

Town of Irmo
Financial Statements
Year Ended June 30, 2023
(With Independent Auditor's Report Thereon)

Town of Irmo

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Irmo, South Carolina, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Irmo, South Carolina's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Irmo, South Carolina, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair

presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Irmo, South Carolina's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Irmo, South Carolina's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison, schedule of the proportionate share of the net

pension liability and the schedule of contributions as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Irmo, South Carolina's basic financial statements. The accompanying Independent Accountant's Report is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2023, on our consideration of the Town of Irmo, South Carolina'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 solely 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 the effectiveness of the Town of Irmo, South Carolina's 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 Town of Irmo, South Carolina's internal control over financial reporting and compliance.

Highsmith & Highsmith, LLC

Highsmith & Highsmith, LLC
Travelers Rest, South Carolina

November 15, 2023

Town of Irmo
Management's Discussion and Analysis
June 30, 2023

This section of the Town of Irmo, South Carolina (the "Town") annual financial report presents our discussion and analysis of the Town's financial performance for the year ended June 30, 2023. Please read it in conjunction with the Town's financial statements, which follow this section.

Financial Highlights

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$12,140,678 (*net position*). Of this amount, \$6,180,959 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$2,817,822.
- As of the close of the current fiscal year, the Town's governmental fund reported combined ending fund balance of \$11,937,906 an increase of \$3,530,810 from the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$8,496,401, or 88 percent of total general fund expenditures.

Overview of the Financial Statements

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

Government-wide financial statements

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

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

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

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

Town of Irmo
Management's Discussion and Analysis
June 30, 2023

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

Fund financial statements

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

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

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

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

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

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

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

**Town of Irmo
Management's Discussion and Analysis
June 30, 2023**

Government-wide Financial Analysis

As noted earlier, net position may service over time as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by \$12,140,678 at the close of the most recent fiscal year. The largest portion of the Town's net position (51 percent) reflects its unrestricted net position. The Town may use the unrestricted net position to provide services to citizens.

Net position of \$166,396 is restricted by state law for specific purposes. The remaining balance of net position \$5,793,323 is the Town's investment in capital assets and are used to meet the government's ongoing obligations to citizens.

- During the current fiscal year, the government's net position increased by \$2,809,852, primarily due to the American Rescue Plan.

Statement of Net Position Information

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

Net Position

	Governmental		Business-type		Totals	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
Assets						
Current and other assets	\$ 12,135,688	\$ 8,730,987	\$ 105,874	97,904	\$ 12,241,562	\$ 8,828,891
Capital assets, net of depreciation	5,793,323	6,382,745	-	-	5,793,323	6,382,745
Restricted assets	166,396	132,798	-	-	166,396	132,798
Total assets	<u>18,095,407</u>	<u>15,246,530</u>	<u>105,874</u>	<u>97,904</u>	<u>18,201,281</u>	<u>15,344,434</u>
Deferred outflows	1,903,526	1,501,584	-	-	1,903,526	1,501,584
Total assets and deferred outflows	<u>19,998,933</u>	<u>16,748,114</u>	<u>105,874</u>	<u>97,904</u>	<u>20,104,807</u>	<u>16,846,018</u>
Liabilities						
Long-term liabilities outstanding	5,195,909	4,527,096	-	-	5,195,909	4,527,096
Other liabilities	1,657,875	1,599,717	-	-	1,657,875	1,599,717
Total liabilities	<u>6,853,784</u>	<u>6,126,813</u>	<u>-</u>	<u>-</u>	<u>6,853,784</u>	<u>6,126,813</u>
Deferred inflows	1,110,345	1,396,349	-	-	1,110,345	1,396,349
Total liabilities and deferred inflows	<u>7,964,129</u>	<u>7,523,162</u>	<u>-</u>	<u>-</u>	<u>7,964,129</u>	<u>7,523,162</u>
Net Position						
Invested in capital assets, net of related debt	5,793,323	6,382,745	-	-	5,793,323	6,382,745
Restricted	166,396	132,798	-	-	166,396	132,798
Unrestricted	6,075,085	2,709,409	105,874	97,904	6,180,959	2,807,313
Total net position	<u>\$ 12,034,804</u>	<u>\$ 9,224,952</u>	<u>\$ 105,874</u>	<u>\$ 97,904</u>	<u>\$ 12,140,678</u>	<u>\$ 9,322,856</u>

**Town of Irmo
Management's Discussion and Analysis
June 30, 2023**

Statement of Activities Information

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

Statement of Activities

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenue:						
Program revenue:						
Charges for services	\$ 1,648,813	\$ 1,408,178	\$ 159,032	\$ 98,148	\$ 1,807,845	\$ 1,506,326
Operating grants and contributions	2,663,021	2,535,833	-	-	2,663,021	2,535,833
General revenue:						
Local option sales and fire taxes	1,597,139	2,250,050	-	-	1,597,139	2,250,050
Hospitality tax	1,499,388	1,293,549	-	-	1,499,388	1,293,549
State shared and unallocated intergovernmental	323,725	355,834	-	-	323,725	355,834
Licenses and permits	3,950,737	4,125,116	-	-	3,950,737	4,125,116
Other and transfers	<u>1,475,906</u>	<u>766,651</u>	<u>10,092</u>	<u>21,085</u>	<u>1,485,998</u>	<u>787,736</u>
Total revenue	<u>13,158,729</u>	<u>12,735,211</u>	<u>169,124</u>	<u>119,233</u>	<u>13,327,853</u>	<u>12,854,444</u>
Expenses:						
Legislative	54,505	65,215	-	-	54,505	65,215
Administrative	779,434	823,945	-	-	779,434	823,945
Court	447,894	291,782	-	-	447,894	291,782
Public works	1,195,284	792,403	-	-	1,195,284	792,403
Sanitation	1,394,288	1,259,303	-	-	1,394,288	1,259,303
Police	3,799,414	3,251,520	-	-	3,799,414	3,251,520
Non-departmental and support services	2,678,058	2,133,908	-	-	2,678,058	2,133,908
Okra Strut Festival fund	-	-	161,154	118,280	161,154	118,280
Total expenses	<u>10,348,877</u>	<u>8,618,076</u>	<u>161,154</u>	<u>118,280</u>	<u>10,510,031</u>	<u>8,736,356</u>
Change in net position	2,809,852	4,117,135	7,970	953	2,817,822	4,118,088
Beginning net position	<u>9,224,952</u>	<u>5,107,817</u>	<u>97,904</u>	<u>96,951</u>	<u>9,322,856</u>	<u>5,204,768</u>
Ending net position	<u>\$ 12,034,804</u>	<u>\$ 9,224,952</u>	<u>\$ 105,874</u>	<u>\$ 97,904</u>	<u>\$ 12,140,678</u>	<u>\$ 9,322,856</u>

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

Town of Irmo
Management's Discussion and Analysis
June 30, 2023

Financial Analysis of the Government's Funds

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

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

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the general fund was \$8,122,479 and the restricted fund balance was \$166,396. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 88% of the total general fund expenditures.

During the current fiscal year, the Town's general fund balance increased \$1,716,643.

- Total revenues increased by \$218,257 from the prior year, primarily due to the American Rescue Plan Act.
- Total expenditures increased by \$72,460, primarily due to capital outlay.

General Fund Budgetary Highlights

The Town adopted a budget with budgeted expenditures less than budgeted revenues for the fiscal year ended June 30, 2023.

Capital Asset Administration

Capital assets - The Town's investment in capital assets for its governmental activities as of June 30, 2023, amounts to \$5,793,323 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery, equipment, and streets and sidewalks. Capital assets, net of accumulated depreciation are comprised of the following:

**Town of Irmo
Management's Discussion and Analysis
June 30, 2023**

	Balance June 30, 2022	Additions	Retirements	Transfers	Balance June 30, 2023
Capital assets not being depreciated					
Land and rights of way	\$ 2,518,903	\$ 269,192	\$ (16,982)	\$ -	\$ 2,771,113
Total capital assets not being depreciated	2,518,903	269,192	(16,982)	-	2,771,113
Capital assets being depreciated					
Land improvements	5,119,179	-	(1,625,789)	-	3,493,390
Building and improvements	3,079,465	439,363	(71,573)	-	3,447,255
Furniture, vehicles, equipment	2,127,876	400,175	(152,618)	-	2,375,433
Total capital assets being depreciated	10,326,520	839,538	(1,849,980)	-	9,316,078
Less accumulated depreciation for:					
Land improvements	(2,549,882)	(121,989)	308,818		(2,363,053)
Building and improvements	(2,261,708)	(109,005)	-		(2,370,713)
Furniture, vehicles, equipment	(1,651,088)	(171,095)	262,081		(1,560,102)
Total accumulated depreciation	(6,462,678)	(402,089)	570,899	-	(6,293,868)
Total capital assets being depreciated, net	3,863,842	437,449	(1,279,081)	-	3,022,210
Net capital assets - Governmental Activities	\$ 6,382,745	\$ 706,641	\$ (1,296,063)	\$ -	\$ 5,793,323

The total decrease of \$589,422 in net capital assets is the net of asset additions and retirements of \$(151,973) and depreciation expense of \$437,449 .

Economic Factors and Next Year's Budgets and Rates

Inflationary trends in the region compare favorably to national indices. This factor, among others, was considered in preparing the Town's budget for the 2023 fiscal year.

Requests for Information

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

Town of Irmo

**Statement of Net Position
June 30, 2023**

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 10,986,064	\$ 2,360	\$ 10,988,424
Equity in pooled cash	703,848	103,514	807,362
Receivables, net	51,407	-	51,407
Due from other governments	186,843	-	186,843
Prepaid expenses	207,526	-	207,526
Restricted assets:			
Cash and cash equivalents	166,396	-	166,396
Capital assets, net of accumulated depreciation	5,793,323	-	5,793,323
Total assets	18,095,407	105,874	18,201,281
Deferred outflows			
Deferred outflows for pensions	1,903,526	-	1,903,526
Total assets and deferred outflows	\$ 19,998,933	\$ 105,874	\$ 20,104,807
Liabilities			
Accounts payable and accrued liabilities	\$ 267,300	\$ -	\$ 267,300
Due to state government	10,334	-	10,334
Deposit liabilities	83,175	-	83,175
Deferred revenue	703,466	-	703,466
Accrued compensated absences	593,600	-	593,600
Net pension liability	5,195,909	-	5,195,909
Total liabilities	6,853,784	-	6,853,784
Deferred inflows			
Deferred inflows for pensions	1,110,345	-	1,110,345
Total liabilities and deferred inflows	7,964,129	-	7,964,129
Net Position			
Invested in capital assets, net of related debt	5,793,323	-	5,793,323
Restricted	166,396	-	166,396
Unrestricted	6,075,085	105,874	6,180,959
Total net position	\$ 12,034,804	\$ 105,874	\$ 12,140,678

Town of Irmo

**Statement of Activities
Year Ended June 30, 2023**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals
Governmental activities:							
Legislative	\$ (54,505)	\$ -	\$ -	\$ -	\$ (54,505)	\$ -	\$ (54,505)
Administrative	(779,434)	-	-	-	(779,434)	-	(779,434)
Court	(447,894)	-	-	-	(447,894)	-	(447,894)
Public works	(1,195,284)	-	-	-	(1,195,284)	-	(1,195,284)
Sanitation	(1,394,288)	1,385,091	-	-	(9,197)	-	(9,197)
Police	(3,799,414)	263,722	-	-	(3,535,692)	-	(3,535,692)
Non-departmental and support services	(2,678,058)	-	2,663,021	-	(15,037)	-	(15,037)
Total governmental activities	<u>(10,348,877)</u>	<u>1,648,813</u>	<u>2,663,021</u>	<u>-</u>	<u>(6,037,043)</u>	<u>-</u>	<u>(6,037,043)</u>
Business-type activities:							
Okra Strut fund	(161,154)	159,032	-	-	-	(2,122)	(2,122)
Total business-type activities	<u>(161,154)</u>	<u>159,032</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,122)</u>	<u>(2,122)</u>
Total functions and programs	<u>\$ (10,510,031)</u>	<u>\$ 1,807,845</u>	<u>\$ 2,663,021</u>	<u>\$ -</u>	<u>(6,037,043)</u>	<u>(2,122)</u>	<u>(6,039,165)</u>
General revenues and transfers							
Local option sales tax					1,597,139	-	1,597,139
Hospitality tax					1,499,388	-	1,499,388
State shared and unallocated intergovernmental					323,725	-	323,725
Licenses, permits and franchise fees					3,950,737	-	3,950,737
Fire taxes					783,831	-	783,831
Unrestricted investment earnings					312,042	92	312,134
Miscellaneous					390,033	-	390,033
Transfers in (out)					(10,000)	10,000	-
Total general revenues and transfers					<u>8,846,895</u>	<u>10,092</u>	<u>8,856,987</u>
Change in net position					<u>2,809,852</u>	<u>7,970</u>	<u>2,817,822</u>
Net position, beginning					9,224,952	97,904	9,322,856
Net position, ending					<u>\$ 12,034,804</u>	<u>\$ 105,874</u>	<u>\$ 12,140,678</u>

Town of Irmo

**Balance Sheet
Governmental Funds
June 30, 2023**

	General Fund	ABC Permit Fund	Capital Projects Fund	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 7,632,640	\$ -	\$ 3,353,424	\$ 10,986,064
Equity in pooled cash	615,767	87,595	486	703,848
Receivables, net	47,913	-	-	47,913
Due from other governments	186,843	-	-	186,843
Prepaid items	207,526	-	-	207,526
Restricted assets:				
Cash and cash equivalents	166,396	-	-	166,396
Total assets	\$ 8,857,085	\$ 87,595	\$ 3,353,910	\$ 12,298,590
Liabilities and Fund Balances				
Liabilities:				
Accounts payable and accrued liabilities	\$ 267,175	\$ -	\$ -	\$ 267,175
Due to state government	10,334	-	-	10,334
Deposit liabilities	83,175	-	-	83,175
Total liabilities	360,684	-	-	360,684
Fund balances:				
Nonspendable - prepaid items	207,526	-	-	207,526
Restricted	166,396	-	-	166,396
Assigned	-	87,595	-	87,595
Unassigned	8,122,479	-	3,353,910	11,476,389
Total fund balances	8,496,401	87,595	3,353,910	11,937,906
Total liabilities and fund bal	\$ 8,857,085	\$ 87,595	\$ 3,353,910	\$ 12,298,590

Town of Irmo

**Reconciliation of the Governmental Funds - Balance Sheet
to the Statement of Net Position
June 30, 2023**

Total fund balance - Governmental Funds \$ 11,937,906

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

Capital assets used in governmental activities are not financial resources and therefore, are not reported in these funds.	5,793,323
Other assets not available to pay current expenditures and therefore not reported in the fund statements.	3,369
Cash received in advance of period for which revenue is recognized as deferred in the statement of net position.	(703,466)
Long-term liabilities are not due and payable in the current period and therefore are not reported in these funds.	
Compensated absences	(593,600)
Net pension liability	(5,195,909)
Deferred outflows for pensions	1,903,526
Deferred inflows for pensions	<u>(1,110,345)</u>

Total net position of Governmental Activities \$ 12,034,804

Town of Irmo

**Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
Year Ended June 30, 2023**

	<u>General Fund</u>	<u>ABC Permit Fund</u>	<u>Capital Project Fund</u>	<u>Total Governmental Funds</u>
Revenues				
Local option sales tax	\$ 1,597,139	\$ -	\$ -	\$ 1,597,139
Hospitality tax	1,499,388	-	-	1,499,388
Licenses and permits	3,124,068	-	-	3,124,068
State shared revenue	304,730	18,995	-	323,725
Franchise fees	826,669	-	-	826,669
Fines and forfeitures	263,722	-	-	263,722
Fire taxes	783,831	-	-	783,831
Grants	2,663,021	-	-	2,663,021
Interest income	183,019	-	129,023	312,042
Sanitation fees	1,416,949	-	-	1,416,949
Other revenue	372,199	-	-	372,199
Total revenues	<u>13,034,735</u>	<u>18,995</u>	<u>129,023</u>	<u>13,182,753</u>
Expenditures				
General Government:				
Legislative	55,114	-	-	55,114
Administrative	748,165	-	-	748,165
Court	417,026	-	-	417,026
Public works:				
General public works	807,889	-	-	807,889
Sanitation	1,394,288	-	-	1,394,288
Police	3,399,342	-	-	3,399,342
Non-departmental and support services	2,150,752	-	-	2,150,752
Capital outlay	669,367	-	-	669,367
Total expenditures	<u>9,641,943</u>	<u>-</u>	<u>-</u>	<u>9,641,943</u>
Excess (deficiency) of revenues over expenditures	<u>3,392,792</u>	<u>18,995</u>	<u>129,023</u>	<u>3,540,810</u>
Other Financing Sources (Uses)				
Transfers in (out)	<u>(1,676,149)</u>	<u>-</u>	<u>1,666,149</u>	<u>(10,000)</u>
Net change in fund balance	<u>1,716,643</u>	<u>18,995</u>	<u>1,795,172</u>	<u>3,530,810</u>
Fund balance, beginning of year	<u>6,779,758</u>	<u>68,600</u>	<u>1,558,738</u>	<u>8,407,096</u>
Fund balance, end of year	<u>\$ 8,496,401</u>	<u>\$ 87,595</u>	<u>\$ 3,353,910</u>	<u>\$ 11,937,906</u>

Town of Irmo

**Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
Year Ended June 30, 2023**

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

Net change in fund balances-total governmental funds	\$ 3,530,810
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	231,918
Net revenues and expenses in the statement of activities that do not provide or use current financial resources are not reported in these funds.	<u>(952,876)</u>
Change in net position of governmental activities	<u><u>\$ 2,809,852</u></u>

Town of Irmo

**Balance Sheet
Proprietary Fund
June 30, 2023**

		Business-type Activities
		<u>Okra Strut Fund</u>
Assets		
Cash and cash equivalents	\$	2,360
Equity in pooled cash		103,514
Total assets	\$	<u>105,874</u>
Liabilities and Net Position		
Liabilities:		-
Total liabilities		<u>-</u>
Net Position:		
Unrestricted		105,874
Total net position		<u>105,874</u>
Total liabilities and net position	\$	<u>105,874</u>

Town of Irmo

**Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund
Year Ended June 30, 2023**

	Business-type Activities
	<u>Okra Strut Fund</u>
Operating Revenues	
Rental, concessions and sales	\$ 159,032
Total operating revenues	<u>159,032</u>
Operating Expenses	
Contract labor and volunteer expenses	15,087
Contractual services/rentals/marketing	98,078
Miscellaneous	47,989
Total operating expenses	<u>161,154</u>
Operating income	<u>(2,122)</u>
Non-Operating Revenue (Expenses)	
Interest income	92
Transfer in from other funds	10,000
Total Non-operating revenue (expenses)	<u>10,092</u>
Change in net position	7,970
Net position, beginning of year	97,904
Net position, end of year	<u>\$ 105,874</u>

Town of Irmo
Statement of Cash Flows
Proprietary Fund
Year Ended June 30, 2023

		Business-type Activities
		<u>Okra Strut Fund</u>
Cash Flows from Operating Activities		
Receipts from customers and others	\$	159,032
Payments to suppliers		(161,154)
Net cash provided (used) by operating activities		<u>(2,122)</u>
Cash Flows from Capital and Related Financing Activities		
Net transfers from other funds		<u>10,000</u>
Net cash provided (used) by financing activities		<u>10,000</u>
Cash Flows from Investing Activities		
Interest income		<u>92</u>
Net cash provided (used) by investing activities		<u>92</u>
Net decrease in cash and cash equivalents		7,970
Cash and cash equivalents, beginning of year		<u>97,904</u>
Cash and cash equivalents, end of year	\$	<u><u>105,874</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income	\$	<u>(2,122)</u>
Net cash provided (used) by operating activities	\$	<u><u>(2,122)</u></u>

Town of Irmo

**Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2023**

**Susan Rene
Branham
Memorial Fund**

Assets

Equity in pooled cash	2,228
Total assets	<u>\$ 2,228</u>

Net Position

Held in trust for substance abuse educational programs	2,228
Total net position	<u>\$ 2,228</u>

Town of Irmo

**Statement of Changes in Fiduciary Net Position
Fiduciary Fund
Year Ended June 30, 2023**

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

Town of Irmo

Notes to the Financial Statements Year Ended June 30, 2023

Note 1 – Description of Entity

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

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

Note 2 – Summary of Significant Accounting Policies

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

Government-wide and fund financial statements

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

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

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

Town of Irmo

Notes to the Financial Statements Year Ended June 30, 2023

Note 2 – Summary of Significant Accounting Policies, continued

Measurement focus, basis of accounting, and financial statement presentation

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

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

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

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

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

The government reports the following major governmental fund:

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

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

Town of Irmo

Notes to the Financial Statements Year Ended June 30, 2023

Note 2 – Summary of Significant Accounting Policies, continued

Measurement focus, basis of accounting, and financial statement presentation

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

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

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

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

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

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

Cash and Cash Equivalents

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

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

Town of Irmo

**Notes to the Financial Statements
Year Ended June 30, 2023**

Note 2 – Summary of Significant Accounting Policies, continued

Cash and Cash Equivalents, continued

As of June 30, 2023, the Town had deposits and investments as follows:

	<u>Fair Value</u>
Deposits with financial institutions	\$ 5,284,144
Investment with S.C. Local Government Investment Pool	<u>6,991,225</u>
	<u>\$ 12,275,369</u>

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

Credit risk. As of June 30, 2023, the Town’s investment with the S.C. Local Government Investment Pool is overseen by the State, which invests in instruments allowed under state laws.

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

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Town’s deposits may not be returned to the Town. The Town’s policy is that all deposits in excess of federal insurance amounts be collateralized with securities held by the pledging financial institution’s trust department or agent in the Town’s name. As of June 30, 2023, the Town did not have any amounts exposed to custodial credit risk.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town’s investment in the state investment pool is not subject to custodial credit risk.

Receivables and Payables

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

The Town did not levy a tax on personal and real property for its fiscal 2022 – 2023. Revenue and receivables reported as of and for the year ended June 30, 2023 are the result of collections of prior fiscal year levies.

Town of Irmo

Notes to the Financial Statements Year Ended June 30, 2023

Note 2 – Summary of Significant Accounting Policies, continued

Capital Assets

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

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

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

Assets	Years
Buildings	20 - 30
Furniture and equipment	3 - 10
Infrastructure	10 - 25

Deferred Outflows/Inflows of Resources

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

Compensated Absences

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

Town of Irmo

Notes to the Financial Statements Year Ended June 30, 2023

Note 2 – Summary of Significant Accounting Policies, continued

Encumbrances

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

Fund Equity

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

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

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

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

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

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

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

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

Town of Irmo

**Notes to the Financial Statements
Year Ended June 30, 2023**

Note 2 – Summary of Significant Accounting Policies, continued

Fund Equity, continued

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

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

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

Below are the fund balance classifications for the governmental funds at June 30, 2023:

	<u>General Fund</u>		<u>Other Governmental Funds</u>		<u>Total Governmental Funds</u>
Fund Balances					
Nonspendable - prepaid	\$ 207,526	\$	-	\$	207,526
Restricted					
Victims Assistance	67,961		-		67,961
Public Safety	98,435		-		98,435
Assigned					
Tourism development	-		87,595		87,595
Unassigned	<u>8,122,479</u>		<u>3,353,910</u>		<u>11,476,389</u>
Total Fund Balances	\$ <u>8,496,401</u>	\$	<u>3,441,505</u>	\$	<u>11,937,906</u>

Town of Irmo

Notes to the Financial Statements Year Ended June 30, 2023

Note 2 – Summary of Significant Accounting Policies, continued

Estimates

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

Note 3 – Stewardship, Compliance, and Accountability

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

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

For the year ended June 30, 2023, total budgets for the General Fund equaled \$8,768,966.

Town of Irmo

**Notes to the Financial Statements
Year Ended June 30, 2023**

Note 4 – Capital Assets

Capital asset activity for the year ended June 30, 2023 was as follows:

	Balance June 30, 2022	Additions	Retirements	Transfers	Balance June 30, 2023
Capital assets not being depreciated					
Land and rights of way	\$ 2,518,903	\$ 269,192	\$ (16,982)	\$ -	\$ 2,771,113
Total capital assets not being depreciated	2,518,903	269,192	(16,982)	-	2,771,113
Capital assets being depreciated					
Land improvements	5,119,179	-	(1,625,789)	-	3,493,390
Building and improvements	3,079,465	439,363	(71,573)	-	3,447,255
Furniture, vehicles, equipment	2,127,876	400,175	(152,618)	-	2,375,433
Total capital assets being depreciated	10,326,520	839,538	(1,849,980)	-	9,316,078
Less accumulated depreciation for:					
Land improvements	(2,549,882)	(121,989)	308,818		(2,363,053)
Building and improvements	(2,261,708)	(109,005)	-		(2,370,713)
Furniture, vehicles, equipment	(1,651,088)	(171,095)	262,081		(1,560,102)
Total accumulated depreciation	(6,462,678)	(402,089)	570,899	-	(6,293,868)
Total capital assets being depreciated, net	3,863,842	437,449	(1,279,081)	-	3,022,210
Net capital assets - Governmental Activities	\$ 6,382,745	\$ 706,641	\$ (1,296,063)	\$ -	\$ 5,793,323

Depreciation expense for the year ended June 30, 2023 was charged to functions/programs of the primary government as follows:

Governmental Activities	
Non-departmental	\$ 250,736
Police	130,181
Public works	56,532
Total depreciation expense - governmental activities	\$ 437,449

Town of Irmo

Notes to Financial Statements Year Ended June 30, 2023

Note 5 – Long-Term Debt

Changes in long-term debt for the year ended June 30, 2023 was as follows:

	<u>Balance at</u> <u>July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at</u> <u>June 30, 2023</u>	<u>Due Within</u> <u>One Year</u>
Governmental activities:					
Compensated absences	\$ 474,789	118,811	-	\$ 593,600	\$ -
Governmental activities					
Long-term liabilities	\$ 474,789	\$ 118,811	\$ -	\$ 593,600	\$ -

Note 6 – Pension Plan

The South Carolina Public Employee Benefit Authority (PEBA), created July 1, 2012, is the state agency responsible for the administration and management of the retirement systems and benefit programs of the state of South Carolina, including the State Optional Retirement Program and the S.C. Deferred Compensation Program, as well as the state’s employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems’ five defined benefit pension plans. 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 the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Systems and additions to/deductions from the Systems fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems in accordance with generally accepted accounting principles (GAAP). For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

PEBA issues an Annual Comprehensive Financial Report (ACFR) containing financial statements and required supplementary information for the Systems’ Pension Trust Funds. The ACFR is publicly available through PEBA’s website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the ACFR for the state.

Town of Irmo

Notes to Financial Statements Year Ended June 30, 2023

Note 6 – Pension Plan, continued

Plan Description

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

The State Optional Retirement Program (State ORP) is a defined contribution plan that is offered as an alternative to SCRS to newly hired state, public higher education institution and public school district employees, as well as first-term individuals elected to the South Carolina General Assembly. State ORP participants direct the investment of their funds into an account administered by one of four third party service providers. PEBA assumes no liability for State ORP benefits. Rather, the benefits are the liability of the four third party service providers. For this reason, State ORP assets are not part of the retirement systems' trust funds for financial statement purposes.

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

Membership

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

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

State ORP – As an alternative to membership in SCRS, newly hired state, public school, and higher education employees and individuals newly elected to the S.C. General Assembly beginning with the November 2012 general election have the option to participate in the State Optional Retirement Program (State ORP), which is defined contribution plan. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers.

Town of Irmo

Notes to Financial Statements Year Ended June 30, 2023

Note 6 – Pension Plan, continued

Membership, continued

For this reason, State ORP programs are not considered part of the retirement systems for financial statement purposes. Employee and Employer contributions to the State ORP are at the same rates as SCRS. A direct remittance is required from the employers to the member's account with investment providers for the employee contribution (8 percent) and a portion of the employer contribution (5 percent). A direct remittance is also required to SCRS for the remaining portion of the employer contribution (5.75 percent) and an incidental death benefit contribution (.15 percent), if applicable, which is retained by SCRS.

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

Benefits

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

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

Town of Irmo

Notes to Financial Statements Year Ended June 30, 2023

Note 6 – Pension Plan, continued

Benefits, continued

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.

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

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

Contributions

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. The Retirement Funding and Administration Act of 2017 increased, but also established a ceiling for SCRS and PORS employee 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 in accordance with state statute. The General Assembly postponed the one percent increase in the SCRS and PORS employer

Town of Irmo

**Notes to Financial Statements
Year Ended June 30, 2023**

Note 6 – Pension Plan, continued

Contributions, continued

contribution rates that was scheduled to go into effect beginning July 1, 2020. In accordance with the legislative funding schedule, employer contribution rates will continue to increase by 1 percentage point each year until reaching 18.56 percent for SCRS and 21.24 percent for PORS but may be increased further, if the scheduled contributions are not sufficient to meet the funding periods set for the applicable year. The board shall increase the employer contribution rates as necessary to meet the amortization period set in statute.

Pension reform legislation modified statute such that the employer contribution rates for SCRS and PORS to be further increased, not to exceed one-half of one percent in any one year if necessary, in order to improve the funding of the plans. The statute set rates intended to reduce the unfunded liability of SCRS and PORS to the maximum amortization period of 20 years from 30 years over a ten-year schedule, as determined by the annual actuarial valuations of the plan. Finally, under the revised statute, the contribution rates for SCRS and PORS may not be decreased until the plans are at least 85 percent funded.

Required employee contribution rates for fiscal year 2022-2023 are as follows:

	<u>Fiscal Year 2023</u>	<u>Fiscal Year 2022</u>
SCRS		
Employee Class Two	9.00%	9.00%
Employee Class Three	9.00%	9.00%
State ORP		
Employee	9.00%	9.00%
PORS		
Employee Class Two	9.75%	9.75%
Employee Class Three	9.75%	9.75%

Town of Irmo

**Notes to Financial Statements
Year Ended June 30, 2023**

Note 6 – Pension Plan, continued

Contributions, continued

Required employer contributions for fiscal year 2022-2023 are as follows:

	Fiscal Year 2023	Fiscal Year 2022
SCRS		
Employer Class Two	17.41%	16.41%
Employer Class Three	17.41%	16.41%
Employer Incidental Death Benefit	0.15%	0.15%
State ORP		
Employer Contribution (2)	17.41%	16.41%
Employer Incidental Death Benefit	0.15%	0.15%
PORS		
Employer Class Two	19.84%	18.84%
Employer Class Three	19.84%	18.84%
Employer Incidental Death Benefit	0.20%	0.20%
Employer Accidental Death Program	0.20%	0.20%

Pension Plan Fiduciary Net Position

The NPL is calculated separately for each system and represents that particular system’s TPL determined in accordance with GASB 67 less that system’s fiduciary net position. NPL totals, as of June 30, 2022, for SCRS and PORS are presented below.

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	\$ 56,454,779,872	\$ 32,212,626,932	\$ 24,242,152,940	57.1%
PORS	\$ 8,937,686,946	\$ 5,938,707,767	\$ 2,998,979,179	66.4%

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

Town of Irmo

**Notes to Financial Statements
Year Ended June 30, 2023**

Note 6 – Pension Plan, continued

Actuarial Assumptions

Actuarial valuations of the ongoing plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued for the period ending June 30, 2019.

The June 30, 2022, total pension liability (TPL), net pension liability (NPL), and sensitivity information shown in this report were determined by our consulting actuary, Gabriel Roeder Smith & Company (GRS) and are based on an actuarial valuation performed as of July 1, 2021. The total pension liability was rolled-forward from the valuation date to the plans’ fiscal year end, June 30, 2022, using generally accepted actuarial principles. There was no legislation enacted during the 2022 legislative session that had a material change in the benefit provisions for any of the systems.

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2022.

	SCRS	PORS
Actuarial cost method	Entry age normal	Entry age normal
Actuarial assumptions:		
Investment rate of return (1)	7.00%	7.00%
Projected salary increases (1)	3.0% to 11% (varies by service)	3.5% to 10.5% (varies by service)
Benefit adjustments	Lesser of 1% or \$500 annually	Lesser of 1% or \$500 annually

(1) Includes inflation at 2.25%

The post-retiree mortality assumption is dependent upon the member’s job category and gender. The base mortality assumptions, the 2020 Public Retirees of South Carolina Mortality table (2020 PRSC), was developed using the Systems’ mortality experience. These base rates are adjusted for future improvement in mortality using 80% of Scale UMP projected from the year 2020.

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

Town of Irmo

**Notes to Financial Statements
Year Ended June 30, 2023**

Note 6 – Pension Plan, continued

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.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2022 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table on the following page. For actuarial purposes, the 7 percent assumed annual investment rate of return used in the calculation of the TPL includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

Asset Class	Policy Target	Expected Arithmetic Real Rate of Return	Long-term Expected Portfolio Real Rate of Return
Public Equity	46.0%	6.79%	3.12%
Bonds	26.0%	-0.35%	-0.09%
Private Equity	9.0%	8.75%	0.79%
Private Debt	7.0%	6.00%	0.42%
Real Assets	12.0%		
Real Estate	9.0%	4.12%	0.37%
Infrastructure	3.0%	5.88%	0.18%
Total Expected Real Return	100.0%		4.79%
Inflations for Actuarial Purposes			2.25%
Total Expected Nominal Return			<u>7.04%</u>

Town of Irmo

**Notes to Financial Statements
Year Ended June 30, 2023**

Note 6 – Pension Plan, continued

Discount Rate

The discount rate used to measure the TPL was 7 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, the System’s fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

Sensitivity Analysis

The following table presents the collective NPL of the participating employers calculated using the discount rate of 7 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 percent) or 1.00 percent higher (8 percent) than the current rate.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate			
System	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
SCRS	\$ 2,861,358	\$ 2,231,734	\$ 1,708,233
PORS	\$ 4,133,363	\$ 2,964,175	\$ 2,007,084

Net Pension Liability

At June 30, 2023, the Town reported a net pension liability of \$2,231,734 and \$2,964,175 for its proportionate shares of the SCRS and PORS net pension liabilities, respectively. The net pension liability was measured as of July 1, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town’s proportionate shares of the net pension liabilities were based on a projection of the Town’s long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2023, the Town’s proportionate shares of the SCRS and PORS plans were .009206 percent and .09884 percent respectively, for June 30, 2022.

Pension Expense

For the year ended June 30, 2023, the Town recognized pension expense for the SCRS plan of \$225,393. For the year ended June 30, 2023, the Town recognized pension expense for the PORS plan of \$307,824.

Town of Irmo

**Notes to Financial Statements
Year Ended June 30, 2023**

Note 6 – Pension Plan, continued

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

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

For the SCRS plan, there were total deferred outflows of resources of \$680,569 consisting of differences between expected and actual experience of \$90,967, the net difference between projected and actual earnings on pension plan investments of \$328,319, changes in proportion and differences between employer contributions and proportionate share of contributions of \$49,705, and Town contributions subsequent to the measurement date of \$211,578. There were deferred inflows of resources of \$334,603 for the SCRS plan consisting of differences between expected and actual experience.

For the PORS plan, there were total deferred outflows of resources of \$1,222,957 consisting of differences between expected and actual experience of \$173,166, the net difference between projected and actual earnings on pension plan investments of \$643,202, changes in proportion and differences between employer contributions and proportionate share of contributions of \$73,716, and Town contributions subsequent to the measurement date of \$332,873. There were deferred inflows of resources of \$775,742 for the PORS plan consisting of differences between expected and actual experience.

The \$211,578 and \$332,873 reported as deferred outflows of resources resulting from the Town's contributions subsequent to the measurement date for the SCRS and PORS plans, respectively, during the year ended June 30, 2023 will be recognized as a reduction of the net pension liabilities in the year ending June 30, 2024.

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

For the SCRS plan, \$72,767 will be recognized for the fiscal years 2024. For fiscal year 2025 \$48,942 will be recognized. For fiscal year 2026 \$(45,524) will be recognized and \$58,203 will be recognized in 2027.

For the PORS plan, \$92,063 will be recognized for the fiscal years 2024. For fiscal year 2025 \$20,460 will be recognized. For fiscal year 2026 \$(113,397) will be recognized and \$115,217 will be recognized in 2027.

Town of Irmo

**Notes to Financial Statements
Year Ended June 30, 2023**

Note 6 – Pension Plan, continued

Covered Payroll and Contributions

The payroll for Town employees covered by the SCRS totaled \$1,215,169 and \$1,096,219 for the year ended June 30, 2023 and 2022, while the payroll for PORS covered employees totaled \$1,677,789 and \$1,564,229, respectively.

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

Year Ended	Employer			Employee		
	Percent	SCRS	PORS	Percent	SCRS	PORS
June 30, 2023	100%	\$ 211,578	\$ 332,873	100%	\$ 109,374	\$ 163,584
June 30, 2022	100%	\$ 179,890	\$ 294,701	100%	\$ 98,660	\$ 152,512
June 30, 2021	100%	\$ 157,693	\$ 267,746	100%	\$ 92,099	\$ 146,330

Note 7 – Post-Employment Benefits

As of June 30, 2023, the Town does not offer any post-employment retirement benefits to its employees.

Note 8 – Commitments

The Town has contracted with a third-party company to provide residential garbage pick-up (sanitation) service for a five-year period ending December 31, 2023 with annual cost of living adjustments of not less than 3% nor more than 5%. The contract is paid in monthly installments equaling \$11.70 per residential dwelling.

Town of Irmo

**Notes to Financial Statements
Year Ended June 30, 2023**

Note 9 – Risk Management

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

During the fiscal year ended June 30, 2023, the Town did not experience any significant uninsured claims. Accordingly, there was no liability or expense recorded for actual claims, and management does not believe any provision for unasserted claims is necessary.

Note 10– Subsequent Events

Subsequent events were evaluated through November 15, 2023, which is the date the financial statements were available to be issued.

Town of Irmo

**Schedule of Revenues, Expenditures and Changes in Fund Balances - General Fund
Budget and Actual
Year Ended June 30, 2023
(With comparative actual amounts for year ended June 30, 2022)**

	2023				2022
	Budgeted Amounts		Actual Amounts	Variance With Final Budget	Actual
	Original	Final			
Revenues					
Local option sales tax	\$ 1,309,000	\$ 1,309,000	\$ 1,597,139	\$ 288,139	\$ 1,497,375
Hospitality tax	990,000	990,000	1,499,388	509,388	1,293,549
Licenses and permits	2,462,700	2,462,700	3,124,068	661,368	3,331,150
State shared revenue	331,100	331,100	304,730	(26,370)	341,684
Franchise fees	805,480	805,480	826,669	21,189	793,966
Fines and forfeitures	125,700	125,700	263,722	138,022	87,870
Fire taxes	660,000	660,000	783,831	123,831	752,675
Grants	-	-	2,663,021	2,663,021	2,535,833
Interest income	17,500	17,500	183,019	165,519	12,877
Sanitation fees	1,385,000	1,385,000	1,416,949	31,949	1,372,497
Other revenue and appropriation of fund balance	682,486	682,486	372,199	(310,287)	796,502
Total revenues	<u>8,768,966</u>	<u>8,768,966</u>	<u>13,034,735</u>	<u>4,265,769</u>	<u>12,815,978</u>
Expenditures					
General Government:					
Legislative	56,837	56,837	55,114	1,723	60,729
Administrative	796,341	796,341	748,165	48,176	756,432
Court	341,475	341,475	417,026	(75,551)	267,334
Public works:					
General public works	835,042	835,042	807,889	27,153	702,495
Sanitation	1,295,000	1,295,000	1,394,288	(99,288)	1,259,303
Police	3,451,601	3,451,601	3,399,342	52,259	3,076,396
Non-departmental	1,266,634	1,266,634	2,150,752	(884,118)	1,898,522
Capital outlay	726,036	726,036	669,367	56,669	1,474,435
Total expenditures	<u>8,768,966</u>	<u>8,768,966</u>	<u>9,641,943</u>	<u>(872,977)</u>	<u>9,495,646</u>
Excess of expenditures over revenues	-	-	3,392,792	3,392,792	3,320,332
Other Financing Sources (Uses)					
Transfers in (out)	-	-	(1,676,149)	(1,676,149)	(1,529,522)
Net change in fund balances	-	-	1,716,643	1,716,643	1,790,810
Fund balance, beginning of year	6,779,758	6,779,758	6,779,758	-	4,988,948
Fund Balance, end of year	<u>\$ 6,779,758</u>	<u>\$ 6,779,758</u>	<u>\$ 8,496,401</u>	<u>\$ 1,716,643</u>	<u>6,779,758</u>

Town of Irmo

**Schedule of Proportionate Share of the Net Pension Liability
Employee Pension Plan
Year Ended June 30, 2022**

<u>System</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Actual Covered Member Payroll</u>	<u>Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Fiduciary Net Position as a Percentage of Total Pension Liability</u>
SCRS					
2015	0.007219%	\$ 1,242,872	\$ 727,834	170.76%	59.90%
2016	0.007763%	\$ 1,472,290	\$ 827,001	178.03%	57.00%
2017	0.008540%	\$ 1,824,131	\$ 765,292	238.36%	52.90%
2018	0.007585%	\$ 1,707,505	\$ 866,621	197.03%	53.30%
2019	0.008613%	\$ 1,929,000	\$ 931,700	207.04%	54.10%
2020	0.008823%	\$ 2,014,690	\$ 989,698	203.57%	54.40%
2021	0.008871%	\$ 2,266,737	\$ 1,023,314	221.51%	50.70%
2022	0.009053%	\$ 1,959,099	\$ 1,096,219	178.71%	60.70%
2023	0.009206%	\$ 2,231,734	\$ 1,215,169	183.66%	57.10%
PORS					
2015	0.09850%	\$ 1,885,634	\$ 1,282,145	147.07%	67.50%
2016	0.10349%	\$ 2,255,648	\$ 1,383,276	163.07%	64.60%
2017	0.10410%	\$ 2,640,521	\$ 1,289,328	204.80%	60.40%
2018	0.09574%	\$ 2,622,910	\$ 1,277,566	205.31%	60.90%
2019	0.09552%	\$ 2,698,126	\$ 1,362,057	198.09%	61.70%
2020	0.09408%	\$ 2,696,131	\$ 1,568,828	171.86%	62.70%
2021	0.09408%	\$ 3,443,931	\$ 1,500,816	229.47%	58.80%
2022	0.09981%	\$ 2,567,997	\$ 1,564,229	164.17%	70.40%
2023	0.09884%	\$ 2,964,175	\$ 1,677,789	176.67%	66.40%

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

Town of Irmo

**Schedule of Contributions to Employee Pension Plan
Year Ended June 30, 2023**

	2023	2022	2021	2020	2019	2018	2017	2016	2015
SCRS									
Contractually required contribution	\$ 211,578	\$ 179,890	\$ 157,693	\$ 152,512	\$ 134,258	116,214	87,320	\$ 90,226	\$ 78,242
Contributions in relation to the contractually required contribution	211,578	179,890	157,693	152,512	134,258	116,214	87,320	90,226	78,242
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,215,169	\$ 1,096,219	\$ 1,023,314	\$ 989,698	\$ 931,700	866,621	765,292	\$ 827,001	\$ 727,834
Contributions as a percentage of covered payroll	17.41%	16.41%	15.41%	15.41%	14.41%	13.41%	11.41%	10.91%	10.75%
PORS									
Contractually required contribution	\$ 332,873	\$ 294,701	\$ 267,746	\$ 279,879	\$ 229,370	202,366	178,443	\$ 184,529	\$ 166,807
Contributions in relation to the contractually required contribution	332,873	294,701	267,746	279,879	229,370	202,366	178,443	184,529	166,807
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,677,789	\$ 1,564,229	\$ 1,500,816	\$ 1,568,828	\$ 1,362,057	1,277,566	1,289,328	\$ 1,383,276	\$ 1,282,145
Contributions as a percentage of covered payroll	19.84%	18.84%	17.84%	17.84%	16.84%	15.84%	13.84%	13.34%	13.01%

Town of Irmo
Notes to Required Supplementary Information
June 30, 2023

Budgets and Budgetary Accounting

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

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

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

Net Pension Liability

	SCRS	PORS
Valuation date	July 1, 2020	July 1, 2020
Actuarial cost method	Entry age normal	Entry age normal
Asset valuation method	5-year smoothed	5 year-smoothed
Amortization method	Level percent of payroll	Level percent of payroll
Remaining amortization period	27-year maximum, closed period	27- year maximum, closed period
Inflation rate	2.25%	2.25%
Projected salary increases	3.0% plus step-rate increases for memebers with less than 21 years of service.	3.5% plus step-rate increases for memebers with less than 15 years of service.
Investment rate of return	7.25%	7.25%
Mortality	The 2016 public retirees of South Carolina mortality tables for males and females, both projected at Scale AA from the year 2016. Male rates multiplied by 100% for non-educators and 92% for educators. Female rates multiplied by 111% for non-educators and 98% for educators.	The 2016 public retirees of South Carolina mortality tables for males and females, both projected at Scale AA from the year 2016. Male rates multiplied by 125% and female rates are multiplied by 111%.
Comment on the development of the actuarially determined and actual contribution rate	Contribution rate for fiscal year 2022 is determined in accordance with the Retirement System Funding and Administration Act of 2017.	Contribution rate for fiscal year 2022 is determined in accordance with the Retirement System Funding and Administration Act of 2017.



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Independent Auditor's 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*

To the Board of Directors
Town of Irmo
Irmo, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Town of Irmo (the "Town"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated November 15, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town'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 Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Highsmith & Highsmith, LLC

Highsmith & Highsmith, LLC
Travelers Rest, South Carolina

November 15, 2023



HIGHSMITH & HIGHSMITH, LLC

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Independent Accountant's Report

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

We have examined the Town of Irmo's compliance with American Rescue Plan Act of 2022 during the period July 1, 2022 to June 30, 2023. Management of the Town of Irmo is responsible for the Town of Irmo's compliance with specific requirements. Our responsibility is to express an opinion on the Town of Irmo's compliance with specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Town of Irmo complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Town of Irmo complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination of the Town of Irmo's compliance with specified requirements.

In our opinion, the Town of Irmo complied, in all material respects, with the American Rescue Plan Act of 2022 during the July 1, 2022 to June 30, 2023.

Highsmith & Highsmith, LLC

Highsmith & Highsmith, LLC
Travelers Rest, South Carolina

November 15, 2023

Town of Irmo

**Uniform Schedule of Court Fines, Assessments and Surcharges (per ACT 96)
Year ended June 30, 2023**

For the State Treasurer's Office:

Municipal Funds Collected by Clerk of Court

Court Fines and Assessments:

Court fines and assessments collected	\$ 121,190
Court fines and assessments remitted to State Treasurer	121,190
Total Court Fines and Assessments retained	-

Surcharges and Assessments retained for victim services:

Surcharges collected and retained	3,053
Assessments retained	12,353
Total Surcharges and Assessments retained for victim services	15,406

For the Department of Crime Victim Compensation (DCVC):

Victim Service Funds Collected

Carryforward from Previous Year - Beginning Balance	63,718
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Victim Service Revenue:

Victim Service Assessments Retained by Town	12,353
Victim Service Surcharges Retained by Town	3,053
Total Funds Allocated to Victim Service Fund + Beginning Balance (A)	79,124

Expenditures for Victim Service Program:

Salaries and Benefits	9,504
Operating Expenditures	1,659
Total Expenditures from Victim Service Fund/Program (B)	11,163
Total Victim Service Funds Retained by Town (A-B)	67,961
Carryforward Funds - End of Year	\$ 67,961