

**CHARLESTON COUNTY
PARK AND RECREATION COMMISSION
(COMPONENT UNIT OF THE
COUNTY OF CHARLESTON)**

FINANCIAL STATEMENTS

JUNE 30, 2016

**CHARLESTON COUNTY PARK AND RECREATION COMMISSION
CHARLESTON, SOUTH CAROLINA**

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**CHARLESTON COUNTY PARK AND RECREATION COMMISSION
CHARLESTON, SOUTH CAROLINA**

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**CHARLESTON COUNTY
PARK AND RECREATION COMMISSION**

LIST OF APPOINTED OFFICIALS

YEAR ENDED JUNE 30, 2016

GOVERNING BODY

Mattese Lecque	Chair
Andrew Thomas	Vice-Chair
Theodore “Teddy” L. Manos	Secretary/Treasurer
Lisa Steed King	Commissioner
Ravi Sanyal	Commissioner
Benjamin W. Cooke	Commissioner
Collin Bruner	Commissioner
Thomas J. O’Rourke	Executive Director



INDEPENDENT AUDITOR'S REPORT

To the Commissioners
Charleston County Park and Recreation Commission
Charleston, South Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Charleston County Park and Recreation Commission (the "Commission") (a component unit of the County of Charleston, South Carolina), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Charleston County Park and Recreation Commission, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (“GASB”) 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.

Management has omitted the management’s discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the GASB 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission’s basic financial statements. The other information, as listed in the table of contents, 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 October 27, 2016 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission’s internal control over financial reporting and compliance.



Greene, Finney & Horton, LLP
Mauldin, South Carolina
October 27, 2016

Basic Financial Statements

CHARLESTON COUNTY PARK AND RECREATION COMMISSION
CHARLESTON, SOUTH CAROLINA

STATEMENT OF NET POSITION

JUNE 30, 2016

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 14,452,985	3,753,012	\$ 18,205,997
Cash and cash equivalents - restricted	14,971,170	-	14,971,170
Taxes receivable, net	20,910,851	-	20,910,851
Other receivables	175,860	259,232	435,092
Prepaid items and deposits	5,126,161	36,500	5,162,661
Inventories	96,565	666,606	763,171
Total Current Assets	55,733,592	4,715,350	60,448,942
Non-Current Assets:			
Non-Depreciable	107,370,088	1,074,443	108,444,531
Depreciable, net	30,416,423	8,241,708	38,658,131
Total Non-Current Assets	137,786,511	9,316,151	147,102,662
TOTAL ASSETS	193,520,103	14,031,501	207,551,604
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension charges	1,207,901	914,038	2,121,939
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,207,901	914,038	2,121,939
LIABILITIES			
Current Liabilities:			
Accounts payable	1,035,110	642,045	1,677,155
Due to Charleston County	122,928	-	122,928
Accrued payroll, related taxes, and employee benefits	607,127	-	607,127
Unearned revenue - rentals and other	31,880	1,145,097	1,176,977
Accrued interest	322,206	-	322,206
Total Current Liabilities	2,119,251	1,787,142	3,906,393
Non-Current Liabilities:			
Due within one year:			
General obligation bonds payable	9,170,000	-	9,170,000
Capital leases	365,203	-	365,203
Compensated absences	343,159	227,546	570,705
Due after one year:			
Net pension liability	11,493,133	8,663,001	20,156,134
General obligation bonds payable	26,022,858	-	26,022,858
Capital leases	276,692	-	276,692
Compensated absences	438,204	425,688	863,892
OPEB liability	111,764	78,606	190,370
Total Non-Current Liabilities	48,221,013	9,394,841	57,615,854
TOTAL LIABILITIES	50,340,264	11,181,983	61,522,247
DEFERRED INFLOWS OF RESOURCES			
Deferred pension credits	20,566	15,480	36,046
Deferred revenue - property taxes	20,339,011	-	20,339,011
TOTAL DEFERRED INFLOWS OF RESOURCES	20,359,577	15,480	20,375,057
NET POSITION			
Net investment in capital assets	104,215,156	9,316,151	113,531,307
Restricted for:			
Debt service	12,131,126	-	12,131,126
Unrestricted	7,681,881	(5,568,075)	2,113,806
TOTAL NET POSITION	\$ 124,028,163	3,748,076	\$ 127,776,239

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

CHARLESTON COUNTY PARK AND RECREATION COMMISSION
 CHARLESTON, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2016

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	Expenses	Charges for Services	Operating	Capital	Governmental Activities	Business-Type Activities	Total Primary Government
			Grants and Contributions				
PRIMARY GOVERNMENT:							
Governmental activities:							
General government	\$ 9,774,092	-	24,861	2,638,833	(7,110,398)	-	\$ (7,110,398)
Park and recreation services	6,795,943	597,308	-	-	(6,198,635)	-	(6,198,635)
Interest and fiscal charges	884,549	-	-	-	(884,549)	-	(884,549)
Total governmental activities	17,454,584	597,308	24,861	2,638,833	(14,193,582)	-	(14,193,582)
Business-type activities:							
Park operations	15,919,932	15,056,903	-	-	-	(863,029)	(863,029)
TOTAL PRIMARY GOVERNMENT	\$ 33,374,516	15,654,211	24,861	2,638,833	(14,193,582)	(863,029)	(15,056,611)
General revenues:							
Taxes:							
Property taxes levied for general purposes					13,893,081	-	13,893,081
Property taxes levied for debt service					4,209,061	-	4,209,061
Intergovernmental					916,257	468,519	1,384,776
Interest					13,870	-	13,870
Miscellaneous revenue					72,942	72,805	145,747
Gain on sale of assets					14,250	-	14,250
Transfers					(25,000)	25,000	-
Total general revenues and transfers					19,094,461	566,324	19,660,785
CHANGE IN NET POSITION					4,900,879	(296,705)	4,604,174
NET POSITION, Beginning of Year					119,127,284	4,044,781	123,172,065
NET POSITION, End of Year					\$ 124,028,163	3,748,076	\$ 127,776,239

The notes to the financial statements are an integral part of this statement.
 See accompanying independent auditor's report.

CHARLESTON COUNTY PARK AND RECREATION COMMISSION
 CHARLESTON, SOUTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2016

	GENERAL FUND	SPECIAL REVENUE
ASSETS		
Cash and cash equivalents	\$ 14,145,320	-
Cash and cash equivalents - restricted	-	-
Taxes receivable	14,765,094	-
Due from other funds	338,387	-
Other receivables	50,669	-
Prepaid items and deposits	5,661	-
Inventories	93,792	-
TOTAL ASSETS	\$ 29,398,923	-
LIABILITIES		
Accounts payable	\$ 663,427	-
Due to Charleston County	64,747	-
Accrued payroll, related taxes, and employee benefits	607,127	-
Unearned revenue - rentals and other	6,880	-
Due to other funds	-	-
TOTAL LIABILITIES	1,342,181	-
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes and other revenues	369,468	-
Deferred revenue - property taxes	14,337,336	-
TOTAL DEFERRED INFLOWS OF RESOURCES	14,706,804	-
FUND BALANCES		
Nonspendable:		
Prepaid items and inventories	99,453	-
Restricted:		
Capital improvement program	-	-
Debt service payments	-	-
Committed:		
Beach renourishment	-	-
Future capital costs - Baker Hospital Site	599,720	-
Future capital costs - Spring Grove Site	-	-
Assigned:		
Capital projects	2,000,000	-
Debris removal	500,000	-
Unassigned	10,150,765	-
TOTAL FUND BALANCES (DEFICIT)	13,349,938	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 29,398,923	-

The notes to the financial statements are an integral part of this statement.
 See accompanying independent auditor's report.

SPECIAL REVENUE PARKLANDS FOUNDATION	CAPITAL PROJECTS	DEBT SERVICE	TOTAL GOVERNMENTAL FUNDS
70,988	236,677	-	\$ 14,452,985
-	2,603,492	12,367,678	14,971,170
-	-	6,145,757	20,910,851
-	-	-	338,387
125,191	-	-	175,860
-	-	-	5,661
2,773	-	-	96,565
198,952	2,840,169	18,513,435	\$ 50,951,479
31,342	340,094	247	\$ 1,035,110
-	-	58,181	122,928
-	-	-	607,127
25,000	-	-	31,880
338,387	-	-	338,387
394,729	340,094	58,428	2,135,432
114,055	-	124,915	608,438
-	-	6,001,675	20,339,011
114,055	-	6,126,590	20,947,449
2,773	-	-	102,226
-	2,263,398	-	2,263,398
-	-	12,328,417	12,328,417
-	161,677	-	161,677
-	-	-	599,720
-	75,000	-	75,000
-	-	-	2,000,000
-	-	-	500,000
(312,605)	-	-	9,838,160
(309,832)	2,500,075	12,328,417	27,868,598
198,952	2,840,169	18,513,435	\$ 50,951,479

**CHARLESTON COUNTY PARK AND RECREATION COMMISSION
CHARLESTON, SOUTH CAROLINA**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET POSITION
OF GOVERNMENTAL ACTIVITIES**

JUNE 30, 2016

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS **\$ 27,868,598**

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

Property taxes and other revenues that will be collected in the future, but are not available soon enough to pay for the current period's expenditures are, therefore, considered unavailable in the governmental funds.	608,438
Prepaid lease expense is not an available financial resource and, therefore, is not reported as an asset in governmental funds.	5,120,500
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.	137,786,511
The Commission's proportionate shares of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to its participation in the State pension plan are not recorded in the governmental funds but are recorded in the Statement of Net Position.	(10,305,798)
The OPEB liability does not require the use of current financial resources, therefore, is not reported as a liability in the governmental funds.	(111,764)
Long-term obligations, including bonds payable and capital leases, are not due or payable in the current period and, therefore, are not reported in the governmental funds.	
Accrued interest	(322,206)
Compensated absences	(781,363)
Capital leases	(641,895)
General obligation bonds payable	(34,170,000)
Bond premiums	(1,022,858)

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES **\$ 124,028,163**

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

**CHARLESTON COUNTY PARK AND RECREATION COMMISSION
CHARLESTON, SOUTH CAROLINA**

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

YEAR ENDED JUNE 30, 2016

	GENERAL FUND	SPECIAL REVENUE
REVENUES		
Taxes	\$ 13,914,955	-
Intergovernmental	689,548	-
Contributions	-	-
Recreational programming	597,085	-
Interest	20	-
Other	72,942	-
TOTAL REVENUES	15,274,550	-
EXPENDITURES		
Current:		
General government:		
Administration	730,830	-
Executive	854,949	-
Financial services	951,032	-
General services	3,928,952	-
Total general government	6,465,763	-
Park and recreation services	6,463,236	-
Capital outlay	124,123	-
Debt service:		
Principal	-	-
Interest and fiscal charges	-	-
Payment to current refunding debt escrow agent	-	-
TOTAL EXPENDITURES	13,053,122	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,221,428	-
OTHER FINANCING SOURCES (USES)		
Bond proceeds	-	-
Proceeds from sale of capital assets	1,147,478	-
Transfers In	3,675	-
Transfers Out	-	(335)
TOTAL OTHER FINANCING SOURCES (USES)	1,151,153	(335)
NET CHANGES IN FUND BALANCES	3,372,581	(335)
FUND BALANCES, Beginning of Year	9,977,357	335
FUND BALANCES, End of Year	\$ 13,349,938	-

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

SPECIAL REVENUE PARKLANDS FOUNDATION	CAPITAL PROJECTS	DEBT SERVICE	TOTAL GOVERNMENTAL FUNDS
-	-	4,221,887	\$ 18,136,842
-	2,396,833	226,709	3,313,090
51,481	242,000	-	293,481
223	-	-	597,308
11,136	2,705	9	13,870
-	-	-	72,942
62,840	2,641,538	4,448,605	22,427,533
7,082	-	2,500	740,412
-	-	-	854,949
-	-	-	951,032
-	-	-	3,928,952
7,082	-	2,500	6,475,345
-	-	-	6,463,236
-	6,224,412	-	6,348,535
-	-	3,423,105	3,423,105
-	-	1,028,182	1,028,182
-	-	2,835,372	2,835,372
7,082	6,224,412	7,289,159	26,573,775
55,758	(3,582,874)	(2,840,554)	(4,146,242)
-	6,000,000	2,835,000	8,835,000
-	-	-	1,147,478
-	-	-	3,675
(28,340)	-	-	(28,675)
(28,340)	6,000,000	2,835,000	9,957,478
27,418	2,417,126	(5,554)	5,811,236
(337,250)	82,949	12,333,971	22,057,362
(309,832)	2,500,075	12,328,417	\$ 27,868,598

**CHARLESTON COUNTY PARK AND RECREATION COMMISSION
CHARLESTON, SOUTH CAROLINA**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2016

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ 5,811,236
Amounts reported for the governmental activities in the Statement of Activities are different because of the following:	
Property taxes and other revenues that will be collected in the future, but are not available soon enough to pay for the current period's expenditures are, therefore, considered unavailable in the governmental funds.	(61,320)
Bond principal payments and capital lease payments are expenditures in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position.	3,423,105
Payment to refunding debt escrow agent is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the Statement of Net Position.	2,835,372
Proceeds from the issuance of debt provide current resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. This amount represents lease proceeds received in the current year.	(8,835,000)
Lease expense is reported in the governmental funds when it is due and payable and thus requires the use of current financial resources. In the Statement of Activities, however, lease expense is amortized on a straight-line basis over the lease term, regardless of when it is due and payable. This adjustment relates to the change in prepaid lease expense from the prior year.	(266,000)
Interest on long-term obligations in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and payable and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due and payable. This adjustment relates to the change in accrued interest from the prior year as well as the interest expensed as a result of the refunding.	32,001
Bond premiums are other financing sources and uses in the year they are received in governmental funds, but are amortized over the lives of the bonds in the Statement of Activities. This amount represents the amortization expense in the current year that is included in interest and fiscal charges.	111,632
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. This amount represents the change in compensated absences from the prior year.	(24,105)
The Commission's OPEB liability resulting from the unfunded annual required contribution to the OPEB Plan is not reported as an asset/liability in the governmental funds. Payments made to fund the OPEB Plan are recorded as expenditures in the governmental funds, but increase the asset or reduce the liability in the Statement of Net Position. This amount represents the change in the liability from the prior year.	(116,533)
Changes in the Commission's proportionate share of the net pension liability, deferred outflows of resources, and deferred inflows of resources for the current year are not reported in the governmental funds but are reported in the Statement of Activities.	(420,492)
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets that are considered capital asset additions are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital asset additions of \$6,099,701 exceeded depreciation expense of \$2,555,490 and net disposals of \$1,133,228.	2,410,983
TOTAL CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 4,900,879

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

**CHARLESTON COUNTY PARK AND RECREATION COMMISSION
CHARLESTON, SOUTH CAROLINA**

STATEMENT OF NET POSITION - PROPRIETARY FUND - ENTERPRISE FUND

JUNE 30, 2016

	ENTERPRISE FUND
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 3,753,012
Accounts receivable	259,232
Prepaid items and deposits	36,500
Inventories	666,606
Total Current Assets	<u>4,715,350</u>
Non-Current Assets:	
Nondepreciable capital assets	1,074,443
Depreciable capital assets, net	8,241,708
Total Non-Current Assets	<u>9,316,151</u>
TOTAL ASSETS	<u>14,031,501</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred pension charges	914,038
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>914,038</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	642,045
Unearned revenue - rentals and other	1,145,097
Accrued compensated absences, current portion	227,546
Total Current Liabilities	<u>2,014,688</u>
Non-Current Liabilities:	
Net pension liability	8,663,001
Accrued compensated absences, less current portion	425,688
OPEB liability	78,606
Total Non-Current Liabilities	<u>9,167,295</u>
TOTAL LIABILITIES	<u>11,181,983</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred pension credits	15,480
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>15,480</u>
NET POSITION	
Net investment in capital assets	9,316,151
Unrestricted	(5,568,075)
TOTAL NET POSITION	<u><u>\$ 3,748,076</u></u>

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

**CHARLESTON COUNTY PARK AND RECREATION COMMISSION
CHARLESTON, SOUTH CAROLINA**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUND -
ENTERPRISE FUND**

YEAR ENDED JUNE 30, 2016

	ENTERPRISE FUND
OPERATING REVENUE	
Net sales revenue	\$ 4,136,903
Cost of goods sold	(2,042,234)
GROSS MARGIN	2,094,669
OTHER OPERATING REVENUE	
Admissions and program revenue	7,352,299
Facility and fleet rentals	3,485,155
Miscellaneous revenue	82,546
TOTAL OTHER OPERATING REVENUE	10,920,000
OPERATING EXPENSE	
Personnel services	8,585,386
Nonpersonnel services	4,350,427
OPEB expense (contra-expense)	76,264
Depreciation	841,267
TOTAL OPERATING EXPENSE	13,853,344
OPERATING INCOME (LOSS)	(838,675)
NON-OPERATING REVENUE (EXPENSE)	
Intergovernmental	468,519
Other income	72,805
Gain (loss) on disposal of equipment	(24,354)
TOTAL NON-OPERATING REVENUE (EXPENSES)	516,970
INCOME (LOSS) BEFORE TRANSFERS	(321,705)
Transfers in	25,000
CHANGE IN NET POSITION	(296,705)
NET POSITION, Beginning of Year	4,044,781
NET POSITION, End of Year	\$ 3,748,076

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

**CHARLESTON COUNTY PARK AND RECREATION COMMISSION
CHARLESTON, SOUTH CAROLINA**

STATEMENT OF CASH FLOWS - PROPRIETARY FUND - ENTERPRISE FUND

YEAR ENDED JUNE 30, 2016

	ENTERPRISE FUND
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 15,307,380
Cash payments to suppliers for goods and services	(6,400,532)
Cash payments to employees for services	(8,506,538)
Other operating cash receipts	82,546
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>482,856</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Cash received from other sources	371,149
Transfers from other funds	25,000
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	<u>396,149</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	(236,026)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(236,026)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	642,979
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>3,110,033</u>
CASH AND CASH EQUIVALENTS, End of Year	\$ 3,753,012
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities:	
Operating Loss	\$ (838,675)
Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities:	
Depreciation expense	841,267
Non-cash pension expense	57,477
Change Due to (Increase) Decrease in Operating Assets:	
Receivables	249,534
Prepaid items and deposits	(36,260)
Inventory	48,503
Change Due to Increase (Decrease) in Operating Liabilities:	
Accounts payable	(20,114)
Compensated absences	21,371
Unearned revenue	83,489
OPEB liability	76,264
Net Cash Provided by Operating Activities	<u>\$ 482,856</u>

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

**CHARLESTON COUNTY PARK AND RECREATION COMMISSION
CHARLESTON, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Charleston County Park and Recreation Commission (the "Commission") have been prepared in conformity with generally accepted accounting principles ("GAAP") in the United States of America as applied to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity

The Charleston County Park and Recreation Commission was organized under the provisions of the General Assembly Act 1595 on August 3, 1972. The Commission operates under a commission form of government with power to acquire or lease lands to establish and operate county parks, and to provide recreational activities in Charleston County, South Carolina. The funding source is primarily property taxes assessed and collected by Charleston County on behalf of the Commission.

The County of Charleston, South Carolina (the "County") has budgetary authority over the Commission. In addition, the County has authority over any general obligation bond issuances for the Commission. As a result, the Commission is reported as a discretely presented component unit of the County.

As required by GAAP, the financial statements must present the Commission's financial information with any of its component units. The primary criterion for determining inclusion or exclusion of a legally separate entity (component unit) is financial accountability, which is presumed to exist if the Commission both appoints a voting majority of the entity's governing body, and either 1) the Commission is able to impose its will on the entity or, 2) there is a potential for the entity to provide specific financial benefits to, or impose specific financial burdens on the Commission. If either or both of the foregoing conditions are not met, the entity could still be considered a component unit if it is fiscally dependent on the Commission and there is a potential that the entity could either provide specific financial benefits to, or to impose specific financial burdens on the Commission.

In order to be considered fiscally independent, an entity must have the authority to do all of the following: (a) determine its budget without the Commission having the authority to approve or modify that budget; (b) levy taxes or set rates or charges without approval by the Commission; and (c) issue bonded debt without approval by the Commission. An entity has a financial benefit or burden relationship with the Commission if, for example, any one of the following conditions exists: (a) the Commission is legally entitled to or can otherwise access the entity's resources, (b) the Commission is legally obligated or has otherwise assumed the obligation to finance the deficits or, or provide financial support to, the entity, or (c) the Commission is obligated in some manner for the debt of the entity. Finally, an entity could be a component unit even if it met all the conditions described above for being fiscally independent if excluding it would cause the Commission's financial statements to be misleading.

Blended component units, although legally separate entities, are in substance, part of the government's operations and data from these units are combined with data of the primary government in the fund financial statements. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the Commission. Based on the criteria above, the Commission has one blended component unit and no discretely presented component units; however, the Commission is a discretely presented component unit of Charleston County.

The Commission established the Parklands Foundation in May 1990. The Parklands Foundation, a blended component unit, is a not-for-profit 501(c)(3) organization created to identify, develop and sustain projects that actively encourage people to experience Charleston County park system's facilities, programs and services for the benefit of living a healthier and safer lifestyle. Because the Parklands Foundation is so closely related to the Commission, it is, in effect, the same as the primary government. The Parklands Foundation's financial information is presented in individual columns throughout the financial statements. Separate financial statements for the Parklands Foundation are not issued. The Parklands Foundation financial information is reported as a major fund in separate columns throughout the financial statements.

CHARLESTON COUNTY PARK AND RECREATION COMMISSION
CHARLESTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting, and Basis of Presentation

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the Commission. The effect of interfund activity has been removed 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 Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Commission.

The **government-wide financial statements** are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the Proprietary Fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Non-exchange transactions, in which the Commission gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, and donations. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

The government-wide financial statements are prepared using a different measurement focus from the manner in which governmental fund financial statements are prepared (see further detail below). Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Governmental **fund financial statements** are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes, intergovernmental revenues, and interest associated with the current fiscal period are all considered to be measurable and susceptible to accrual and so have been recognized as revenues of the current fiscal period. For this purpose, the government considers all governmental fund revenues to be available if they are collected within sixty (60) days of the end of the current fiscal period with the exception of grant revenues, which are considered to be available if they are collected within one year after the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payments are due and payable. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under lease purchase are reported as other financing sources.

Fund financial statements report detailed information about the Commission. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. The Commission has no non-major funds.

The accounts of the government are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used as an aid to management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. The following major funds and fund types are used by the Commission:

CHARLESTON COUNTY PARK AND RECREATION COMMISSION
CHARLESTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

Governmental fund types are those through which most governmental functions of the Commission are financed. The Commission's expendable financial resources and related assets and liabilities (except for those accounted for in the proprietary funds) are accounted for through governmental funds.

The Commission reports the following major governmental funds:

General Fund. This is the Commission's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Special Revenue Fund. This fund accounts for revenue derived from specific sources (other than expendable trusts or major capital projects) restricted or committed to finance specific functions of the Commission.

Special Revenue Parklands Foundation Fund. This fund is used to account for and report the financial resources received that are restricted for use by the Parklands Foundation, a blended component unit, as discussed previously. These resources primarily consist of donations from private sources.

Capital Projects Fund. This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Debt Service Fund. This fund is used to account for the property taxes levied for the payment of principal, interest and fees relating to bonds and capital leases.

Proprietary fund types are accounted for based on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Proprietary funds are made up of two classes: enterprise funds and internal service funds. The Commission does not have any internal service funds and has one enterprise fund.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of enterprise funds are charges for services and fees. Operating expenses for enterprise funds include the expense for providing goods and services, administrative expenses, maintenance, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating items. Proprietary fund types include the following fund:

Enterprise Fund. This fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises — where the intent of the governing body is that the costs (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Enterprise Fund accounts for the operation, maintenance, and development of various park facilities.

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

**CHARLESTON COUNTY PARK AND RECREATION COMMISSION
CHARLESTON, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Budget and Budgetary Accounting

The annual General Fund budget is adopted on a basis consistent with GAAP. The Special Revenue and Capital Projects Funds are budgeted over the life of the grant or project. Formal budgetary policies are not employed for the Debt Service Fund because effective budgetary control is alternatively achieved through general obligation bond indenture provisions and the base lease agreements governing capital leases.

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

1. The Commission receives the Executive Director's recommended budget for the next fiscal year at its January meeting. Commission approval of the budget is required at the February meeting.
2. In early April, the Commission submits to the Charleston County Council a proposed budget for all funds for the fiscal year commencing the following July 1. This budget includes proposed expenditures and the means of financing them. The General Fund and Debt Service Fund are under Charleston County Council's budgetary authority. Charleston County Council approves the tax levy for these funds. Other funds are submitted for informational purposes.
3. Prior to July 1, the budget is legally enacted by the passage of a budget ordinance. The ordinance has three readings and one public hearing held in Council Chamber.
4. The Executive Director is authorized to transfer budgeted amounts between line items within a division and transfer between divisions; however, no revisions that alter the total expenditures of any fund are allowed.
5. Formal budgeting integration is employed as a management control device during the year for the General Fund. No formally adopted budget is prepared for the Special Revenue Fund, Special Revenue Parklands Foundation Fund, Debt Service Fund, Capital Projects Fund or Enterprise Fund.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity

Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits, petty cash and short-term investments with a maturity date within three months of the date acquired. For purposes of the Proprietary Fund's Statement of Cash Flows, all short-term highly liquid investments, including restricted assets, if applicable, with a maturity date within three months of the date acquired are considered cash equivalents. Restricted cash in the amount of \$14,971,170, relates to bond and lease proceeds restricted for construction projects and capital acquisitions detailed in the lease documents and debt service property tax collections restricted for debt service payments.

Investments

The Commission's investment policy is designed to operate within existing statutes (which are identical for all funds, fund types, and component units within the State of South Carolina) that authorize the Commission to invest in the following:

- (a) Obligations of the United States and its agencies, the principal and interest of which is fully guaranteed by the United States.

CHARLESTON COUNTY PARK AND RECREATION COMMISSION
CHARLESTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

Investments (Continued)

- (b) Obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, the Bank of Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, and the Farmers Home Administration, if, at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
- (c) (i) General obligations of the State of South Carolina or any of its political units; or (ii) revenue obligations of the State of South Carolina or its political units, if at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
- (d) Savings and Loan Associations to the extent that the same are insured by an agency of the federal government.
- (e) Certificates of deposit where the certificates are collaterally secured by securities of the type described in (a) and (b) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government.
- (f) Repurchase agreements when collateralized by securities as set forth in this section.
- (g) No load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit, political subdivision, or county treasurer if the particular portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in items (a), (b), (c), and (f) of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

In addition, South Carolina state statutes authorize the Commission to invest in South Carolina Local Government Investment Pool. This South Carolina Local Government Investment Pool ("the Pool") is duly chartered and administered by the State Treasurer's Office and the portfolio normally consists of investments in the U.S. Government and Agencies which carry a guarantee of the full faith and credit of the Federal Government. All investments are made in accordance with state statutes.

The Pool is a 2a 7 - like pool which is not registered with the Securities and Exchange Commission (SEC) as an investment company, but has a policy that it will operate in a manner consistent with the SEC's Rule 2a 7 of the Investment Company Act of 1940. In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments are carried at fair value determined annually based upon quoted market prices. The total fair value of the Pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of \$1.00.

The Commission's cash investment objectives are preservation of capital, liquidity, and yield. The Commission reports its cash and investments at fair value which is normally determined by quoted market prices. The Commission's only investments in the past year were with the South Carolina Local Government Investment Pool.

CHARLESTON COUNTY PARK AND RECREATION COMMISSION
CHARLESTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

Receivables and Payables

During the course of its operations, the Commission has numerous transactions occurring between funds. These transactions include expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers. To the extent that certain transactions between funds had not been paid or received as of the year-end, balances of interfund amounts or payables have been recorded.

All trade and property tax receivables are shown net of an allowance for uncollectibles (if any).

Inventories and Prepaid Items

Inventories and prepaid items in the governmental funds are reported under the consumption method (if material) as they are recorded as expenditures as they are used (consumed). Inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories and prepaid items in the governmental funds are offset by non-spendable fund balance to reflect that portion of fund balance that is not spendable in form.

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at acquisition value (estimated by the Commission) at the date of donation. General infrastructure assets consist of park development, road network and utilities assets and are reported at estimated historical cost. The Commission capitalizes capital acquisitions having a useful life greater than one year and a value of \$5,000 or more. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Interest incurred during the construction of Proprietary Fund capital assets is also capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Land improvements	40
Buildings and structures	10 - 40
Machinery and equipment	5 - 10
Vehicles	5 - 10
Utilities and infrastructure	7 - 40

Compensated Absences

It is the Commission's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. The employee may receive the balance of their accumulated vacation pay upon separation from the Commission. The Commission records a liability for this balance. There is no liability for unpaid accumulated sick leave since the Commission does not have a policy to pay any amounts when employees separate from service with the Commission.

The Commission reports compensated absences in accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. The entire compensated absence liability and expense are reported in the government-wide financial statements. The portion of the liability that is applicable to the Commission's enterprise fund is also reported in the Commission's Enterprise Fund. The governmental funds will also recognize compensated absences for terminations and retirements (matured liabilities) that occurred prior to year-end that are expected to be paid within a short time subsequent to year end, if they are material.

CHARLESTON COUNTY PARK AND RECREATION COMMISSION
CHARLESTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position and the Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Commission currently has one type of deferred outflows of resources. The Commission reports *deferred pension charges* in its Statements of Net Position in connection with its participation in the South Carolina Retirement System. These *deferred pension charges* are either (a) recognized in the subsequent period as a reduction of the net pension liability (which includes pension contributions made after the measurement date) or (b) amortized in a systematic and rational method as pension expense in future periods in accordance with GAAP.

In addition to liabilities, the Statement of Net Position and the Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Commission currently has three types of deferred inflows of resources: (1) The Commission reports *unavailable revenue – property taxes and other revenues* only in the governmental funds Balance Sheet; it is deferred and recognized as an inflow of resources (property tax revenues and other revenues, as applicable) in the period the amounts become available. (2) The Commission reports *deferred revenue – property taxes* in its Statement of Net Position and governmental funds Balance Sheet; it is deferred and recognized as an inflow of resources (property tax revenues) in the period the amounts are earned. (3) The Commission also reports *deferred pension credits* in its Statement of Net Position in connection with its participation in the South Carolina Retirement System. These *deferred pension credits* are amortized in a systematic and rational method and recognized as a reduction of pension expense in future periods in accordance with GAAP.

Fund Balance

The Commission implemented GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions* (“GASB #54”) during the year ended June 30, 2011. The objective of GASB #54 was to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and clarifying the existing governmental fund type definitions. GASB #54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in the governmental funds. The Commission classifies governmental fund balances as follows:

Nonspendable – includes amounts that inherently cannot be spent either because it is not in spendable form (i.e. prepaids, inventories, etc.) or because of legal or contractual requirements (i.e. principal on an endowment, etc.).

Restricted – includes amounts that are constrained by specific purposes which are externally imposed by (a) other governments through laws and regulations, (b) grantors or contributions through agreements, (c) creditors through debt covenants or other contracts, or (d) imposed by law through constitutional provisions or enabling legislation.

Committed – includes amounts that are constrained for specific purposes that are internally imposed by the government through formal action made by the highest level of decision making authority (the Commission) before the end of the reporting period. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. Committed amounts for the Commission consist of amounts passed and approved by resolution by the Commission.

CHARLESTON COUNTY PARK AND RECREATION COMMISSION
CHARLESTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

Fund Balance (Continued)

Assigned – includes amounts that are intended to be used for specific purposes that are neither considered restricted or committed and that such assignments are made before the report issuance date. The Commission has granted management the authority to assign fund balance to be used for specific purposes.

Unassigned – includes amounts that do not qualify to be accounted for and reported in any of the other fund balance categories. This classification represents the amount of fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts of restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

The Commission generally requires restricted amounts to be spent first when both restricted and unrestricted (committed, assigned, and unassigned) fund balance is available unless there are legal documents, contracts, or agreements that prohibit doing such. Additionally, the Commission generally would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in the Statement of Net Position. Net position is classified as net investment in capital assets; restricted; and unrestricted. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Outstanding debt which has not been spent is included in the same net position component as the unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditures are recorded to reflect the use of the applicable spending appropriations, is used by the governmental funds during the year to control expenditures. Encumbrances do not constitute expenditures or liabilities. For budget purposes encumbrances and unused expenditure appropriations lapse at year end.

**CHARLESTON COUNTY PARK AND RECREATION COMMISSION
CHARLESTON, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

Pensions

In government-wide financial statements, pensions are required to be recognized and disclosed using the accrual basis of accounting (see Note 10 and the required supplementary information immediately following the notes to the financial statements for more information), regardless of the amount recognized as pension expenditures on the modified accrual basis of accounting. The Commission recognizes a net pension liability for the qualified pension plan in which it participates, which represents the excess of the total pension liability over the fiduciary net position of the qualified pension plan, or the Commission's proportionate share thereof in the case of a cost-sharing multiple-employer plan, measured as of the Commission's fiscal year-end. Changes in the net pension liability during the period are recorded as pension expense, or as deferred outflows or inflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred outflows or inflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred outflows or inflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

Fair Value

The fair value measurement and disclosure framework provides for a three-tier fair value hierarchy that gives highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Commission can access at the measurement date.
- Level 2 – Inputs to the valuation methodology, other than quoted prices included in Level 1 that are observable for an asset or liability either directly or indirectly and include:
 - Quoted prices for similar assets and liabilities in active markets.
 - Quoted prices for identical or similar assets or liabilities in inactive markets.
 - Inputs other than quoted market prices that are observable for the asset or liability.
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 – Inputs to the valuation methodology that are unobservable for an asset or liability and include:
 - Fair value is often based on developed models in which there are few, if any, observable inputs.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of future net realizable values or reflective of future fair values. The Commission believes that the valuation methods used are appropriate and consistent with GAAP. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no significant changes from the prior year in the methodologies used to measure fair value.

**CHARLESTON COUNTY PARK AND RECREATION COMMISSION
CHARLESTON, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

Other Post-Employment Benefits

Other Post-Employment Benefits (“OPEB”) cost for retiree healthcare and similar, non-pension retiree benefits, is required to be measured and disclosed using the accrual basis of accounting (see Note 11 and the required supplementary information immediately following the notes to the financial statements for more information), regardless of the amount recognized as OPEB expense on the modified accrual basis of accounting. Annual OPEB cost is equal to the annual required contributions to the OPEB Plan, calculated in accordance with GAAP.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and deferred outflows of resources and liabilities and deferred inflows of resources and disclosure of these balances as of the date of the financial statements. In addition, they affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates and assumptions.

NOTE 2. DEPOSITS AND INVESTMENTS

Deposits

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Commission’s deposits may not be recovered. The Commission does not have a policy for custodial credit risk, but follows the investment policy statutes of the State of South Carolina. As of June 30, 2016 the Commission’s total bank balance was \$33,127,835, with a carrying amount of \$33,015,490. The entire amount was insured under FDIC or collateralized by government investments held by the pledging financial institution’s trust department or agent in the Commission’s name.

Investments

As of June 30, 2016, the Commission had the following investments:

Investment Type	Fair Value Level ⁽¹⁾	Credit Rating [^]	Fair Value	Investment Maturities in Years			
				< 1 yr	1 - 3 yrs	3 - 5 yrs	> 5 yrs
SCLGIP	N/A ⁽²⁾	NR, NR	\$ 161,677	161,677	-	-	\$ -
Total			\$ 161,677	161,677	-	-	\$ -

[^] If available, credit ratings are for Standard & Poor’s and Moody’s Investors Service.

⁽¹⁾ See Note I.D. for details of the Commission’s fair value hierarchy.

⁽²⁾ Investments that have a net asset value are not subject to the fair value hierarchy.

NR – Not rated.

N/A - Not Applicable.

CHARLESTON COUNTY PARK AND RECREATION COMMISSION
CHARLESTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (Continued)

A reconciliation of cash as shown on the Statement of Net Position follows:

<u>Financial Statements</u>	
Statement of Net Position:	
Cash and Cash Equivalents	\$ 18,205,997
Cash and Cash Equivalents - Restricted	<u>14,971,170</u>
Total	<u><u>\$ 33,177,167</u></u>

<u>Notes to the Financial Statements</u>	
Deposits	\$ 33,015,490
Investments	<u>161,677</u>
Total	<u><u>\$ 33,177,167</u></u>

Interest Rate Risk

The Commission does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Commission does not currently have a formal investment policy that limits its exposure to credit risk for investments.

Concentration of Credit Risk

The Commission does not currently have a formal investment policy that limits the amount the Commission may invest in any one issuer.

Custodial Credit Risk – Investments

Custodial credit risk for investments is the risk that, in the event of a bank failure, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Commission does not currently have an investment policy related to custodial credit risk for investments.

NOTE 3. RECEIVABLES

The Enterprise Fund accounts receivable includes gross receivables of \$435,898 offset by an allowance of \$176,666.

**CHARLESTON COUNTY PARK AND RECREATION COMMISSION
CHARLESTON, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

NOTE 3. RECEIVABLES (CONTINUED)

Taxes receivable consists of unpaid property taxes from the Charleston County Treasurer’s office for the following years, less allowances for estimated uncollectible taxes as follows:

Tax Years	June 30, 2016	
	General Fund	Debt Service Fund
2016	\$ 14,923,843	\$ 6,247,190
2015	236,605	79,696
2014	85,838	28,913
2013	62,136	20,929
2012	46,686	15,725
Prior to 2012	71,980	24,245
Total taxes receivable	15,427,088	6,416,698
Less allowance for uncollectible taxes	(661,994)	(270,941)
Taxes receivable, net	<u>\$ 14,765,094</u>	<u>\$ 6,145,757</u>

The County bills and collects property taxes for itself and all other taxing entities within the County. The Commission recognizes property taxes in the period in which they are levied and available for financing current expenditures. Property taxes receivable represent delinquent real and personal taxes for the past ten years, plus the current year levy as discussed below, less an allowance for amounts estimated to be uncollectible.

Taxes on real property and certain personal property attach as an enforceable lien on the property as of January 1. Taxes are generally levied and billed the following September on all property other than vehicles and are payable without penalty until January 15 of the following year. Penalties are assessed on unpaid taxes on the following dates: January 16 - three percent, February 1 - an additional seven percent, March 16 - an additional five percent plus collection cost. If not paid by March 15, the property is subject to sale by the delinquent tax office. Taxes on licensed motor vehicles are levied during the month when the taxpayer's license registration is up for renewal. The taxpayer must provide proof of payment to the South Carolina Department of Transportation before that agency will renew the taxpayer’s vehicle license.

The Commission is given an appropriation for property taxes by the County at the beginning of each fiscal year. In the event that collections for the Commission are less than the appropriation, state law mandates that the deficiency be made up through subsequent years’ collections. However, any collections on behalf of the Commission that exceed the appropriation may be held in escrow by the County to cover any future shortfalls of collections. The County has not established such an escrow account.

NOTE 4. BALANCES DUE TO/FROM OTHER FUNDS

Balances due to/from other funds at June 30, 2016 are as follows:

Fund	Receivables	Payables
General Fund	\$ 338,387	\$ -
Special Revenue Parklands Foundation Fund	-	338,387
Total	<u>\$ 338,387</u>	<u>\$ 338,387</u>

The General Fund receivable and Special Revenue Parklands Foundation Fund payable are primarily the result of the General Fund financing expenditures for the Special Revenue Parklands Foundation Fund. This receivable is expected to be repaid as revenues are received by the Special Revenue Parklands Foundation Fund, which has agreed to designate 10 percent of all donations and non-grant related revenues to repay the Commission’s administration costs including operating expenses and the interfund payable. This repayment plan was approved by the Commission at the August 17, 2015 Commissioners meeting.

**CHARLESTON COUNTY PARK AND RECREATION COMMISSION
CHARLESTON, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

NOTE 5. INTERFUND TRANSFERS

A summary of transfers for the year ended June 30, 2016 is as follows:

Fund	Transfer In	Transfer Out
General Fund	\$ 3,675	\$ -
Special Revenue Fund	-	335
Special Revenue Parklands Foundation Fund	-	28,340
Enterprise Fund	25,000	-
Total	<u>\$ 28,675</u>	<u>\$ 28,675</u>

Transfers are used to move unrestricted revenue collected in the General Fund or Special Revenue Funds to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital Assets, Non-Depreciable:					
Land	\$ 101,784,583	2,738,614	1,081,720	-	\$ 103,441,477
Construction in progress	1,452,782	2,483,310	7,481	-	3,928,611
Total Capital Assets, Non-Depreciable	<u>103,237,365</u>	<u>5,221,924</u>	<u>1,089,201</u>	<u>-</u>	<u>107,370,088</u>
Capital Assets, Depreciable:					
Land improvements	17,405,858	62,475	13,678	213,907	17,668,562
Buildings and structures	34,392,490	299,117	322,058	(575,537)	33,794,012
Machinery and equipment	4,614,888	91,513	813,149	366,322	4,259,574
Utilities and infrastructure	5,329,623	163,223	543,878	61,201	5,010,169
Vehicles	2,410,255	261,449	59,962	(65,893)	2,545,849
Total Capital Assets, Depreciable	<u>64,153,114</u>	<u>877,777</u>	<u>1,752,725</u>	<u>-</u>	<u>63,278,166</u>
Less: Accumulated Depreciation for:					
Land improvements	6,848,733	680,394	12,209	171,817	7,688,735
Buildings and structures	17,366,498	1,142,449	301,004	(360,319)	17,847,624
Machinery and equipment	3,374,859	337,359	791,886	217,145	3,137,477
Utilities and infrastructure	2,783,433	139,993	543,637	17,747	2,397,536
Vehicles	1,641,428	255,295	59,962	(46,390)	1,790,371
Total Accumulated Depreciation	<u>32,014,951</u>	<u>2,555,490</u>	<u>1,708,698</u>	<u>-</u>	<u>32,861,743</u>
Total Capital Assets, Depreciable, Net	32,138,163	(1,677,713)	44,027	-	30,416,423
Total Governmental Activities Capital Assets, Net	<u>\$ 135,375,528</u>	<u>3,544,211</u>	<u>1,133,228</u>	<u>-</u>	<u>\$ 137,786,511</u>

**CHARLESTON COUNTY PARK AND RECREATION COMMISSION
CHARLESTON, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

NOTE 6. CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type Activities:					
Capital Assets, Non Depreciable:					
Land	\$ 1,074,443	-	-	-	\$ 1,074,443
Total Capital Assets, Non Depreciable	<u>1,074,443</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,074,443</u>
Capital Assets, Depreciable:					
Land improvements	6,074,370	-	4,742	46,265	6,115,893
Buildings and structures	14,754,741	-	21,435	(46,265)	14,687,041
Machinery and equipment	342,708	236,026	201,016	-	377,718
Utilities and infrastructure	135,721	-	35,000	-	100,721
Vehicles	109,721	-	-	-	109,721
Total Capital Assets, Depreciable	<u>21,417,261</u>	<u>236,026</u>	<u>262,193</u>	<u>-</u>	<u>21,391,094</u>
Less: Accumulated Depreciation for:					
Land improvements	2,141,756	154,054	4,742	31,123	2,322,191
Buildings and structures	9,997,474	652,963	21,435	(31,123)	10,597,879
Machinery and equipment	335,430	19,736	201,016	-	154,150
Utilities and infrastructure	47,914	2,518	10,646	-	39,786
Vehicles	23,384	11,996	-	-	35,380
Total Accumulated Depreciation	<u>12,545,958</u>	<u>841,267</u>	<u>237,839</u>	<u>-</u>	<u>13,149,386</u>
Total Capital Assets, Depreciable, Net	8,871,303	(605,241)	24,354	-	8,241,708
Total Business-type Activities Capital Assets, Net	<u>\$ 9,945,746</u>	<u>(605,241)</u>	<u>24,354</u>	<u>-</u>	<u>\$ 9,316,151</u>

As of June 30, 2016, the Commission has assets under outstanding capital leases with a total cost of \$456,759 and a net book value of \$396,444. These assets are included in the vehicles and machinery and equipment categories above. See Note 7 for more information regarding capital leases.

As discussed in Note 1, interest incurred during the construction of proprietary fund capital assets is also capitalized, if applicable. No interest was capitalized during the current fiscal year.

Depreciation expense was charged to functions as follows:

Functions/Programs	Amount
Governmental Activities:	
General government	<u>\$ 2,555,490</u>
Business-type Activities:	
Park operations	<u>\$ 841,267</u>

**CHARLESTON COUNTY PARK AND RECREATION COMMISSION
CHARLESTON, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

NOTE 7. LONG-TERM OBLIGATIONS

All long-term debt issued for governmental purposes of the Commission is retired from the Debt Service Fund. If applicable, self-supporting, special assessment bonds with governmental commitments are retired from the Debt Service Fund. General obligation bonds and notes are secured by the full faith, credit and taxing power of the Commission. Resources from the General Fund will be used to liquidate the compensated absences accrual for the governmental activities. Resources from the Enterprise Fund will be used to liquidate the compensated absences accrual for the business-type activities.

The following is a summary of long-term obligation transactions for the Commission for the year ended June 30, 2016.

Long-Term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General obligation bonds	\$ 31,210,000	8,835,000	5,875,000	34,170,000	\$ 9,170,000
Plus: issuance premium	1,134,490	-	111,632	1,022,858	-
Total general obligation bonds	<u>32,344,490</u>	<u>8,835,000</u>	<u>5,986,632</u>	<u>35,192,858</u>	<u>9,170,000</u>
Capital leases	1,000,000	-	358,105	641,895	365,203
Compensated absences	757,258	356,678	332,573	781,363	343,159
Total Governmental Activities	<u>\$ 34,101,748</u>	<u>9,191,678</u>	<u>6,677,310</u>	<u>36,616,116</u>	<u>\$ 9,878,362</u>
Business-type Activities:					
Compensated absences	\$ 631,863	241,472	220,101	653,234	\$ 227,546
Total Business-type Activities	<u>\$ 631,863</u>	<u>241,472</u>	<u>220,101</u>	<u>653,234</u>	<u>\$ 227,546</u>

General obligation bonds consist of:

	Principal Outstanding at Year End
2011 General Obligation Bonds in original amount of \$12,500,000, due in annual installments of \$500,000 to \$2,500,000 from February 1, 2013 through February 1, 2021; interest ranges from 2.00% to 3.00%.	\$ 9,250,000
2013 General Obligation Bonds in original amount of \$17,500,000, due in annual installments of \$25,000 to \$1,825,000 from February 1, 2014 through February 1, 2028; interest ranges from 2.00% to 4.00%.	16,085,000
2015 General Obligation Bonds in original amount of \$6,000,000, due in one annual installment of \$6,000,000 on August 1, 2016; interest rate of 0.65%.	6,000,000
2016 General Obligation Refunding Bonds in original amount of \$2,835,000, due in annual installments of \$540,000 to \$605,000 from February 1, 2017 through February 1, 2021; interest rate of 1.25%.	2,835,000
Plus unamortized premiums	<u>1,022,858</u>
Total General Obligation Bonds	<u>\$ 35,192,858</u>

**CHARLESTON COUNTY PARK AND RECREATION COMMISSION
CHARLESTON, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

NOTE 7. LONG-TERM OBLIGATIONS (CONTINUED)

As of June 30, 2016, maturities on long-term debt are as follows:

Year Ending June 30,	Principal	Interest	Total
General Obligation Bonds			
2017	\$ 9,170,000	770,638	\$ 9,940,638
2018	3,225,000	699,700	3,924,700
2019	3,285,000	639,250	3,924,250
2020	3,360,000	569,000	3,929,000
2021	3,505,000	484,188	3,989,188
2022-2026	8,425,000	1,315,000	9,740,000
2027-2028	3,200,000	137,250	3,337,250
Totals	<u>\$ 34,170,000</u>	<u>4,615,026</u>	<u>\$ 38,785,026</u>

Capital Lease Obligations

The Commission uses capital lease financing to finance the purchase of various pieces of equipment. The Commission currently has one lease outstanding with a balance of \$641,895 at an interest rate of 1.16% that matures in March 2018. As of June 30, 2016 remaining requirements to maturity for capital leases are as follows:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 365,203	5,861	\$ 371,064
2018	276,692	1,606	278,298
	<u>\$ 641,895</u>	<u>7,467</u>	<u>\$ 649,362</u>

Operating Leases

In July 1995, the Commission entered into a lease agreement with the County whereby the Commission assumed the responsibilities of operating and maintaining 19 boat landings throughout Charleston County. The lease is for a term of 99 years and commenced on July 1, 1995. The Commission pays a nominal fee of \$1 per year under the lease terms, but the agreement expresses the intent of the County to transfer millage each year to help fund related expenses. Funding is contingent upon future County Council approval.

NOTE 8. RENTAL INCOME

On August 22, 2005, the Commission entered into an agreement with K.L.B. Group DBA Locklear's Beach City Grill to allow this corporation to operate the restaurant at the Folly Pier. The building held for rent had an estimated cost of \$1,253,494 and an estimated net book value of \$667,014 at June 30, 2016 and is included in the governmental activities capital assets. Rent started at \$7,400 per month and increases each November based on the current CPI. The new rental per month based on the CPI increased to \$9,043 per month on November 1, 2015. The lease also provided for contingent rentals of 7.25 percent of annual sales greater than \$1,200,000.

The original lease term was for five years beginning October 1, 2005. On August 16, 2007, the Commission and K.L.B. Group agreed to suspend the contract for convenience during the time period October 1, 2007 through March 1, 2008, so that the Commission could progress with repairs to the Folly Beach Fishing Pier building. In return, the lessee received an extension of the lease for the period of time the building was closed for repairs.

On August 25, 2009, the Commission entered into an agreement with K.L.B. Group to allow the corporation to exercise the option of extending the lease for an additional five years, with the option terminating on October 31, 2015. This lease was extended for one additional year at the November 17, 2014 Commissioners meeting.

**CHARLESTON COUNTY PARK AND RECREATION COMMISSION
CHARLESTON, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

NOTE 8. RENTAL INCOME (CONTINUED)

On August 15, 2016, the Commission approved entering into a lease with 1 Center Street LLC DBA the Tides Hotel for the Folly Beach Edwin S. Taylor Fishing Pier Restaurant for the base five-year period with one five-year optional renewal.

The following is a schedule by years of the minimum future rentals on the non-cancelable operating lease as of June 30, 2016:

<u>Year Ending June 30,</u>	<u>Total</u>
2017	<u>\$ 36,172</u>

Total rental income of \$133,319 was recorded during the current year.

NOTE 9. DEFICIT IN FUND EQUITY

The Special Revenue Parklands Foundation Fund for the Commission had a deficit in fund balance of \$309,832 as of June 30, 2016. The Commission expects future revenue generation to alleviate the deficit fund balance.

NOTE 10. PENSION PLAN

The Commission participates in the State of South Carolina’s retirement plans, which are administered by the South Carolina Public Employee Benefit Authority (“PEBA”), which was created on July 1, 2012 and administers the various retirement systems and retirement programs managed by its Retirement Division. PEBA has an 11-member Board of Directors (“PEBA Board”), 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 Budget and Control Board (State Fiscal Accountability Authority effective July 1, 2015), 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 a co-trustee of the Systems in conducting that review.

The PEBA issues a Comprehensive Annual Financial Report (“CAFR”) containing financial statements and required supplementary information for the System’s Pension Trust Funds. The CAFR is publicly available through the Retirement Benefits’ link on the PEBA’s website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, PO Box 11960, Columbia, SC 29211-1960. The 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.

Plan 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.

CHARLESTON COUNTY PARK AND RECREATION COMMISSION
CHARLESTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

NOTE 10. PENSION PLAN (CONTINUED)

Plan Benefits

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

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

The annual 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.

Plan Contributions

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. Upon recommendation by the actuary in the annual actuarial valuation, the PEBA Board may adopt and present to the Budget and Control Board for approval an increase in the SCRS employer and employee contribution rates, 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 the SCRS. An increase in the contribution rates adopted by the PEBA 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 PEBA Board are insufficient to maintain a thirty year amortization schedule of the unfunded liabilities of the plans, the PEBA Board shall increase the contribution rates in equal percentage amounts for the employer and employee as necessary to maintain the thirty-year amortization period; and, this increase is not limited to one-half of one percent per year.

As noted earlier, both employees and the Commission are required to contribute to the Plan at rates established and as amended by the PEBA. The Commission's contributions are actuarially determined but are communicated to and paid by the Commission as a percentage of the employees' annual eligible compensation as follows for the past three years:

**CHARLESTON COUNTY PARK AND RECREATION COMMISSION
CHARLESTON, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

NOTE 10. PENSION PLAN (CONTINUED)

Plan Contributions (Continued)

Required employer and employee contribution rates for the past three years are as follows:

	SCRS Rates		
	2014	2015	2016
Employer Contribution Rate: [^]			
Retirement	10.45%	10.75%	10.91%
Incidental Death Benefit	0.15%	0.15%	0.15%
Accidental Death Contributions	0.00%	0.00%	0.00%
	<u>10.60%</u>	<u>10.90%</u>	<u>11.06%</u>
Employee Contribution Rate	<u>7.50%</u>	<u>8.00%</u>	<u>8.16%</u>

[^] Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.

The required contributions and percentages of amounts contributed by the Commission to the Plans for the past three years were as follows:

Year Ended June 30,	SCRS Contributions	
	Required	% Contributed
2016	\$ 1,135,995	100%
2015	1,080,200	100%
2014	\$ 988,391	100%

Eligible payrolls of the Commission covered under the Plans for the past three years were as follows:

Year Ended June 30,	SCRS Payroll
2016	\$ 10,271,200
2015	9,910,088
2014	\$ 9,234,443

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. Actuarial assumptions and methods used during the annual valuation process are subject to periodic revision, typically with an experience study, as actual results over an extended period of time 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. The last experience study was performed on data through June 30, 2010, and the next experience study, performed on data through June 30, 2015, is currently underway.

The June 30, 2015 total pension liability, net pension liability, and sensitivity information were determined by the PEBA's consulting actuary, Gabriel, Roeder, Smith and Company ("GRS") and are based on the July 1, 2014 actuarial valuations as adopted by the PEBA Board and Budget and Control Board which utilized membership data as of July 1, 2014. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ended June 30, 2015 using generally accepted actuarial principles. Information included in the following schedules is based on the certification provided by GRS.

**CHARLESTON COUNTY PARK AND RECREATION COMMISSION
CHARLESTON, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

NOTE 10. PENSION PLAN (CONTINUED)

Actuarial Assumptions and Methods (Continued)

The following table provides a summary of the actuarial assumptions and methods used in the July 1, 2014, valuations for the SCRS.

	SCRS
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return*	7.50%
Projected Salary Increases*	3.5% to 12.5% (varies by service)
Benefit Adjustments	Lesser of 1% or \$500 annually

* Includes inflation at 2.75%.

The post-retiree mortality assumption is dependent upon the member’s job category and gender. This assumption includes base rates which are automatically adjusted for future improvement in mortality using published Scale AA projected from the year 2000. Assumptions used in the July 1, 2014 valuations for the SCRS is as follows:

Former Job Class	Males	Females
Educators	RP-2000 Males (with White Collar adjustment) multiplied by 110%	RP-2000 Females (with White Collar adjustment) multiplied by 95%
General Employees and Members of the General Assembly	RP-2000 Males multiplied by 100%	RP-2000 Females multiplied by 90%
Public Safety and Firefighters	RP-2000 Males (with Blue Collar adjustment) multiplied by 115%	RP-2000 Females (with Blue Collar adjustment) multiplied by 115%

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments, as used in the July 1, 2014 actuarial valuations, was based upon the 30 year capital market outlook at the end of the fourth quarter 2013, as developed by the Retirement Systems Investment Commission (“RSIC”) in collaboration with its investment consultant, Aon Hewitt. The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as Consensus Economic forecasts. Long-term assumptions for other asset classes are based on historical results, current market characteristics and professional judgment.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted by the RSIC for fiscal year 2015. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and by adding expected inflation and is summarized in the table below. For actuarial purposes, the 7.50 percent assumed annual investment rate of return set in statute and used in the calculation of the total pension liability includes a 4.75 percent real rate of return and a 2.75 percent inflation component.

CHARLESTON COUNTY PARK AND RECREATION COMMISSION
CHARLESTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

NOTE 10. PENSION PLAN (CONTINUED)

Long-term Expected Rate of Return (Continued)

Asset Class	Target Allocation	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Short Term	5.0%		
Cash	2.0%	1.90%	0.04%
Short Duration	3.0%	2.00%	0.06%
Domestic Fixed Income	13.0%		
Core Fixed Income	7.0%	2.70%	0.19%
Mixed Credit	6.0%	3.80%	0.23%
Global Fixed Income	9.0%		
Global Fixed Income	3.0%	2.80%	0.08%
Emerging Markets Debt	6.0%	5.10%	0.31%
Global Public Equity	31.0%	7.10%	2.20%
Global Tactical Asset Allocation Alternatives	10.0%	4.90%	0.49%
	32.0%		
Hedge Funds (Low Beta)	8.0%	4.30%	0.34%
Private Debt	7.0%	9.90%	0.69%
Private Equity	9.0%	9.90%	0.89%
Real Estate (Broad Market)	5.0%	6.00%	0.30%
Commodities	3.0%	5.90%	0.18%
Total Expected Real Return	100.0%		6.00%
Inflation for Actuarial Purposes			2.75%
Total Expected Nominal Return			8.75%

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

The net pension liability (“NPL”) is calculated separately for each system and represents that particular system’s total pension liability determined in accordance with GASB No. 67 less that System’s fiduciary net position. NPL totals, as of June 30, 2015 measurement date, for the SCRS are presented in the following table:

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	\$ 44,097,310,230	25,131,828,101	\$ 18,965,482,129	57.0%

The total pension liability is calculated by the Systems’ actuary, and each plan’s fiduciary net position is reported in the Systems’ financial statements. The net pension liability is disclosed in accordance with the requirements of GASB 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 Nos. 67 and 68 are not applicable for other purposes, such as determining the plans’ funding requirements.

At June 30, 2016, the Commission reported a liability of \$20,156,134 for its proportionate share of the net pension liability for the SCRS (“Plan”). The net pension liability was measured as of June 30, 2015, and the total pension liability for the Plan used to calculate the net pension liability was determined based on the most recent actuarial valuation report as of July 1, 2014 that was projected forward to the measurement date. The Commission’s proportion of the net pension liability was based on a projection of the Commission’s long-term share of contributions to the Plan relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined.

**CHARLESTON COUNTY PARK AND RECREATION COMMISSION
CHARLESTON, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

NOTE 10. PENSION PLAN (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

At the June 30, 2015 measurement date, the Commission's SCRS proportion was .10628 percent, which was an increase of 0.00357 from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the Commission recognized pension expense of \$1,619,931 for the SCRS. At June 30, 2016, the Commission reported deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
SCRS		
Differences Between Expected and Actual Experience	\$ 358,106	\$ 36,046
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	134,915	-
Changes in Proportionate Share and Differences Between Employer Contributions and Proportionate Share of Total Plan Employer Contributions	492,924	-
The Commission's Contributions Subsequent to the Measurement Date	1,135,994	-
Total SCRS	<u>\$ 2,121,939</u>	<u>\$ 36,046</u>

Approximately \$1,136,000 that was reported as deferred outflows of resources related to the Commission's contributions subsequent to the measurement date to the SCRS will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to the SCRS will increase (decrease) pension expense as follows:

Year Ended June 30,	SCRS
2017	\$ 242,084
2018	242,084
2019	119,080
2020	346,651
Total	<u>\$ 949,899</u>

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that the funding policy specified in the South Carolina State Code of Laws will remain unchanged in future years. Based on those assumptions, each System's fiduciary net position was projected to be available to make all 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 total pension liability.

The following table presents the sensitivity of the Commission's proportionate share of the net pension liability of the Plans to changes in the discount rate, calculated using the discount rate of 7.50 percent, as well as what it would be if it were calculated using a discount rate that is 1.00 percent lower (6.50 percent) or 1.00 percent higher (8.50 percent) than the current rate:

**CHARLESTON COUNTY PARK AND RECREATION COMMISSION
CHARLESTON, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

NOTE 10. PENSION PLAN (CONTINUED)

Discount Rate (Continued)

System	1.00% Decrease (6.50%)	Current Discount Rate (7.50%)	1.00% Increase (8.50%)
The Commission's proportionate share of the net pension liability of the SCRS	\$ 25,411,127	20,156,135	\$ 15,751,784
Total Pension Liability	<u>\$ 25,411,127</u>	<u>20,156,135</u>	<u>\$ 15,751,784</u>

Plans Fiduciary Net Position

Detailed information regarding the fiduciary net position of the Plan administered by the PEBA is available in the separately issued CAFR containing financial statements and required supplementary information for the SCRS. The CAFR is publicly available through the Retirement Benefits' link on the PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, PO Box 11960, Columbia, SC 29211-1960.

Payable to Plans

The Commission reported a payable of approximately \$158,000 to the PEBA as of June 30, 2016, representing required employer and employee contributions for the month of June 2016 for the SCRS. This amount is included in Accounts Payable on the financial statements and was paid in July 2016.

NOTE 11. OTHER POST-EMPLOYMENT BENEFITS

The Commission provides health and dental benefits to eligible employees and their beneficiaries through a single-employer plan administered by the Commission's Human Resources Division. The plan does not issue stand-alone financial statements. The Commission extends these benefits to retirees and beneficiaries that meet eligibility provisions of the Commission's Personnel Policy and Procedures Manual. The Commission is in the process of setting up an irrevocable trust in which to invest plan contributions.

Plan Description, Contribution Information, and Funding Policies

The Commission changed the eligibility criteria during the year ended June 30, 2016. The eligibility criteria as of June 30, 2016 are as follows.

Employees who retire from the Commission prior to July 1, 2016:

- Any covered employee who retires with at least 20 years, but less than 25 years of Commission covered entity service credit under the South Carolina Retirement Systems will be eligible for Commission funded retiree insurance benefits effective with his/her date of retirement, provided he/she is eligible for retirement at the time he/she leaves active Commission service. The last five years must be consecutive and in a full-time, regular position. The Commission will pay 50% of the retiree cost and 50% of the dependent cost for health and dental coverage.
- Any covered employee who retires with 25 or more years of Commission covered entity service credit under the South Carolina Retirement Systems will be eligible for Commission funded retiree insurance benefits effective with his/her date of retirement, provided he/she is eligible for retirement at the time he/she leaves active Commission service. The last five years must be consecutive and in a full-time, regular position. The Commission will pay 100% of the retiree cost and 65% of the dependent cost for health and dental coverage.

CHARLESTON COUNTY PARK AND RECREATION COMMISSION
CHARLESTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

NOTE 11. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Plan Description, Contribution Information, and Funding Policies (Continued)

- The health and dental insurance premium for surviving spouses and dependents of deceased retirees will be waived for one year after the retiree's death. Following one year, the surviving spouse and/or dependents are eligible to continue coverage at the same proportional cost (50% or 65%) as in effect prior to the retiree's death. Survivors may remain on the plan until death or remarriage, whichever comes first.

Employees who retire from the Commission between July 1, 2016 and July 1, 2030:

- Any covered employee who retires with at least 20 years, but less than 25 years of Commission covered entity service credit under the South Carolina Retirement Systems will be eligible for Commission funded retiree insurance benefits effective with his/her date of retirement, provided he/she is eligible for retirement at the time he/she leaves active Commission service. The last five years must be consecutive and in a full-time, regular position. The Commission will pay 50% of the retiree cost and 50% of the dependent cost for health and dental coverage.
- Any covered employee who retires with 25 or more years of Commission covered entity service credit under the South Carolina Retirement Systems will be eligible for Commission funded retiree insurance benefits effective with his/her date of retirement, provided he/she is eligible for retirement at the time he/she leaves active Commission service. The last five years must be consecutive and in a full-time, regular position. The Commission will pay 100% of the retiree cost and 65% of the dependent cost for health and dental coverage.
- The health and dental insurance premiums for surviving spouses and dependents of deceased retirees will be waived for one year after the retiree's death. Following one year, the surviving spouse and/or dependents are eligible to continue coverage at the same proportional cost (50% or 65%) as in effect prior to the retiree's death. Survivors may remain on the plan until death or remarriage, whichever comes first.
- Retirees and their dependents may remain on retiree coverage until the retiree reaches Medicare eligible age. Upon reaching Medicare eligibility, retirees and/or their dependents will be required to enroll in Medicare Part A and B and will be eligible for a reimbursement of premium costs of a Medicare Supplemental Plan. Retirees with 25 or more years of Commission service credit under the South Carolina Retirement Systems will be eligible to receive up to \$250 per month and up to \$162.50 for a spouse. Retirees with at least 20 Commission full time years, but less than 25 full time years of Commission service will be eligible to receive up to \$125 per month and up to \$125 for a spouse. The reimbursement amount will be reviewed annually during the budget process. The Executive Director or designee will develop reimbursement procedures. Retirees will be notified of reimbursement procedures in the *Retiree Medicare Supplemental Plan Premium Reimbursement Agreement*, which each retiree will be required to accept before reimbursements will be issued.
- If the retiree reaches Medicare eligibility prior to their covered spouse, the covered spouse may remain on the Commission's group coverage until they reach Medicare eligible age and the Commission will continue to contribute toward their premium at the same percentage to which they are eligible based on the retiree's years of service with the Commission.
- Retirees and their dependents may remain on the Agency's dental and vision plans. The Commission will continue dental and vision premium contributions for both the retiree and their dependents based on the retiree's years of service.

**CHARLESTON COUNTY PARK AND RECREATION COMMISSION
CHARLESTON, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

NOTE 11. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Plan Description, Contribution Information, and Funding Policies (Continued)

Employees who retire from the Commission after July 1, 2030:

- Any covered employee who meets the following requirements: is at least 55 years old, who is not currently eligible for Medicare coverage, who retires with at least 20 Commission full time years, but less than 25 full time years of Commission service credit under the South Carolina Retirement Systems will be eligible for Commission funded retiree insurance benefits effective with his/her date of retirement, and provided he/she is eligible for retirement at the time he/she leaves active Commission service and retires at the time of separation with the Commission. The last five years must be consecutive and in a full-time, regular position. The Commission will pay 50% of the retiree cost only. Retiree's dependents may remain on the insurance plan but retirees will be responsible for the full cost of the dependent's premiums.
- Any covered employee who meets the following requirements: is at least 55 years old, who is not currently eligible for Medicare coverage, who retires with at least with 25 or more years of Commission service credit under the South Carolina Retirement Systems will be eligible for Commission funded retiree insurance benefits effective with his/her date of retirement, and provided he/she is eligible for retirement at the time he/she leaves active Commission service and retires at the time of separation with the Commission. The last five years must be consecutive and in a full-time, regular position. The Commission will pay 75% of the retiree cost only. Retiree's dependents may remain on the insurance plan but retirees will be responsible for the full cost of the dependent's premiums.

Employees that are hired by the Commission after July 1, 2016:

- The Commission will not provide group health, vision and dental insurance for retirees who have retired on service, age or an approved disability retirement through the South Carolina Retirement Systems if the employees full-time start date with the Commission is on or after July 1, 2016.

No coverage is available to an employee not eligible for employer paid coverage.

Covered participants are required to apply for Medicare when eligible, and retiree coverage will be secondary to Medicare or any other group coverage that employees or their dependents have.

Employees may opt out of the plan. The Commission is not required to contribute at an actuarially determined rate, but has elected to contribute based on an advanced funding basis based on the actuarial determined amount.

Membership of the plan is as follows:

Retirees, survivors, and beneficiaries receiving benefits	11
Active employees	<u>175</u>
Total	<u><u>186</u></u>

**CHARLESTON COUNTY PARK AND RECREATION COMMISSION
CHARLESTON, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

NOTE 11. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Annual OPEB costs and Net OPEB Obligation

The Commission's annual OPEB costs and the net OPEB obligation for June 30, 2016 were as follows:

Net OPEB Obligation, Beginning of the Plan Year	\$ (2,427)
One Year's Interest on the Net OPEB Obligation	(109)
ARC (Normal Cost Plus Any Amortization Payments)	259,738
Annual OPEB Cost	259,629
Contributions Made for the Plan Year	(66,832)
Increase (Decrease) in Net OPEB Obligation	192,797
Net OPEB Obligation (Asset), End of the Plan Year	\$ 190,370

The Commission's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation are as follows:

Fiscal Year Ending	Annual OPEB Cost	Annual OPEB Cost Contributed	Percentage of Annual	
			OPEB Cost Contributed	Net OPEB Obligation (Asset)
June 30, 2014	\$ 493,875	2,625,698	531.65%	\$ 493,876
June 30, 2015	(430,532)	65,771	-15.28%	(2,427)
June 30, 2016	\$ 259,629	66,832	25.74%	\$ 190,370

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events well into the future. Examples would include assumptions about future employment, rates of retirement, mortality, and health care cost trends. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

The actuarial valuation used the projected unit credit cost method. The UAAL amortization payment is the level dollar required to fully amortize the UAAL over a 30 year period. The actuarial assumptions included a 4.5% rate of investment return. The valuation assumes a 6.0% health care trend inflation rate for 2016 through 2018 and decreases 0.25% each year beginning 2019 until 2025. For 2025 and thereafter 4.5% was assumed. General inflation is assumed to be 3.0% per year.

**CHARLESTON COUNTY PARK AND RECREATION COMMISSION
CHARLESTON, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

NOTE 11. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Aggregate (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
June 30, 2009	\$ -	4,321,784	\$ 4,321,784	0.00%	\$ 7,780,156	55.55%
June 30, 2011	-	4,137,514	4,137,514	0.00%	8,282,581	49.95%
June 30, 2014	\$ 2,625,705	2,597,755	\$ (27,950)	101.08%	\$ 9,314,460	-0.30%

As of June 30, 2016, the plan assets have increased to \$2,631,680 due to interest income since the actuarial valuation was performed.

NOTE 12. COMMITMENTS AND CONTINGENCIES

General Fund

On June 29, 1988, Kiawah Island was sold to Kiawah Resort Associates. The Commission has been in contact with the new owners in order to obtain a new lease agreement for Beachwalker Park. A verbal agreement has been made to insure that the Park can continue to operate. To date, however, no formal agreement has been signed.

On August 4, 1997, the City of Charleston and the Commission entered into an agreement that terminated the Master Lease of the Charleston Maritime Center dated August 1, 1995 between the two parties. This agreement grants the Commission the right of first refusal for the purchase of the Maritime Center for a period of 50 years from the date of execution of the agreement. In the event that the Commission does elect to purchase the Maritime Center, then the City of Charleston will credit \$1,500,000 toward the purchase price. If the Commission elects not to purchase the Maritime Center, then the City of Charleston will pay the Commission \$1,500,000 from the proceeds of the sale.

During October 2010, the Commission entered into a lease for an area commonly known as Laurel Hill Plantation for an initial period of 25 years with a provision that the lease will be automatically extended for 3 separate successive terms of 25 years each provided that the Commission is not in default. The Commission is required to pay base rental fees, operating expenses and additional rental fees. The base rental fee was \$1,330,000 for the first five years of the rental term for a total of \$6,650,000 with no further base rent being required for the remainder of the lease, including extension periods. Additional rental fees are defined as other items for which the Commission may become liable during the lease, including, but not limited to, premiums for insurance. Operating expenses are defined as nominal costs including, but not limited to, ad valorem taxes and premiums for insurance. The lease also contains an option to purchase contingent upon the Lessor obtaining the right to convey a few simple interest in the property as well as the acceptance of an appraisal of fair market value. The base rental fee is being amortized on a straight-line basis over the initial lease term of 25 years in the government-wide financial statements, and at June 30, 2016, the unamortized prepaid rent was \$5,120,500.

Construction Commitments

The Commission had several incomplete construction projects at year end. As of June 30, 2016, the Commission had contractual commitments of approximately \$1,289,000 in excess of amounts paid or accrued at year end.

**CHARLESTON COUNTY PARK AND RECREATION COMMISSION
CHARLESTON, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

NOTE 12. COMMITMENTS AND CONTINGENCIES (CONTINUED)

James Island Master Plan

During 1988, the Commission was advised by the South Carolina Highway Department that the proposed Mark Clark Expressway will go through the northern portion of the James Island County Park. The South Carolina Highway Department has been in contact with the Commission with the expected plans for the Mark Clark Expressway, but there has been no formal agreement and the full effects of the project have not yet been determined.

Folly Beach Renourishment

The Commission has entered into an agreement with the City of Folly Beach to restrict \$77,850 each year to provide for the renourishment of the erosion that occurs along Folly Beach. Capital Projects fund balance of \$161,677 has been committed for beach renourishment as of June 30, 2016. The annual contribution for the year ended June 30, 2016 was made directly to the City of Folly Beach.

Enterprise Fund

Cooper River Marina - In December 2000, the U.S. Secretary of the Interior conveyed property consisting of approximately 25 acres in fee simple and 0.6 acres of easements to the Commission in a Quitclaim Deed. The property conveyed includes areas presently known as the Cooper River Marina, previously known as the Old Navy Base Marina facilities. The conveyance has several restrictions including the following: the property must be used and maintained for the public park and recreation purposes for which it was conveyed in perpetuity, the property shall not be sold, leased, assigned or otherwise disposed of except to another eligible governmental agency that the Secretary of the Interior agrees in writing can assure the same continued use of the property, and funds generated on the property may not be used for non-recreational purposes and, furthermore, must be used for the development, operation and maintenance of the property until it is fully developed in accordance with the Program of Utilization. There are also various reporting requirements.

Contract Commitments

The Commission is in the process of upgrading its point of sale and financial software. The contract for the point of sale software included \$126,000 in implementation fees as well as annual fees of \$90,000 for years 2 through 5, approximately \$93,000 for year 6 and approximately \$95,000 for year 7. The contract contains an additional 3 year option with annual fees of approximately \$98,000, \$101,000 and \$104,000 in years 8 through 10. The Commission has paid approximately \$63,000 in implementation fees as of June 30, 2016 leaving approximately \$63,000 in remaining implementation fees. The contract for the financial software includes one-time implementation fees of approximately \$333,000 with recurring fees of approximately \$7,000. As of June 30, 2016, the Commission has paid approximately \$200,000 in implementation fees leaving remaining commitments of approximately \$133,000 in contract commitments. In addition, the Commission entered into a contract with an implementation consultant for \$90,000 and has paid approximately \$25,000 as of June 30, 2016 leaving remaining commitments of approximately \$65,000.

NOTE 13. RISK MANAGEMENT

The Commission is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters. For all of these risks, the Commission is a member of the State of South Carolina Insurance Reserve Fund, a public entity risk pool currently operating as a common risk management and insurance program for local governments. The Commission pays an annual premium to the State Insurance Reserve Fund for its general insurance coverage. The State Insurance Reserve Fund is self-sustaining through member premiums and reinsures through commercial companies for certain claims.

The Commission is also subject to risks of loss from providing health, life, accident, dental and other medical benefits to employees. Optional coverage for dependents is paid by the employee. This insurance coverage is obtained from one independent medical insurance company.

**CHARLESTON COUNTY PARK AND RECREATION COMMISSION
CHARLESTON, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

NOTE 13. RISK MANAGEMENT (CONTINUED)

In addition, the Commission insures the risk of job-related injury or illness to its employees through South Carolina State Accident Fund, a public entity risk pool operating for the benefit of local governments. The Commission pays an annual premium to the State Accident Fund for its insurance coverage.

The Commission has elected not to be covered by the South Carolina Employment Security Commission and is on a direct reimbursement plan in which the Commission reimburses the South Carolina Employment Security Commission for any claims filed. The Commission is unable to determine the amount of contingent liability for unemployment compensation as of June 30, 2015. Based on prior experience, the Commission believes the liability would not be significant.

For all of the above risk management programs, the Commission has not significantly reduced insurance coverage from the previous year or settled claims in excess of insurance coverage for the last three years. Insurance claims for the years ended June 30, 2016, 2015 and 2014 were \$48,892, \$84,697 and \$3,332, respectively. For each of the insurance programs and public entity risk pools in which it participates, the Commission has effectively transferred all risk with no liability for unfunded claims.

NOTE 14. LITIGATION

The Commission is a defendant in a variety of cases arising from accidents and other alleged torts. These cases are being defended by the insurance carrier of the Commission and are believed to offer no material risk to the Commission.

Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board, but are not considered a part of the basic financial statements. Such information includes:

Budgetary Comparison Schedule:

- General Fund

Pension Schedules:

- Schedule of Charleston County Park and Recreation Commission's Proportionate Share of the Net Pension Liability – South Carolina Retirement System
- Schedule of Charleston County Park and Recreation Commission's Contributions – South Carolina Retirement System

Other Post-Employment Benefit Plan - Defined Benefit Healthcare Plan - Schedules of Employer Contributions and Funding Status

CHARLESTON COUNTY PARK AND RECREATION COMMISSION
 CHARLESTON, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGETS AND ACTUAL

YEAR ENDED JUNE 30, 2016

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$ 13,298,010	13,298,010	13,914,955	\$ 616,945
Intergovernmental	450,000	450,000	689,548	239,548
Recreational programming	590,935	633,175	597,085	(36,090)
Interest	8,500	8,500	20	(8,480)
Other	95,710	52,510	72,942	20,432
TOTAL REVENUES	14,443,155	14,442,195	15,274,550	832,355
EXPENDITURES				
Current:				
General Government:				
Administration	709,070	709,070	730,830	21,760
Executive	913,315	909,715	854,949	(54,766)
Financial services	950,170	950,170	951,032	862
General services:				
Administration and information technology	2,458,820	2,458,820	1,785,715	(673,105)
Capital projects	818,275	818,275	747,734	(70,541)
Human resources	1,203,550	1,203,550	1,047,712	(155,838)
Planning and resource management	293,770	293,770	347,791	54,021
Total general services	4,774,415	4,774,415	3,928,952	(845,463)
Total General Government	7,346,970	7,343,370	6,465,763	(877,607)
Park and Recreation Services:				
Administration, park and program services and safety	800,775	800,775	838,228	37,453
Maintenance	1,362,680	1,362,680	1,303,331	(59,349)
Marketing	922,660	922,660	882,736	(39,924)
Operations	1,130,005	1,131,805	1,067,968	(63,837)
Recreation	2,505,020	2,505,860	2,370,973	(134,887)
Total Park and Recreation Services	6,721,140	6,723,780	6,463,236	(260,544)
Capital outlay	251,000	251,000	124,123	(126,877)
TOTAL EXPENDITURES	14,319,110	14,318,150	13,053,122	(1,265,028)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	124,045	124,045	2,221,428	2,097,383
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	110,760	110,760	1,147,478	1,036,718
Transfers In	-	-	3,675	3,675
TOTAL OTHER FINANCING SOURCES (USES)	110,760	110,760	1,151,153	1,040,393
NET CHANGE IN FUND BALANCE	234,805	234,805	3,372,581	3,137,776
FUND BALANCE, Beginning of Year	9,977,357	9,977,357	9,977,357	-
FUND BALANCES, End of Year	\$ 10,212,162	10,212,162	13,349,938	\$ 3,137,776

Note: This schedule has been presented on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.

**CHARLESTON COUNTY PARK AND RECREATION COMMISSION
CHARLESTON, SOUTH CAROLINA**

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE CHARLESTON COUNTY PARK AND RECREATION COMMISSION'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY - SOUTH CAROLINA RETIREMENT SYSTEM**

LAST THREE FISCAL YEARS

	Year Ended June 30,		
	2016	2015	2014
Charleston County Park and Recreation Commission's Proportion of the Net Pension Liability	0.10628%	0.10271%	0.10271%
Charleston County Park and Recreation Commission's Proportionate Share of the Net Pension Liability	\$ 20,156,135	17,682,740	\$ 18,421,972
Charleston County Park and Recreation Commission's Covered-Employee Payroll	\$ 9,910,088	9,324,443	\$ 8,915,053
Charleston County Park and Recreation Commission's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	203.39%	189.64%	206.64%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.992%	59.919%	56.388%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of June 30th of the preceding year. Only three years of information are presented as only three years of data were available.

**CHARLESTON COUNTY PARK AND RECREATION COMMISSION
CHARLESTON, SOUTH CAROLINA**

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE CHARLESTON COUNTY PARK AND RECREATION COMMISSION'S CONTRIBUTIONS
SOUTH CAROLINA RETIREMENT SYSTEM**

LAST THREE FISCAL YEARS

	Year Ended June 30,		
	2016	2015	2014
Contractually Required Contribution	\$ 1,135,995	1,080,200	\$ 988,391
Contributions in Relation to the Contractually Required Contribution:	1,135,995	1,080,200	988,391
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Charleston County Park and Recreation Commission's Covered-Employee Payroll	\$ 10,271,200	9,910,088	\$ 9,324,443
Contributions as a Percentage of Covered-Employee Payroll:	11.06%	10.90%	10.60%

Notes to Schedule:

Only three years of information are presented as only three years of data were available.

**CHARLESTON COUNTY PARK AND RECREATION COMMISSION
CHARLESTON, SOUTH CAROLINA**

REQUIRED SUPPLEMENTARY INFORMATION

**OTHER POST-EMPLOYMENT BENEFIT PLAN – DEFINED BENEFIT HEALTHCARE PLAN –
SCHEDULES OF EMPLOYER CONTRIBUTIONS AND FUNDING STATUS**

YEAR ENDED JUNE 30, 2016

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Applicable to Fiscal Year Ending	Annual OPEB Cost	Contribution for Fiscal Year	Annual Percentage Contributed	Net OPEB Obligation (Asset)
June 30, 2016	\$ 259,629	66,832	25.74%	\$ 190,370
June 30, 2015	(430,532)	65,771	-15.28%	(2,427)
June 30, 2014	493,875	2,625,698	531.65%	493,876
June 30, 2013	493,875	-	0.00%	2,625,699
June 30, 2012	497,510	-	0.00%	2,131,824
June 30, 2011	497,510	-	0.00%	1,634,314
June 30, 2010	\$ 378,935	-	0.00%	\$ 1,136,804

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Aggregate (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
June 30, 2009	\$ -	4,321,784	\$ 4,321,784	0.00%	\$ 7,780,156	55.55%
June 30, 2011	-	4,137,514	4,137,514	0.00%	8,282,581	49.95%
June 30, 2014	\$ 2,625,705	2,597,755	\$ (27,950)	101.08%	\$ 9,314,460	-0.30%

The Actuarial Accrued Liability decreased from the June 30, 2011 valuation date to the June 30, 2014 valuation date due primarily to changes in the eligibility requirements of the Plan, which were made during the year ended June 30, 2015.

Other Information

CHARLESTON COUNTY PARK AND RECREATION COMMISSION
 CHARLESTON, SOUTH CAROLINA

PROPRIETARY FUND - STATEMENT OF NET POSITION BY PARK

JUNE 30, 2016

	PALMETTO ISLANDS PARK	JAMES ISLAND PARK
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ -	1,215,981
Accounts receivable	-	25,000
Prepaid items and deposits	-	36,500
Inventories	15,980	232,148
Total Current Assets	<u>15,980</u>	<u>1,509,629</u>
Non-Current Assets:		
Nondepreciable capital assets	-	1,074,443
Depreciable capital assets, net	83,560	345,522
Total Non-Current Assets	<u>83,560</u>	<u>1,419,965</u>
TOTAL ASSETS	<u>99,540</u>	<u>2,929,594</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred pension charges	86,239	270,035
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>86,239</u>	<u>270,035</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	61,159	148,917
Cash overdraft	1,397,234	-
Unearned revenue - rentals and other	-	-
Accrued compensated absences, current portion	15,439	66,656
Total Current Liabilities	<u>1,473,832</u>	<u>215,573</u>
Non-Current Liabilities:		
Net pension liability	807,261	2,606,209
Accrued compensated absences, less current portion	28,883	124,699
OPEB liability	7,062	23,059
Total Non-Current Liabilities	<u>843,206</u>	<u>2,753,967</u>
TOTAL LIABILITIES	<u>2,317,038</u>	<u>2,969,540</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred pension credits	1,443	4,657
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,443</u>	<u>4,657</u>
NET POSITION		
Net Investment in capital assets	83,560	1,419,965
Unrestricted (deficit)	(2,216,262)	(1,194,533)
TOTAL NET POSITION	<u>\$ (2,132,702)</u>	<u>225,432</u>

NORTH CHARLESTON PARK	JOHNS ISLAND PARK	BEACH- WALKER PARK	FOLLY BEACH PARK	ISLE OF PALMS PARK
657,969	-	-	116,993	\$ 498,208
-	-	-	-	-
-	-	-	-	-
53,048	2,044	7,504	1,060	11,579
711,017	2,044	7,504	118,053	509,787
-	-	-	-	-
6,438,073	14,178	-	-	12,121
6,438,073	14,178	-	-	12,121
7,149,090	16,222	7,504	118,053	521,908
156,776	35,284	23,344	17,914	34,967
156,776	35,284	23,344	17,914	34,967
167,025	8,857	10,274	13,119	11,281
-	572,738	5,613	-	-
5,000	-	-	-	-
39,621	14,786	6,157	5,672	12,407
211,646	596,381	22,044	18,791	23,688
1,530,347	338,764	213,266	175,839	329,195
74,123	27,661	11,519	10,611	23,210
13,228	3,236	2,264	1,578	3,081
1,617,698	369,661	227,049	188,028	355,486
1,829,344	966,042	249,093	206,819	379,174
2,735	605	381	314	588
2,735	605	381	314	588
6,438,073	14,178	-	-	12,121
(964,286)	(929,319)	(218,626)	(71,166)	164,992
5,473,787	(915,141)	(218,626)	(71,166)	\$ 177,113

CHARLESTON COUNTY PARK AND RECREATION COMMISSION
 CHARLESTON, SOUTH CAROLINA

PROPRIETARY FUND - STATEMENT OF NET POSITION BY PARK

JUNE 30, 2016

	FOLLY PIER	COOPER RIVER MARINA
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 419,327	1,014,832
Accounts receivable	4,286	934
Prepaid items and deposits	-	-
Inventories	165,480	29,403
Total Current Assets	<u>589,093</u>	<u>1,045,169</u>
Non-Current Assets:		
Nondepreciable capital assets	-	-
Depreciable capital assets, net	2,119	1,340,222
Total Non-Current Assets	<u>2,119</u>	<u>1,340,222</u>
TOTAL ASSETS	<u>591,212</u>	<u>2,385,391</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred pension charges	56,622	38,458
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>56,622</u>	<u>38,458</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	86,328	22,664
Cash overdraft	-	-
Unearned revenue - rentals and other	-	140,066
Accrued compensated absences, current portion	21,009	1,390
Total Current Liabilities	<u>107,337</u>	<u>164,120</u>
Non-Current Liabilities:		
Net pension liability	524,308	369,497
Accrued compensated absences, less current portion	39,303	2,601
OPEB liability	4,818	2,907
Total Non-Current Liabilities	<u>568,429</u>	<u>375,005</u>
TOTAL LIABILITIES	<u>675,766</u>	<u>539,125</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred pension credits	937	660
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>937</u>	<u>660</u>
NET POSITION		
Net Investment in capital assets	2,119	1,340,222
Unrestricted (deficit)	(30,988)	543,842
TOTAL NET POSITION	<u>\$ (28,869)</u>	<u>1,884,064</u>

CAW CAW	MT. PLEASANT PIER	MCLEOD PLANTATION	MOVE IT	ENTERPRISE SUPPORT SERVICES	TOTAL
-	-	-	-	2,986,475	\$ 6,909,785
-	-	-	123,342	105,670	259,232
-	-	-	-	-	36,500
3,813	40,110	8,100	-	96,337	666,606
3,813	40,110	8,100	123,342	3,188,482	7,872,123
-	-	-	-	-	1,074,443
-	-	-	-	5,913	8,241,708
-	-	-	-	5,913	9,316,151
3,813	40,110	8,100	123,342	3,194,395	17,188,274
20,046	27,073	16,267	8,737	122,276	914,038
20,046	27,073	16,267	8,737	122,276	914,038
3,364	39,110	4,538	19,477	45,932	642,045
540,348	258,384	213,137	169,319	-	3,156,773
-	-	-	-	1,000,031	1,145,097
6,288	6,442	1,531	460	29,688	227,546
550,000	303,936	219,206	189,256	1,075,651	5,171,461
185,907	264,789	114,913	82,600	1,120,106	8,663,001
11,762	12,052	2,865	859	55,540	425,688
1,820	1,990	1,655	806	11,102	78,606
199,489	278,831	119,433	84,265	1,186,748	9,167,295
749,489	582,767	338,639	273,521	2,262,399	14,338,756
332	473	205	148	2,002	15,480
332	473	205	148	2,002	15,480
-	-	-	-	5,913	9,316,151
(725,962)	(516,057)	(314,477)	(141,590)	1,046,357	(5,568,075)
(725,962)	(516,057)	(314,477)	(141,590)	1,052,270	\$ 3,748,076

CHARLESTON COUNTY PARK AND RECREATION COMMISSION
 CHARLESTON, SOUTH CAROLINA

PROPRIETARY FUND - STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION BY PARK

YEAR ENDED JUNE 30, 2016

	PALMETTO ISLANDS PARK	JAMES ISLAND PARK	NORTH CHARLESTON PARK
OPERATING REVENUE			
Net sales revenue	\$ 118,481	1,603,855	683,071
Inventory, July 1, 2015	15,805	233,352	83,385
Purchases	55,222	728,297	293,546
Available for sale	71,027	961,649	376,931
Inventory, July 1, 2016	15,980	232,148	53,048
Cost of goods sold	55,047	729,501	323,883
GROSS MARGIN	63,434	874,354	359,188
OTHER OPERATING REVENUE			
Admissions and program revenue	414,449	2,483,317	2,182,684
Facility and fleet rentals	68,857	1,858,167	288,309
Miscellaneous revenue	1,560	19,067	3,040
TOTAL OTHER OPERATING REVENUE	484,866	4,360,551	2,474,033
SUBTOTAL	548,300	5,234,905	2,833,221
OPERATING EXPENSE			
Marketing:			
Non-personnel services	36,348	184,812	117,860
Recreation:			
Non-personnel services	206	23,190	-
Maintenance:			
Personnel services	267,971	1,054,058	579,822
Non-personnel services	77,485	516,928	222,918
Park operations:			
Personnel services	491,145	1,576,772	1,007,981
Non-personnel services	151,262	907,822	594,956
OPEB expense (contra-expense)	6,535	20,282	10,761
Depreciation	4,908	58,038	491,252
TOTAL OPERATING EXPENSE	1,035,860	4,341,902	3,025,550
OPERATING INCOME (LOSS)	(487,560)	893,003	(192,329)
NON-OPERATING REVENUE (EXPENSE)			
Intergovernmental	-	-	19,278
Other income	-	-	-
Loss on disposal of equipment	-	-	(24,354)
TOTAL NON-OPERATING REVENUE (EXPENSES)	-	-	(5,076)
INCOME (LOSS) BEFORE TRANSFERS	(487,560)	893,003	(197,405)
Transfers in	-	25,000	-
Transfers out	-	-	-
CHANGE IN NET POSITION	(487,560)	918,003	(197,405)
NET POSITION, Beginning of Year	(1,645,142)	(692,571)	5,671,192
NET POSITION, End of Year	\$ (2,132,702)	225,432	5,473,787

JOHNS ISLAND PARK	BEACH- WALKER PARK	FOLLY BEACH PARK	ISLE OF PALMS PARK
61,092	40,238	12,395	\$ 88,337
2,371	5,526	1,972	19,099
27,628	19,761	3,423	37,028
29,999	25,287	5,395	56,127
2,044	7,504	1,060	11,579
27,955	17,783	4,335	44,548
33,137	22,455	8,060	43,789
32,195	154,857	137,914	359,687
85,845	32,588	73,344	49,560
1,190	2,000	5,399	-
119,230	189,445	216,657	409,247
152,367	211,900	224,717	453,036
11,480	-	429	1,150
554	-	-	-
75,068	6,671	42,591	70,579
34,520	18,393	46,752	42,687
202,711	203,202	122,385	250,768
48,991	16,515	16,620	32,410
3,120	2,332	2,049	2,671
2,181	-	-	1,955
378,625	247,113	230,826	402,220
(226,258)	(35,213)	(6,109)	50,816
-	-	-	-
-	-	-	-
-	-	-	-
(226,258)	(35,213)	(6,109)	50,816
-	-	-	-
-	-	-	-
(226,258)	(35,213)	(6,109)	50,816
(688,883)	(183,413)	(65,057)	126,297
(915,141)	(218,626)	(71,166)	\$ 177,113

CHARLESTON COUNTY PARK AND RECREATION COMMISSION
 CHARLESTON, SOUTH CAROLINA

PROPRIETARY FUND - STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION BY PARK

YEAR ENDED JUNE 30, 2016

	FOLLY PIER	COOPER RIVER MARINA	CAW CAW
OPERATING REVENUE			
Net sales revenue	\$ 944,653	25,959	13,472
Inventory, July 1, 2015	200,098	24,449	5,593
Purchases	451,917	20,408	6,560
Available for sale	652,015	44,857	12,153
Inventory, July 1, 2016	165,480	29,403	3,813
Cost of goods sold	486,535	15,454	8,340
GROSS MARGIN	458,118	10,505	5,132
OTHER OPERATING REVENUE			
Admissions and program revenue	254,326	39,765	22,816
Facility and fleet rentals	164,608	689,296	-
Miscellaneous revenue	750	8,710	-
TOTAL OTHER OPERATING REVENUE	419,684	737,771	22,816
SUBTOTAL	877,802	748,276	27,948
OPERATING EXPENSE			
Marketing:			
Non-personnel services	17,000	4,315	7,599
Recreation:			
Non-personnel services	-	-	-
Maintenance:			
Personnel services	124,572	73,849	71,615
Non-personnel services	59,039	57,173	24,077
Park operations:			
Personnel services	435,601	225,945	115,510
Non-personnel services	99,440	95,715	17,778
OPEB expense (contra-expense)	4,009	3,006	2,006
Depreciation	1,271	280,297	-
TOTAL OPERATING EXPENSE	740,932	740,300	238,585
OPERATING INCOME (LOSS)	136,870	7,976	(210,637)
NON-OPERATING REVENUE (EXPENSE)			
Intergovernmental	-	3,722	-
Other income	545	-	-
Loss on disposal of equipment	-	-	-
TOTAL NON-OPERATING REVENUE (EXPENSES)	545	3,722	-
INCOME (LOSS) BEFORE TRANSFERS	137,415	11,698	(210,637)
Transfers out	-	-	-
Transfers in	-	-	-
CHANGE IN NET POSITION	137,415	11,698	(210,637)
NET POSITION, Beginning of Year	(166,284)	1,872,366	(515,325)
NET POSITION, End of Year	\$ (28,869)	1,884,064	(725,962)

MT. PLEASANT PIER	MCLEOD PLANTATION	MOVE IT	ENTERPRISE SUPPORT SERVICES	TOTAL
412,861	57,870	-	74,619	\$ 4,136,903
65,657	10,897	-	37,717	705,921
208,999	25,755	-	124,375	2,002,919
274,656	36,652	-	162,092	2,708,840
40,110	8,100	-	96,337	666,606
234,546	28,552	-	65,755	2,042,234
178,315	29,318	-	8,864	2,094,669
114,720	154,202	7,998	993,369	7,352,299
12,812	-	-	161,769	3,485,155
-	33,006	-	7,824	82,546
127,532	187,208	7,998	1,162,962	10,920,000
305,847	216,526	7,998	1,171,826	13,014,669
23,913	45,959	23,268	34,762	508,895
10,500	-	396,378	4,894	435,722
39,892	53,969	-	18,390	2,479,047
10,868	14,269	-	51,275	1,176,384
275,403	213,270	156,133	829,513	6,106,339
69,234	35,532	39,049	104,102	2,229,426
1,983	4,603	2,757	10,150	76,264
-	-	-	1,365	841,267
431,793	367,602	617,585	1,054,451	13,853,344
(125,946)	(151,076)	(609,587)	117,375	(838,675)
-	-	445,519	-	468,519
-	-	-	72,260	72,805
-	-	-	-	(24,354)
-	-	445,519	72,260	516,970
(125,946)	(151,076)	(164,068)	189,635	(321,705)
-	-	-	163,401	188,401
-	(163,401)	-	-	(163,401)
(125,946)	(314,477)	(164,068)	353,036	(296,705)
(390,111)	-	22,478	699,234	4,044,781
(516,057)	(314,477)	(141,590)	1,052,270	\$ 3,748,076

Compliance Section



**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***

INDEPENDENT AUDITOR'S REPORT

To the Commissioners
Charleston County Park and Recreation Commission
Charleston, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Charleston County Park and Recreation Commission (the "Commission") (a component unit of the County of Charleston, South Carolina), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated October 27, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Greene, Finney & Horton LLP

Greene, Finney & Horton, LLP
Mauldin, South Carolina
October 27, 2016