	1,990,401	1,441,484	-	-	(548,917)	-
Senior services programs	192,257	9,917	136,916	-	(45,424)	-
Sports tourism	6,822	48,072	-	-	41,250	-
Therapeutic recreation programs	79,415	17,923	21,522	-	(39,970)	-
Interest on long-term debt	559,179	-	-	-	(559,179)	-
Total governmental activities	10,306,262	3,442,103	2,175,008	-	(4,689,151)	-
Component Unit:						
Saluda Shoals Foundation	216,104	-	231,670	(10,000)	-	5,566
Total component unit	216,104	-	231,670	(10,000)	-	5,566
General revenues:						
Property taxes and earnings					7,197,002	-
Accommodations tax					68,716	-
Unrestricted investment earnings					3,287	37,480
Other					2,637	1,405
Total general revenues					7,271,642	38,885
Change in net position					2,582,491	44,451
Net position, at beginning of year,						
as restated (Governmental Activities Only)					12,201,102	256,539
Net position, end of year					<u>\$ 14,783,593</u>	<u>\$ 300,990</u>

See accompanying notes.

IRMO CHAPIN RECREATION COMMISSION

BALANCE SHEET  
GOVERNMENTAL FUNDS

JUNE 30, 2021

	General	Special Revenue	Debt Service	Capital Projects	Total
<b>Assets</b>					
Cash and cash equivalents	\$ 3,318,234	\$ 725,448	\$ 744,186	\$ 847,197	\$ 5,635,065
Assets held by others	-	-	-	2,202,968	2,202,968
Receivables:					
Property taxes	212,297	-	129,157	-	341,454
Grants	582,229	-	-	62,250	644,479
Other	-	1,923	-	-	1,923
Due from other funds	250,955	722,187	-	645,658	1,618,800
Prepaid expenditures	-	1,440	-	-	1,440
Total assets	<u>\$ 4,363,715</u>	<u>\$ 1,450,998</u>	<u>\$ 873,343</u>	<u>\$ 3,758,073</u>	<u>\$ 10,446,129</u>
<b>Liabilities</b>					
Accounts payable	\$ 199,861	\$ -	\$ -	\$ -	\$ 199,861
Accrued liabilities	166,022	62,762	-	-	228,784
Due to other funds	937,913	-	-	680,887	1,618,800
Unearned revenue	464,039	625,168	-	-	1,089,207
Total liabilities	<u>1,767,835</u>	<u>687,930</u>	<u>-</u>	<u>680,887</u>	<u>3,136,652</u>
<b>Deferred inflows of resources</b>					
Unavailable revenue - property taxes	191,401	-	107,245	-	298,646
Total deferred inflows of resources	<u>191,401</u>	<u>-</u>	<u>107,245</u>	<u>-</u>	<u>298,646</u>
<b>Fund balances</b>					
Nonspendable	-	1,440	-	-	1,440
Restricted	-	-	766,098	3,077,186	3,843,284
Assigned	-	761,628	-	-	761,628
Unassigned	2,404,479	-	-	-	2,404,479
Total fund balances	<u>2,404,479</u>	<u>763,068</u>	<u>766,098</u>	<u>3,077,186</u>	<u>7,010,831</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,363,715</u>	<u>\$ 1,450,998</u>	<u>\$ 873,343</u>	<u>\$ 3,758,073</u>	<u>\$ 10,446,129</u>

See accompanying notes.

# IRMO CHAPIN RECREATION COMMISSION

## RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE GOVERNMENT WIDE STATEMENT OF NET POSITION

JUNE 30, 2021

Total fund balances - governmental funds	\$ 7,010,831
Amounts reported for governmental activities in the statement of net position are different because:	
Delinquent taxes receivable will be collected after year-end, but are not available soon enough to pay for current periods expenditures and, therefore, are reported as deferred revenue in the funds.	298,646
Capital assets used in governmental activities are not financial resources, and are not reported in the funds.	39,625,872
Deferred inflows and outflows are not financial resources and are not reported in the funds.	
Pension plan outflow	1,542,485
OPEB plan outflow	1,783,722
Pension plan inflow	(351,598)
OPEB plan inflow	(998,476)
Long-term liabilities (including the current portion) are not due and payable in the current period, and are not reported in the funds:	
Other post-employment benefits liability	(7,454,829)
Net pension liability	(9,012,218)
Compensated absences	(415,846)
Note payable	(259,996)
Bonds payable	(16,985,000)
Net position of governmental activities	<u>\$ 14,783,593</u>

*See accompanying notes.*

IRMO CHAPIN RECREATION COMMISSION

STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE -  
GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2021

	General	Special Revenue	Debt Service	Capital Projects	Total
<b>Revenues</b>					
General revenues:					
Property taxes	\$ 4,567,418	\$ -	\$ 2,594,403	\$ -	\$ 7,161,821
Accomodations tax	68,716	-	-	-	68,716
Investment income	281	-	888	2,118	3,287
Employee health insurance contributions	26,477	-	-	-	26,477
Grants	-	-	-	-	-
Program revenues:					
Administration					
Grants and contributions	136,164	(19,884)	-	1,946,313	2,062,593
Other	(59,523)	62,160	-	-	2,637
After school programs					
Charges for services	-	1,029,015	-	-	1,029,015
Grants and contributions	-	(77,760)	-	-	(77,760)
Chapin area programs					
Charges for services	128,433	360,200	-	-	488,633
Grants and contributions	(708)	27,275	-	-	26,567
Irmo area programs					
Charges for services	125,760	254,822	-	-	380,582
Grants and contributions	-	5,170	-	-	5,170
Saluda Shoals programs					
Charges for services	-	1,441,484	-	-	1,441,484
Senior Services programs					
Charges for services	9,917	-	-	-	9,917
Grants and contributions	136,916	-	-	-	136,916
Sports tourism					
Charges for services	-	48,072	-	-	48,072
Therapeutic recreation programs					
Charges for services	17,923	-	-	-	17,923
Grants and contributions	21,522	-	-	-	21,522
Total revenues	5,179,296	3,130,554	2,595,291	1,948,431	12,853,572



IRMO CHAPIN RECREATION COMMISSION

STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE -  
GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2021  
(CONTINUED)

	General	Special Revenue	Debt Service	Capital Projects	Total
<b>Expenditures</b>					
Current					
Administration					
Personnel	1,752,132	-	-	-	1,752,132
Operating	609,227	278	-	-	609,505
After school programs					
Personnel	-	716,238	-	-	716,238
Operating	-	77,472	-	-	77,472
Chapin area programs					
Personnel	809,161	21,437	-	-	830,598
Operating	291,985	171,857	-	-	463,842
Irmo area programs					
Personnel	908,849	16,769	-	-	925,618
Operating	233,286	171,614	-	-	404,900
Saluda Shoals programs					
Personnel	-	810,531	-	-	810,531
Operating	5,796	517,321	-	342	523,459
Senior services programs					
Personnel	116,744	-	-	-	116,744
Operating	44,891	-	-	-	44,891
Sports tourism					
Personnel	-	3,219	-	-	3,219
Operating	-	3,603	-	-	3,603
Therapeutic recreation programs					
Personnel	60,000	-	-	-	60,000
Operating	940	-	-	-	940
Debt service					
Principal	135,000	-	1,756,000	-	1,891,000
Interest	-	-	559,179	-	559,179
Capital outlay	5,376	-	-	2,296,459	2,301,835
Total expenditures	4,973,387	2,510,339	2,315,179	2,296,801	12,095,706
Excess (deficit) of revenues over (under) expenditures	205,909	620,215	280,112	(348,370)	757,866
<b>Other Financing Sources (Uses)</b>					
Proceeds from bonds	394,996	-	-	720,000	1,114,996
Total other financing sources (uses)	394,996	-	-	720,000	1,114,996
Net change in fund balance	600,905	620,215	280,112	371,630	1,872,862
Fund balance, beginning of year	1,803,574	142,853	485,986	2,705,556	5,137,969
Fund balance, end of year	\$ 2,404,479	\$ 763,068	\$ 766,098	\$ 3,077,186	\$ 7,010,831

See accompanying notes.

IRMO CHAPIN RECREATION COMMISSION

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS  
TO THE GOVERNMENT WIDE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

Amounts reported for governmental activities in the statement of activities  
are different due to the following:

Net change in fund balance - total governmental funds		\$ 1,872,862
Governmental funds report capital outlay expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:		
Capital asset purchases	\$ 2,301,835	
Depreciation expenses	<u>(1,422,959)</u>	878,876
Governmental funds report the acquisition of debt as other financing sources while governmental activities report debt as a liability to reflect what is owed.		(1,114,996)
Repayment of debt principal is an expenditure in the governmental funds while the repayment reduces long-term liabilities in the statement of net assets.		1,891,000
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:		
Compensated absences	15,040	
Other post-employment benefits liability	(469,620)	
Net pension obligation	<u>(525,854)</u>	(980,434)
Some property taxes will not be collected for several months after the Commission's fiscal year-end. They are not considered "available" revenue in governmental funds.		
Net amounts not meeting current year availability criteria are not recognized in governmental funds in the current year.	(298,648)	
Net amounts not meeting current year availability criteria are not recognized in governmental funds in the current year.	<u>263,465</u>	<u>35,183</u>
Change in net position of governmental activities		<u>\$ 2,582,491</u>

See accompanying notes.

IRMO CHAPIN RECREATION COMMISSION

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET TO ACTUAL - GENERAL FUND

YEAR ENDED JUNE 30, 2021

	Budget			Variance with Final Budget
	Original	Final	Actual	Positive/(Negative)
<b>Revenue</b>				
Property taxes	\$ 4,438,407	\$ 4,438,407	\$ 4,567,418	\$ 129,011
Accommodations tax	30,000	22,500	68,716	46,216
Investment income	5,000	-	281	281
Employee health insurance contributions	199,500	26,000	26,477	477
Charges for services:				
Irmo area programs	172,312	111,878	125,760	13,882
Chapin area programs	196,950	116,758	128,433	11,675
Therapeutic recreation programs	88,737	10,677	17,923	7,246
Senior services programs	330,750	16,394	9,917	(6,477)
Grants and contributions	676,860	379,061	293,894	(85,167)
Other	10,000	25,000	(59,523)	(84,523)
Total revenue	6,148,516	5,146,675	5,179,296	32,621
<b>Expenditures</b>				
Current				
Administration				
Personnel	2,106,929	1,721,184	1,752,132	(30,948)
Operating	905,171	1,283,544	609,227	674,317
Chapin area programs				
Personnel	1,036,179	849,482	809,161	40,321
Operating	503,973	308,092	291,985	16,107
Irmo area programs				
Personnel	1,156,877	948,307	908,849	39,458
Operating	368,528	258,777	233,286	25,491
Saluda Shoals Programs				
Operating	74,640	51,045	5,796	45,249
Senior services programs				
Personnel	219,635	115,165	116,744	(1,579)
Operating	74,640	51,045	44,891	6,154
Therapeutic recreation programs				
Personnel	119,426	40,035	60,000	(19,965)
Operating	21,597	2,500	940	1,560
Debt Service				
Principal	-	-	135,000	(135,000)
Capital outlay	301,698	42,617	5,376	37,241
Total expenditures	6,889,293	5,671,793	4,973,387	698,406
Excess (deficit) of revenue over (under) expenditures	(740,777)	(525,118)	205,909	731,027
<b>Other Financing Sources</b>				
Proceeds from bonds	-	-	394,996	394,996
Transfers from other funds	719,180	999,201	-	(999,201)
Transfers to other funds	21,597	(474,083)	-	474,083
Total other financing sources	740,777	525,118	394,996	(130,122)
Net change in fund balance	\$ -	\$ -	600,905	\$ 861,149
Fund balance, beginning of year			1,803,574	
Fund balance, end of year			\$ 2,404,479	

See accompanying notes.

IRMO CHAPIN RECREATION COMMISSION

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET TO ACTUAL - SPECIAL REVENUE FUND

YEAR ENDED JUNE 30, 2021

	Budget			Variance with
	Original	Final	Actual	Final Budget Positive/(Negative)
<b>Revenues</b>				
Program revenues:				
Administration				
Grants and contributions	\$ 311,698	\$ 205,484	\$ 42,276	\$ (163,208)
After school programs				
Charges for services	2,505,980	931,890	951,255	19,365
Chapin area programs				
Charges for services	756,028	387,822	360,200	(27,622)
Grants and contributions	26,900	20,200	27,275	7,075
Irmo area programs				
Charges for services	458,221	245,541	254,822	9,281
Grants and contributions	20,000	20,000	5,170	(14,830)
Saluda Shoals programs				
Charges for services	1,659,224	1,408,938	1,441,484	32,546
Sports tourism				
Charges for services	136,140	62,685	48,072	(14,613)
Total revenues	5,562,493	3,077,076	3,130,554	(152,006)
<b>Expenditures</b>				
Current				
Administration				
Operating	850	500	278	222
After school program				
Personnel	1,301,240	696,657	716,238	(19,581)
Operating	286,523	55,081	77,472	(22,391)
Chapin area programs				
Personnel	44,840	22,218	21,437	781
Operating	485,172	164,211	171,857	(7,646)
Irmo area programs				
Personnel	38,652	31,968	16,769	15,199
Operating	340,879	161,220	171,614	(10,394)
Saluda Shoals programs				
Personnel	1,054,782	778,313	810,531	(32,218)
Operating	826,495	655,768	517,321	138,447
Sports tourism				
Personnel	6,292	3,458	3,219	239
Operating	9,800	6,249	3,603	2,646
Total expenditures	4,395,525	2,575,643	2,510,339	65,304
Excess of revenue over expenditures	1,166,968	501,433	620,215	(86,702)
<b>Other Financing Sources (Uses)</b>				
Transfers to other funds	(1,166,968)	(501,433)	-	(501,433)
Total other financing sources (uses)	(1,166,968)	(501,433)	-	(501,433)
Net change in fund balance	\$ -	\$ -	620,215	\$ (588,135)
Fund balance, beginning of year			142,853	
Fund balance, end of year			\$ 763,068	

See accompanying notes.

# IRMO CHAPIN RECREATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

### 1. Summary of Significant Accounting Principles

The financial statements of the Irmo Chapin Recreation Commission have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant principles used in the preparation of the Commission's financial statements.

#### General

The Irmo Chapin Recreation Commission was created in 1970 pursuant to legislation providing quality parks and recreation programs to Lexington County residents of School District Five of Lexington and Richland Counties. In 1980, the Commission was charged with the responsibility of providing comprehensive aging programs for the residents of this geographical area. The Commission is an oversight board with complete authority over budget and policy. The Lexington County Council has the authority to approve the property tax levy for the general operating budget and/or bonded debt; however, state statute establishes a minimum tax levy. The Governor appoints the Commissioners for a term of five years.

#### Reporting Entity

The Irmo Chapin Recreation Commission financial statements include all funds of the entity and includes the Saluda Shoals Foundation (the "Foundation") as a discretely presented component unit in a separate column in the combined financial statements to emphasize that it is legally separate from the government. The Foundation is a non-profit organization formed to encourage, solicit, receive and administer gifts, devises, and donations for the advancement of the Irmo Chapin Recreation Commission. It is exempt from income taxes under 501(c)(3) of the Internal Revenue Code. The board of directors is appointed by the Irmo Chapin Recreation Commission and can be removed for cause.

#### Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

## IRMO CHAPIN RECREATION COMMISSION

### NOTES TO THE FINANCIAL STATEMENTS

-CONTINUED-

#### 1. Summary of Significant Accounting Principles (continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

##### Fund Accounting

The Government uses the following Governmental funds:

General Fund - to account for all financial resources except those required to be accounted for in another fund. All property taxes, intergovernmental revenues and miscellaneous revenues are recorded in this fund. Operational expenditures for the Commission are paid through the general fund.

Special Revenue Fund - to account for revenues earmarked or legally restricted for specific purposes or programs other than for major capital projects or fiduciary funds.

Debt Service Fund - to account for the accumulation of resources for payments of long-term debt.

Capital Projects Fund – to account for resources used for the acquisition or construction of major capital assets.

##### Budget

The Commission adopts an annual budget for the revenues and expenditures of the general fund and the special revenue fund. These budgets are prepared on the GAAP basis of accounting, consistent with financial statement presentation. Unexpended appropriations lapse at fiscal year-end. Budget amounts reflected in the accompanying financial statements represent the adopted budget and any revisions approved by the Commission during the fiscal year. A formal budget has not been adopted for the Saluda Shoals Foundation.

IRMO CHAPIN RECREATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

-CONTINUED-

**1. Summary of Significant Accounting Principles (continued)**

Cash and Cash Equivalents

The Commission's cash and cash equivalents are considered to be cash on hand and demand deposits.

Assets Held in Trust by Others

Assets held in trust by others are measured at fair value in the statement of financial position. Earnings on the assets are recognized by earnings classifications as a change in unrestricted net position. Changes in fair value are included in the statement of activities as gains and losses in the unrestricted net position.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, culverts, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the Commission as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Property, plant, and equipment of the Commission is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings & Improvements	10 to 50
Furniture & Office Equipment	5 to 20
Land Improvements	10 to 25
Machinery & Park Equipment	10 to 20
Public Domain Infrastructure	15 to 40
Vehicles	8

# IRMO CHAPIN RECREATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

-CONTINUED-

### 1. Summary of Significant Accounting Principles (continued)

#### Deferred Outflows and Inflows of Resources

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

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

#### Fund Balance

The fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes as follows:

Nonspendable: The nonspendable fund balance classification 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 are not expected to be converted to cash, for example, inventories and prepaid amounts. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale.

Restricted: The restricted fund balance classification includes amounts that are restricted externally by creditors, grantors, contributors, or laws or regulations of other governments or restricted by law through constitutional provisions or enabling legislation. The debt service fund had fund balance of \$766,098 restricted for payment of bond obligations. The capital projects fund had fund balance of \$3,077,186 restricted for the acquisition and construction of capital assets.

Committed: The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Commission’s highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the Commission removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. Committed fund balance also incorporate contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The Commission recognizes committed fund balances that have been approved for specific purposes by the Commission before the fiscal year end.



# IRMO CHAPIN RECREATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

-CONTINUED-

### 1. Summary of Significant Accounting Principles (continued)

Assigned: The assigned fund classification includes amounts that are constrained by the Commission'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 commission's highest level of decision-making authority and as such, the nature of the action necessary to remove or modify an assignment does not require the Commission's highest level of authority. Assigned fund balance amounts in the Commission's financial statements represent amounts approved by the Commission to be transferred and spent after year end.

Unassigned: The unassigned fund balance classification includes amounts that have not been assigned to other funds and has not been restricted, committed, or assigned for specific purposes within the general fund.

Based on the Commission's policies regarding fund balance classifications as noted above, the Commission considers amounts that are restricted, committed, or assigned to be spent when the corresponding expenditure that has been designated by the commission or donors has been made. After these fund balances have been deleted, unassigned fund balance will be considered to have been spent.

#### Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### Property Taxes

The County of Lexington bills and collects the property taxes for the Commission. 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 taxes are levied. These taxes are due without penalty through January 15. Taxpayers incur penalties of 3 percent on collections from January 15 to February 1, and 10% through March 16 and 15% thereafter. Current year real and personal taxes go into execution on March 17. The levy and collection data for motor vehicle property taxes is the last day of the month in which the motor vehicle license expires. Property tax revenues are recognized when due or past due and collected 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. Deferred revenue (property taxes) represents that portion of delinquent property taxes which is deemed not available to pay current expenditures.

# IRMO CHAPIN RECREATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

-CONTINUED-

### 1. Summary of Significant Accounting Principles (continued)

#### Compensated Absences

It is the Commission's policy to permit ICRC employees to accumulate earned but unused vacation and sick pay benefits. The maximum accumulation of vacation days is 45 days. There is no liability for unpaid sick leave since the Commission does not have a policy to pay any amounts when employees separate from service with the Commission. All vacation pay up to the maximum allowed, is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

### 2. Cash and Cash Equivalents

Statutes authorize the Commission to invest in obligations of the United States and its agencies, general obligations of the State of South Carolina and its subdivisions, savings and loan associations to the extent of federal insurance, certificates of deposit collaterally secured, repurchase agreements secured by the foregoing obligations, and the State Treasurer's Investment Pool.

The Commission considers cash on hand, on deposit, certificates of deposits and money market funds as cash and cash equivalents.

#### Custodial credit risk of deposits:

Custodial credit risk is the risk that in the event of a bank failure, the Commission's deposits may not be returned to it. The Commission has a policy to reduce its exposure to this risk by requiring deposits in excess of Federal Deposit Insurance Coverage (FDIC) limits to be collateralized in accordance with state law. As of June 30, 2021, the Commission's and the Foundation's cash and cash equivalent bank balance totaled \$5,101,616 and \$145,757, respectively. Of the Commission's balances, \$500,000 was insured by the FDIC and the remainder was collateralized by obligations of the United States of America and its agencies (as required by state law). Of the Foundation's balances, \$147,757 was insured by the FDIC.

#### Custodial credit risk of investments:

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Commission will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Commission has a policy to reduce its exposure to this risk by requiring deposits in excess of FDIC limits to be collateralized in accordance with state law as noted above.

IRMO CHAPIN RECREATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

-CONTINUED-

**3. Assets Held by Others**

The Foundation has one account with the Central Carolina Community Foundation (CCCF) governed by Agency Fund Agreements naming the Foundation as the beneficiary of the funds. The agreements provide CCCF with the ability to direct the investment transactions for the account. All funds are unrestricted in nature. The balance at June 30, 2021 was \$164,459.

The Commission has one account with a financial institution holding funds from the South Carolina Department of Parks Recreation and Tourism (SCDPRT) for a specific capital project. Funds in this account are in the name of the Commission but cannot be used until certain qualifications for the capital project are met. All funds are restricted for future capital improvements. The balance at June 30, 2021 was \$2,202,968.

**4. Pledges Receivable**

The Component Unit has pledges outstanding in the amount of \$62,250. All pledges consist of unconditional promises to give adjusted for an allowance for uncollectible pledges if applicable and they are recorded at net realizable value. All pledges are considered highly collectible and are due within one year. An allowance was not considered necessary based on management's judgement and history of past write-offs.

**5. Tax Abatements**

The Commission's property tax revenues were reduced by \$111,724 under agreements entered by Lexington County as of June 30, 2021. The State of South Carolina reimbursed the County \$9,719 of these property tax revenues, which the County disbursed back to the Commission. See the chart below for further details:

<b>Tax Abatement Program</b>	<b>Amount of Taxes Abated during the Fiscal Year</b>	<b>State of South Carolina Revenue Reimbursement Amount</b>
Fee-in-Lieu of Taxes Program (FILOT)	\$ 8,944	\$ 3,861
Fee-in-Lieu of Tax and Infrastructure Program (FILOT + IP)	25,215	5,858
Fee-in-Lieu of Tax Special Source Revenue	77,565	-
	<u>\$ 111,724</u>	<u>\$ 9,719</u>

IRMO CHAPIN RECREATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

-CONTINUED-

**6. Capital Assets**

Capital asset activity for the year ended June 30, 2021 is as follows:

<b>Governmental Activities</b>	<b>Beginning Balance July 1, 2020</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance June 30, 2021</b>
Capital assets not being depreciated:				
Land	\$ 5,314,031	\$ 304,200	\$ -	\$ 5,618,231
Construction in progress	35,644	-	-	35,644
Total capital assets not being depreciated	5,349,675	304,200	-	5,653,875
Depreciable capital assets:				
Furniture and office equipment	1,226,615	143,894	-	1,370,509
Buildings and improvements	21,059,237	1,601,038	-	22,660,275
Land improvements	23,241,850	176,890	-	23,418,740
Machinery and park equipment	2,291,501	51,059	-	2,342,560
Public domain infrastructure	2,123,273	-	-	2,123,273
Vehicles	917,008	24,754	-	941,762
Total depreciable capital assets	50,859,484	1,997,635	-	52,857,119
Total capital assets	56,209,159	2,301,835	-	58,510,994
Less, accumulated depreciation for:				
Furniture and office equipment	1,071,408	111,338	-	1,182,746
Buildings and improvements	8,195,492	519,539	-	8,715,031
Land improvements	4,795,898	521,205	-	5,317,103
Machinery and park equipment	1,661,724	129,824	-	1,791,548
Public domain infrastructure	988,482	89,540	-	1,078,022
Vehicles	749,159	51,513	-	800,672
Total accumulated depreciation	17,462,163	1,422,959	-	18,885,122
Total depreciable capital assets, net	33,397,321	574,676	-	33,971,997
Governmental activities, capital assets, net	<u>\$ 38,746,996</u>	<u>\$ 878,876</u>	<u>\$ -</u>	<u>\$ 39,625,872</u>
Depreciation expense:				
Administration	\$ 251,843			
Chapin area programs	340,921			
Irmo area programs	367,038			
Saluda Shoals programs	463,157			
	<u>\$ 1,422,959</u>			

IRMO CHAPIN RECREATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

-CONTINUED-

**7. Long Term Debt and Other Long-Term Liabilities**

A summary of long-term debt activity for the year ended June 30, 2021 is as follows:

	Beginning Balances			Ending Balances		Due within
	July 1, 2020	Increases	Decreases	June 30, 2021		One Year
Governmental activities:						
General obligation bonds	\$ 18,021,000	\$ 720,000	\$ (1,756,000)	\$ 16,985,000		\$ 2,080,000
Rawls Creek Country Club Note	-	394,996	(135,000)	259,996		135,000
Net pension obligation	8,479,384	532,834	-	9,012,218		-
Net OPEB obligation	5,259,675	2,195,154	-	7,454,829		-
Compensated absences	430,886	215,651	(230,691)	415,846		228,028
Total governmental activities	<u>\$ 32,190,945</u>	<u>\$ 4,058,635</u>	<u>\$ (2,121,691)</u>	<u>\$ 34,127,889</u>		<u>\$ 2,443,028</u>

The Commission issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the Commission. General obligation bonds outstanding at June 30, 2021, are as follows:

General Obligation Bond Issue Date	Interest Rates to Maturity	Year of Maturity	Original Issue Amount	Balance June 30, 2021
2013	2.00% - 4.00%	2032	\$ 18,000,000	\$ 15,595,000
2015	2.00% - 4.00%	2025	3,100,000	670,000
2021	0.72%	2022	720,000	720,000
				<u>\$ 16,985,000</u>

The debt service requirements to maturity for the bonds payable are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 2,080,000	\$ 518,970	\$ 2,598,970
2023	1,415,000	461,706	1,876,706
2024	1,460,000	406,756	1,866,756
2025	1,505,000	362,956	1,867,956
2026	1,370,000	317,806	1,687,806
2027-2031	7,510,000	946,431	8,456,431
2032	1,645,000	51,408	1,696,408
	<u>\$ 16,985,000</u>	<u>\$ 3,066,033</u>	<u>\$ 20,051,033</u>

IRMO CHAPIN RECREATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

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**7. Long Term Debt and Other Long-Term Liabilities (continued)**

The Commission issued a note payable to Rawls Creek Country Club to contribute to the purchase of land. The note is payable in yearly principal installments of \$135,000 at an annual rate of 2%, and the note matures in 2023. The balance of the note as of June 30, 2021 is \$259,996. The debt service requirements to maturity for the note is as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 135,000	\$ -	\$ 135,000
2023	124,996	15,904	140,900
	<u>\$ 259,996</u>	<u>\$ 15,904</u>	<u>\$ 275,900</u>

**8. Employee Retirement System and Net Pension Liability**

***Description of the Entity***

The South Carolina Public Employee Benefit Authority (PEBA), created July 1, 2012, is the state agency responsible for the administration and management of the various Retirement Systems and retirement programs of the state of South Carolina. As such, PEBA is responsible for administering the South Carolina Retirement Systems' five defined benefit pension plans. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as custodian, co-trustee, and co-fiduciary of the Systems and the assets of the retirement trust funds. The Retirement System Investment Commission (Commission as the governing body, RSIC as the agency), created by the General Assembly in 2005, has exclusive authority to invest and manage the retirement trust funds' assets. The Commission, an eight-member board, serves as co-trustee and co-fiduciary for the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems.

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

## IRMO CHAPIN RECREATION COMMISSION

### NOTES TO THE FINANCIAL STATEMENTS

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#### **8. Employee Retirement System and Net Pension Liability (continued)**

PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The CAFR is publicly available through the Retirement Benefits link on PEBA's website at [www.peba.sc.gov](http://www.peba.sc.gov), or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state.

##### Plan Descriptions

The South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan, was established July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits for teachers and employees of the state and its political subdivisions. SCRS covers employees of state agencies, public school districts, higher education institutions, other participating local subdivisions of government and individuals newly elected to the South Carolina General Assembly at or after the 2012 general election.

The South Carolina Police Officer Retirement System (PORS), a cost-sharing multiple-employer defined benefit pension plan, was established July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits to police officers and firefighters. PORS also covers peace officers, coroners, probate judges, and magistrates.

##### Membership

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

SCRS – Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

## IRMO CHAPIN RECREATION COMMISSION

### NOTES TO THE FINANCIAL STATEMENTS

-CONTINUED-

#### **8. Employee Retirement System and Net Pension Liability (continued)**

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

##### Benefits

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

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

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



## IRMO CHAPIN RECREATION COMMISSION

### NOTES TO THE FINANCIAL STATEMENTS

-CONTINUED-

#### **8. Employee Retirement System and Net Pension Liability (continued)**

PORS – A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of age. Both Class Two and Class Three members are eligible to receive a deferred annuity at age 55 with five or eight years of earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty. The retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

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

#### Contributions

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS and PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. Legislation in 2017 increased, but also established a ceiling for SCRS and PORS contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS and 9.75 percent for PORS. The legislation also increased employer contribution rates beginning July 1, 2017 for both SCRS and PORS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year through July 1, 2022. If the scheduled contributions are not sufficient to meet the funding periods set in state statute, the board shall increase the employer contribution rates as necessary to meet the funding periods set for the applicable year. The maximum funding period of SCRS and PORS is scheduled to be reduced over a ten-year schedule from 30 years beginning fiscal year 2018 to 20 years by fiscal year 2028.

IRMO CHAPIN RECREATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

-CONTINUED-

**8. Employee Retirement System and Net Pension Liability (continued)**

Additionally, the Board is prohibited from decreasing the SCRS and PORS contribution rates until the funded ratio is at least 85 percent. If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than 85 percent, then the board, effective on the following July first, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded rate of less than 85 percent. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than 85 percent, then effective on the following July first and annually thereafter as necessary, the board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 85 percent.

The Commission's contributions SCRS for the years ended June 30, 2021, 2020 and 2019 are as follows:

Year Ended June 30,	Employer Contribution Rate			Employer Contributions		
	Incidental			Incidental		
	Base	Death	Total	Base	Death	Total
2021	15.41%	0.15%	15.56%	\$ 524,854	\$ 5,109	\$ 529,963
2020	15.41%	0.15%	15.56%	604,638	6,293	610,931
2019	14.41%	0.15%	14.41%	557,971	5,808	563,779

The Commission's contributions PORS for the years ended June 30, 2021, 2020 and 2019 are as follows:

Year Ended June 30,	Employer Contribution Rate			Employer Contributions		
	Death			Death		
	Base	Benefits	Total	Base	Benefits	Total
2021	17.84%	0.40%	18.24%	\$ 1,424	\$ 32	\$ 1,456
2020	17.84%	0.40%	18.24%	1,977	49	2,026
2019	16.84%	0.40%	17.24%	1,532	38	1,570

IRMO CHAPIN RECREATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

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**8. Employee Retirement System and Net Pension Liability (continued)**

Required employee contribution rates<sup>1</sup> for fiscal years 2021 and 2020 are as follows:

	<u>Fiscal Year 2021<sup>1</sup></u>	<u>Fiscal Year 2020<sup>1</sup></u>
<b>SCRS</b>		
Employee Class Two	9.00%	9.00%
Employee Class Three	9.00%	9.00%
<b>PORS</b>		
Employee Class Two	9.75%	9.75%
Employee Class Three	9.75%	9.75%

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

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

	<u>Fiscal Year 2021<sup>1</sup></u>	<u>Fiscal Year 2020<sup>1</sup></u>
<b>SCRS</b>		
Employee Class Two	15.41%	15.41%
Employee Class Three	15.41%	15.41%
Employer Incidental Death Benefit	0.15%	0.15%
<b>PORS</b>		
Employee Class Two	18.84%	17.84%
Employee Class Three	18.84%	17.84%
Employer Incidental Death Benefit	0.20%	0.20%
Employer Accidental Death Program	0.20%	0.20%

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

Actuarial Assumptions and Methods

Actuarial valuations of the plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued for the period ending June 30, 2015.

IRMO CHAPIN RECREATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

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**8. Employee Retirement System and Net Pension Liability (continued)**

The June 30, 2020 total pension liability (TPL), net pension liability (NPL), and sensitivity information shown in this report were determined by our consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on an actuarial valuation performed as of July 1, 2019. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2020, using generally accepted actuarial principles.

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2020.

	<u><b>SCRS</b></u>	<u><b>PORS</b></u>
Actuarial Cost Method	Entry age normal	Entry age normal
Actuarial Assumptions:		
Investment Rate or Return	7.25%	7.25%
Projected Salary Increases	3.0% to 12.5%	3.5% to 9.5%
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 2016 Public Retirees of South Carolina Mortality table (2016 PRSC), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using published Scale AA projected from the year 2016.

Assumptions used in the determination of the June 30, 2020, TPL are as follows.

<u><b>Former Job Class</b></u>	<u><b>Males</b></u>	<u><b>Females</b></u>
Educators	2016 PRSC Males Multiplied by 92%	2016 PRSC Females Multiplied by 98%
General Employees and Members of the General Assembly	2016 PRSC Males Multiplied by 100%	2016 PRSC Females Multiplied by 111%
Public Safety, Firefighters	2016 PRSC Males Multiplied by 125%	2016 PRSC Females Multiplied by 111%

IRMO CHAPIN RECREATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

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**8. Employee Retirement System and Net Pension Liability (continued)**

Net Pension Liability

At June 30, 2021, the Commission reported \$8,987,838 and \$24,380 for its proportionate share of the net pension liabilities of SCRS and PORS, respectively. The net pension liability defined of the SCRS and PORS defined benefit pension plan were determined based on the July 1, 2020 actuarial valuations, using membership data as of July 1, 2020, projected forward to June 30, 2021, and financial information of the pension trust funds as of June 30, 2021, using generally accepted actuarial procedures. The Commission's portion of the net pension liability was based on the Commission's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2021, the Commission's SCRS proportion was 0.035175% and PORS proportion was 0.000740%.

Discount Rate

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

Sensitivity Analysis

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

<b>Plan</b>	<b>1% Decrease 6.25%</b>	<b>Current Rate 7.25%</b>	<b>1% Increase 8.25%</b>
SCRS	\$ 11,139,324	\$ 8,987,838	\$ 7,191,322
PORS	\$ 32,275	\$ 24,380	\$ 18,041

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments is based upon 20-year capital market assumptions. The long-term expected rates of return represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market-based inputs. Expected returns are net of investment fees.

IRMO CHAPIN RECREATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

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**8. Employee Retirement System and Net Pension Liability (continued)**

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2020 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table below. For actuarial purposes, the 7.25 percent assumed annual investment rate of return used in the calculation of the TPL includes a 5.00 percent real rate of return and a 2.25 percent inflation component.

<b>Asset Class</b>	<b>Target Asset Allocation</b>	<b>Expected Arithmetic Real Rate of Return</b>	<b>Long Term Expected Portfolio Real Rate of Return</b>
<b>Global Equity</b>	<b>51.0%</b>		
Global Public Equity	35.0%	7.81%	2.73%
Private Equity	9.0%	8.91%	0.80%
Equity Options Strategies	7.0%	5.09%	0.36%
<b>Real Assets</b>	<b>12.0%</b>		
Real Estate (Private)	8.0%	5.55%	0.44%
Real Estate (REITs)	1.0%	7.78%	0.08%
Infrastructure (Private)	2.0%	4.88%	0.10%
Infrastructure (Public)	1.0%	7.05%	0.07%
<b>Opportunistic</b>	<b>8.0%</b>		
Global Tactical Asset Allocation	7.0%	3.56%	0.25%
Other Opportunistic Strategies	1.0%	4.41%	0.04%
<b>Credit</b>	<b>15.0%</b>		
High Yield Bonds/Bank Loans	4.0%	4.21%	0.17%
Emerging Markets Debt	4.0%	3.44%	0.14%
Private Debt	7.0%	5.79%	0.40%
<b>Rate Sensitive</b>	<b>14.0%</b>		
Core Fixed Income	13.0%	1.60%	0.21%
Cash and Short Duration (Net)	1.0%	0.56%	0.01%
Total Expected Real Return	100%		5.80%
Inflation for Actuarial Puposess			2.25%
Total Expected Nominal Return			8.05%

IRMO CHAPIN RECREATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

-CONTINUED-

**8. Employee Retirement System and Net Pension Liability (continued)**

Deferred Outflows and Inflows of Resources

At June 30, 2021 the Commission reported deferred outflows of resources and deferred inflows of resources to pensions from the following sources:

<b>Deferred Outflows of Resources</b>	<b>SCRS</b>	<b>PORS</b>
Differences between expected and actual experience	\$ 103,708	\$ 518
Assumption changes	11,012	298
Net difference between project and actual investment earnings	661,131	2,496
Differences between employer contributions and proportionate share	224,456	7,447
Contributions made from measurement date to June 30, 2020	529,963	1,456
<b>Total deferred outflows of resources</b>	<b>1,530,270</b>	<b>12,215</b>
<b>Deferred Inflows of Resources</b>		
Differences between expected and actual experience	33,987	107
Differences between employer contributions and proportionate share	312,768	4,736
<b>Total deferred inflows of resources</b>	<b>346,755</b>	<b>4,843</b>
<b>Net deferred outflows/(inflows)</b>	<b>\$ 1,183,515</b>	<b>\$ 7,372</b>

Amounts reported as deferred outflows of resources related to pensions resulting from Commission contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. These amounts totaled \$529,963 and \$1,456 for SCRS and PORS, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>SCRS</u>	<u>PORS</u>
2022	\$ 163,639	\$ 4,292
2023	192,080	479
2024	129,128	475
2025	168,706	669
	<u>\$ 653,553</u>	<u>\$ 5,915</u>

## IRMO CHAPIN RECREATION COMMISSION

### NOTES TO THE FINANCIAL STATEMENTS

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#### 9. Post-Employment Benefits Other Than Pension

##### Plan Description

The Health Care Plan of the Irmo Chapin Recreation Commission (the Plan) was established July 23, 2003 to provide group medical and dental insurance benefits to eligible retirees for their lifetime. Eligibility requirements are that employees retire under the South Carolina Retirement System (SCRS) and are employed with the Commission for ten consecutive years. Employees hired on or before July 23, 2003 are grandfathered with an eligibility requirement of five years of service with the Commission. Disabled retirees must meet the same eligibility requirements as non-disabled retirees.

Eligible retirees must pay 50% of the subscriber only premiums plus the co-pay of \$41.67 per month. The percent of premium paid for the retiree decreases by 2% for each year of service earned beyond the eligibility requirement. Regardless of hire date, retirees with 30 years of service only pay the co-pay. Medicare eligible retirees will not be charged the co-pay amount.

Health care and dental insurance benefits are offered by the Commission through participation in the State Health Plan administered by PEBA. Retirees may purchase dental plus and vision coverage at the full cost, as these insurance benefits are not provided by the Commission. Retirees may continue dependent coverage at the full premium cost over the coverage if the retiree is enrolled in dependent coverage at the time of retirement. Spouse coverage may be continued for the lifetime of the retiree's spouse.

The following table summarizes the membership of the Plan as of June 30, 2019, the valuation date:

	<b>Number</b>
Inactive Employees or Beneficiaries Currently Receiving Benefits	10
Inactive Members Entitled to But Not Yet Receiving Benefits	-
Active Employees	<u>66</u>
Total Membership	76

##### Funding Policy

The Commission has elected not to fund the Plan at this time and will utilize a pay-as-you-go policy.



IRMO CHAPIN RECREATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

-CONTINUED-

**9. Post-Employment Benefits Other Than Pension (continued)**

Change in OPEB Liability

Changes in OPEB liability from June 30, 2019 to June 30, 2020 is shown in the following table:

	<b>Total OPEB Liability</b>
<b>Balances as of June 30, 2019</b>	\$ 5,259,675
<b>Changes for the year:</b>	
Service Cost at the end of the year*	277,237
Interest on OPEB liability and Cash Flows	185,640
Change in benefit terms	0
Difference between expected and actual experience	1,596
Changes of assumptions or other inputs	1,778,275
Benefit payments and implicit subsidy credit	11,817
Net contributions from measurement date	(59,411)
<b>Net Changes</b>	<u>2,195,154</u>
<b>Balance as of June 30, 2020</b>	<u><u>\$ 7,454,829</u></u>

\*The service cost includes interest for the year.

IRMO CHAPIN RECREATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

-CONTINUED-

**9. Post-Employment Benefits Other Than Pension (continued)**

Actuarial Methods and Assumptions

The Commission's OPEB liability of \$7,454,829 was measured as of June 30, 2020 and the OPEB liability was determined by a biennial actuarial valuation of the Plan, as of June 30, 2019, using the following key actuarial assumptions and other inputs:

Valuation date:	June 30, 2019
Normal Inflation:	2.25%
Real Wage Growth - SCRS:	0.75%
Wage Inflation - SCRS:	3.00%
Salary Increases, Including Wage Inflation - SCRS:	3.00% - 7.00%
Municipal Bond Index Rate:	
Prior Measurement Date	3.50%
Measurement Date	2.21%
Health Care Trend Rate:	
Pre-Medicare	7.25% for 2019 decreasing to an ultimate rate of 4.75% by 2029
Medicare	5.38% for 2019 decreasing to an ultimate rate of 4.75% by 2023
Discount Rate:	Based on June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly.
Mortality:	Based on the RP-2014 Mortality Table for Employees with a 95% multiplier to better reflect the anticipated experience and provide margin for future improvements.
Demographic:	Based on results of actuarial experience study adopted by SCRS and PORS for retirement, disability incidence, withdrawal, and salary increases only.
Initial Per Capita Costs, Health Care Cost Trends, Rate of Plan Participation, and Rates of Plan Election:	Based on a review of recent plan experience done concurrently with the June 30, 2019 evaluation.
Notes:	There were no benefit changes during the year.

IRMO CHAPIN RECREATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

-CONTINUED-

**9. Post-Employment Benefits Other Than Pension (continued)**

Sensitivity Analysis:

The following table presents the OPEB liability of the Plan, calculated using current health care cost trend rates, as well as what the Plan's OPEB liability would be if it were calculated using health care cost trend rates that are 1.00 percent lower or 1.00 percent higher than the current rates:

<b>Health Care Cost Trend Rate Sensitivity</b>			
Plan	1% Decrease	Current	1% Increase
OPEB Liability	\$ 5,820,045	\$ 7,454,829	\$ 9,869,630

The following table presents the OPEB liability of the Plan, calculated using the discount rate of 2.21 percent, as well as what the Plan's OPEB liability would be if it were calculated using a Discount Rate that is 1.00 percent lower (1.21 percent) or 1.00 percent higher (3.21 percent) than the current rate:

<b>Discount Rate Sensitivity</b>			
Plan	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
OPEB Liability	\$ 9,389,047	\$ 7,454,829	\$ 6,084,628

For the year ended June 30, 2021, the Commission recognized OPEB expense in the amount of \$64,469 and reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 1,431	\$ 412,550
Changes of assumptions or other inputs	1,782,291	585,926
Total	<u>\$ 1,783,722</u>	<u>\$ 998,476</u>

IRMO CHAPIN RECREATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

-CONTINUED-

**9. Post-Employment Benefit Other Than Pension (continued)**

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

<b>Measurement Period Ended June 30:</b>	
2021	\$ 54,337
2022	54,337
2023	54,337
2024	54,337
2025	54,337
Thereafter	<u>513,561</u>
Total	<u>\$ 785,246</u>

**10. Restatement**

The governmental activities recorded a net position of \$12,129,224 for the year ending June 30, 2020. During the year, management discovered that parcels of land that they still owned were shown on the financial statements as disposed of in error in the prior year. Management decided to restate the ending net position from the prior year to correct the error. The impact on the net position of governmental activities is as follows:

	<b>Governmental Activities</b>
Audited net position at June 30, 2020	\$ 12,129,224
Reversal of Land Disposal	<u>71,878</u>
Restated net position at June 30, 2020	<u>\$ 12,201,102</u>

**11. Subsequent Events**

The Commission has considered subsequent events through March 10, 2022, the date of issuance, in preparing the financial statements and notes.

## REQUIRED SUPPLEMENTARY INFORMATION

IRMO CHAPIN RECREATION COMMISSION

SCHEDULE OF PROPORTIONATE SHARE OF THE SOUTH CAROLINA  
RETIREMENT SYSTEMS NET PENSION LIABILITIES

LAST TEN FISCAL YEARS\*

	2021	2020	2019	2018	2017	2016	2015
<b>South Carolina Retirement System</b>							
Commission's proportion of the net pension liability	0.0352%	0.0370%	0.0355%	0.0345%	0.0343%	0.0326%	0.0326%
Commission's proportionate share of the net pension liability	\$ 8,987,838	\$ 8,458,919	\$ 7,943,742	\$ 7,330,274	\$ 7,330,274	\$ 6,183,316	\$ 5,607,275
Commission's covered payroll	\$ 3,926,292	\$ 3,872,109	\$ 3,678,732	\$ 3,466,512	\$ 3,289,743	\$ 3,056,961	\$ 3,014,727
Commission's proportionate share of the net pension liability as a percentage of its covered payroll	228.91%	218.46%	215.94%	211.46%	222.82%	202.27%	186.00%
Plan fiduciary net position as a percentage of the total pension liability	50.71%	54.10%	53.30%	52.91%	56.99%	59.92%	56.39%
<b>South Carolina Police Officers Retirement System</b>							
Commission's proportion of the net pension liability	0.0007%	0.0007%	0.0001%	0.0002%	0.0000%	0.0001%	0.0005%
Commission's proportionate share of the net pension liability	\$ 24,380	\$ 20,465	\$ 30,430	\$ 4,931	\$ -	\$ 2,332	\$ 10,261
Commission's covered payroll	\$ 11,357	\$ 9,323	\$ 10,564	\$ 2,392	\$ 1,327	\$ 6,357	\$ 6,357
Commission's proportionate share of the net pension liability as a percentage of its covered payroll	214.67%	219.51%	288.05%	206.15%	0.00%	36.68%	161.41%
Plan fiduciary net position as a percentage of the total pension liability	58.79%	62.70%	61.70%	60.90%	60.40%	64.57%	67.55%

\* - The amounts presented for each fiscal year were determined as of July 1 of four years prior, using membership data as of the day, projected forward to June 30 of the previous year. Additionally, the Commission implemented GASB 68 during fiscal year 2015. As such, information is only available for fiscal years after 2015.

IRMO CHAPIN RECREATION COMMISSION

SCHEDULE OF SOUTH CAROLINA RETIREMENT SYSTEMS CONTRIBUTIONS

LAST TEN FISCAL YEARS\*

	2021	2020	2019	2018	2017	2016	2015
<b>South Carolina Retirement System</b>							
Contractually required contributions	\$ 529,963	\$ 610,931	\$ 563,779	\$ 493,318	\$ 395,529	\$ 358,911	\$ 328,623
Contributions in relation to the contractually required contribution	(529,963)	(610,931)	(563,779)	(493,318)	(395,529)	(358,911)	(328,623)
Contribution deficiency/(excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Commission covered payroll	\$ 3,405,932	\$ 3,926,292	\$ 3,872,109	\$ 3,638,038	\$ 3,466,512	\$ 3,056,961	\$ 3,014,727
Contributions as a percentage of covered payroll	15.56%	15.56%	14.56%	13.56%	11.41%	10.91%	10.75%
<b>South Carolina Police Officers Retirement System</b>							
Contractually required contributions	\$ 1,456	\$ 2,026	\$ 1,570	\$ 1,610	\$ 331	\$ 177	\$ 827
Contributions in relation to the contractually required contribution	(1,456)	(2,026)	(1,570)	(1,610)	(331)	(177)	(827)
Contribution deficiency/(excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Commission covered payroll	\$ 7,982	\$ 11,357	\$ 9,323	\$ 10,564	\$ 2,392	\$ 1,327	\$ 6,357
Contributions as a percentage of covered payroll	18.24%	17.84%	16.84%	15.24%	13.84%	13.34%	13.01%

\* - The amounts presented for each fiscal year were determined as of July 1 of four years prior, using membership data as of the day, projected forward to June 30 of the previous year. Additionally, the Commission implemented GASB 68 during fiscal year 2015. As such, information is only available for fiscal years after 2015.

# IRMO CHAPIN RECREATION COMMISSION

## SCHEDULE OF CHANGES IN THE COMMISSION'S TOTAL OPEB LIABILITY AND RELATED RATIOS

LAST TEN FISCAL YEARS\*

	2021	2020	2019
<b>Total OPEB Liability</b>			
Service cost	\$ 277,237	\$ 243,504	\$ 260,414
Interest	185,640	200,042	183,606
Difference between expected and actual experience	1,596	(469,635)	(37,682)
Changes of assumptions or other inputs	1,778,275	237,214	(330,786)
Benefit payments and implicit study credit	71,227	(27,077)	(40,871)
Net contributions from measurement date	(118,821)	(76,285)	255,403
<b>Net change in Total OPEB Liability</b>	2,195,154	107,763	290,084
Total OPEB Liability - beginning	5,259,675	5,151,912	4,861,828
Total OPEB Liability - ending	<u>\$ 7,454,829</u>	<u>\$ 5,259,675</u>	<u>\$ 5,151,912</u>
Covered-employee payroll	\$ 3,026,999	\$ 3,026,999	\$ 2,983,437
 Total OPEB Liability as a percentage of covered payroll	 246.28%	 173.76%	 172.68%

\* - The amounts presented for each fiscal year were determined as of July 1 of two years prior, using membership data as of the day, projected forward to June 30 of the previous year. Additionally, the Commission implemented GASB 75 during fiscal year 2018. As such, only years subsequent to fiscal year 2017 have information available.



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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  
The Irmo Chapin Recreation Commission  
5605 Bush River Road  
Columbia, South Carolina 29212

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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Irmo Chapin Recreation Commission (the "Commission"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated March 10, 2022.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Commission'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 Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Commission'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.

The Brittingham Group LLP

West Columbia, South Carolina  
March 10, 2022