

Report on Audit of Financial Statements of
RICHLAND-LEXINGTON RIVERBANKS PARK DISTRICT
AS OF AND FOR THE YEAR ENDING
JUNE 30, 2018

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RICHLAND-LEXINGTON RIVERBANKS PARK DISTRICT

APPOINTED BOARD OF DIRECTORS

JUNE 30, 2018

Mary Howard, Chair
Lexington County

Bud Tibshrary, Vice Chair
City of Columbia, At-Large

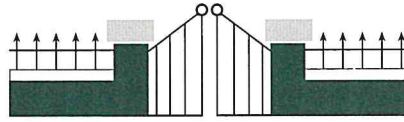
Robert "Bob" G. Davidson, Treasurer
Richland County

Jan Stamps, Secretary
Lexington County

M. F. "Phil" Bartlett
Richland County

Alana Odom Williams
City of Columbia

Michael Phemister Velasco
City of Columbia



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INDEPENDENT AUDITORS' REPORT

To the Commissioners of
Richland-Lexington Riverbanks Park District

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, and each major fund of the Richland-Lexington Riverbanks Park District (the "District"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

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

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

OPINION

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, and each major fund of the District, as of June 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule for the general fund, other postemployment benefits, and pension information on pages 4-11 and 41-45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Columbia, South Carolina
November 15, 2018

The Halls Group, P.A.

**RICHLAND-LEXINGTON RIVERBANKS PARK DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018**

As management of the Richland-Lexington Riverbanks Park District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended June 30, 2018. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the District's financial statements, which follow this narrative.

Financial Highlights

The following information, though not intended to be all-inclusive, provides a snapshot of the most significant changes in the District's financial position over the year ended June 30, 2018:

- The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2018, by \$18,411,180 (total net position). Of this amount \$(13,203,578) (unrestricted net position) is a deficit due to the implementation of Governmental Accounting Standards Board Statement No. 68, which required the District to recognize as a long term liability, its proportionate share of the net pension liability of the South Carolina Retirement System and the Police Officer Retirement System and the implementation of Governmental Accounting Standards Board Statement No. 75, from which the objective is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions.
- The District's total net position decreased by \$4,061,624, of which \$3,518,121 is from the restatement of net position for implementation of Governmental Accounting Standards Board (GASB) Statement No. 75.
- As of the close of the fiscal year, the District's governmental funds reported a combined ending fund balance of \$5,494,335, an increase of \$42,703 from the prior year.
- The combined ending fund balance is \$5,494,335 broken down into the following: 26.6%, or \$1,463,767 is available for spending at the government's discretion and 30.9%, or \$1,700,000 is Board designated for operational expenses in case of shortfalls in operating revenue (both shown as unassigned fund balance in the general fund); 25.6% or \$1,403,793 is restricted for debt service; and 11.2% or, \$613,467 is restricted and committed for capital projects spending.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an explanation of the District's basic financial statements, which are comprised of three groups: 1) Government-wide Financial Statements, 2) Fund Financial Statements, and 3) Notes to the Financial Statements. This report also contains supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. There are two government-wide statements, the statement of net position and the statement of activities, which are described below.

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

The statement of activities presents information on how the District's net position changed during the most recent fiscal year. Changes in net position are reported as soon as the underlying events giving rise to the change occur, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g. earned but unused vacation leave and accrued interest on bonded debt).

Both of the government-wide financial statements distinguish between functions that are principally supported by taxes and those that are principally supported by user fees and charges. A large portion of the District's revenues are from user fees. User fees, generally classified as earned revenue in zoos and aquariums, are comprised of admission fees, rides, attractions and events, facility rentals, concession and retail commissions and other associated revenues. Although self-generated revenue makes up a substantial portion of the District's total revenue, the operating support received from Richland and Lexington Counties are necessary to support the operations of the zoo and garden.

The District is required to include the financial reports of the Riverbanks Society, which is considered a component unit of the District. The Riverbanks Society is a private, non-profit corporation whose exclusive purpose is to provide both operating and capital support to the District. The Society's financial reports appear in separate columns on the government-wide statements.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other governmental entities, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District maintains only governmental fund types.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, comparing the two presentations provides a more complete picture of the District's financial condition. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are part of the basic financial statements.

The District maintains three individual governmental funds: 1) the General Fund, 2) the Debt Service Fund, and 3) the Capital Projects Fund. Financial information for each of these funds is presented in the governmental fund financial statements. The separate funds are used to account for the following:

- The general fund is used to account for transactions that represent most of the day-to-day operating activities of the District. This fund is used to account for and report all financial resources not accounted for and reported in another fund. In addition to operating activities, the general fund can include certain relatively small scale capital expenditures. Some debt service activity is also included in the general fund, where resources of the general fund are budgeted for the debt service.
- The debt service fund reports on transactions associated with the long-term debt of the District. This includes long-term loans where assets of the District have been pledged as collateral, as well as general obligation bond debt of the District.

- The capital projects fund is used to account for major capital improvement projects that are funded from non-operating sources such as general obligation bond issues, as well as from operations, unrestricted fund balance and the Riverbanks Society. The District also uses this fund to account for expenditures considered capital under the District’s capitalization policy. The purpose of doing so is to eliminate distortions in year-to-year comparisons of operating activities in the general fund.

The District adopts an annual balanced budget for its general fund. A budgetary comparison statement has been provided for the general fund to reflect budget variances and is included as required supplemental information.

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

Government-wide Financial Analysis

As noted earlier, changes in net position may serve as a useful indicator of a government’s financial position. At the end of June 30, 2018 assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$18,411,180. The following provides a comparison of the government-wide net position of the District.

	June 30, 2018	June 30, 2017	Change	% Change
Current assets	\$ 8,596,210	\$ 7,927,636	\$ 668,574	8.4%
Capital assets, net of accumulated depreciation	63,316,139	64,597,804	(1,281,665)	-2.0%
Total assets	<u>71,912,349</u>	<u>72,525,440</u>	<u>(613,091)</u>	<u>-0.8%</u>
Deferred outflows of resources	<u>2,278,117</u>	<u>2,193,419</u>	<u>84,698</u>	<u>3.9%</u>
Current liabilities	5,243,579	4,844,017	399,562	8.2%
Long-term liabilities	49,741,704	47,153,713	2,587,991	5.5%
Total liabilities	<u>54,985,283</u>	<u>51,997,730</u>	<u>2,987,553</u>	<u>5.7%</u>
Deferred inflows of resources	<u>794,003</u>	<u>248,325</u>	<u>545,678</u>	<u>219.7%</u>
Net position				
Net investment in capital assets	31,577,698	31,278,262	299,436	1.0%
Restricted donations-purpose not yet satisfied	37,060	-	37,060	0.0%
Unrestricted	<u>(13,203,578)</u>	<u>(8,805,458)</u>	<u>(4,398,120)</u>	<u>49.9%</u>
Total net position	<u>\$ 18,411,180</u>	<u>\$ 22,472,804</u>	<u>\$ (4,061,624)</u>	<u>-18.1%</u>

The largest portion of the District’s net position reflects its investment in capital assets (e.g., land, building, improvements and equipment); less any related debt used to acquire those assets that is still outstanding. Although the District’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt are provided mostly from other sources. The decrease in net position of \$4,061,624 represents a 6.2% increase in net investment of capital assets and a 106.2% negative increase in unrestricted net position.

- The increase in net investment of capital assets during the current year is attributable mostly to the reduction in debt of \$1,567,861, increased by additional cash held by fiscal agent for debt service of \$13,240. The capital asset additions were less than the disposals and the depreciation expense, resulting in a \$1,281,665 decrease in capital assets, net of accumulated depreciation.

- The decrease in unrestricted net positions is largely from a prior period adjustment of \$3,518,121 from the implementation of GASB Statement No. 75 and is also shown in the \$2,987,553 increase in total liabilities.

The following provides a comparison of changes in government-wide activities of the District.

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>Change</u>	<u>% Change</u>
Program Revenues				
Charges for services	\$ 11,718,115	\$ 11,959,357	\$ (241,242)	-2.0%
Operating grants and contributions	196,512	155,934	40,578	26.0%
General Revenues				
Property taxes	6,475,219	6,227,321	247,898	4.0%
Sales taxes	-	873,090	(873,090)	-100.0%
Accommodations and Hospitality taxes	196,584	195,276	1,308	0.7%
Riverbanks Society contribution	2,488,414	3,664,848	(1,176,434)	-32.1%
Other revenues	147,997	64,080	83,917	131.0%
Total revenues	<u>21,222,841</u>	<u>23,139,906</u>	<u>(1,917,065)</u>	<u>-8.3%</u>
Program Expenses				
General government - depreciation	2,829,356	2,668,894	160,462	6.0%
Administrative	2,429,651	2,384,110	45,541	1.9%
Animal Care	4,265,758	4,057,920	207,838	5.1%
Botanical	1,278,641	1,129,381	149,260	13.2%
Education	562,892	723,579	(160,687)	-22.2%
Facility Management	2,281,976	2,165,319	116,657	5.4%
Guest services	3,784,748	3,879,952	(95,204)	-2.5%
Marketing and public relations	1,270,764	999,293	271,471	27.2%
Utilities	1,695,946	1,555,497	140,449	9.0%
Interest on long term debt	1,363,803	1,432,538	(68,735)	-4.8%
Losses on the disposal of capital assets	2,809	50,358	(47,549)	-94.4%
Total expenses	<u>21,766,344</u>	<u>21,046,841</u>	<u>719,503</u>	<u>3.4%</u>
Increase in net position	(543,503)	2,093,065	(2,636,568)	-126.0%
Net position - beginning	18,954,683 *	20,379,739	(1,425,056)	-7.0%
Net position - ending	<u>\$ 18,411,180</u>	<u>\$ 22,472,804</u>	<u>\$ (4,061,624)</u>	<u>-18.1%</u>

* Beginning net position was restated due to implementation of GASB 75. See Note 8 of the financial statements

The District's charges for services includes admission fees and other user fees, along with commissions earned from the contracted vendor that operates the food, beverage and retail operations for the District. Program revenues, along with Riverbanks Society contributions for operations and capital projects and other revenues (collectively earned revenues) are 68.6% of total revenues, for a total of \$14,551,038, a 5.6% decrease from the prior fiscal year. The decrease is mostly from a reduction in capital support from Riverbanks Society and a decrease in sales tax revenue from the prior year both explained on the next page.

Riverbanks Society contributions decrease relates to the yearly capital contributions. The Board approved contributions for the year ended June 30, 2017 was \$1,781,143 and the year ended June 30, 2018 was \$400,000. The District decides how the capital projects funds are used.

The total attendance for the year ended June 30, 2018 was 1,287,114; a decrease of 102,757 visits or 7.4% decrease from the prior year. Historically attendance drops off following a major expansion. The other information included with these reports includes a ten year fiscal history of attendance by tracked categories.

Tax revenues totaling \$6,671,803 or 71.7% of general revenues, is an 8.6% decrease from the prior fiscal year and includes property, sales, accommodations and hospitality taxes. Richland and Lexington Counties charge and collect taxes for the District to use for operations and payment of outstanding general obligation bonds. Property taxes increased from the prior year by \$247,898, (\$174,770 for operations and \$73,128 for bond debt) and accommodations and hospitality taxes increased by \$1,308. The year ended June 30, 2017 included sales tax revenue from the Richland County Transportation Program fund for the construction of a pedestrian bridge over the CSX Railway to allow access to the Riverbanks' Rivermont parking lot. The project construction was completed in the prior fiscal year, resulting in an \$873,090 decrease in sales tax revenue.

Total program expenses increased by \$719,503 from the prior fiscal year. All departments except Education and Guest Services reflect increases from the prior fiscal year. Education savings is due to transferring a program to Marketing and Public Relations for the most recent prior year; therefore, offsetting its significant increase from the prior fiscal year. Effective July 1, 2017, there was a 2.0% increase in the employer retirement contributions due to increases implemented by the South Carolina Public Employee Benefit Authority; in addition, they implemented a 3.3% increase in health benefits effective January 1, 2018. Total personnel costs comprise approximately 50% of program expenses. Five new full-time positions, merits and other adjustments were mostly in Administrative, Animal Care, Botanical and Marketing and Public Relations. The effect of a full year's operation of new exhibits generated a large increase in utilities from the prior year. Implementation of GASB Statement No. 75 increased expenses for fiscal year ended June 30, 2018 by \$475,822 from the prior year.

Financial Analysis of Governmental Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements provide information on short-term inflows, outflows and balances of spendable resources. Undesignated fund balance may serve as a useful measure of the government's net resources that are available for spending at the end of the fiscal year.

In many cases, the governmental funds analysis will be the same or similar to the government-wide financial analysis; however, amounts will be different due to the different focus of the two reporting methods. The reconciliation of governmental funds balance sheet with the government-wide statement of net position and the reconciliation of governmental funds statement of revenues, expenditures, and changes in fund balances with the government-wide statement of activities explains the differences between the reporting methods. Where explanations are generally the same, this governmental funds analysis has been abbreviated to avoid repetition.

As of June 30, 2018, the District's governmental fund reported combined ending fund balances of \$5,494,335, an increase of \$42,703 from the prior year and is made up of the following:

- The general fund balance represents \$3,691,892 of the combined total, an \$808,222 increase from the prior year. The unassigned balances are \$1,463,767 for current operations, or 39.6% and \$1,700,000 board designated, or 46.0%. The board designated for operations serves as an operating cushion to provide working capital in case of a drop in revenue or an unexpected expenditure. It is set by the District's Board and has remained the same for both fiscal years. The remainder of general fund balance is nonspendable, restricted or committed and is set aside for a specific purpose.

- The debt service fund balance is \$1,403,793 and includes an increase of \$13,209 from the prior year. All of the debt service fund balance is restricted for payments on the District's long-term debt.
- The remaining combined fund balance of \$398,650 represents the capital projects fund balance. This is the remaining capital contribution from the Riverbanks Society. These funds are classified restricted for capital projects as defined by the District. Total restricted and committed from the combined fund balance for capital projects is \$613,467.

General Fund Budgetary Highlights

The District is required to adopt a balanced budget for the general fund. The budget is maintained on a modified accrual basis. Throughout the year, management made reclassifications within the original budget. Expenditures are recorded when they are incurred and revenues are recognized when they are earned and available. At the end of the fiscal year any outstanding encumbrances are cancelled and budgeted in the following year. The budgetary comparison - schedule for general fund reports the original and final approved budgets, actual results and the variances between the final budget and actual results.

Total actual revenues of the general fund exceeded budget by \$331,676. Earned revenues comprise \$275,013 or 82.9% of the total revenue variance, with rides, attractions and events, classes and program fees and sponsorships providing the largest increases. Expenditures were less than budget by \$645,972 and were mostly from personnel savings from unfilled positions. All areas were under budget. Revenues exceeding budget, coupled with expenditures less than budget helps to support capital projects for maintenance and growth of the facility.

The District ended the last fiscal year with a favorable variance before transfers of \$977,648. Transfers of \$170,291 were made from the general fund to the capital projects fund to cover expenditures not funded from other sources, exceeding the budget by \$169,426. The District ended last fiscal year with a surplus after transfers and a budget variance after transfers of \$808,222.

Capital Assets

The District's investment in capital assets, net of accumulated depreciation at June 30, 2018, amounted to \$63,316,139, a decrease of \$1,281,665 from June 30, 2017. Current year depreciation expense and disposals exceeded the current year capital additions. This is largely due to prior year additions from the 2013 general obligation bond projects. The reconciliation of capital assets is in the notes to the financial statements.

Debt Administration

The District's long-term debt consists of general obligation bonds and other loans. The bond issues are backed by the full faith and credit of the taxpayers of the District, which comprises both Lexington and Richland Counties. Lexington and Richland County auditors and treasurers handle the tax collections related to the bond debt. The Richland County Treasurer is the fiscal agent for the District's bond debt. At year-end there was one outstanding general obligation bond, the 2013 issues. The 2008 issue, outstanding at the end of the prior fiscal year, refunded the 1999 issue for the purpose of decreasing interest cost and was paid-in full during the last fiscal year. The 2013 issue was for renovations and additions known as Destination Riverbanks, which included a new entryway, grizzly bear/otter exhibit, sea lion exhibit and children's garden in the Botanical Garden.

The loan for Rivermont acquisition is a capital lease with a financial institution for the purpose of purchasing 350 and 400 Rivermont Drive, which are adjacent to the District's property. The 350 building was demolished, along with a portion of the 400 building to provide additional parking for guests. This additional parking is now connected to the Zoo by the pedestrian bridge and used on busy days for overflow parking. During the prior fiscal year, the loan was refinanced as a capital lease with a fixed payment allowing repayment in full over ten years with a \$1 buy-out provision at the end. The loan for the ropes course is also a capital lease with a financial institution for the purpose of financing a new ride.

Compensated absences represent the liability for accumulated unused annual leave that has been earned by the District's employees. Employees earn time based on their years of employment and can accumulate up to forty-five days of annual leave in a calendar year to carry over to the next year. Any earned and unused annual leave can be paid upon termination of employment. The accrued balance at June 30th may represent more than the 45 days of vacation for some employees as the allowed carry over balance is determined at the end of each calendar year. Sick leave is earned time based on the employees years of employment and can accumulate up to 90 days in a calendar year to carry over to the next calendar year. Any earned and unused sick leave is not paid upon termination of employment; therefore, no provision is made for unused sick leave.

The District's debt including compensated absences, exclusive of the other post-employment benefit obligation and net pension liability at June 30, 2018, was \$33,509,083. This is a decrease of \$1,675,939 from the prior fiscal year. The decrease is the result of scheduled payments on long-term debt. The notes to the financial statements provide additional information on the District's debt. The table below is a listing of debt, and other long-term liabilities at each fiscal year-end and reflects the change.

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>Changes</u>
General obligation bond issues	\$ 30,475,000	\$ 31,970,000	\$ (1,495,000)
Unamortized premiums	1,105,070	1,177,932	(72,862)
Capital lease - Rivermont	1,426,420	1,579,807	(153,387)
Capital lease - Ropes Course	135,774	178,385	(42,611)
Compensated absences	366,818	278,898	87,920
Subtotal	<u>33,509,082</u>	<u>35,185,022</u>	<u>(1,675,940)</u>
Net OPEB obligation*	5,030,621	1,672,252	3,358,369
Net pension liability	12,887,378	12,190,255	697,123
Total	<u>\$ 51,427,081</u>	<u>\$ 49,047,529</u>	<u>\$ 2,379,552</u>

* June 30, 2018 reflects effect of GASB Statement No. 75 implementation.

Economic Factors and Next Year's Budget and Rates

As noted before, the District's earned revenues represent a large portion of the total revenue. The percentage is even higher when only considering the general fund revenue, the main operating fund for the District. Operating property taxes, accommodations and hospitality taxes comprise 21.2% of general fund revenues, with 78.8% representing earned revenues. Attendance at Riverbanks Zoo & Garden generates revenue from admission fees, rides, attractions and events and concession and retail commissions, which are prime components of earned revenue and significant in the District's economic wellbeing. The reader should review the other information included with this report that shows a ten year history of attendance. The last across-the-board gate increase of \$2.00 went into effect July 1, 2016. The Board approved a \$4.00 across-the-board gate increase effective July 1, 2018, with a later date for some categories due to commitments prior to the effective date.

Riverbanks Society revenues from memberships, donations and fund-raising activities provides substantial support to the operations and is also significant in the District's economic wellbeing. Annual memberships in the Riverbanks Society totaled 39,789 as of June 30, 2018. This is a 4% decrease from the June 30, 2017 membership total of 42,036. Although memberships decreased, membership revenue increased mainly due to a Riverbanks Society Board approved price increase certain memberships effective March 1, 2017. Riverbanks Society offers 11 different membership categories. Total membership revenue increased by \$56,134, a 1.1% increase from the prior fiscal year. Membership levels tend to increase and peak with the opening of new attractions and then declines during the period that follows when there are no new attractions. The same pattern also occurs with attendance levels; however, attendance is subject to more variables and tends to be more dynamic.

The District takes a historical, as well as forward thought process in preparing its annual budgets. Budgets are set after much discussion and reviewed by various levels of management. Revenues are defined separately from expenditures; however, the budget must be in balance and adjustments are made as needed. The Chief Executive Officer/President presents the proposed version to the Board for their approval prior to the start of the fiscal year. The fiscal year ended June 30, 2019 budget reflects an 11% increase in earned revenue, a 2% increase in governmental support, resulting in an overall 9% increase in total revenues over the fiscal year ended June 30, 2018 budget. Likewise, the expenditures represent a 9% increase over the prior year's budget. Key components of the fiscal year ended June 30, 2019 budget from the June 30, 2018 budget are noted below:

- Annual attendance is 1.25 million with a projected 42.94%/57.06% split for admission visits vs. Society member and other free visits determined by the previous fiscal year actual attendance.
- Concession and retail commissions' increase of 4%, as provided by Service Systems Associates, the current contracted vender for food, beverage and retail sales.
- Riverbanks Society operating transfer increase from \$1.9 million to \$2.1 million.
- Other earned revenue generators' increase of 2-20%.
- Expenditures include 6 new positions, merit increases, and some pay grade and salary adjustments.
- A 2% across-the-board increase with stipulations based on hire date is included.
- Expenses include a 1% increase in employer retirement contributions for a total of 14.56%.
- Expenses include an anticipated 7.4% increase in health insurance premiums effective 1/1/2019 (no increase expected for eligible employees).

The District's property tax funding for operations from Lexington and Richland Counties is necessary for a balanced budget. Tax funding typically increases each year due to the growth in total property values in both Counties. The fiscal year ended June 30, 2019 funding request is \$79,348 over the prior year. Each County has approved the requested funding and will remit monthly to the District as collections are made.

Request for Information

This financial report is designed to provide a general overview of the District's finances. Questions concerning any information provided in this report or requests for additional information should be addressed to the Chief Financial Officer, Riverbanks Zoo & Garden, 400 Rivermont Drive, Columbia, SC 29210.

RICHLAND-LEXINGTON RIVERBANKS PARK DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2018

	<u>Governmental Activities</u>	<u>Component Unit - Riverbanks Society</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 5,765,635	\$ 3,417,341
Cash held by fiscal agent for debt service	1,403,824	-
Cash held by fiscal agent for future operations	772,312	-
Receivables	378,191	50,948
Unconditional promises to give - restricted	-	207,750
Prepaid expenses	216,965	6,942
Inventory	59,283	-
Total current assets	<u>8,596,210</u>	<u>3,682,981</u>
Noncurrent assets		
Capital assets, net of accumulated depreciation	63,316,139	-
Long-term unconditional promises to give - restricted	-	95,583
Total noncurrent assets	<u>63,316,139</u>	<u>95,583</u>
Total assets	<u>71,912,349</u>	<u>3,778,564</u>
Deferred outflows of resources related to net pension liability	2,278,117	-
Total assets and deferred outflows of resources	<u>\$ 74,190,466</u>	<u>\$ 3,778,564</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued payroll	\$ 1,712,209	\$ 29,940
Accrued compensated absences	157,118	-
Accrued interest payable	456,326	-
Unearned revenue	1,389,666	-
Pledges payable	-	10,000
Capital leases payable	201,371	-
Current long term debt	1,272,860	-
Total current liabilities	<u>5,189,550</u>	<u>39,940</u>
Noncurrent liabilities		
Accrued compensated absences	209,700	-
Capital leases payable	1,360,823	-
Net pension liability	12,887,378	-
Net OPEB liability	5,030,621	-
General obligation bonds payable including unamortized bond premium	30,307,211	-
Total noncurrent liabilities	<u>49,795,733</u>	<u>-</u>
Total liabilities	<u>54,985,283</u>	<u>39,940</u>
Deferred inflows of resources related to net pension & OPEB liabilities	794,003	-
Total liabilities and deferred inflows of resources	<u>\$ 55,779,286</u>	<u>\$ 39,940</u>
NET POSITION		
Net Investment in Capital Assets	31,577,698	-
Restricted Donations - Purpose Not Yet Satisfied	37,060	245,987
Unrestricted	(13,203,578)	3,492,637
Total net position	<u>\$ 18,411,180</u>	<u>\$ 3,738,624</u>

The accompanying notes are an integral part of these financial statements.

RICHLAND-LEXINGTON RIVERBANKS PARK DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government	Component Unit
				Governmental Activities	Riverbanks Society
GOVERNMENTAL ACTIVITIES					
Unallocated depreciation expense	\$ 2,829,356	\$ -	\$ -	\$ (2,829,356)	\$ -
Administrative	2,429,651	-	2,293	(2,427,358)	-
Animal care	4,265,758	-	12,982	(4,252,776)	-
Botanical	1,278,641	-	2,470	(1,276,171)	-
Education	562,892	525,225	-	(37,667)	-
Facility management	2,281,976	-	178,767	(2,103,209)	-
Guest services	3,784,748	9,041,176	-	5,256,428	-
Marketing and public relations	1,270,764	256,620	-	(1,014,144)	-
Utilities	1,695,946	-	-	(1,695,946)	-
Concession and retail commissions	-	1,895,094	-	1,895,094	-
Interest on long-term debt	1,363,803	-	-	(1,363,803)	-
Loss on disposal of capital assets	2,809	-	-	(2,809)	-
Total governmental activities	\$ 21,766,344	\$ 11,718,115	\$ 196,512	(9,851,717)	-
COMPONENT UNIT					
Riverbanks Society	\$ 4,829,453	-	-	-	(4,829,453)
Total component unit	\$ 4,829,453	-	-	-	(4,829,453)
GENERAL REVENUES					
Property taxes				6,475,219	-
Accommodations and hospitality taxes				196,584	-
Riverbanks Society contribution				2,488,414	-
Membership fees				-	5,029,375
Contributions				-	669,751
Investment earnings				73,579	4,629
Miscellaneous revenues				74,418	3,221
Total general revenues				9,308,214	5,706,976
Change in net position				(543,503)	877,523
Restated net position, beginning of year, (Note 8)				18,954,683	2,861,101
Net position, end of year				\$ 18,411,180	\$ 3,738,624

The accompanying notes are an integral part of these financial statements.

RICHLAND-LEXINGTON RIVERBANKS PARK DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018

	Major Funds			Total Governmental Funds
	General Fund	Debt Service	Capital Projects	
ASSETS				
Cash and cash equivalents	\$ 5,765,635	\$ -	\$ -	\$ 5,765,635
Cash held by fiscal agent for debt service	-	1,403,824	-	1,403,824
Cash held by fiscal agent for future operations	772,312	-	-	772,312
Receivables	378,191	-	-	378,191
Prepaid expenses	216,965	-	-	216,965
Inventory	59,283	-	-	59,283
Due from other funds	-	-	1,037,677	1,037,677
Total assets	\$ 7,192,386	\$ 1,403,824	\$ 1,037,677	\$ 9,633,887
LIABILITIES				
Accounts payable and accrued salaries	\$ 1,073,182	\$ -	\$ 639,027	\$ 1,712,209
Unearned revenue	1,389,635	31	-	1,389,666
Due to other funds	1,037,677	-	-	1,037,677
Total liabilities	3,500,494	31	639,027	4,139,552
FUND BALANCES				
Nonspendable				
Inventory	59,283	-	-	59,283
Prepaid expenses	216,965	-	-	216,965
Restricted				
Capital projects	-	-	398,650	398,650
Debt service	-	1,403,793	-	1,403,793
Botanical library acquisitions	37,060	-	-	37,060
Committed				
Capital projects	214,817	-	-	214,817
Unassigned				
Board designated for operations	1,700,000	-	-	1,700,000
Undesignated	1,463,767	-	-	1,463,767
Total fund balances	3,691,892	1,403,793	398,650	5,494,335
Total liabilities and fund balances	\$ 7,192,386	\$ 1,403,824	\$ 1,037,677	\$ 9,633,887

The accompanying notes are an integral part of these financial statements.

RICHLAND-LEXINGTON RIVERBANKS PARK DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET WITH THE STATEMENT OF NET POSITION
JUNE 30, 2018

Total Fund Balances - Governmental Funds \$ 5,494,335

Amounts reported for governmental activities in the Statement on Net Position is different because of the following

Capital assets used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds

Capital assets	\$ 90,122,217	
Accumulated depreciation	<u>(26,806,078)</u>	63,316,139

The net pension liability and related deferred inflows and outflows of resources are not due and payable in the current fiscal year and are not included in the fund financial statements, but are included in the governmental activities of the Statement of Net Position

Net pension liability	(12,887,378)	
Deferred outflows of resources related to net pension liability	2,278,117	
Deferred inflows of resources related to net pension liability	<u>(158,429)</u>	(10,767,690)

The net other post employment benefits liability and related deferred inflows and outflows of resources are not due and payable in the current fiscal year and are not included in the fund financial statements, but are included in the governmental activities of the Statement of Net Position

Net other post employment benefits liability	(5,030,621)	
Deferred inflows of resources related to other postemployment benefits	<u>(635,574)</u>	(5,666,195)

Long-term liabilities, including bonds and notes payable/compensated absences, are not due and payable in the current period and therefore, are not reported as liabilities in the funds. Long-term liabilities at year end consist of

Bonds payable, including unamortized premium	(31,580,071)	
Accrued interest payable	(456,326)	
Compensated absences	(366,818)	
Capital leases payable	<u>(1,562,194)</u>	(33,965,409)

Total net position - governmental activities \$ 18,411,180

The accompanying notes are an integral part of these financial statements.

RICHLAND-LEXINGTON RIVERBANKS PARK DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Major Funds			Total Governmental Funds
	General Fund	Debt Service	Capital Projects	
REVENUES				
Property taxes	\$ 3,561,173	\$ 2,914,046	\$ -	\$ 6,475,219
Accommodations and hospitality taxes	196,584	-	-	196,584
General admission fees	6,088,113	-	-	6,088,113
Concession and retail commissions	1,895,094	-	-	1,895,094
Riverbanks Society support	2,088,414	-	400,000	2,488,414
Rides, attractions and events	2,695,302	-	-	2,695,302
Classes and program fees	525,225	-	-	525,225
Facility rental and group admission fees	257,761	-	-	257,761
Sponsorships	256,620	-	-	256,620
Non-federal grants and contributions	17,745	-	178,767	196,512
Interest revenue	65,873	7,706	-	73,579
Miscellaneous revenues	75,498	-	-	75,498
Total revenues	17,723,402	2,921,752	578,767	21,223,921
EXPENDITURES				
Administrative	2,232,748	538	-	2,233,286
Animal care	3,900,791	-	3,217	3,904,008
Botanical, zoo and garden	1,160,207	-	-	1,160,207
Education	115,453	-	-	115,453
Facility management	2,127,786	-	18,066	2,145,852
Guest services	2,589,963	-	18,316	2,608,279
Marketing and public relations	1,206,497	-	1,351	1,207,848
Utilities	1,695,946	-	-	1,695,946
Rides, attractions and events	1,004,081	-	-	1,004,081
Classes and programs	409,145	-	-	409,145
Debt service				
Principal	195,998	1,495,000	-	1,690,998
Interest	41,530	1,413,005	-	1,454,535
Capital outlay				
Land, building, equipment, & improvements	64,744	-	1,486,836	1,551,580
Rides, Shows, and Promotions	-	-	-	-
Total expenditures	16,744,889	2,908,543	1,527,786	21,181,218
Excess of revenues over (under) expenditures	978,513	13,209	(949,019)	42,703
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	170,291	170,291
Transfers out	(170,291)	-	-	(170,291)
Total other financing (uses) sources	(170,291)	-	170,291	-
Net change in fund balances	808,222	13,209	(778,728)	42,703
Fund balance, beginning of year	2,883,670	1,390,584	1,177,378	5,451,632
Fund balance, end of year	\$ 3,691,892	\$ 1,403,793	\$ 398,650	\$ 5,494,335

The accompanying notes are an integral part of these financial statements.

RICHLAND-LEXINGTON RIVERBANKS PARK DISTRICT
 RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES WITH THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2018

Total net change in fund balances - governmental funds	\$	42,703
<p>Amounts reported for governmental activities in the statement of activities are different because of the following</p>		
<p>Governmental funds report capital outlays as expenditures; however, in the statement of activities the cost of those assets are allocated over their estimated lives and reported as depreciation expense</p>		
Capital outlays	\$ 1,551,580	
Depreciation expense	<u>(2,829,356)</u>	(1,277,776)
<p>Amortization of premium on bond issuance is reported as a reduction of expenses in the statement of activities</p>		
		72,861
<p>Pension change in the statement of net position and statement of activities</p>		
Prior year retirement plan contributions are considered a current year expense	(668,159)	
Current year expense considered a deferred outflow of resources	795,607	
Increase in pension expense for change in deferred inflows and outflows of resources	(2,058,009)	
Amortization of deferred outflows of resources related to net pension liability	710,909	
Amortization of deferred inflows of resources related to net pension liability	<u>697,123</u>	(522,529)
<p>OPEB change in the statement of net position and statement of activities</p>		
Current year OPEB expense	(521,687)	
Current year benefit payments and implicit subsidy credit	<u>45,865</u>	(475,822)
<p>Governmental funds only report the disposal of assets to the extent proceeds are received from the sale - In the statement of activities, a gain or loss is reported</p>		
Loss on disposal of assets		(3,889)
<p>The issuance of capital leases payable provides current financial resources to governmental funds, while the repayment of the principal of capital leases payable and long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position</p>		
Payment of long-term debt and capital leases		1,690,998
<p>Some expenses reported in the statement of activities do not require the use of current resources and, therefore, are not reported as expenditures in governmental funds</p>		
Accrual of interest payable	17,871	
Increase in compensated absence accrual	<u>(87,920)</u>	(70,049)
Total change in net position - governmental activities		<u>\$ (543,503)</u>

The accompanying notes are an integral part of these financial statements.

RICHLAND-LEXINGTON RIVERBANKS PARKS DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Richland-Lexington Riverbanks Park District (the District) was created under the provisions of Act No. 323 of the 1969 Acts and Joint Resolutions of the General Assembly of the State of South Carolina (sections 51-61 to 51-64), as amended by Act No. 365 of 1969. The District was created to provide recreational facilities, specifically a zoological park, for the citizens of South Carolina. Over one-third of total revenue for the District is received from Richland and Lexington Counties. The District is governed by the Riverbanks Park Commission (the Commission). The Commission is comprised of seven members. Two members are appointed by Richland County Council, two by Lexington County Council, two by the Mayor and Council of the City of Columbia, and one by all three groups on a rotating basis. The Commissioners serve for six years. All but the seventh position can serve a second term if reappointed. All Commissioners serve until their successors are appointed. The Commission hires a President/CEO who serves as Chief Administrative Officer of the District. The President/CEO administers the daily operations of the District through appointed department heads.

The basic financial statements of the District were prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental entities. The District's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of this note. The remainder of the notes is organized to provide explanations, including required disclosures, of the District's financial activities for the year ended June 30, 2018.

Financial Reporting Entity

The District's financial reporting entity is comprised of the following:

Primary government:	Richland-Lexington Riverbanks Park District
Discretely presented component unit:	Riverbanks Society

In determining the financial reporting entity, the District implemented GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. Additional guidance to determine whether certain organizations are component units, based on the nature and significance of their relationship with the primary government, is found in GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*.

The Riverbanks Society (the Society) is a legally separate, tax exempt component unit set up to provide financial support primarily through donor contributions for the District and its activities. The Society is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code. The fifteen to twenty-one member board of the Society is self-perpetuating. The majority of resources and income thereon that the Society holds and invests are restricted to the activities of the District by the donors. Because these restricted resources held by the Society can only be used by, or for the benefit of, the District, the Society is considered a component unit of the District and is discretely presented in the District's financial statements. Separately issued audited financial statements, which are based on Financial Accounting Standards Board (FASB) standards, for the Society may be obtained from the Chief Financial Officer, Riverbanks Zoo and Garden at 400 Rivermont Drive, Columbia, SC 29210.

RICHLAND-LEXINGTON RIVERBANKS PARKS DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

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 District. As a general rule the effect of inter-fund activity has been eliminated from these statements. 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 District reports under the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, as amended by GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Therefore, government-wide statements now reflect net assets as net position. GASB Statement No. 34, as amended by GASB Statement No. 63 established standards for external financial reporting for all state and local governmental entities, which includes a statement of net position, with a classification of net position broken down into three components – net investment in capital assets; restricted net position; and unrestricted net position. These classifications are defined as follows:

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position consists of constraints placed on net position used through external constraints imposed by creditors (such as through debt covenants), contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position that does not meet the definition of restricted or net investment in capital assets.

Based on the District’s policies regarding net position classifications as noted above, the District considers amounts that are restricted to be spent when the corresponding expenditure that has been designated by the Commission or donors has been made. After these fund balances have been depleted, unrestricted fund position will be considered to have been spent.

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

Fund financial statements are also provided in the report for all of the governmental funds of the District. The District reports the following as major governmental funds:

General Fund is the main operating fund of the District and is used to account for all financial resources except for those required to be accounted for in another fund.

Debt Service Fund accounts for the accumulation of financial resources for the payment of interest and principal on general long-term debt of the District.

RICHLAND-LEXINGTON RIVERBANKS PARKS DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Projects Fund is used to account for financial resources used for the acquisition or construction of major capital facilities and equipment.

Measurement Focus and Basis of Accounting

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. Investment earnings and intergovernmental revenues received from Richland and Lexington Counties are accrued if they are measurable at fiscal year-end. Most other intergovernmental revenues are not susceptible to accrual because they generally are not measurable until received in cash. Expenditure-driven grants and contributions are recognized as revenue when the qualifying expenditures have been incurred and all other requirements have been satisfied. Net position is used as a practical measure of economic resources and the operating statement includes all transactions and events that increased or decreased net position. Depreciation is charged as expense against current operations and accumulated depreciation is reported on the statement of net position. When the District incurs an expense that may be paid from unrestricted or restricted funds, the District first uses restricted funds as allowed by legal or contractual requirements.

The 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 fiscal year-end. Property taxes are considered measurable and recognized when transferred to the District's account by the County Treasurers. Revenue from federal, state, and other grants designated for payment of specific District expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are recorded as deferred revenues until earned. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgements, are recorded only when payment is due.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The most significant estimates affecting these financial statements are the useful lives of capital assets, estimates for net pension liability and the net other postemployment benefit liability. Actual results could differ from those estimates.

Budgetary Control

The Commission adopts a balanced annual budget for the General Fund prior to the beginning of each fiscal year. The President/CEO is authorized to transfer budgeted amounts between departments, with the approval of the Commission. Any revisions that alter the total expenditures must be approved by the Commission.

The Budgetary Comparison Schedule for General Fund presents a comparison of budgetary data to actual results of operations for which annual operating budgets are legally adopted. This fund utilizes the same basis of accounting for both budgetary purposes and actual results.

Cash and Cash Equivalents

Cash and cash equivalents include all short-term investments having an initial maturity of three months or less.

RICHLAND-LEXINGTON RIVERBANKS PARKS DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash Held by Fiscal Agent

The District reports funds collected for the District by Richland and Lexington Counties for both operating and debt service purposes. The operating support received from both Counties is an annual fixed-dollar appropriation. Both Counties fund the support by levying a millage that is expected to produce the required amount of funding. If the millage produces more than is appropriated, the excess funds are escrowed. Lexington County accumulates and carries forward the excess funds collected, held in escrow for use in a subsequent year. At June 30, 2018 the Lexington County escrowed funds collected from the operating millage, held by them and not yet remitted to the District totaled \$758,436. The District has to seek approval through a budget ordinance by Lexington County to receive these funds. The escrowed funds can also be used to make up any shortfall if the current year millage is less than the annual budget appropriation. It has been Richland County's practice to pay out any additional funds collected shortly after the close of the fiscal year. An escrowed fund from operating support held by Richland County at June 30, 2018 was \$13,876.

Both Richland and Lexington Counties levy a millage to produce funds to pay the general obligation debt of the District. The Richland County Treasurer is the fiscal agent for the District's bonds and is responsible for the management of funds from both Counties collections and the payment of the bonds. Lexington County remits monthly their collections of debt service millage to Richland County. The amount held by the fiscal agent for debt service varies with the bond amortization amounts, timing of payments and the amounts collected by each County. The total amount on hand at June 30, 2018 was \$1,403,824.

Inventories

Inventories consist of gasoline, animal feed and general supplies used in the day-to-day operation of the zoo and garden. The quantity used is expensed and the remaining unused at the balance sheet date are recorded as assets at the lower of cost or market.

Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods. These payments are shown as prepaid items to reflect consumption in the future reporting period.

Receivables

The District records receivables when earned and due. No allowance for bad debt is required, as amounts are written-off when deemed uncollectible.

Due To/From Other Funds

Amounts owed between funds are classified as short-term.

Unearned Revenue

Unearned revenue consists of escrowed funds held by fiscal agent collected from the operating millage not yet paid to the District and deposits held for future visits to the zoo and garden.

Compensated Absences

Regular full-time employees earn annual and sick leave based on their years of service and is accrued each pay cycle. Any earned and unused time at the end of the calendar year can be carried forward not to exceed 45 days (360 hours) for annual leave and 90 days (720 hours) for sick leave. Upon an employee's termination, retirement or death all earned and unused annual leave is paid; however, sick leave is not. The District also grants its regular full-time employees 9 paid holidays each year. All annual, sick or holiday leave is funded by the general fund.

RICHLAND-LEXINGTON RIVERBANKS PARKS DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets, which include property and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are valued at original acquisition cost less accumulated depreciation from the purchase or in service date. Donated capital assets are recorded at estimated fair market value at the date of donation. Capital assets are defined by the District as assets with an initial individual cost equal to or more than \$5,000 and an estimated useful life in excess of two years. The costs of normal maintenance and repairs that do not significantly add to the value of an asset or materially extend an asset’s useful life are not capitalized. All reported capital assets, with the exception of land, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings, exhibits and improvements	10-30
Furniture and fixtures, equipment and vehicles	5-10
Technology equipment and capitalized software	3-5

Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period(s). Deferred inflows of resources represent an acquisition of net position that applies to a future period(s). The District’s statement of net position includes a deferred outflow and inflow of resources related to the net pension liability as detailed in Note 7 and includes a deferred inflow of resources related to the net other postemployment benefit as detailed in Note 8.

Fund Balance

The District follows the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following categories of fund balance are being used in the fund level financial statement of the governmental fund:

Nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The not in spendable form criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid items. The balance as of June 30, 2018 was \$276,248.

Restricted fund balance classification includes amounts that are restricted when there are limitations imposed on their use either by the Commission or through external restrictions imposed by creditors, grantors, contributors, laws or regulations of other governments or by law through constitutional provisions or enabling legislation. As of June 30, 2018, the District had \$37,060 in restricted fund balance due to donor imposed restrictions.

Committed fund balance classification includes amounts that can only be used for specific purposes for constraints imposed by formal action of the Commission. Those committed amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type action it employed to previously commit those amounts. Committed fund balances also incorporate contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The District recognizes committed fund balances that have been approved for specific purposes by the Commission before the fiscal year-end. As of June 30, 2018, the District had \$214,817 in committed fund balance for completion of capital projects.

RICHLAND-LEXINGTON RIVERBANKS PARKS DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assigned fund balance classification includes amounts that are constrained by the District’s intent to be used for specific purposes but are not restricted or committed. They are not required to be set by or removed by the Commission. As of June 30, 2018, the District reported no assigned fund balance.

Unassigned fund balance classification includes amounts that have not been assigned to other funds and has not been restricted, committed or assigned for specific purposes within the General Fund. The first \$1,700,000 of fund balance is committed by the Commission as a stabilization amount to cover shortfalls in revenue due to reduction in attendance and other factors impacting the District’s ability to generate revenue and is available for use in operations.

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

Adoption of New Accounting Standards as of and for Year Ended June 30, 2018

For the year ended June 30, 2018, The District implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions*. The effective date is for an employer’s fiscal year beginning after June 15, 2017. The Statement establishes accounting and financial reporting requirements for governmental employers who have other postemployment benefits (OPEB) plans and replaces GASB Statement No. 45, resulting in a significant change in reporting. The implementation of GASB Statement No. 75 resulted in a reduction to the beginning net position of \$3,518,121. See Note 8 in the Notes to the Basic Financial Statements for more information.

Component Unit Basis of Presentation

The Society financial statement presentation follows the recommendations of the Accounting Standards Codification Topic 958, *Not-For-Profit Entities*. The Society is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. The Society does not have any permanently restricted net assets. Net assets for the Society are as follows:

Unrestricted net assets consist of contributions that are available for use in carrying out the purpose of the Society.

Temporarily restricted net assets represent those amounts that are donor restricted with respect to purpose or time. When a donor restriction expires or is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities and Changes in Net Assets as net assets released from restrictions.

NOTE 2 – PROPERTY TAXES

Property taxes used to finance the District’s operations and debt service are levied and collected by Richland and Lexington Counties under the direction of their respective Councils. Property taxes for operations are recognized when considered measurable. They are measurable when transferred to the District’s account by the County Treasurers. Property taxes for debt service are reconciled and reported annually in the District’s audited financial statements.

RICHLAND-LEXINGTON RIVERBANKS PARKS DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 3 – RECEIVABLES

Receivables are stated at fair value with no allowance for doubtful accounts. All of the receivables are considered by management to be collectible. Receivables consisted of the following at June 30, 2018:

Intergovernmental	\$ 88,955
Other	289,236
Total	\$378,191

NOTE 4 – CASH AND CASH EQUIVALENTS

The District’s cash and cash equivalents consist of demand deposits with banks, investments with the South Carolina State Treasurer’s Office through the South Carolina Local Government Investment Pool (the LGIP) and cash on hand. The LGIP is an investment mechanism established by Article III, Section 7 of the Constitution of South Carolina. Pursuant to Section 6-6-10 of the State of South Carolina Code of Laws, the South Carolina State Treasurer’s Office established the LGIP to allow local governments to pool resources to maximize returns on investments, which shall be legal investments for the subdivisions. The LGIP balance is stated at fair market value.

The District is authorized by South Carolina Code of Laws, Section 6-5-10, to invest in the following types of investments:

1. Obligations of the United States and agencies thereof, the principal and interest of which is fully guaranteed by the United States;
2. General obligations of the State of South Carolina or any of its political units; revenue obligations of the State of South Carolina or any of its political units, if at time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two rating categories, without regard to a refinement or gradation or rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations;
3. Savings and Loan Associations to the extent that the same are insured by an agency of the federal government;
4. Certificates of deposit where the certificates are collaterally secured by securities of the type described in (1) and (2) above held by a third party as escrow or custodian of a market value not less than the amount of the certificates of deposit so secured in the name of the District, including interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government;
5. Repurchase agreements when collateralized by required securities.

Custodial credit risk is the risk that, in the event of failure of a financial institution, the District will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2018, none of the District’s deposits were exposed to custodial credit risk. As of June 30, 2018, the carrying amount of the District’s cash and cash equivalents were the following:

Cash on hand	\$ 38,950
On deposit with financial institutions	323,204
LGIP	5,403,481
Total	\$ 5,765,635

RICHLAND-LEXINGTON RIVERBANKS PARKS DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 4 – CASH AND CASH EQUIVALENTS (CONTINUED)

The District places no limit on the amount the District may invest in any one issuer. More than 93.7 percent of the District's cash and cash equivalents are with the LGIP and are reported in the District's General Fund. More information pertaining to carrying amounts, fair value, credit and other risks as required by GASB Statement No. 40, *Deposits and Investments – Risk Disclosures*, of the State Treasurer's investments are disclosed in the Comprehensive Annual Financial Report (CAFR) of the State of South Carolina and can be found on the South Carolina Comptroller General's website at www.cg.sc.gov.

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 was as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals & Transfers</u>	<u>Ending Balance</u>
Capital assets - not depreciated				
Land	\$ 2,936,949	\$ -	\$ -	\$ 2,936,949
Zoological collection	1	-	-	1
Construction in progress	100,754	692,313	(100,754)	692,313
Total capital assets - not depreciated	<u>3,037,704</u>	<u>692,313</u>	<u>(100,754)</u>	<u>3,629,263</u>
Capital assets - depreciated				
Buildings and structures	59,541,929	647,993	57,000	60,246,922
Improvements	21,018,551	115,359	28,477	21,162,387
Equipment	5,049,733	95,915	(62,003)	5,083,645
Total capital assets - depreciated	<u>85,610,213</u>	<u>859,267</u>	<u>23,474</u>	<u>86,492,954</u>
Less accumulated depreciation	<u>24,050,113</u>	<u>2,829,356</u>	<u>(73,391)</u>	<u>26,806,078</u>
Total capital assets - depreciated, net	<u>61,560,100</u>	<u>(1,970,089)</u>	<u>96,865</u>	<u>59,686,876</u>
Governmental activities capital assets, net	<u>\$ 64,597,804</u>	<u>\$ (1,277,776)</u>	<u>\$ (3,889)</u>	<u>\$ 63,316,139</u>

Depreciation expense was charged to governmental functions as follows:

Unallocated	\$ 2,775,429
Guest services	53,927
Total	<u>\$ 2,829,356</u>

RICHLAND-LEXINGTON RIVERBANKS PARKS DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 6 – LONG-TERM OBLIGATIONS

General Obligation Bonds

The District issues General Obligation Bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District. The sale of bonds, investment of bonds proceeds, investment of the Debt Service Fund, and the repayment of the bonds are handled by the Richland County Treasurer as required by the bond ordinances. General Obligation Bonds' payable at June 30, 2018 was as follows:

\$32,000,000 General Obligation Bonds issued in 2013 due with a first payment in 2014, then with annual series installments beginning in 2019 through 2033, with interest rates ranging from 3.0% to 4.625%	\$ 30,475,000
Add, unamortized premium	<u>1,105,070</u>
Total	<u><u>\$ 31,580,070</u></u>

The annual aggregate maturities for the General Obligation Bonds for the subsequent years are as follows:

Year ending June 30,	Principal	Interest	Total
2019	\$ 1,200,000	\$ 1,360,381	\$ 2,560,381
2020	1,340,000	1,300,381	2,640,381
2021	1,430,000	1,233,381	2,663,381
2022	1,530,000	1,161,881	2,691,881
2023	1,635,000	1,085,381	2,720,381
2024-28	9,970,000	4,267,155	14,237,155
2029-33	13,370,000	1,885,212	15,255,212
Total	<u><u>\$ 30,475,000</u></u>	<u><u>\$ 12,293,772</u></u>	<u><u>\$ 42,768,772</u></u>

Capital Leases Payable

From time to time, the District borrows additional funds to finance improvements to its facilities. At June 30, 2018 the District was obligated under the following capital leases:

Lease payable to a financial institution in monthly installments of \$15,701 including interest at a fixed rate equal to 2.32% for the term of the note through 2026 with a buy-out provision at maturity of \$1.	\$ 1,426,420
Lease payable to a financial institution in monthly installments of \$4,093 including interest at a fixed rate equal to 4.09% for the term of the note through 2021.	135,774
Total	<u><u>\$ 1,562,194</u></u>

RICHLAND-LEXINGTON RIVERBANKS PARKS DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 6 – LONG-TERM OBLIGATIONS (CONTINUED)

Subsequent years minimum future lease payments for capital leases are as follows:

Year ending June 30,	Principal	Interest	Total
2019	\$ 201,371	\$ 36,158	\$ 237,529
2020	206,902	30,627	237,529
2021	209,582	24,932	234,514
2022	168,288	20,127	188,415
2023	172,234	16,181	188,415
2024-26	603,817	24,232	628,049
Total	<u>\$ 1,562,194</u>	<u>\$ 152,257</u>	<u>\$ 1,714,451</u>

The following is an analysis of the leased property under capital leases as of June 30, 2018:

	Acquisition	Accumulated Depreciation	Net Book Value
Land	\$ 1,190,957	\$ -	\$ 1,190,957
Buildings and structures	1,220,247	441,563	778,684
Total	<u>\$ 2,411,204</u>	<u>\$ 441,563</u>	<u>\$ 1,969,641</u>

Long-Term Liabilities

The following changes occurred in the District's long-term liabilities during the fiscal year:

	June 30, 2017	Additions	Payment/ Transfers	June 30, 2018	Amount Due in 2019
General Obligation Bond of 2008	\$ 1,495,000	\$ -	\$ 1,495,000	\$ -	\$ -
General Obligation Bond of 2013	30,475,000	-	-	30,475,000	1,200,000
Unamortized Premium	1,177,932	-	72,862	1,105,070	72,860
Capital Lease Payable-Rivermont	1,579,807	-	153,387	1,426,420	156,984
Capital Lease Payable- Ropes Course	178,385	-	42,611	135,774	44,387
Compensated Absences	278,898	132,207	44,287	366,818	157,118
	<u>\$ 35,185,022</u>	<u>\$ 132,207</u>	<u>\$ 1,808,147</u>	<u>\$ 33,509,082</u>	<u>\$ 1,631,349</u>

NOTE 7 – PENSION PLAN

Description of the Entity

The South Carolina Public Employee Benefit Authority (PEBA), which was created July 1, 2012, administers the various retirement systems and retirement programs managed by its Retirement Division. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as co-trustee and co-fiduciary of the systems and the trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the South Carolina Retirement Systems (Systems) and serves as co-trustee of the Systems in conducting that review. Effective July 1, 2017, the Retirement System Funding and Administration Act of 2017 assigned the PEBA Board of Directors as the Custodian of the Retirement Trust Funds and assigned SC PEBA and the Retirement Systems Investment Commission (RSIC) as co-trustees of the Retirement Trust Funds.

RICHLAND-LEXINGTON RIVERBANKS PARKS DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 7 – PENSION PLAN (CONTINUED)

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 GAAP. For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

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

Plan Description

The South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan, was established effective 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 allowances and other benefits for employees of the state, its public school districts, and political subdivisions.

The South Carolina Police Officers Retirement System (PORS), a cost-sharing multiple-employer defined benefit pension plan, was established effective 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 allowances and other benefits for police officers and firemen of the state and its political subdivisions.

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.
- 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.

RICHLAND-LEXINGTON RIVERBANKS PARKS DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 7 – PENSION PLAN (CONTINUED)

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 the benefit terms for each system is presented below.

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

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

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

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

Contributions

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. The PEBA Board may increase the percentage rate in SCRS and PORS employer and employee contribution rates on the basis of the actuarial valuations, but any such increase may not result in a differential between the employee and total employer contribution rate that exceeds 2.9 percent of earnable compensation for SCRS and 5 percent for PORS. An increase in the contribution rates adopted by the board may not provide for an increase of more than one-half of one percent in any one year. If the scheduled employee and employer contributions provided in statute or the rates last adopted by the board are insufficient to maintain a thirty year amortization schedule of the unfunded liabilities of the plans, the board shall increase the contribution rates in equal percentage amounts for the employer and employee as necessary to maintain the thirty-year amortization period; this increase is not limited to one-half of one percent per year.

RICHLAND-LEXINGTON RIVERBANKS PARKS DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 7 – PENSION PLAN (CONTINUED)

If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than ninety percent, then the board, effective on the following July first, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than ninety percent. Any decrease in contribution rates must maintain the 2.9 and 5 percent differentials between the SCRS and PORS employer and employee contribution rates respectively. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than ninety percent, then effective on the following July first, and annually thereafter as necessary, the board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 90 percent.

The Retirement System Funding and Administration Act of 2017 increases employer contribution rates to 13.56 percent for SCRS and 16.24 percent for PORS, effective July 1, 2017. It also removes the 2.9 percent and 5 percent differential and increases and establishes a ceiling on employee contribution rates at 9 percent and 9.75 percent for SCRS and PORS respectively. The employer contribution rates will continue to increase annually by 1 percent through July 1, 2022. The legislation’s ultimate scheduled employer rate is 18.56 percent for SCRS and 21.24 percent for PORS. The amortization period is scheduled to be reduced one year for each of the next 10 years to a twenty year amortization schedule. The recent pension reform legislation also changes the long term funded ratio requirement from ninety to eighty-five.

Required employee contribution rates* are as follows:

	<u>Fiscal Year 2018*</u>	<u>Fiscal Year 2017*</u>
SCRS		
Employee Class Two	9.00%	8.66%
Employee Class Three	9.00%	8.66%
PORS		
Employee Class Two	9.75%	9.24%
Employee Class Three	9.75%	9.24%

* Calculated on *earnable compensation as defined in Title 9 of the South Carolina Code of laws.*

Required employer contribution rates* are as follows:

	<u>Fiscal Year 2018*</u>	<u>Fiscal Year 2017*</u>
SCRS		
Employer Class Two	13.41%	11.41%
Employer Class Three	13.41%	11.41%
Employer Incidental Death Benefit	0.15%	0.15%
PORS		
Employer Class Two	15.84%	13.84%
Employer Class Three	15.84%	13.84%
Employer Incidental Death Benefit	0.20%	0.20%
Employer Accidental Death Benefit	0.20%	0.20%

* Calculated on *earnable compensation as defined in Title 9 of the South Carolina Code of laws.*

RICHLAND-LEXINGTON RIVERBANKS PARKS DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 7 – PENSION PLAN (CONTINUED)

Actuarial Assumptions and Methods

Actuarial valuations 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 as of July 1, 2015.

The June 30, 2017, total pension liability (TPL), net pension liability (NPL), and sensitivity information shown in this report were determined by our consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on an actuarial valuation performed as of July 1, 2016. The TPL was rolled-forward from the valuation date to the plans' year ended, June 30, 2017, using generally accepted actuarial principles. The Retirement System Funding and Administration Act of 2017 was signed into law April 25, 2017, and included a provision to reduce the assumed rate of return from 7.5 percent to 7.25 percent effective July 1, 2017. As a result of this legislation, GRS made an adjustment to the calculation of the roll-forward TPL for this assumption change as of the measurement date of June 30, 2017.

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

	SCRS	PORS
Actuarial cost method	Entry age normal	Entry age normal
Investment rate of return*	7.25%	7.25%
Projected salary increases	3.0% to 12.5% (varies by service)*	3.5% to 9.5% (varies by service)*
Benefit adjustments	lesser of 1% or \$500 annually	lesser of 1% or \$500 annually
<i>*Includes inflation at 2.25%</i>		

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2016 Public Retirees of South Carolina Mortality table (2016 PRSC), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in morality using published Scale AA projected from the year 2016.

Assumptions used in the determination of the June 30, 2017, TPL are as follows.

Former Job Class	Males	Females
Educators	2016 PRSC Males multiplied by 92%	2016 PRSC Females multiplied by 98%
General Employees and Members of the General Assembly	2016 PRSC Males multiplied by 100%	2016 PRSC Females multiplied by 111%
Public Safety and Firefighters	2016 PRSC Males multiplied by 125%	2016 PRSC Females multiplied by 111%

RICHLAND-LEXINGTON RIVERBANKS PARKS DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 7 – PENSION PLAN (CONTINUED)

Net Pension Liability

The NPL is calculated separately for each System and represents that particular System’s TPL determined in accordance with GASB Statement No. 67 less that System’s fiduciary net position. The District’s proportional shares of the NPL amounts as of June 30, 2017 for SCRS and PORS are presented below:

<u>System</u>	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>District Net Pension Liability</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
SCRS	\$ 48,244,437,494	\$ 25,732,829,268	\$ 12,863,133	53.3%
PORS	7,013,684,001	4,274,123,178	24,245	60.9%
Total	<u>\$ 55,258,121,495</u>	<u>\$ 30,006,952,446</u>	<u>\$ 12,887,378</u>	

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 Statement No. 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 Statements No. 67 and No. 68 are not applicable for other purposes, such as determining the plans’ funding requirements.

The District’s proportionate share of the NPL for SCRS and PORS is as follows:

<u>System</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>Change</u>
SCRS	0.057140%	0.056793%	0.000347%
PORS	0.00089%	0.00234%	-0.00145%

The District’s change in proportionate share of the NPL and related deferred inflows and outflows of the resources will be amortized into pension expense over the respective average remaining service lives of the system.

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments is based upon 30 year capital market assumptions. The long-term expected rate of returns 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 2017 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 next page. For actuarial purposes, the 7.25 percent assumed annual investment rate of return used in the calculation of the TPL includes a 5.00 percent real rate of return and a 2.75 percent inflation component.

RICHLAND-LEXINGTON RIVERBANKS PARKS DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 7 – PENSION PLAN (CONTINUED)

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Expected Arithmetic Real Rate of Return</u>	<u>Long Term Expected Portfolio Real Rate of Return</u>
Global Equity	45.0%		
Global Public Equity	31.0%	6.72%	2.08%
Private Equity	9.0%	9.60%	0.86%
Equity Options Strategies	5.0%	5.91%	0.30%
Real Assets	8.0%		
Real Estate (Private)	5.0%	4.32%	0.22%
Real Estate (REITs)	2.0%	6.33%	0.13%
Infrastructure	1.0%	6.26%	0.06%
Opportunistic	17.0%		
GTAA/Risk Parity	10.0%	4.16%	0.42%
Hedge Funds (non-PA)	4.0%	3.82%	0.15%
Other Opportunistic Strategies	3.0%	4.16%	0.12%
Diversified Credit	18.0%		
Mixed Credit	6.0%	3.92%	0.23%
Emerging Markets Debt	5.0%	5.01%	0.25%
Private Debt	7.0%	4.37%	0.31%
Conservative Fixed Income	12.0%		
Core Fixed Income	10.0%	1.60%	0.16%
Cash and Short Duration (Net)	2.0%	0.92%	0.02%
Total Expected Real Return	<u>100.00%</u>		<u>5.31%</u>
Inflation for Actuarial Purposes			<u>2.25%</u>
Total Expected Nominal Return			<u>7.56%</u>

Discount Rate

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

Sensitivity Analysis

The following table presents the District’s NPL calculated using the discount rate of 7.25 percent, as well as what the District’s NPL would be if it were calculated using a discount rate that is 1.00 percent lower (6.25 percent) or 1.00 percent higher (8.25 percent) than the current rate.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate			
System	1.00% Decrease (6.25%)	Current Discount Rate (7.25%)	1.00% Increase (8.25%)
SCRS	\$ 16,578,811	\$ 12,863,133	\$ 10,608,589
PORS	\$ 32,734	\$ 24,245	\$ 17,557

RICHLAND-LEXINGTON RIVERBANKS PARKS DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 7 – PENSION PLAN (CONTINUED)

Deferred Outflows (Inflows) of Resources

For the year ended June 30, 2018, the District recognized pension expense of \$522,529 which is included in general fund expenses by department in the accompanying financial statements. At June 30, 2018, the District reported deferred outflows (inflows) of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 795,607	\$ -
Differences in actual and expected retirement plan experience	57,560	7,130
Change in proportionate share of net pension liability	309,709	151,299
Change in assumptions	755,299	
Differences between projected and actual earnings on plan investments	359,942	-
Total	\$ 2,278,117	\$ 158,429

The District reported \$795,607 as deferred outflows of resources related to contributions subsequent to the measurement date which will be recognized as a reduction of the NPL in the year ended June 30, 2019. Other amounts reported as deferred outflows (Inflows) of resources will be recognized in pension expense in future years. The following schedule reflects the amortization of the District’s proportional share of the net balance of remaining deferred outflows (inflows) of resources at June 30, 2018. Average remaining services lives of all employees provided with pensions through the pension plans at June 30, 2018 was 4.073 years for SCRS and 4.553 years for PORS.

Other amounts reported as net outflows (inflows) of resources related to pensions will be recognized in pension expense as follows:

Measurement Period Ending June 30	Fiscal Year Ending June 30	SCRS	PORS
2018	2019	\$ 371,660	\$ 4,287
2019	2020	654,682	3,529
2020	2021	394,930	(2,967)
2021	2022	(98,202)	(3,838)
Net balance of deferred outflows (inflows) of resources		\$ 1,323,070	\$ 1,011

Deferred Compensation Plans

Several optional deferred compensation plans are available to State employees and employers of its political subdivisions through PEBA. Some employees of the District have elected to participate.

The multiple-employer plans, created under Internal Revenue Code Sections 457, 405(k) and 403(b), are administered by third parties and are not included in the State’s CAFR. Compensation deferred under the plans is placed in trust for the contributing employee. The State has no liability for losses under the plans. Employees may withdraw the current value of their contributions when they terminate employment or prior to termination if they meet requirements specified by the applicable plan. The District did not contribute to any of these plans for the year ended June 30, 2018.

RICHLAND-LEXINGTON RIVERBANKS PARKS DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS

Benefit Plan Description

Upon meeting certain service requirements, the District offers healthcare benefits to its full-time employees upon retirement. The Plan is a single-employer defined benefit OPEB plan without a special funding situation where no assets are accumulated in a trust. The District participates in the State of South Carolina State Health Plan, managed by PEBA and offers these benefits through participation in the PEBA State Health Plan. To qualify for the State Health Plan, the employee must be considered full-time. Any employee retiring under the provisions of SCRS may elect to continue the health insurance coverage after retirement. Survivors of deceased employees (spouses and dependents) may also continue their coverage. Although service with other governmental entities is acceptable for retirement under SCRS, that service does not count in determining if the District funds any of the retiree’s health cost. All service used to determine eligibility must have been performed for the District.

Membership

The following table summarizes the membership of the plan as of July 1, 2017, the valuation date.

Inactive employees or beneficiaries currently receiving benefits	11
Inactive members entitled to but not yet receiving benefits	0
Active employees	134
Total membership	145

Benefits

The healthcare coverage available to an eligible retiree is health, basic dental and vision as provided by PEBA. Funding provided by the District is the employer portion of the health and basic dental premium for the retired employee coverage only. Any dependent coverage is paid 100 percent by the retiree. The retiree may continue in the program after becoming Medicare eligible. Upon retirement the employee pays 100 percent of the healthcare premium unless the employee retires with at least twenty years of service to the District. The District funding of healthcare premiums for eligible retirees is noted below.

<u>Years of Service to the District</u>	<u>Percentage Funded</u>	<u>Premium Funded by District</u>
20 and less than 24	50%	employer premium for the subscriber only
24 and less than 28	75%	employer premium for the subscriber only
28 and more	100%	employer premium for the subscriber only

Actuarial Assumptions And Other Inputs

The District used Cavanaugh Macdonald Consulting, LLC to perform an actuarial valuation as of July 1, 2017. The table on the following page represents the actuarial assumptions and other inputs used by the actuary in determining the OPEB liability (TOL) as of July 1, 2017, applied to all periods included in the measurement, unless otherwise specified.

RICHLAND-LEXINGTON RIVERBANKS PARKS DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Inflation	2.25%
Real wage growth - SCRS	0.75%
Wage inflation - SCRS	3.00%
Salary increases, including wage inflation - SCRS	3.00% - 7.00%
Municipal bond index rate:	
Prior measurement date	3.01%
Measurement date	3.56%
Healthcare cost trends	
Pre-Medicare	7.5% for 2017 decreasing to an ultimate rate of 5.00% by 2023
Medicare	5.50% for 2016 decreasing to an ultimate rate of 5.00% by 2020

The discount rate used to measure the TOL was based on the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly.

Mortality rates were based on the RP-2014 Mortality Table for Employees with a 95% multiplier to better reflect the anticipated experience and provide margin for future improvements.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the July 1, 2017 valuation were based on the results of an actuarial experience study adopted by SCRS and PORS.

The remaining actuarial assumptions (e.g., initial per capita costs, healthcare cost trends, rate of plan participation, rates of plan elections, etc.) used in the July 1, 2017 valuation were based on a review of recent plan experience done concurrently with the July 1, 2017 valuation.

Total OPEB Liability

The District's TOL of \$5,030,621 as of July 1, 2017 and was determined by an actuarial valuation as of that date. The District does not have a special funding situation. The District's TOL is disclosed in accordance with the requirements of GASB Statement No. 75 and was calculated by the District's actuary. The District's changes in the TOL are shown below.

Total OPEB liability as of June 30, 2016	\$ 5,190,373
Changes for the year:	
Service cost at the end of the year	431,936
Interest on TOL and cash flows	155,545
Change in benefit terms	-
Difference between expected and actual experience	(19,116)
Changes of assumptions or other inputs	(682,252)
Benefit payments and implicit subsidy credit	(45,865)
Other	-
Net changes	<u>(159,752)</u>
Total OPEB liability as of June 30, 2017	<u>\$ 5,030,621</u>

RICHLAND-LEXINGTON RIVERBANKS PARKS DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Sensitivity Analysis

The following table presents the TOL of the District, as well as what the District’s TOL would be if it were calculated using a discount rate that is 1.00 percent lower (2.56 percent) or 1.00 percent higher (4.56 percent) than the current discount rate of 3.56 percent.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate			
	1.00% Decrease (2.56%)	Current Discount Rate (3.56%)	1.00% Increase (4.56%)
TOL	\$ 6,359,908	\$ 5,030,621	\$ 4,037,128

The following table presents the TOL of the District, as well as what the District’s TOL would be if it were calculated using healthcare cost trend rates that are 1.00 percent lower (8.50 percent decreasing to 4.50 percent) or 1.00 percent higher (10.50 percent decreasing to 6.50 percent) than the current health care cost trend rates of 9.50 percent decreasing to 5.50 percent.

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate			
	1.00% Decrease	Current Discount Rate	1.00% Increase
TOL	\$ 3,905,873	\$ 5,030,621	\$ 6,021,260

Deferred Outflows (Inflows) of Resources

For the year ended June 30, 2018, the District recognized OPEB expense of \$521,687, which is included in general fund expenses by department in the accompanying financial statements. At June 30, 2018 the District reported deferred outflows (inflows) of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 17,323
Changes of assumptions or other inputs	-	618,251
Total	\$ -	\$ 635,574

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Measurement Period Ending June 30	Fiscal Year Ending June 30	
2018	2019	\$ 65,794
2019	2020	65,794
2020	2021	65,794
2021	2022	65,794
2022	2023	65,794
Thereafter	2024 - beyond	306,604
Net balance of deferred outflows (inflows) of resources		\$ 635,574

RICHLAND-LEXINGTON RIVERBANKS PARKS DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 9 – OPERATING LEASES

The District leases the majority of its land from SCANA Corporation at \$1 per year under a 99-year lease which expires in March 2068. Thereafter, the lease will be year-to-year until terminated by either party upon six months written notice.

The District also leases a postal machine and multi-function copiers. The total reported in expenditures of the financial statements for these leases is \$24,599.

Future minimum lease rental payments under non-cancelable operating leases having an initial term in excess of one year are:

Year ending June 30,	
2019	\$ 26,155
2020	15,568
2021	1
2022	1
2023	1
2024 and thereafter	44
Total	<u>\$ 41,770</u>

NOTE 10 – RIVERBANKS SOCIETY

The Society is a South Carolina corporation organized to provide additional financial support for the District. The Society is reported as a discretely presented component unit and is supported primarily through donor contributions received from a broad base of citizens of Richland and Lexington Counties. The Society is a private nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. Although the District does not control the timing or amount of receipts from the Society, the majority is undesignated and can only be used by or for the benefit of the District.

During the year ended June 30, 2018, the Society contributed the following:

General Fund	
Operating support	\$ 1,900,000
Loan payments	188,414
subtotal	<u>2,088,414</u>
Explorer pass differential	846,900
Total general fund	<u>2,935,314</u>
Capital Projects	400,000
Total District Support	<u>\$ 3,335,314</u>

RICHLAND-LEXINGTON RIVERBANKS PARKS DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 11 – TAX ABATEMENT DISCLOSURES

The District’s property tax revenues from Richland and Lexington Counties were impacted by various tax abatement programs. Due to the District’s implementation of GASB Statement No. 77, *Tax Abatement Disclosures*, the District is required to disclose the effect of the Counties tax abatement programs on the Districts tax revenues received from the Counties.

The information below is provided by Lexington County reflecting the tax abatement impact only of the District for the year ended June 30, 2018.

<u>Tax Abatement Programs</u>	<u>Amount of Taxes Abated During Year</u>	<u>State of South Carolina Reimbursement</u>
Fee-in-Lieu of Taxes Program (FILOT)	\$ 39,769	\$ 2,189
FILOT and Special Source Revenue Credit Program (SSRC)	54,876	584
Infrastructure Program (IP)	51	-
FILOT + IP	42,271	4,177
SSRC + IP	44	-
FILOT + SSRC + IP	131,179	-
Total	<u>\$ 268,190</u>	<u>\$ 6,950</u>

The information below is provided by Richland County reflecting the tax abatement impact of the District for the year ended June 30, 2018.

<u>Tax Abatement Programs</u>	<u>Amount of Taxes Abated During Year</u>
Fee-in-Lieu of Taxes Program (FILOT) and SSRC	\$ 90,246
Special Source Revenue Credit Program (SSRC)	9,680
Multi-County Industrial Park	8,004
Total	<u>\$ 107,930</u>

The programs and combinations of programs offered by both counties are as follows:

Fee in lieu of taxes was established by the SC Code Title 12, Chapter 44 and Title 4, Chapter 12 to offer individual incentive packages by abating property taxes to attract new business to the Counties.

Special source revenue credit was established by the SC Code Sections 4-29-68, 4-1-170 and 12-44-70 to offer individual incentive packages by abating property taxes to attract new business to the Counties and to retain current businesses.

RICHLAND-LEXINGTON RIVERBANKS PARKS DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 11 – TAX ABATEMENT DISCLOSURES (CONTINUED)

The additional programs offered by Richland County are as follows:

Multi-County industrial park was established by the SC Code Section 4-1-170 to allow sharing of expenses and revenues from the park with the County.

NOTE 12 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 15, 2018, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

RICHLAND-LEXINGTON RIVERBANKS PARK DISTRICT

**SCHEDULE OF TOTAL OTHER POSTEMPLOYMENT BENEFITS LIABILITY
AS OF JUNE 30, 2018**

	2018
Service Cost at end of year	\$ 431,936
Interest	155,545
Changes of benefit terms	-
Difference between expected and actual experience	(19,116)
Changes of assumptions or other inputs	(682,252)
Benefit payments and implicit subsidy credit	(45,865)
Other	-
	(159,752)
Net change in total OPEB liability	(159,752)
Total OPEB liability - beginning	5,190,373
Total OPEB liability - ending	\$ 5,030,621
Covered-employee payroll	\$ 5,147,783
Total OPEB liability as a percentage of covered-employee payroll	97.72%

Note: The benefit payments shown above include \$17,400 due to the implicit subsidy. Additional years will be added in the future. The amounts presented were determined as of June 30 of the preceding year.

See accompanying independent auditor's report

RICHLAND-LEXINGTON RIVERBANKS PARK DISTRICT

**SCHEDULE OF FUNDING PROGRESS, OTHER POSTEMPLOYMENT BENEFITS
AS OF JUNE 30, 2018**

Year Ending June 30	Actual Required Contribution	Actual Contribution	Net OPEB Liability	Percentage Contributed
2010	\$ 94,300	\$ 19,320	\$ 155,298	20.5%
2011	\$ 103,931	\$ 21,984	\$ 237,614	21.2%
2012	\$ 257,464	\$ 33,204	\$ 462,299	12.9%
2013	\$ 261,154	\$ 38,165	\$ 686,114	14.6%
2014	\$ 265,188	\$ 46,052	\$ 904,477	17.4%
2015	\$ 273,144	\$ 53,262	\$ 1,127,979	19.5%
2016	\$ 311,335	\$ 46,242	\$ 1,393,630	14.9%
2017	\$ 315,432	\$ 49,810	\$ 1,672,252	15.8%
2018	\$ 521,687	\$ 45,865	\$ 5,030,621	8.8%

Note: The benefit payments shown above include \$17,400 due to the implicit subsidy. The information reported prior to 2018 reflects amounts per GASB Statement No. 45. The amounts presented were determined as of June 30 of the preceding year.

See accompanying independent auditor's report

RICHLAND-LEXINGTON RIVERBANKS PARK DISTRICT

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AS OF JUNE 30, 2018**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Employer's proportion of the net pension liability	0.057%	0.057%	0.054%	0.057%	0.057%
Employer's proportionate share of the collective net liability	\$ 12,863,133	\$ 12,130,901	\$ 10,297,688	\$ 9,775,461	\$ 10,184,127
Employer's covered payroll	\$ 5,765,230	\$ 5,497,964	\$ 5,106,656	\$ 5,154,774	\$ 4,885,170
Employer's share of the net pension liability as percentage of covered payroll	223.1%	220.6%	201.7%	189.6%	208.5%
Plan fiduciary net position as a percentage of the total pension liability	53.3%	52.9%	57.0%	59.9%	56.4%

Police Officer Retirement System Pension Plan**

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Employer's proportion of the net pension liability	0.0009%	0.0023%	0.0013%
Employer's proportionate share of the collective net liability	\$ 24,245	\$ 59,354	\$ 28,116
Employer's covered payroll	\$ 11,925	\$ 32,216	\$ 16,253
Employer's share of the net pension liability as percentage of covered payroll	203.3%	184.2%	173.0%
Plan fiduciary net position as a percentage of the total pension liability	60.9%	60.4%	64.6%

*The amounts presented were determined as of June 30 of the preceding year.

**The amounts presented were determined as of June 30 of the preceding year. No participants prior to 2016.

See accompanying independent auditor's report

RICHLAND-LEXINGTON RIVERBANKS PARK DISTRICT

**SCHEDULE OF PENSION CONTRIBUTIONS
AS OF JUNE 30, 2018**

South Carolina Retirement System Pension Plan

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 794,951	\$ 666,461	\$ 608,045	\$ 557,069	\$ 546,406
Contributions in relation to the contractually required contribution	794,951	666,461	608,045	557,069	546,406
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 5,862,467	\$ 5,765,230	\$ 5,497,694	\$ 5,106,656	\$ 5,154,774
Contributions as a percentage of covered employee payroll	13.6%	11.6%	11.1%	10.9%	10.6%
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Contractually required contribution	\$ 517,828	\$ 448,558	\$ 427,854	\$ 403,504	\$ 392,100
Contributions in relation to the contractually required contribution	517,828	448,558	427,854	403,504	392,100
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 4,885,170	\$ 4,704,331	\$ 4,556,486	\$ 4,297,167	\$ 4,175,719
Contributions as a percentage of covered employee payroll	10.6%	9.5%	9.4%	9.4%	9.4%

Police Officer Retirement System Pension Plan

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 656	\$ 1,698	\$ 4,362	\$ 2,147
Contributions in relation to the contractually required contribution	656	1,698	4,362	2,147
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 4,027	\$ 11,925	\$ 32,216	\$ 16,253
Contributions as a percentage of covered employee payroll	16.3%	14.2%	13.5%	13.2%

See accompanying independent auditor's report

RICHLAND-LEXINGTON RIVERBANKS PARK DISTRICT
 BUDGETARY COMPARISON - SCHEDULE FOR GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget -
				Positive (Negative)
REVENUES				
Property taxes	\$ 3,501,094	\$ 3,501,094	\$ 3,561,173	\$ 60,079
Accommodations and hospitality taxes	200,000	200,000	196,584	(3,416)
General admission fees	6,326,454	6,326,454	6,088,113	(238,341)
Concession and retail commissions	1,925,093	1,925,093	1,895,094	(29,999)
Riverbanks Society support	2,088,424	2,088,424	2,088,414	(10)
Rides, attractions and events	2,557,900	2,594,500	2,695,302	100,802
Classes and program fees	442,544	405,944	525,225	119,281
Facility rental and group admission fees	229,661	229,661	257,761	28,100
Sponsorships	100,000	100,000	256,620	156,620
Non-federal grants and donations	-	-	17,745	17,745
Interest revenue	11,556	11,556	65,873	54,317
Miscellaneous revenues	9,000	9,000	75,498	66,498
Total revenues	17,391,726	17,391,726	17,723,402	331,676
EXPENDITURES				
Administrative	2,375,605	2,375,605	2,232,748	142,857
Animal care	3,953,986	3,956,386	3,900,791	55,595
Botanical, zoo and garden	1,201,914	1,201,914	1,160,207	41,707
Education	265,187	140,802	115,453	25,349
Facility management	2,250,698	2,250,698	2,192,530	58,168
Guest services	2,767,837	2,767,837	2,589,963	177,874
Marketing and public relations	1,069,708	1,220,158	1,206,497	13,661
Utilities	1,699,805	1,697,411	1,695,946	1,465
Rides, attractions and events	1,111,550	1,125,984	1,004,081	121,903
Classes and programs	457,031	416,526	409,145	7,381
Debt service				-
Principal	192,961	192,961	195,998	(3,037)
Interest	44,579	44,579	41,530	3,049
Total expenditures	17,390,861	17,390,861	16,744,889	645,972
Excess of revenues over expenditures	865	865	978,513	977,648
OTHER FINANCING USES				
Transfers out to Capital Projects fund	(865)	(865)	(170,291)	(169,426)
Total other financing uses	(865)	(865)	(170,291)	(169,426)
Excess of revenues over expenditures and other financing uses	-	-	808,222	\$ 808,222
Fund balance, beginning of year	2,883,670	2,883,670	2,883,670	
Fund balance, end of year	<u>\$ 2,883,670</u>	<u>\$ 2,883,670</u>	<u>\$ 3,691,892</u>	

The accompanying independent auditor's report

OTHER INFORMATION

Riverbanks Zoo & Garden Overview

Mission

It is the mission of Riverbanks Zoo & Garden to create meaningful connections and inspire actions that will have a lasting impact on conservation. We are dedicated to providing the highest standards of care for our animal and plant collections, a diverse educational and high-quality recreational experience for all Riverbanks Zoo & Garden guests, and devoting all the resources at our disposal for the conservation of the earth's flora and fauna.

History

Riverbanks Zoo & Garden is home to more than 2,000 magnificent and fascinating animals and one of America's best public gardens. The Zoo first opened on April 25, 1974, and for more than four decades has connected individuals, families and school groups with the natural world. Today Riverbanks Zoo is one of the largest mid-sized zoos in the United States and South Carolina's leading destination attraction, boasting a national reputation as one of America's best zoos and drawing in excess of one million visitors annually.

In June 1995, Riverbanks Botanical Garden opened to the public. Hailed by *Horticulture* magazine as one of 10 gardens that inspire and by HGTV as one of 20 great public gardens across America, the Botanical Garden boasts 70 acres of unparalleled beauty and showcases more than 4,300 species of native and exotic plants. One of the Botanical Garden's newest attractions, Waterfall Junction, opened April 7, 2016. The 3-acre garden oasis inspires exploration, imagination and nature play with tree houses, a dinosaur dig, splash zones and plenty of room to roam.

Listed on the National Register of Historic Places since 1973, Riverbanks Zoo & Garden is also the site of structural remains dating back to the early 1800s with South Carolina's textile industry and the Civil War. Historic ruins can be seen from various locations along the footbridge linking the Zoo and Garden, as well as along the naturally wooded River Trail.

Enhancing the Guest Experience

In September of 2016, the Zoo completed a \$40-million dollar park-wide expansion and development project known as Destination Riverbanks. In addition to Waterfall Junction at Riverbanks Botanical Garden, the expansion also brought to fruition new animal habitats for grizzly bears, North American river otters and California sea lions and a harbor seal, an expanded entry plaza, new guest relations center and gift shop, and a state-of-the-art pedestrian bridge that allows guests convenient access to the zoo from its parking area off Rivermont Drive.

Who Visits?

Riverbanks Zoo & Garden welcomes more than one million visitors annually and set an attendance record with 1,389,825 during fiscal year ended June 30, 2017. More than 40% of Riverbanks Zoo & Garden visitors originate from outside a 50-mile radius of the Zoo, and nearly 30 percent come from out of state. More than 70% of visitors are from South Carolina. Most visiting parties consist of 2 adults and 2 children. Riverbanks Zoo & Garden attracts a diverse audience that reflects the diversity in this region with 66% Caucasian, 22% African American and 12% citing other ethnicities. The average annual household income of a visitor is roughly 30% higher than the state average, which is consistent with other similar institutions.

Riverbanks Zoo & Garden

Attendance Year Ending June 30,

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Regular	359,070	415,773	386,478	424,001	365,973	352,769	332,533	393,216	402,241	377,859
Education Groups		36,121	22,861	3,699	5,524	9,748	10,196	11,831	14,410	17,916
After Hours & Special Events				2,691	84,811	62,797	72,500	73,584	81,438	84,176
Group & Corporate	89,290	83,459	87,866	99,457	57,654	102,508	75,948	83,876	81,788	77,298
Total Paid	448,360	535,353	497,205	529,848	513,962	527,822	491,177	562,507	579,877	557,249
Riverbanks Society Visits	362,576	338,235	376,052	396,897	411,481	423,358	465,017	615,954	716,003	646,998
Lexington & Richland Counties Free School Groups	34,518	35,943	24,461	1,436	23,842	19,369	26,159	27,052	28,164	27,661
Lexington & Richland Counties Free Friday's	29,244	24,858	23,734	20,291	19,750	11,665	11,062	9,419	24,168	12,898
Complimentary & Promotional	16,713	17,007	19,327	22,163	17,103	20,673	5,945	31,089	7,033	6,392
Children Under Two	65,305	63,805	59,445	58,857	53,234	50,490	28,992	34,803	34,626	35,916
Total Other	508,356	479,848	503,019	499,644	525,410	525,555	537,175	718,317	809,994	729,865
Total	956,716	1,015,201	1,000,224	1,029,492	1,039,372	1,053,377	1,028,352	1,280,824	1,389,871	1,287,114

Funding Sustainability

Riverbanks Zoo & Garden operating budget is 79% self-sustaining. A primary objective is to continually find ways to boost revenue streams with creative, interactive, fee-based activities and attractions that add to the guest experience, while keeping the experience affordable. In fiscal year ended June 30, 2018, Riverbanks Zoo & Garden guests made 259,449 revolutions around the carousel, fed 102,258 cups of nectar to the lorikeets, felt the tickle of a giraffe's tongue 128,666 times, saddled up for 48,521 pony rides, enjoyed 145,431 kid's train rides, climbed the rock wall 53,432 times, crossed the scenic Saluda River during 3,165 zip line canopy tours and braved the Sky-High Safari vertical ropes course challenges 42,797 times, in total generating more than \$1.8 million in earned revenue.

Education

Thousands of school-aged children from across the Southeast visit Riverbanks Zoo & Garden each year to participate in the Zoo and Garden's conservation education programs. Our team of highly-skilled formal educators and employees provide an interactive and captivating learning experience through the following programs: Day Camps, Riverbanks on the Road, Family Programs, School Programs, Garden Programs, Scout Programs, Homeschool Programs, Overnights, Zoo Teens, Backstage Tours and up-close encounters. In fiscal year ended June 30, 2018, Riverbanks Zoo & Garden connected with:

- 1,516 children ages 4 to 13 in Zoo Camp;
- 550 family members through 29 Family Programs;
- 1,204 adults during 38 Adult Garden Programs;
- 643 children through 56 Kid Garden Programs;
- 829 children and 785 adults through 99 Early Childhood Programs;
- 1,735 homeschoolers in 35 Homeschool Programs;
- 2,251 adults and kids during 69 Overnights;
- 7,860 participants through 202 Riverbanks on the Road Programs;
- 15,181 K-12 school students during 502 on-site School Programs;
- 603 Scouts through 22 Scout Programs; and
- 32 active Zoo Teens

Signature Events

Each year Riverbanks Zoo & Garden and Riverbanks Society host five signature after-hours events. Lights Before Christmas and Boo at the Zoo are family-friendly events that have become perennial favorites for residents of the Midlands and are hosted by Riverbanks Zoo & Garden. Wine Tasting at Riverbanks Botanical Garden, Brew at the Zoo and Riverbanks ZOOfare are geared toward an adult audience and are the Zoo's major fundraisers hosted by Riverbanks Society. Riverbanks welcomed a combined total of over 95,000 members and guests and generated over \$1,000,000 in gross revenues from these events in the fiscal year ended June 30, 2018.

Conservation & Scientific Advancement

Riverbanks Zoo & Garden is one of 232 accredited institutional members of the Association of Zoos & Aquariums (AZA). The accreditation standards of the AZA are comprehensive, ever-improving and have driven the significant transformation of member zoos and aquariums over the past decades. Integrated research, conservation and conservation education initiatives are required, as accredited zoos and aquariums simultaneously maintain their important role as premier recreational facilities. This transformation began in 1980 when the AZA's Board of Directors designated conservation as the association's number one priority. With conservation as the AZA's stated priority, significant strides were made through the development of collaborative programs designed to support the careful management and conservation of the species under our care in order to ensure that they survive for future generations. More information about the AZA can be found on their website, www.aza.org.

Consistent with the mission to “to create meaningful connections and inspire actions that will have a lasting impact on conservation”, Riverbanks Zoo & Garden is dedicated to the conservation of the earth’s flora and fauna. From delivering high quality conservation education programs and providing superb veterinary support for Species Survival Plans and research programs to administering a wide variety of regional and international conservation efforts. Riverbanks Zoo & Garden staff is continuously and actively involved with conservation. Since its inception, the conservation fund has provided support for 230 projects in 36 countries around the globe, totaling \$860,000 since its inception of the 230 projects, 45 have been in the United States, with 40 of these in the southeastern United States. Of the southeastern projects, 25 have been in South Carolina. In June 2017 the fund was renamed in honor of retiring president & CEO Satch Krantz for his 44 years of service to Riverbanks Zoo & Garden and his passion for saving species. It is now referred to as the Satch Krantz Conservation Fund. All revenue and expenses related to this fund is managed by the Riverbanks Society.

Riverbanks Zoo & Garden staff members are encouraged to participate in local, regional and international conservation efforts that are supported by the Satch Krantz Conservation Fund. Extra weight is given to projects in which staff members are active participants, as well as to those projects that are willing and able to accept a Riverbanks Field Conservation Associate in the field for up to two weeks. The Field Conservation Associates Program offers staff members the opportunity to grow professionally by participating in high quality field conservation and animal management programs around the world.

Riverbanks Zoo & Garden employs a highly experienced and educated animal care and veterinary team as well as two adjunct scientists who work to advance conservation and science initiatives. The Riverbanks Animal Care & Use Committee (RACUC) serves to facilitate use of the animal collection for scientific study in accordance with the United States Department of Agriculture Animal Welfare Act and AZA accreditation standards. To this end, all requests (internal and external) for scholarly research at Riverbanks Zoo & Garden are submitted to and approved by the RACUC.

Community Service

Riverbanks Zoo & Garden gave back to the community through several complimentary admissions programs in fiscal year ended June 30, 2018, representing more than \$500,000 in donated admissions. Riverbanks provided free admissions to the following:

- More than 24,000 residents of Richland and Lexington Counties during Free Fridays
- Over 28,000 Richland and Lexington County school students
- Over 1,000 soldiers in uniform, military graduates and veterans; and
- Over 1,544 guests who donated 4,478 pounds of food for Harvest Hope during Toucan Tuesdays
- Nearly \$10,000 in complimentary admission tickets to 200 local charities and nonprofit organizations.

From river clean ups to conservation in our backyards, Riverbanks Zoo & Garden staff and volunteers participate in a variety of efforts to improve the environment and engage the community. The Zoo partners with South Carolina Department of Natural Resources (SCDNR) to hand rear endangered sea turtle hatchlings. Riverbanks Zoo is also part of a conservation initiative with Savannah River Ecology Lab, SCDNR, the U.S. Fish and Wildlife Service and others to bolster the population of endangered gopher tortoises. In addition, Riverbanks Botanical Garden established and serves on the South Carolina Plant Conservation Alliance, a coalition of 16 partner agencies, universities, organizations and individuals dedicated to preserving our state’s rare and endangered plants.

An Award-Winning Experience

Notable Riverbanks Zoo & Garden accolades from major websites, publications and associations are listed below:

- **Riverbanks Zoo & Garden was voted 5th among 10 best Zoos** – USA Today's 10Best readers' poll
- **Named One of America's Top 10 Zoos** – by TripAdvisor
- **Voted Top 10 Travel Destination for Animal Attractions** – by readers of *Family Fun* magazine
- **Voted Best Place to Take Out-of-Towners** – by readers of FreeTimes
- **Recipient of the Columbia Choice Award** – by Columbia Green and the Columbia Tree & Appearance Commission for new Zoo entrance
- **Recipient of the Quarter Century Award** – by Association of Zoos and Aquariums for 25 years of continuous accreditation
- **Tuskers Restaurant Recognized as 3-Star Certified Green**



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

To the Commissioners of
Richland-Lexington Riverbanks Park District

We have audited, 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, the financial statements of the governmental activities, the discretely presented component unit, and each major fund of the Richland-Lexington Riverbanks Park District (the "*District*") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 15, 2018.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

COMPLIANCE AND OTHER MATTERS

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

PURPOSE OF THIS REPORT

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

The Holte Group, P.A.

Columbia, South Carolina
November 15, 2018