CHARLESTON COUNTY
PARK AND RECREATION COMMISSION

(A COMPONENT UNIT OF THE COUNTY OF CHARLESTON)

FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2019

CHARLESTON COUNTY PARK AND RECREATION COMMISSION

FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

TABLE OF CONTENTS

Page

FINANCIAL SECTION

CHARLESTON COUNTY PARK AND RECREATION COMMISSION

APPOINTED OFFCIALS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

GOVERNING BODY

Andrew Thomas, Chair

Theodore "Teddy" L. Manos, Vice-Chair

Collin Bruner, Secretary/Treasurer

Dale Aren, Commissioner

Eduardo Curry, Commissioner

Mattese Lecque, Commissioner

Lisa S. King, Commissioner

David Bennett, Executive Director

MAULDIN & JENKINS
CPAs & ADVISORS

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 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, 2019, 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 generally accepted accounting principles ("GAAP") 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.

6001 CHATHAM CENTER DRIVE, SUITE 250 • SAVANNAH, GEORGIA 31405 • 912-232-1622 • www.mjcpa.com
MEMBERS OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Commission, as of June 30, 2019, and the respective changes in financial position 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 General Fund schedule of revenues, expenditures, and changes in fund balances – budget to actual – GAAP basis, the schedule of Commission's proportionate share of the net pension liability – South Carolina Retirement System, the schedule of Commission contributions – South Carolina Retirement System, the schedule of changes in the Commission's net OPEB liability and related ratios, and the schedule of Commission contributions – OPEB plan on pages 43 - 47, 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 Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 26, 2019 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Commission's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Savannah, Georgia
November 26, 2019

BASIC FINANCIAL STATEMENTS

CHARLESTON COUNTY PARK AND RECREATION COMMISSION

STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 27,590,265
Cash and cash equivalents - restricted	23,669,006
Taxes receivable, net	24,183,917
Due from other governments	966,681
Accounts receivable	460,864
Prepaid items and deposits	4,391,052
Inventories	618,933
Capital assets:	
Non-depreciable	111,621,215
Depreciable, net of accumulated depreciation	42,352,708
Total assets	235,854,641
DEFERRED OUTFLOWS OF RESOURCES	
Pension	3,078,197
OPEB	1,349,779
Total deferred outflows of resources	4,427,976
LIABILITIES	
Curent liabilities:	
Accounts payable	3,648,442
Accrued payroll, related taxes, and employee benefits	1,421,926
Unearned revenue - rentals and other	1,987,507
Accrued interest	487,749
General obligation bonds payable - current portion	4,265,000
Compensated absences - current portion	549,744
Claims and judgements payable	1,159,442
Non-current liabilities:	
Net pension liability	23,023,723
Net OPEB liability	8,713,109
General obligation bonds payable	38,980,270
Compensated absences	1,240,887
Total liabilities	85,477,799
DEFERRED INFLOWS OF RESOURCES	
Pension	470,615
OPEB	64,877
Property taxes billed or received in advance	23,320,147
Total deferred inflows of resources	23,855,639
NET POSITION	
Net investment in capital assets	121,695,371
Restricted for:	
Debt service	12,579,985
Capital projects	12,763,932
Unrestricted	(16,090,109)
Total net position	$ 130,949,179

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

CHARLESTON COUNTY PARK AND RECREATION COMMISSION

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**
Governmental Activities:					
General government	$ 8,238,769	$ -	$ -	$ -	$ (8,238,769)
Park and recreation services	29,232,388	16,118,982	61,936	-	(13,051,470)
Interest on long-term debt	947,833	-	-	-	(947,833)
Total governmental activities	$ 38,418,990	$ 16,118,982	$ 61,936	$ -	(22,238,072)

General revenues:	
Taxes	
Property taxes levied for general purposes	16,767,395
Property taxes levied for debt service	6,984,490
Intergovernmental	4,091
Interest	12,307
Miscellaneous revenues	593,820
Total general revenues	24,362,103
Change in net position	2,124,031
Net position, beginning of year	128,825,148
Net position, end of year	$ 130,949,179

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

CHARLESTON COUNTY PARK AND RECREATION COMMISSION

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

ASSETS	General Fund	Charleston County Parks Foundation, Inc.	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Cash and cash equivalents	$ 23,387,331	$ 189,325	$ 4,013,609	$ -	$ 27,590,265
Cash and cash equivalents - restricted	-	-	11,216,934	12,452,072	23,669,006
Taxes receivable, net of allowance	17,056,349	-	-	7,127,568	24,183,917
Accounts receivable, net of allowances	774,826	15,647	176,208	-	966,681
Intergovernmental receivable	356,433	-	-	104,431	460,864
Due from other funds	300,771	6	-	-	300,777
Inventories	616,351	2,582	-	-	618,933
Prepaid expenditures	68,552	-	-	-	68,552
Total assets	$ 42,560,613	$ 207,560	$ 15,406,751	$ 19,684,071	$ 77,858,995
LIABILITIES					
Accounts payable	$ 1,817,989	$ 24,883	$ 1,805,570	$ -	$ 3,648,442
Accrued liabilities	1,421,926	-	-	-	1,421,926
Unearned revenue - rentals and other	1,987,507	-	-	-	1,987,507
Due to other funds	6	299,599	1,172	-	300,777
Total liabilities	5,227,428	324,482	1,806,742	-	7,358,652
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes billed or received in advance	16,438,792	-	-	6,881,355	23,320,147
Unavailable revenue - property taxes	560,000	-	-	222,731	782,731
Total deferred inflows of resources	16,998,792	-	-	7,104,086	24,102,878
FUND BALANCES					
Nonspendable - prepaids and inventories	684,903	2,582	-	-	687,485
Restricted for:					
Debt service payments	-	-	-	12,579,985	12,579,985
Capital improvement program	-	-	12,599,400	-	12,599,400
Genesis project	-	112,075	-	-	112,075
Pass it forward	-	10,743	-	-	10,743
SK8 forward	-	23,610	-	-	23,610
Bio-discovery grant	-	17,204	-	-	17,204
Tree memorial	-	900	-	-	900
Committed for:					
Future capital costs - Baker Hospital Site	-	-	589,829	-	589,829
Future capital costs - Spring Grove Site	-	-	75,000	-	75,000
Future capital costs - Old Towne Site	-	-	335,780	-	335,780
Assigned for:					
Information technology deferred costs	300,000	-	-	-	300,000
Debris removal	500,000	-	-	-	500,000
Property insurance deductible	750,000	-	-	-	750,000
Unassigned	18,099,490	(284,036)	-	-	17,815,454
Total fund balances (deficit)	20,334,393	(116,922)	13,600,009	12,579,985	46,397,465
Total liabilities, deferred inflows of resources, and fund balances	$ 42,560,613	$ 207,560	$ 15,406,751	$ 19,684,071	$ 77,858,995

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

CHARLESTON COUNTY PARK AND RECREATION COMMISSION

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019

Amounts reported for governmental activities in the statement of activities are different		
Fund balances, end of year		$ 46,397,465
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		153,973,923
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds. These amounts are:		
Property taxes	$ 782,731	782,731
Prepaid lease expense is not an available financial resource and, therefore, is not reported as an asset in the governmental funds.		4,322,500
Claims and judgements do not consume current financial resources and are, therefore, not reported in the funds.		(1,159,442)
net OPEB liability are recognized as expense over time and, therefore, are not reported in the funds.		4,427,976
Deferred inflows of resources related to the recording of the net pension liability and net OPEB liability do not consume current financial resources and are, therefore, not reported in the funds.		(535,492)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
General obligation bonds payable	$ (43,245,270)	
Net pension liability	(23,023,723)	
Net OPEB liability	(8,713,109)	
Compensated absences	(1,790,631)	
Accrued interest payable	(487,749)	
		(77,260,482)
		$ 130,949,179

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

CHARLESTON COUNTY PARK AND RECREATION COMMISSION

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	General Fund	Charleston County Parks Foundation, Inc.	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues:					
Taxes	$ 16,802,723	$ -	$ -	$ 6,998,920	$ 23,801,643
Gross sales revenue	2,492,332	-	-	-	2,492,332
Admissions and program revenue	8,234,125	-	-	-	8,234,125
Facility and fleet rentals	4,300,169	-	-	-	4,300,169
Intergovernmental	4,091	-	-	-	4,091
Contributions	-	61,936	-	-	61,936
Recreational programming	1,091,899	457	-	-	1,092,356
Interest	-	12,307	-	-	12,307
Other	593,101	-	719	-	593,820
Total revenues	33,518,440	74,700	719	6,998,920	40,592,779
Expenditures:					
Current:					
General government:					
Administration	1,148,105	26,958	-	3,268	1,178,331
Executive	1,104,051	-	-	-	1,104,051
Financial services	824,858	-	-	-	824,858
General services	3,486,964	-	-	-	3,486,964
Park and recreation services	22,450,530	-	-	-	22,450,530
Capital outlay	504,868	-	12,964,304	-	13,469,172
Debt service:					
Principal retirement	-	-	-	4,045,000	4,045,000
Interest	-	-	-	1,281,850	1,281,850
Total expenditures	29,519,376	26,958	12,964,304	5,330,118	47,840,756
Excess (deficiency) of revenues over (under) expenditures	3,999,064	47,742	(12,963,585)	1,668,802	(7,247,977)
Other financing sources (uses):					
Transfers in	292,356	-	3,176,208	-	3,468,564
Transfers out	(3,176,208)	(23,906)	(268,450)	-	(3,468,564)
Proceeds from sale of capital assets	68,889	-	-	-	68,889
Total other financing sources (uses)	(2,814,963)	(23,906)	2,907,758	-	68,889
Net change in fund balances	1,184,101	23,836	(10,055,827)	1,668,802	(7,179,088)
Fund balances (deficit), beginning of year	19,150,292	(140,758)	23,655,836	10,911,183	53,576,553
Fund balances (deficit), end of year	$ 20,334,393	$ (116,922)	$ 13,600,009	$ 12,579,985	$ 46,397,465

CHARLESTON COUNTY PARK AND RECREATION COMMISSION

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds		$ (7,179,088)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		
Capital outlay	$ 10,732,339	
Depreciation expense	(3,123,422)	
		7,608,917
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.		(72,730)
Property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(49,758)
Lease expense is reported in the governmental funds when it is due and payable and thus requires the use of current financial resources. However, in the statement of activities, lease expense is amortized on the straight-line basis over the lease term. This amount represents the change in the prepaid lease from the prior year.		(266,000)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized for governmental activities. The net effect of these differences in the treatment of long-term debt and related items are as follows:		
Principal retirement of long-term debt	$ 4,045,000	4,045,000
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated absences	$ (170,020)	
Claims and judgements	(1,159,442)	
Net pension liability	(505,087)	
Net OPEB liability	(461,778)	
Amortization of bond premiums	294,154	
Accrued interest	39,863	
		(1,962,310)
Change in net position of governmental activities.		$ 2,124,031

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

CHARLESTON COUNTY PARK AND RECREATION COMMISSION

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2019

		OPEB Trust
ASSETS		
Investments, at fair value	$	2,715,502
Accrued investment income		4,999
Total assets	$	2,720,501
NET POSITION		
Restricted for OPEB benefits	$	2,720,501
Total net position	$	2,720,501

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

CHARLESTON COUNTY PARK AND RECREATION COMMISSION

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	OPEB Trust
ADDITIONS	
Employer contributions	$ 243,217
Investment earnings	53,828
Total additions	297,045
DEDUCTIONS	
Benefit payments	243,217
Administrative expense	1,500
Total deductions	244,717
Change in net position	52,328
Net position, beginning of year	2,668,173
Net position, end of year	$ 2,720,501

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

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's General and Debt Service funds. 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 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity (Continued)

Blended component units, although legally separate entities are, in substance, part of the government's operations and data from these units and 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 Charleston County Parks Foundation, Inc (the “Foundation”). in May 1990. The 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 Foundation is so closely related to the Commission, it is, in effect, the same as the primary government. The Foundation’s financial information is presented in individual columns throughout the financial statements. Separate financial statements for the Foundation are not issued. The Foundation’s financial information is reported as a major fund in separate columns throughout the financial statements.

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 Commission does not have any business-type activities.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B. Measurement Focus, Basis Of Accounting And Basis Of Presentation (Continued)

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B. Measurement Focus, Basis Of Accounting And Basis Of Presentation (Continued)

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:

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 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.

Charleston County Parks Foundation, Inc. Fund. This fund is used to account for and report the financial resources received that are restricted for use by the Charleston County Parks Foundation, Inc., 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.

Fiduciary fund types are accounted for based on the flow of economic resources measurement focus and use of the accrual basis of accounting and are used to account for expendable assets held by the Commission in a trustee capacity. The Commission's fiduciary fund types include the following:

OPEB Trust Fund. This fund is used to account for the assets held in an irrevocable trust representing plan contributions to the Commission's defined benefit other post-employment benefit plan.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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:

a. The Commission receives the Executive Director's recommended budget for the next fiscal year at its March meeting. Commission approval of the budget is required at the March meeting.

b. In early April, the Commission submits to the Charleston County Budget Office 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.

c. 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.

d. 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.

e. Formal budgeting integration is employed as a management control device during the year for the General and Debt Service funds.

D. Assets, Liabilities, Deferred Outflows/Inflows 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. Restricted cash 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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.

(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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Investments (Continued)

(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 $1 a share and to that end, value its assets by the amortized cost method.

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 did not have any investments as of June 30, 2019 other than those held in trust and reported in the Fiduciary Fund.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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 all land and non-depreciable land improvement acquisitions regardless of cost.

Depreciable land improvements, buildings, building improvements, and infrastructure having a useful life greater than one year and a value of more than $50,000 are capitalized upon acquisition. The Commission also capitalizes the acquisition of machinery, equipment and vehicles having a useful life greater than one year and a value of more than $20,000. 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.

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 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. Assets, Liabilities, Deferred Outflows/Inflows 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 period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Commission currently has two types of deferred outflows of resources: 1) The Commission reports deferred outflows related to pensions in its Statement of Net Position in connection with its participation in the South Carolina Retirement System, and 2) The Commission reports deferred OPEB charges in in its Statement of Net Position in connection with the Other Post-Employment Benefits – Retiree Benefits Plan ("OPEB Plan"). The deferred outflows related to pension and OPEB are either: a) recognized in the subsequent period as a reduction of the net pension/OPEB liability (which includes contributions made after the measurement date), or (b) amortized in a systematic and rational method as pension/OPEB expense in future periods in accordance with GAAP.

In addition to liabilities, the Statement of Net Position and the Balance Sheet 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 only in the governmental funds balance sheet; it is deferred and recognized as an inflow of resources in the period the amounts become available, 2) The Commission also reports deferred inflows related to Pension 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, and 3) The Commission reports deferred inflows related to OPEB in its Statement of Net Position in connection with the OPEB Plan. The Pension and OPEB deferred inflows of resources are amortized in a systematic and rational method and recognized as a reduction of pension/OPEB 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 during the year ended June 30, 2011. The objective of GASB No. 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 No. 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:

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Fund Balance (Continued)

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 Board.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Pensions and Other Post-employment Benefits

In government-wide financial statements, pensions and other post-employment benefits (“OPEB”) are required to be recognized and disclosed using the accrual basis of accounting (see Note 10 and Note 11 and the required supplementary information immediately following the notes to the financial statements for more information), regardless of the amounts recognized as pension and OPEB expenditures on the modified accrual basis of accounting. The Commission recognizes net pension and net OPEB liabilities for each plan for which it participates, which represents the excess of the total pension and OPEB liabilities over the fiduciary net position of the qualified 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 and OPEB liabilities during the period are recorded as pension and OPEB expenses, or as deferred outflows or inflows of resources depending on the nature of the change, in the period incurred.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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, 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 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.

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, 2019, the Commission's total bank balances were $51,772,579, with a carrying amount of $51,259,364. 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.

A reconciliation of deposits and investments reported in the footnotes to amounts in the Statement of Net Position follows:

Statement of Net Position		
Cash and cash equivalents	$	27,590,265
Cash and cash equivalents - restricted		23,669,006
	$	51,259,271
Deposits with financial institutions	$	51,259,271

OPEB Trust Investments

The OPEB Trust portfolio at June 30, 2019 (which reports its investments at fair value) is as shown in the following table:

Investment type	Fair Value Level	Fair Value	Credit Rating	Weighted Avg. Maturity
Money Market Funds	Level 1	$ 2,715,502	Unrated	Less than one year

NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED)

OPEB Trust Investments (Continued)

Interest Rate Risk
The OPEB Trust does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arriving from increasing interest rates.

Credit Risk for OPEB Trust Investments
The OPEB Trust does not currently have a formal investment policy that limits its exposure to credit risk for investments.

Custodial Credit Risk for OPEB Trust 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 that are in the possession of an outside party. The OPEB Trust's investment policy requires that securities be held by a third-party custodian in the name of the Trust. As of June 30, 2019, none of the Trust's security investments were exposed to custodial credit risk.

Concentration of Credit Risk for OPEB Trust Investments
The OPEB Trust does not currently have a formal investment policy that limits the amount the OPEB Trust may invest in any one issuer.

Rate of Return
For the year ended June 30, 2019, the annual money-weighted rate of return on the OPEB Trust plan investments, net of plan investment expense, was 2.0%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTE 3. RECEIVABLES

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 – 3%, February 1 - an additional 7%, March 16 - an additional 5% 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.

NOTE 3. RECEIVABLES

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.

Taxes receivable consist 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, 2019	
	General Fund	Debt Service Fund
2019	$ 17,141,598	$ 7,175,553
2018	314,369	131,593
2017	107,213	44,878
2016	85,396	35,745
2015	60,635	18,336
Prior to 2015	158,925	59,110
Total taxes receivable	17,868,136	7,465,215
Less allowance for uncollectible taxes	(811,787)	(337,647)
Total taxes receivable, net	$ 17,056,349	$ 7,127,568

NOTE 4. BALANCES DUE TO/FROM OTHER FUNDS

Balances due to/from other funds at June 30, 2019, are as follows:

Fund	Receivables	Payables
General fund	$ 300,771	$ 6
Capital projects fund	-	1,172
Charleston County Parks Foundation, Inc.	6	299,599
	$ 300,777	$ 300,777

The General Fund receivable and Charleston County Parks Foundation, Inc. Fund payable are primarily the result of the General Fund financing expenditures for the Capital Projects Fund and Charleston County Parks Foundation, Inc. Fund. The receivable from the Charleston County Parks Foundation, Inc. Fund is expected to be repaid as revenues are received by the Charleston County Parks Foundation, Inc. Fund, which has agreed to designate 10% 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 Commissioner's meeting.

The Capital Projects Fund payable represents amounts paid by the General Fund to be reimbursed with bond proceeds.

NOTE 5. INTERFUND TRANSFERS

A summary of transfers for the year ended June 30, 2019, is as follows:

Fund	Transfer in	Transfer out
General fund	$ 292,356	$ 3,176,208
Capital projects fund	3,176,208	268,450
Charleston County Parks Foundation, Inc.	-	23,906
	$ 3,468,564	$ 3,468,564

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. The transfer from the General Fund to the Capital Projects Fund was made in order to fund future capital projects and to remain in line with the Commission's future capital project goals. The transfer from the Charleston County Parks Foundation, Inc. Fund to the General Fund was a pass through of grant funds received. The transfer from the Capital Projects Fund to the General Fund was made to reimburse the General Fund for expenditures paid out of that fund. The transfer from the Capital Projects Fund to the Debt Service Fund was made to fund current year debt service payments.

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, non-depreciable					
Land	$ 108,264,750	$ -	$ -	$ -	$ 108,264,750
Construction in progress	3,266,422	2,923,481	(9,750)	(2,823,688)	3,356,465
Total capital assets, non-depreciable	111,531,172	2,923,481	(9,750)	(2,823,688)	111,621,215
Capital assets, depreciable					
Land improvements	21,839,716	213,760	(100,000)	-	21,953,476
Buildings and structures	48,516,464	7,110,979	(273,702)	2,823,688	58,177,429
Machinery and equipment	2,658,100	158,798	(65,753)	-	2,751,145
Utilities and infrastructure	5,220,964	108,822	-	-	5,329,786
Vehicles	2,393,961	216,499	(24,499)	-	2,585,961
Total capital assets, depreciable	80,629,205	7,808,858	(463,954)	2,823,688	90,797,797
Less: Accumulated depreciation					
Land improvements	(10,456,690)	(770,937)	55,417	-	(11,172,210)
Buildings and structures	(29,649,251)	(1,714,835)	255,305	-	(31,108,781)
Machinery and equipment	(1,533,173)	(228,539)	65,753	-	(1,695,959)
Utilities and infrastructure	(2,534,801)	(154,309)	-	-	(2,689,110)
Vehicles	(1,548,726)	(254,802)	24,499	-	(1,779,029)
Total accumulated depreciation	(45,722,641)	(3,123,422)	400,974	-	(48,445,089)
Total capital assets, depreciable, net	34,906,564	4,685,436	(62,980)	2,823,688	42,352,708
Total governmental activities capital assets, net	$ 146,437,736	$ 7,608,917	$ (72,730)	$ -	$ 153,973,923

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	$ 194,570
Park operations	2,928,852
Total	$ 3,123,422

NOTE 7. LONG-TERM OBLIGATIONS

All long-term debt issued for governmental purposes of the Commission is 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.

The following is a summary of long-term obligation transactions for the Commission for the year ended June 30, 2019.

Long-term obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	$ 46,775,000	$ -	$ (4,045,000)	$ 42,730,000	$ 4,265,000
Plus: issuance premium	809,424	-	(294,154)	515,270	-
Total general obligation bonds	47,584,424	-	(4,339,154)	43,245,270	4,265,000
Compensated absences	1,620,611	626,558	(456,538)	1,790,631	549,744
Net pension liability	23,120,547	4,458,657	(4,555,481)	23,023,723	-
Net OPEB liability	6,919,812	2,090,342	(297,045)	8,713,109	-
Total long-term obligations	$ 79,245,394	$ 7,175,557	$ (9,648,218)	$ 76,772,733	$ 4,814,744

Bonds outstanding for the fiscal year ended June 30, 2019, were as follows:

	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%.	$ 4,700,000
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%.	12,600,000
2016 General Obligation 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%.	1,190,000
2017 General Obligation Bonds in original amount of $25,000,000, due in annual installments of $760,000 to $2,245,000 from February 1, 2019 through February 1, 2023; interest rate of 3.00%.	24,240,000
Plus unamortized premiums	515,270
Total General Obligation Bonds	$ 43,245,270

NOTE 7. LONG-TERM OBLIGATIONS (CONTINUED)

As of June 30, 2019, maturities on long-term debt are as follows:

Year ending June 30,	Principal	Interest	Total
2020	$ 4,265,000	$ 1,185,000	$ 5,450,000
2021	4,375,000	1,068,513	5,443,513
2022	2,990,000	943,500	3,933,500
2023	3,495,000	837,800	4,332,800
2024	3,610,000	716,450	4,326,450
2025 – 2029	15,990,000	1,962,750	17,952,750
2030 – 2033	8,005,000	280,500	8,285,500
	$ 42,730,000	$ 6,994,513	$ 49,724,513

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 15, 2016, the Commission entered into an agreement with 1 Center Street, LLC (Tides Hotel) for the Folly Beach Edwin S. Taylor Fishing Pier Restaurant. The terms of the agreement were for a period of five years, beginning on November 1, 2016 – with the option of extending the lease for an additional five years, with the option terminating on October 31, 2021. Base rent is due in equal monthly installments of $13,000 and increases 2% each year. In addition to base rent, the lessee shall pay 8% of the gross annual receipts over $1,200,000.

The following is a schedule by years of the minimum future rentals on the non-cancelable operating lease as of June 30, 2019:

Year ending June 30,	Total
2020	$ 164,525
2021	167,815
2022	56,306
	$ 388,646

Total rental income of $243,528 was recorded during the current year.

NOTE 9. DEFICIT IN FUND EQUITY

The Charleston County Parks Foundation, Inc. Fund for the Commission had a deficit in fund balance of $152,022 as of June 30, 2019. The Commission expects the future revenue generation to alleviate the deficit fund balance.

NOTE 10. PENSION PLAN

The Commission participates in the State of South Carolina's retirement plan which is 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 State Fiscal Accountability Authority ("SFAA"), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the South Carolina Retirement Systems (the "Systems") and serves as a co-trustee of the Systems in conducting that review. Effective July 1, 2017, the Retirement System Funding and Administration Act of 2017 assigned the PEBA Board as the Custodian of the Retirement Trust Funds and assigned SC PEBA and the Retirement Systems Investment Commission ("RSIC") as co-trustees of the Retirement Trust Funds.

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, 202 Arbor Lake Drive, Columbia, SC 29223. 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 System's 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 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.

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 South Carolina Code of Laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation/current annual salary. A brief summary of benefit terms 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 1% or $500 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. The PEBA Board may increase the percentage rate in the SCRS ("Plan") employer and employee contribution rates on the basis of the actuarial valuations, but any such increase may not result in a differential between the employee and total employer contribution rate that exceeds 2.9% of earnable compensation for SCRS. An increase in the contribution rates adopted by the PEBA Board may not provide for an increase of more than one-half of 1% 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 30-year amortization schedule of the unfunded liabilities of the Plan, the PEBA Board shall increase the contribution rates in equal percentage amounts for the employer and employee as necessary to maintain the 30-year amortization period; this increase is not limited to one-half of 1% per year.

NOTE 10. PENSION PLAN (CONTINUED)

Plan Contributions (Continued)

If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of System assets to the actuarial accrued liability of the System (the funded ratio) that is equal to or greater than 90%, then the PEBA Board, effective on the following July 1, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than 90%. Any decrease in contribution rates must maintain the differential between the SCRS employer and employee contribution rates respectively. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the System shows a funded ratio of less than 90%, then effective on the following July 1, and annually thereafter as necessary, the PEBA Board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the System shows a funded ratio that is equal to or greater than 90%.

The Retirement System Funding and Administration Act of 2017 increases employer contribution rates to 13.56% for the SCRS, effective July 1, 2017. It also removes the 2.9% and 5% differential and increases and establishes a ceiling on employee contribution rates at 9% for the SCRS. The employer contribution rates will continue to increase annually by 1% through July 1, 2022. The legislation's ultimate scheduled employer rate is 18.56% for the SCRS. The amortization period is scheduled to be reduced one year for each of the next ten years to a 20-year amortization schedule. The recent pension reform legislation also changes the long-term funded ratio requirement from 90 to 85. 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. Required employer and employee contribution rates for the past three years are as follows:

	2017	2018	**2019**
Employer contribution rate:			
Retirement	11.41%	13.41%	**14.41%**
Incidental death benefit	0.15%	0.15%	**0.15%**
	11.56%	13.56%	**14.56%**
Employee contribution rate	8.66%	9.00%	**9.00%**

NOTE 10. PENSION PLAN (CONTINUED)

Plan Contributions (Continued)

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

	Required Contribution	Percentage Contributed	Covered Payroll
2019	**$ 1,724,627**	**100%**	**$ 10,564,556**
2018	1,444,091	100%	10,649,637
2017	1,197,853	100%	10,362,054

Actuarial Assumptions and Methods

Actuarial valuations of the ongoing plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued as of July 1, 2015.

The June 30, 2018 total pension liability, net pension liability, and sensitivity information shown in this report were determined by the consulting actuary, Gabriel, Roeder, Smith and Company ("GRS") and are based on an actuarial valuation performed as of July 1, 2017. The total pension liability was rolled-forward from the valuation date to the Plan's fiscal year-end, June 30, 2018, using generally accepted actuarial principles. The Commission has a measurement date of June 30, 2018.

The following table provides a summary of the actuarial assumptions and methods used in the July 1, 2017 valuations for the SCRS.

Actuarial Cost Method	Entry Age Normal
Actuarial Cost Assumptions:	
Investment rate of return	7.25%
Projected salary increases*	3.0% to 12.5% (varies by service)
Benefit adjustments	Lesser of 1.0% or $500 annually

* Includes inflation rate of 2.25%

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2016 Public Retirees of South Carolina Mortality table ("2016 PRSC"), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using published Scale AA projected from the year 2016. General employees and members of the general assembly use the 2016 PRSC males multiplied by 100% and 2016 PRSC females multiplied by 111%.

NOTE 10. PENSION PLAN (CONTINUED)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments is based upon 30-year capital market assumptions. The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2018 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table below. For actuarial purposes, the 7.25% assumed annual investment rate of return used in the calculation of the TPL includes a 5.00% real rate of return and a 2.25% inflation component.

Allocation/Exposure	Target Allocation	Expected Arithmentic Real Rate of Return	Long-term Portfolio Real Rate of Return
Global equity	**47.0%**		
Global public equity	33.0%	6.99%	2.31%
Private equity	9.0%	8.73%	0.79%
Equity options strategies	5.0%	5.52%	0.28%
Real assets	**10.0%**		
Real estate (private)	6.0%	3.54%	0.21%
Real estate (REITs)	2.0%	5.46%	0.11%
Commodities	2.0%	5.09%	0.10%
Opportunistic	**13.0%**		
GTAA/Risk parity	8.0%	3.75%	0.30%
Hedge funds (non-PA)	2.0%	3.45%	0.07%
Other opportunistic strategies	3.0%	3.75%	0.11%
Diversified credit	**18.0%**		
Mixed credit	6.0%	3.05%	0.18%
Emerging markets debt	5.0%	3.94%	0.20%
Private debt	7.0%	3.89%	0.27%
Conservative fixed income	**12.0%**		
Core fixed income	10.0%	0.94%	0.09%
Cash and short duration (net)	2.0%	0.34%	0.01%
Total expected real return	100.0%		5.03%
Inflation for actuary purposes			2.25%
Total expected nominal return			7.28%

NOTE 10. PENSION PLAN (CONTINUED)

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, 2018, for the SCRS are presented in the following table:

System	Total pension liability	Plan Fiduciary Net Position	Net pension liability	Plan fiduciary net position as a percentage of the total pension liability
SCRS	$ 48,821,730,067	$ 26,414,916,370	$ 22,406,813,697	54.1%

The total pension liability is calculated by the Systems' actuary, and each Plans' 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, 2019, the Commission reported a liability of $23,023,723 for its proportionate share of the net pension liability for the SCRS. The net pension liability was measured as of June 30, 2018, 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 of July 1, 2017 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. At the June 30, 2018 measurement date, the Commission's SCRS proportion was 0.10275%, which was an increase of 0.00004% from its proportion measured as of June 30, 2017.

NOTE 10. PENSION PLAN (CONTINUED)

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

For the year ended June 30, 2019, the Commission recognized pension expense of $2,229,525 for the SCRS. At June 30, 2019, 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:

	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	$ 41,561	$ 135,488
Changes in assumptions	913,453	-
Net difference between projected and actual earnings on pension plan investments	365,732	-
Changes in proportion and differences between the Commission's contributions and proportionate share of contributions	32,804	335,127
Commission contributions subsequent to the measurement date	1,724,647	-
	$ 3,078,197	$ 470,615

Of the balance reported as deferred outflows of resources, $1,724,647 were related to the Commission's contributions subsequent to the measurement date to the SCRS and will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. 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 ending June 30,	SCRS
2020	$ 824,875
2021	504,114
2022	(332,350)
2023	(113,704)
	$ 882,935

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. 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.

NOTE 10. PENSION PLAN (CONTINUED)

Sensitivity Analysis

The following table presents the sensitivity of the Commission's proportionate share of the net pension liability of the Plan to changes in the discount rate, calculated using the discount rate of 7.25%, as well as what it would be if it were calculated using a discount rate that is 1% point lower (6.25%) or 1% point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Commission's proportionate share of the net pension liability of the SCRS	$ 29,420,042	$ 23,023,723	$ 18,450,967

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, 202 Arbor Lake Drive, Columbia, South Carolina 29223.

Payable to Plan

The Commission reported a payable of $198,174 to the PEBA as of June 30, 2019, representing required employer and employee contributions for the month of June 2019 for the SCRS. This amount is included in accounts payable on the face of the financial statements and was paid in July 2019.

NOTE 11. OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The Commission provides health and dental benefits to eligible employees and their beneficiaries through the Charleston County Park and Recreation Commission Retiree Health Care Plan, a single-employer defined benefit other post-employment benefit plan ("OPEB Plan") administered by the Commission's Human Resources Division. The Commission has the authority to establish and amend the benefit terms. The OPEB Plan does not issue a stand-alone financial report.

Plan Benefits

The OPEB Plan provides group health, vision, and dental insurance for retirees who were hired prior to July 1, 2016 and meet the following eligibility criteria. The OPEB Plan is closed to new members.

NOTE 11. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Plan Benefits (Continued)

Employees who retired 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.

- 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.

NOTE 11. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Plan Benefits (Continued)

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.

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.

NOTE 11. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Plan Benefits (Continued)

- 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 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.

No coverage is available to an employee not eligible for employer paid coverage. Participation in the OPEB Plan is not required.

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.

Plan Membership

Membership of the plan is as follows:

Retirees, survivors, and beneficiaries receiving benefits	23
Active employees	160
Total	183

Plan Contributions

The Commission has the authority to establish and amend the contribution requirements of the OPEB Plan. During the year ended June 30, 2019, the Commission made contributions of $243,217 through the payment of retiree premiums. No contributions were made to the irrevocable trust during the current year. Employees are not required to contribute to the OPEB Plan.

Actuarial Assumptions and Methods

Actuarial valuations of the OPEB Plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, inflation, healthcare cost trend rates, and future salary changes. Amounts determined regarding the net OPEB liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

NOTE 11. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Actuarial Assumptions and Methods (Continued)

Projections of benefits for financial reporting purposes are based on the substantive OPEB Plan (the plan as understood by the employer and its 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 methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following table provides a summary of the significant actuarial assumptions and methods used in the latest actuarial valuation for the OPEB Plan.

Actuarial Valuation Date	June 30, 2019
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market
Value Actuarial Assumptions:	
Inflation	2.25%
Single Discount Rate	3.13%
Healthcare Cost Trend	7.20% declining to an ultimate rate of 4.75% after 12 years; Ultimate trend rate includes a 0.75% adjustment for the excise tax.
Rate Coverage	The participation rates were assumed to vary by the amount of the subsidy; employees were expected to participate at a rate of 70%, 90% and 100% when eligible for the 50%, 75%, and 100% subsidies, respectively.
Mortality Table	For healthy retirees, the 2016 Public Retirees of South Carolina Mortality Table for Males and the 2016 Public Retirees of South Carolina Mortality Table for Females are used with fully generational mortality projections based on Scale AA from the year 2016. The following multipliers are applied to the base tables: 100% for male SCRS members and 111% for female SCRS members.

Demographic assumptions were based on the results of an actuarial experience study for the five-year period ended June 30, 2015, as conducted for the SCRS.

NOTE 11. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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

The Commission's net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018.

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balances as of June 30, 2018	$ 9,587,985	$ 2,668,173	$ 6,919,812
Changes for the year:			
Service cost	277,000	-	277,000
Interest	347,697	-	347,697
Differences between expected and actual experience	828,579	-	828,579
Changes of assumptions	635,566	-	635,566
Contributions - employer	-	243,217	(243,217)
Net investment income	-	53,828	(53,828)
Benefit payments	(243,217)	(243,217)	-
Administrative expense	-	(1,500)	1,500
Net changes	1,845,625	52,328	1,793,297
Balances as of June 30, 2019	$ 11,433,610	$ 2,720,501	$ 8,713,109

For the year ended June 30, 2019, the Commission recognized OPEB expense of $704,995. At June 30, 2019, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	$ 750,177	$ 7,094
Changes in assumptions	575,427	57,783
Net difference between projected and actual earnings on OPEB investments	24,175	-
	$ 1,349,779	$ 64,877

NOTE 11. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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

Amounts reported as deferred outflows of resources (deferred OPEB charges) and deferred inflows of resources (deferred OPEB credits) related to the OPEB Plan will increase (decrease) OPEB expense as follows:

Year ending June 30,	Total
2020	$ 138,815
2021	138,815
2022	138,815
2023	132,406
2024	131,169
Thereafter	604,882
	$ 1,284,902

Discount Rate

The discount rate used to measure the total OPEB liability was 3.62% based on the municipal bond rate as of June 30, 2018. The Commission does not anticipate making any future contributions to the OPEB Trust; therefore, it was considered reasonable to use the prevailing municipal bond rate as the single discount rate.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following table presents the sensitivity of the Commission's net OPEB liability to changes in the discount rate, calculated using the discount rate of 3.13%, as well as what it would be if it were calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

	1% Decrease (2.13%)	Current Discount Rate (3.13%)	1% Increase (4.13%)
Net OPEB liability	$ 10,158,390	$ 8,713,109	$ 7,461,541

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following table presents the sensitivity of the Commission's net OPEB liability to changes in the healthcare cost trend rate, calculated using the healthcare cost trend rate of 7.20% decreasing to 4.75%, as well as what it would be if it were calculated using a healthcare cost trend rate that is 1% point lower or 1% point higher than the current rate:

	1% Decrease (6.20% decreasing to 3.75%)	Current Healthcare Cost Rate Trend (7.20% decreasing to 4.75%)	1% Increase (8.20% decreasing to 5.75%)
Net OPEB liability	$ 7,287,424	$ 8,713,109	$ 10,435,400

NOTE 12. COMMITMENTS AND CONTINGENCIES

Laurel Hill Plantation

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 three 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 interests 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, 2019, the unamortized prepaid rent was $4,322,500.

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.

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: 1) the property must be used and maintained for the public park and recreation purposes for which it was conveyed in perpetuity, 2) 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 3) 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.

NOTE 12. COMMITMENTS AND CONTINGENCIES

Town of Hollywood

In May 2017, the Commission entered into an agreement with the Town of Hollywood (the "Town") for the planning, construction, and management of a recreational facility that will include a swimming pool. In accordance with the agreement, the Town will obtain and retain ownership of property for the intended use of the recreational facility. The Commission will be responsible for costs related to the initial planning and design as well as construction of the pool and related infrastructure, and the Town will be responsible for the costs of constructing other park features. The Commission will also be responsible for the management, staffing, and maintenance of the pool complex, and the Town will be responsible for the management, staffing, and maintenance of all other proposed recreational amenities upon construction.

Construction Commitments

The Commission had several incomplete construction projects at year-end. As of June 30, 2019, the Commission had outstanding construction commitments of $8,326,691.

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.

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, 2019. Based on prior experience, the Commission believes the liability would not be significant.

NOTE 13. RISK MANAGEMENT (CONTINUED)

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, 2019, 2018 and 2017 were $25,628, $61,868 and $8,989, 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 other than the litigation noted below.

The Commission is party to litigation where it is probable that a negative outcome will occur. As a result, the Commission has recorded a liability in the amount of $1,159,442.

NOTE 15. TAX ABATEMENTS

The Commission is subject to tax abatements entered into by Charleston County, who enters into property tax abatement agreements with local businesses through various abatement programs. For the fiscal year ended June 30, 2019, the Commission's property taxes abated by agreements entered into by Charleston County totaled $1,180,128. The Commission has not entered into any of its own tax abatement agreements.

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

OPEB Schedules:

- Schedule of Changes in the Charleston County Park and Recreation Commission's Net OPEB Liability and Related Ratios

- Schedule of Charleston County Park and Recreation Commission's Contributions – OPEB plan

CHARLESTON COUNTY PARK AND RECREATION COMMISSION

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GAAP BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues				
Taxes	$ 15,573,250	$ 15,573,250	$ 16,802,723	$ 1,229,473
Gross sales revenue	2,597,050	2,597,050	2,492,332	(104,718)
Admissions and program revenue	7,820,701	7,820,701	8,234,125	413,424
Facility and fleet rentals	4,162,920	4,162,920	4,300,169	137,249
Intergovernmental	2,305	2,305	4,091	1,786
Recreational programming	1,213,000	1,213,000	1,091,899	(121,101)
Other	109,270	109,270	593,101	483,831
Total revenues	31,478,496	31,478,496	33,518,440	2,039,944
Expenditures				
Current:				
General government:				
Administration	867,280	867,280	1,148,105	(280,825)
Executive	1,130,134	1,130,134	1,104,051	26,083
Financial services	978,929	978,929	824,858	154,071
General services:				
Administration and information technology	2,154,450	2,154,450	1,930,425	224,025
Capital projects	-	-	322	(322)
Human resources	615,628	615,628	619,643	(4,015)
Planning and resource management	1,109,136	1,109,136	936,574	172,562
Total general services	3,879,214	3,879,214	3,486,964	392,250
Total general government	6,855,557	6,855,557	6,563,978	291,579
Park and recreation services:				
Administration, park and program services and safety	1,028,823	1,028,823	943,418	85,405
Maintenance	6,512,756	6,512,756	6,209,776	302,980
Marketing	1,490,727	1,490,727	1,371,394	119,333
Operations	1,461,743	1,461,743	1,403,265	58,478
Recreation	12,624,545	12,624,545	12,522,677	101,868
Total park and recreation services	23,118,594	23,118,594	22,450,530	668,064
Capital outlay	498,000	498,000	504,868	(6,868)
Total expenditures	30,472,151	30,472,151	29,519,376	952,775
Excess of revenues over expenditures	1,006,345	1,006,345	3,999,064	2,992,719
Other Financing Sources (Uses)				
Transfers in	-	-	292,356	292,356
Transfers out	(3,000,000)	(3,000,000)	(3,176,208)	(176,208)
Proceeds from sale of capital assets	61,125	61,125	68,889	7,764
Total other financing uses, net	(2,938,875)	(2,938,875)	(2,814,963)	123,912
Net change in fund balances	(1,932,530)	(1,932,530)	1,184,101	3,116,631
Fund balances, beginning of year	19,150,292	19,150,292	19,150,292	-
Fund balances, end of year	$ 17,217,762	$ 17,217,762	$ 20,334,393	$ 3,116,631

CHARLESTON COUNTY PARK AND RECREATION COMMISSION

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE COMMISSION'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SOUTH CAROLINA RETIREMENT SYSTEM
FOR THE FISCAL YEAR ENDED JUNE 30,

	2019	2018	2017	2016	2015	2014
Commission's proportion of the net pension liability	**0.10275%**	0.10271%	0.10589%	0.10628%	0.10271%	0.10271%
Commission's proportionate share of the net pension liability	**$ 23,023,723**	$ 23,120,547	$ 22,617,734	$ 20,156,134	$ 17,682,740	$ 18,421,972
Commission's covered payroll	**$ 10,649,637**	$ 10,362,054	$ 10,271,200	$ 9,910,088	$ 9,324,443	$ 8,915,053
Commissions proportionate share of the net pension liability as a percentage of covered payroll	**216.2%**	223.1%	220.2%	203.4%	189.6%	206.6%
Plan fiduciary net position as a percentage of the total pension liability	**54.1%**	53.4%	52.9%	57.0%	59.2%	56.4%

Note to Schedule
This schedule will present 10 years of information once it has been accumulated.

CHARLESTON COUNTY PARK AND RECREATION COMMISSION

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF COMMISSION CONTRIBUTIONS
SOUTH CAROLINA RETIREMENT SYSTEM
FOR THE FISCAL YEAR ENDED JUNE 30,

	2019	2018	2017	2016	2015	2014
Contractually required contribution	**$ 1,724,627**	$ 1,444,091	$ 1,197,853	$ 1,135,994	$ 1,080,200	$ 988,391
Contributions in relation to the contractually required contribution	**1,724,627**	1,444,091	1,197,853	1,135,994	1,080,200	988,391
Contribution (excess) deficiency	**$ -**	$ -	$ -	$ -	$ -	$ -
Commission covered payroll	**$ 10,564,556**	$ 10,649,637	$ 10,362,054	$ 10,271,200	$ 9,910,088	$ 9,324,443
Contributions as a percentage of covered payroll	**16.3%**	13.6%	11.6%	11.1%	10.9%	10.6%

Notes to Schedule

Valuation date	July 1, 2016
Cost method	Entry Age Normal
Actuarial asset valuation method	5 year smoothed
Amortization method	Level percent of pay
Amortization period	30 years variable, not to exceed 30 years
Investment return	7.50%
Inflation	2.25%
Salary increases	3.00% plus step-rate increases for members with less than 21 years of service.

This schedule will present 10 years of information once it has been accumulated.

CHARLESTON COUNTY PARK AND RECREATION COMMISSION

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE COMMISSION'S NET OPEB LIABILITY
AND RELATED RATIOS
FOR THE FISCAL YEAR ENDED JUNE 30,

	2019	2018
Total OPEB liability:		
Service cost	**$ 277,000**	$ 301,123
Interest	**347,697**	329,261
Experience differences	**828,579**	(8,706)
Assumption changes	**635,566**	(70,915)
Benefit payments - including refunds of member contributions	**(243,217)**	(122,234)
Net change in total OPEB liability	**1,845,625**	428,529
Total OPEB liability - beginning	**9,587,985**	9,159,456
Total OPEB liability - ending	**$ 11,433,610**	$ 9,587,985
Plan fiduciary net position:		
Employer contributions	**$ 243,217**	$ 122,234
Net investment income	**53,828**	27,394
Benefit payments - including refunds of member contributions	**(243,217)**	(122,234)
Administrative expense	**(1,500)**	(1,500)
Net change in OPEB plan fiduciary net position	**52,328**	25,894
Plan fiduciary net position - beginning	**2,668,173**	2,642,279
Plan fiduciary net position - ending	**$ 2,720,501**	$ 2,668,173
Net OPEB liability	**$ 8,713,109**	$ 6,919,812
Plan fiduciary net position as a percentage of the total OPEB liability	**31.2%**	38.6%
Covered-employee payroll	**$ 8,931,694**	$ 9,854,530
Net OPEB liability as a percentage of covered-employee payroll	**97.6%**	70.2%

Note to Schedule
This schedule will present 10 years of information once it has been accumulated.

CHARLESTON COUNTY PARK AND RECREATION COMMISSION

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF COMMISSION CONTRIBUTIONS
OPEB PLAN
FOR THE FISCAL YEAR ENDED JUNE 30,

	2019	2018
Contractually required contribution	**$ 243,217**	$ 122,234
Contributions in relation to the contractually required contribution	**243,217**	122,234
Contribution (excess) deficiency	**$ -**	$ -
Commission covered payroll	**$ 8,931,694**	$ 9,854,530
Contributions as a percentage of covered payroll	**2.7%**	1.2%

Note to Schedule

Valuation date	June 30, 2017
Cost method	Individual Entry Age Normal
Discount rate	3.13% (decrease from 3.62% as of June 30, 2018)
Inflation	2.25%
Salary increases	3.00% to 7.00% for SCRS, including inflation
Healthcare cost rate trends	Initial rate of 7.20% declining to an ultimate rate of 4.75% after 12 years.

This schedule will present 10 years of information once it has been accumulated.

COMPLIANCE SECTION

MAULDIN & JENKINS
CPAs & ADVISORS

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

To the Commissioners
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 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, 2019, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated November 26, 2019.

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.

Mauldin & Jenkins, LLC

Savannah, Georgia
November 26, 2019