

**CHARLESTON COUNTY
PARK AND RECREATION COMMISSION**

(A COMPONENT UNIT OF THE COUNTY OF CHARLESTON)

**FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2023**

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

FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

**APPOINTED OFFICIALS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

GOVERNING BODY

Eduardo Curry, Chair

Bradley Taggart, Vice-Chair

Michelle Brandt, Secretary/Treasurer

Collin Bruner, Commissioner

Lisa S. King, Commissioner

Mattese Lecque, Commissioner

Devon Andrews, Commissioner

Kevin Bowie, Executive Director

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Commissioners of the
Charleston County Park and Recreation Commission
(A Component Unit of the County of Charleston)
Charleston, South Carolina

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the fiduciary 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, 2023, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the fiduciary fund of the Commission, as of June 30, 2023, 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the General Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and 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 52 – 56, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. 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 Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the appointed officials schedule but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2023 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
December 4, 2023

BASIC FINANCIAL STATEMENTS

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

STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 35,100,171
Cash and cash equivalents - restricted	31,218,320
Taxes receivable, net	30,228,153
Accounts receivable	1,176,270
Prepaid items and deposits	3,351,573
Inventories	747,964
Capital assets:	
Non-depreciable	112,006,414
Depreciable, net of accumulated depreciation	53,651,649
Total assets	267,480,514
DEFERRED OUTFLOWS OF RESOURCES	
Pension	5,262,623
OPEB	1,643,820
Total deferred outflows of resources	6,906,443
LIABILITIES	
Current liabilities:	
Accounts payable	1,812,540
Accrued payroll, related taxes and employee benefits	1,362,681
Due to other governments	459,059
Unearned revenue - rentals and other	3,007,927
Accrued interest	495,291
General obligation bonds payable - current portion	4,940,000
Compensated absences - current portion	519,099
Lease liabilities, current portion	172,282
Non-current liabilities:	
Net pension liability	26,495,060
Net OPEB liability	8,276,570
General obligation bonds payable	40,173,863
Compensated absences	1,171,714
Lease liabilities, due in more than a year	200,564
Total liabilities	89,086,650
DEFERRED INFLOWS OF RESOURCES	
Pension	151,826
OPEB	2,275,335
Property taxes billed or received in advance	29,115,865
Total deferred inflows of resources	31,543,026
NET POSITION	
Net investment in capital assets	136,395,801
Restricted for:	
Debt service	14,964,385
Recreation projects	238,079
Capital projects	3,942,241
Unrestricted	(1,783,225)
Total net position	\$ 153,757,281

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

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

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>	<u>Revenues and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Grants and</u>	<u>Changes in</u>
			<u>Contributions</u>	<u>Contributions</u>	<u>Net Position</u>
					<u>Governmental</u>
					<u>Activities</u>
Governmental Activities:					
General government	\$ 8,989,743	\$ -	\$ -	\$ -	\$ (8,989,743)
Park and recreation services	33,776,198	20,452,857	238,690	1,086,147	(11,998,504)
Interest on long-term debt	1,054,528	-	-	-	(1,054,528)
Total governmental activities	<u>\$ 43,820,469</u>	<u>\$ 20,452,857</u>	<u>\$ 238,690</u>	<u>\$ 1,086,147</u>	<u>(22,042,775)</u>
General revenues:					
Taxes					
Property taxes levied for general purposes					20,117,869
Property taxes levied for debt service					9,073,642
Intergovernmental					20,248
Interest					218,432
Miscellaneous revenues					606,134
Total general revenues					<u>30,036,325</u>
Change in net position					7,993,550
Net position, beginning of year					145,763,731
Net position, end of year					<u>\$ 153,757,281</u>

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

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Charleston County Parks Foundation, Inc.	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 30,822,359	\$ 538,354	\$ 3,739,458	\$ -	\$ 35,100,171
Cash and cash equivalents - restricted	-	-	16,224,447	14,993,873	31,218,320
Taxes receivable, net of allowances	20,863,629	-	-	9,364,524	30,228,153
Accounts receivable, net of allowances	314,971	10,000	851,299	-	1,176,270
Due from other funds	-	112,058	275,750	75,823	463,631
Inventories	712,999	34,965	-	-	747,964
Prepaid expenditures	91,823	1,250	-	-	93,073
Total assets	<u>\$ 52,805,781</u>	<u>\$ 696,627</u>	<u>\$ 21,090,954</u>	<u>\$ 24,434,220</u>	<u>\$ 99,027,582</u>
LIABILITIES , DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 1,381,025	\$ 118,029	\$ 313,486	\$ -	\$ 1,812,540
Accrued liabilities	1,362,681	-	-	-	1,362,681
Intergovernmental payable	316,532	-	-	142,527	459,059
Unearned revenue - rentals and other	3,007,927	-	-	-	3,007,927
Due to other funds	449,631	14,000	-	-	463,631
Total liabilities	<u>6,517,796</u>	<u>132,029</u>	<u>313,486</u>	<u>142,527</u>	<u>7,105,838</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes billed or received in advance	20,079,907	-	-	9,035,958	29,115,865
Unavailable revenue - property taxes	700,925	-	-	291,350	992,275
Total deferred inflows of resources	<u>20,780,832</u>	<u>-</u>	<u>-</u>	<u>9,327,308</u>	<u>30,108,140</u>
FUND BALANCES					
Nonspendable - prepaids and inventories	804,822	36,215	-	-	841,037
Restricted for:					
Debt service payments	-	-	-	14,964,385	14,964,385
Capital improvement program	-	-	20,166,688	-	20,166,688
Genesis swim safety fund	-	173,550	-	-	173,550
SK8 forward	-	10,431	-	-	10,431
Bio-discovery grant	-	8,673	-	-	8,673
Nature stewardship	-	18,452	-	-	18,452
Culture history fund	-	26,973	-	-	26,973
Committed for:					
Future capital costs - Spring Grove Site	-	-	75,000	-	75,000
Future capital costs - Old Towne Site	-	-	335,780	-	335,780
Future capital costs - Folly Groin Site	-	-	100,000	-	100,000
Future capital costs - Folly Kayak Site	-	-	100,000	-	100,000
Assigned for:					
Debris removal	500,000	-	-	-	500,000
Subsequent years budget	2,000,000	-	-	-	2,000,000
Property insurance deductible	750,000	-	-	-	750,000
Unassigned	21,452,331	290,304	-	-	21,742,635
Total fund balances	<u>25,507,153</u>	<u>564,598</u>	<u>20,777,468</u>	<u>14,964,385</u>	<u>61,813,604</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 52,805,781</u>	<u>\$ 696,627</u>	<u>\$ 21,090,954</u>	<u>\$ 24,434,220</u>	<u>\$ 99,027,582</u>

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

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

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

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

Fund balances, end of year		\$	61,813,604
Lease assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			372,846
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			165,285,217
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			992,275
Prepaid debt is not an available financial resource and, therefore, is not reported as an asset in the governmental funds.			3,258,500
Deferred outflows of resources related to the recording of the net pension liability and net OPEB liability are recognized as expense over time and, therefore, are not reported in the funds.			6,906,443
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.			(2,427,161)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.			
General obligation bonds payable	\$		(45,113,863)
Net pension liability			(26,495,060)
Net OPEB liability			(8,276,570)
Compensated absences			(1,690,813)
Lease liabilities			(372,846)
Accrued interest payable			(495,291)
			(82,444,443)
		\$	153,757,281

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

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

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	General Fund	Charleston County Parks Foundation, Inc.	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues					
Taxes	\$ 20,117,869	\$ -	\$ -	\$ 8,996,639	\$ 29,114,508
Gross sales revenue	3,431,756	-	-	-	3,431,756
Admissions and program revenue	10,896,588	-	-	-	10,896,588
Facility and fleet rentals	4,987,323	-	-	-	4,987,323
Intergovernmental	20,248	-	1,071,764	-	1,092,012
Contributions	-	238,690	14,383	-	253,073
Recreational programming	1,121,844	15,346	-	-	1,137,190
Interest	140,712	1,897	-	75,823	218,432
Other	336,976	-	269,158	-	606,134
Total revenues	41,053,316	255,933	1,355,305	9,072,462	51,737,016
Expenditures					
Current:					
General government					
Administration	1,470,014	87,688	-	52,513	1,610,215
Executive	1,365,438	-	-	-	1,365,438
Financial services	863,643	-	-	-	863,643
General services	4,712,256	-	-	-	4,712,256
Park and recreation services	29,522,690	-	228,539	-	29,751,229
Capital outlay	402,663	-	8,763,770	-	9,166,433
Debt service:					
Principal retirement	241,749	-	-	12,825,000	13,066,749
Interest	11,212	-	-	1,461,199	1,472,411
Total expenditures	38,589,665	87,688	8,992,309	14,338,712	62,008,374
Excess (deficiency) of revenues over (under) expenditures	2,463,651	168,245	(7,637,004)	(5,266,250)	(10,271,358)
Other financing sources (uses)					
Transfers in	120,218	-	2,024,529	-	2,144,747
Transfers out	(2,010,529)	(134,218)	-	-	(2,144,747)
Proceeds from sale of capital assets	142,721	-	-	-	142,721
Leases	320,780	-	-	-	320,780
Total other financing sources (uses)	(1,426,810)	(134,218)	2,024,529	-	463,501
Net change in fund balances	1,036,841	34,027	(5,612,475)	(5,266,250)	(9,807,857)
Fund balances, beginning of year	24,470,312	530,571	26,389,943	20,230,635	71,621,461
Fund balances, end of year	\$ 25,507,153	\$ 564,598	\$ 20,777,468	\$ 14,964,385	\$ 61,813,604

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

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

**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, 2023**

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

Net change in fund balances - total governmental funds \$ (9,807,857)

Governmental funds report lease assets as expenditures. However, in the statement of activities, the cost of those assets is allocated over the shorter of the lease term or their estimated useful lives and reported as amortization expense. This is the amount by which lease asset additions exceeded amortization expense in the current period.

Lease additions	\$	320,780	
Amortization expense		<u>(235,308)</u>	85,472

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	\$	9,166,433	
Depreciation expense		<u>(3,487,839)</u>	5,678,594

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position. (606,269)

Property tax revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. 77,003

Debt 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, the expense is reported as a reduction of the debt. This amount represents the change in the prepaid debt during the 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:

Issuance of lease liabilities	\$	(320,780)	
Principal retirement of lease liabilities		241,749	
Principal retirement of general obligation bonds		<u>12,825,000</u>	12,745,969

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	\$	(70,819)	
Net pension liability		(66,286)	
Net OPEB liability		(194,140)	
Amortization of bond premiums		343,422	
Accrued interest		<u>74,461</u>	86,638

Change in net position of governmental activities. \$ 7,993,550

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

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

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2023

	<u>OPEB Trust</u>
ASSETS	
Investments, at fair value	\$ 2,861,692
Accrued investment income	<u>11,873</u>
Total assets	<u>\$ 2,873,565</u>
NET POSITION	
Restricted for OPEB benefits	<u>\$ 2,873,565</u>
Total net position	<u>\$ 2,873,565</u>

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

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	OPEB Trust
ADDITIONS	
Employer contributions	\$ 325,005
Investment earnings	97,265
Total additions	422,270
DEDUCTIONS	
Benefit payments	325,005
Administrative expense	1,500
Total deductions	326,505
Change in net position	95,765
Net position, beginning of year	2,777,800
Net position, end of year	\$ 2,873,565

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

NOTES TO FINANCIAL STATEMENTS

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

NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 no component units; however, the Commission is a discretely presented component unit of Charleston County.

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.

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 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, including lease liabilities, 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, including entering into contracts giving the Commission the right to use lease assets, are reported as expenditures in governmental funds. Proceeds of general long-term debt, including financing through leases, 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 nonmajor funds.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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. 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Budget and Budgetary Accounting

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

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

- 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2023 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 in spendable form.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Capital Assets and Right to Use Lease Assets

Purchased or constructed capital assets, including capital outlay costs and right to use lease assets are recorded as expenditures in the fund financial statements at the time of purchase. 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 \$35,000. 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 and right to use lease assets are depreciated/amortized using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Land improvements	40
Buildings and structures	10 – 40
Right-to-use leased buildings and structures	3 – 5
Machinery and equipment	5 – 10
Right-to-use leased machinery and equipment	3 – 5
Vehicles	5 – 10
Utilities and infrastructure	7 – 40

Leases

The Commission is a lessee for noncancellable leases of equipment and buildings. The Commission recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. The Commission recognizes lease liabilities with an initial, individual value of \$35,000 or more.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Leases (Continued)

At the commencement of a lease, the Commission initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Commission determines: 1) the discount rate it uses to discount the expected lease payments to present value, 2) lease term, and 3) lease payments:

- The Commission uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Commission generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the Commission is reasonably certain to exercise.

The Commission monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Governmental Funds 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 assets that applies to a 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 outflows related to OPEB 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 assets that applies to a future period(s) 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 pensions 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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:

Non-spendable – 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Balance (Continued)

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

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

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in the Statement of Net Position. Net position is classified as net investment in capital assets; restricted; and unrestricted. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets.

Outstanding debt which has not been spent is included in the same net position component as the unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments.

Encumbrances

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 8 and 9 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.

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fair Value (Continued)

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 GAAP 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, 2023, the Commission's total bank balances were \$66,632,621, with a carrying amount of \$66,318,491. The entire amount was insured under the Federal Deposit Insurance Corporation ("FDIC") or collateralized by government investments held by the pledging financial institution's trust department or agent in the Commission's name.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits (Continued)

Custodial Credit Risk - Deposits

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	\$	35,100,171
Cash and cash equivalents - restricted		31,218,320
		\$ 66,318,491
Deposits with financial institutions	\$	66,318,491

OPEB Trust Investments

The OPEB Trust portfolio at June 30, 2023 (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	\$ 2,861,692	Unrated	Less than one year

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, 2023, 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED)

OPEB Trust Investments (Continued)

Rate of Return

For the year ended June 30, 2023, the annual money-weighted rate of return on the OPEB Trust plan investments, net of plan investment expense, was .11%. 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.

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. RECEIVABLES (CONTINUED)

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, 2023	
	General Fund	Debt Service Fund
2023	\$ 20,821,140	\$ 9,369,513
2022	272,107	122,452
2021	77,768	34,998
2020	97,050	43,543
2019	94,821	39,692
Prior to 2019	380,280	145,863
Total taxes receivable	21,743,166	9,756,061
Less allowance for uncollectible taxes	(879,537)	(391,537)
Total taxes receivable, net	\$ 20,863,629	\$ 9,364,524

NOTE 4. INTERFUND TRANSFERS

A summary of transfers for the year ended June 30, 2023 is as follows:

Fund	Transfer in	Transfer out
General fund	\$ 120,218	\$ 2,010,529
Capital projects fund	2,024,529	-
Charleston County Parks Foundation, Inc.	-	134,218
	\$ 2,144,747	\$ 2,144,747

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, non-depreciable					
Land	\$ 108,433,832	\$ 1,906,446	\$ -	\$ -	\$ 110,340,278
Construction in progress	8,054,259	6,898,356	-	(13,286,479)	1,666,136
Total capital assets, non-depreciable	<u>116,488,091</u>	<u>8,804,802</u>	<u>-</u>	<u>(13,286,479)</u>	<u>112,006,414</u>
Capital assets, depreciable					
Land improvements	23,149,110	-	-	-	23,149,110
Buildings and structures	64,587,083	134,788	(100,156)	13,286,479	77,908,194
Machinery and equipment	2,977,940	97,429	(1,419,001)	-	1,656,368
Utilities and infrastructure	6,736,011	-	-	-	6,736,011
Vehicles	2,597,553	129,414	(1,698,371)	-	1,028,596
Total capital assets, depreciable	<u>100,047,697</u>	<u>361,631</u>	<u>(3,217,528)</u>	<u>13,286,479</u>	<u>110,478,279</u>
Less: Accumulated depreciation					
Land improvements	(13,589,849)	(809,767)	-	-	(14,399,616)
Buildings and structures	(35,332,007)	(2,136,541)	75,953	-	(37,392,595)
Machinery and equipment	(2,027,051)	(214,827)	1,152,052	-	(1,089,826)
Utilities and infrastructure	(3,230,161)	(168,742)	-	-	(3,398,903)
Vehicles	(2,143,828)	(157,962)	1,383,254	-	(918,536)
Total accumulated depreciation	<u>(56,322,896)</u>	<u>(3,487,839)</u>	<u>2,611,259</u>	<u>-</u>	<u>(57,199,476)</u>
Total capital assets, depreciable, net	<u>43,724,801</u>	<u>(3,126,208)</u>	<u>(606,269)</u>	<u>13,286,479</u>	<u>53,278,803</u>
Total governmental activities capital assets, net, excluding lease:	<u>\$ 160,212,892</u>	<u>\$ 5,678,594</u>	<u>\$ (606,269)</u>	<u>\$ -</u>	<u>165,285,217</u>
Lease assets, net					372,846
Total per Statement of Net Position					<u>\$ 165,658,063</u>

Depreciation expense was charged to functions as follows:

Governmental activities:		
General government		\$ 125,383
Park operations		3,362,456
Total		<u>\$ 3,487,839</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LEASES

Lessee – Lease Assets

A summary of lease asset activity for the Commission for the year ended June 30, 2023 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Remeasure</u>	<u>Ending Balance</u>
Lease Assets:					
Equipment	\$ 111,221	\$ -	\$ -	\$ -	\$ 111,221
Buildings	607,860	320,780	-	-	928,640
Less accumulated amortization, equipment	(70,419)	(37,553)	-	-	(107,972)
Less accumulated amortization, buildings	<u>(361,288)</u>	<u>(197,755)</u>	<u>-</u>	<u>-</u>	<u>(559,043)</u>
Total leases, net	<u>\$ 287,374</u>	<u>\$ 85,472</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 372,846</u>

Lease Liabilities

The Commission's lease liability activity for the year ended June 30, 2023 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Lease liabilities	<u>\$ 293,815</u>	<u>\$ 320,780</u>	<u>\$ (241,749)</u>	<u>\$ 372,846</u>	<u>\$ 172,282</u>

The Commission enters into lease agreements for periods between three and five years as lessee for the use of certain equipment and buildings. The leases have an imputed interest rate of 3.50%. Principal and interest requirements to maturity for the leases as of June 30, 2023 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	172,282	10,184	182,466
2025	133,551	4,647	138,198
2026	67,013	784	67,797
Total	<u>\$ 372,846</u>	<u>\$ 15,615</u>	<u>\$ 388,461</u>

NOTES TO FINANCIAL STATEMENTS

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, 2023.

<u>Long-term obligations</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
General obligation bonds	\$ 56,440,000	\$ -	\$ (12,825,000)	\$ 43,615,000	\$ 4,940,000
Plus: issuance premium	1,842,285	-	(343,422)	1,498,863	-
Total general obligation bonds	<u>58,282,285</u>	<u>-</u>	<u>(13,168,422)</u>	<u>45,113,863</u>	<u>4,940,000</u>
Compensated absences	1,619,994	777,936	(707,117)	1,690,813	519,099
Net pension liability	21,875,009	8,007,476	(3,387,425)	26,495,060	-
Net OPEB liability	8,288,886	619,182	(631,498)	8,276,570	-
Total long-term obligations	<u>\$ 90,066,174</u>	<u>\$ 9,404,594</u>	<u>\$ (17,894,462)</u>	<u>\$ 81,576,306</u>	<u>\$ 5,459,099</u>

Bonds outstanding for the fiscal year ended June 30, 2023 were as follows:

	<u>Principal Outstanding At Year-End</u>
2013 general obligation bonds in the 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%.	\$ 8,375,000
2017 general obligation bonds in the 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%.	19,230,000
2020 general obligation bonds in the original amount of \$20,000,000, due in annual installments of \$1,330,000 to \$1,335,000 from February 1, 2021 through February 1, 2035; interest ranges from 1.50% to 4.00%.	16,010,000
Plus unamortized premiums	<u>1,498,863</u>
Total General Obligation Bonds	<u>\$ 45,113,863</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM OBLIGATIONS (CONTINUED)

As of June 30, 2023, maturities on long-term debt are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 4,940,000	1,203,325	\$ 6,143,325
2025	4,665,000	1,024,825	5,689,825
2026	4,755,000	880,200	5,635,200
2027	4,850,000	724,200	5,574,200
2028	4,955,000	565,350	5,520,350
2029 – 2033	16,780,000	1,129,406	17,909,406
2034 and 2035	2,670,000	73,425	2,743,425
	<u>\$ 43,615,000</u>	<u>\$ 5,600,731</u>	<u>\$ 49,215,731</u>

NOTE 8. PENSION PLAN

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 8. PENSION PLAN (CONTINUED)

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

Plan Description

The 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 and other benefits for employees of the state, its public school districts, and political subdivisions of government and individuals newly elected to the South Carolina General Assembly at or after the 2012 general election.

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. PENSION PLAN (CONTINUED)

Plan Benefits

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

NOTES TO FINANCIAL STATEMENTS

NOTE 8. PENSION PLAN (CONTINUED)

Plan Contributions

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (“UAAL”) over a period that does not exceed the number of years scheduled in state statute. Legislation in 2017 increased, but also established a ceiling for SCRS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00% for SCRS. The legislation also increased employer contribution rates beginning July 1, 2017 for SCRS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year in accordance with state statute. However, the General Assembly postponed the 1% increase in the SCRS employer contribution rates that was scheduled to go into effect beginning July 1, 2020. If the scheduled contributions are not sufficient to meet the funding periods set in state statute, the Board shall increase the employer contribution rates as necessary to meet the funding periods set for the applicable year. The maximum funding period of SCRS is scheduled to be reduced over a ten-year schedule from 30 years beginning fiscal year 2018 to 20 years by fiscal year 2028.

Additionally, the Board is prohibited from decreasing the SCRS contribution rates until the funded ratio is at least 85%. If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of System assets to the actuarial accrued liability of the System (the funded ratio) that is equal to or greater than 85%, then the Board, effective on the following July 1st, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than 85%. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the System shows a funded ratio of less than 85%, then effective on the following July 1st, and annually thereafter as necessary, the Board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the System shows a funded ratio that is equal to or greater than 85%. Required employee contributions rates for fiscal year 2023 were 9.00% for Class Two and Three employees. Required employer contribution rates for fiscal year 2023 were 17.41% for Class Two and Three employers.

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

	2021	2022	2023
Employer contribution rate:			
Retirement	15.41%	16.41%	17.41%
Incidental death benefit	0.15%	0.15%	0.15%
	15.56%	16.56%	17.56%
 Employee contribution rate	 9.00%	 9.00%	 9.00%

NOTES TO FINANCIAL STATEMENTS

NOTE 8. 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
2023	\$ 2,583,808	100%	\$ 14,714,170
2022	\$ 2,156,641	100%	\$ 13,023,193
2021	1,777,912	100%	11,426,170

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 for the period ended June 30, 2019.

The June 30, 2022 total pension liability (“TPL”), net pension liability (“NPL”), and sensitivity information shown in this report were determined by our consulting actuary, Gabriel, Roeder, Smith and Company (“GRS”) and are based on an actuarial valuation performed as of July 1, 2021. The total pension liability was rolled-forward from the valuation date to the plans’ fiscal year-end, June 30, 2022, using generally accepted actuarial principles. There was no legislation enacted during the 2022 legislative session that had a material change in the benefit provisions for any of the Systems. In fiscal year 2022, the Board adopted updated demographic assumptions. Also, the General Assembly permitted the investment return assumption at July 1, 2022 to decrease from 7.25% to 7.00%, as provided by Section 9-16-335 in South Carolina State Code.

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2021.

Actuarial Cost Method	Entry Age Normal
Actuarial Cost Assumptions:	
Investment rate of return	7.00%
Projected salary increases*	3.0% to 11.0% (varies by service)

* Includes inflation rate of 2.25%

NOTES TO FINANCIAL STATEMENTS

NOTE 8. PENSION PLAN (CONTINUED)

Actuarial Assumptions and Methods (Continued)

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

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

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments is based upon 20-year capital market assumptions. The long-term expected 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 2022 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the following table. For actuarial purposes, the 7.00% assumed annual investment rate of return used in the calculation of the TPL includes a 4.75% real rate of return and a 2.25% inflation component.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Allocation/Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long-term Portfolio Real Rate of Return
Public Equity	46.0%	6.79%	3.12%
Bonds	26.0%	-0.35%	-0.09%
Private Equity	9.0%	8.75%	0.79%
Private Debt	7.0%	6.00%	0.42%
Real Assets	12.0%		
Real estate	9.0%	4.12%	0.37%
Infrastructure	3.0%	5.88%	0.18%
Total expected real return	100.0%		4.79%
Inflation for actuary purposes			2.25%
Total expected nominal return			7.04%

NOTES TO FINANCIAL STATEMENTS

NOTE 8. 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, 2023, for the SCRS are presented in the following table:

<u>System</u>	<u>Total pension liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net pension liability</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
SCRS	\$ 56,454,779,872	\$ 32,212,626,932	\$ 24,242,152,940	57.1%

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

At June 30, 2023, the Commission reported a liability of \$26,495,060 for its proportionate share of the net pension liability for the SCRS. The net pension liability was measured as of June 30, 2022, 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, 2021 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, 2022 measurement date, the Commission’s SCRS proportion was 0.109293%, which was an increase of 0.008213% from its proportion measured as of June 30, 2021.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. PENSION PLAN (CONTINUED)

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

For the year ended June 30, 2023, the Commission recognized pension expense of \$2,648,617 for the SCRS. At June 30, 2023, 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	\$ 230,193	\$ 115,465
Changes in assumptions	849,759	-
Net difference between projected and actual earnings on pension plan investments	40,861	-
Changes in proportion and differences between the Commission's contributions and proportionate share of contributions	1,558,002	36,361
Commission contributions subsequent to the measurement date	2,583,808	-
	\$ 5,262,623	\$ 151,826

Of the balance reported as deferred outflows of resources, \$2,583,808 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, 2024. 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
2024	\$ 1,140,643
2025	933,077
2026	(237,706)
2027	690,975
	\$ 2,526,989

Discount Rate

The discount rate used to measure the TPL was 7.00%. 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, the System's fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. 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 7.00%, as well as what it would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Commission's proportionate share of the net pension liability of the SCRS	\$ 33,969,936	\$ 26,495,060	\$ 20,280,671

Fiduciary Net Position

Detailed information regarding the fiduciary net position of the Plan administered by the PEBA is available in the separately issued ACFR containing financial statements and required supplementary information for the SCRS. The ACFR 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 \$641,433 to the PEBA as of June 30, 2023, representing required employer and employee contributions for the month of June 2023 for the SCRS. This amount is included in accounts payable on the face of the financial statements and was paid in July 2023.

NOTE 9. 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Plan Benefits (Continued)

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

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

- Retirees and their dependents may remain on retiree coverage until the retiree reaches Medicare eligible age. Upon reaching Medicare eligibility, retirees and/or their dependents will be required to enroll in Medicare Part A and B and will be eligible for a reimbursement of premium costs of a Medicare Supplemental Plan. Retirees with 25 or more years of Commission service credit under the South Carolina Retirement Systems will be eligible to receive up to \$250 per month and up to \$162.50 for a spouse. Retirees with at least 20 Commission full-time years, but less than 25 full-time years of Commission service will be eligible to receive up to \$125 per month and up to \$125 for a spouse. The reimbursement amount will be reviewed annually during the budget process. The Executive Director or designee will develop reimbursement procedures. Retirees will be notified of reimbursement procedures in the Retiree Medicare Supplemental Plan Premium Reimbursement Agreement, which each retiree will be required to accept before reimbursements will be issued.
- If the retiree reaches Medicare eligibility prior to their covered spouse, the covered spouse may remain on the Commission's group coverage until they reach Medicare eligible age and the Commission will continue to contribute toward their premium at the same percentage to which they are eligible based on the retiree's years of service with the Commission.
- Retirees and their dependents may remain on the Commission'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.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Plan Benefits (Continued)

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

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

- Any covered employee who meets the following requirements (is at least 55 years old, who is not currently eligible for Medicare coverage, who retires with at least 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	25
Active employees	125
Total	<u>150</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 9. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Plan Contributions

The Commission has the authority to establish and amend the contribution requirements of the OPEB Plan. During the year ended June 30, 2023, the Commission made contributions of \$325,005 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.

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, 2021
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market
Value Actuarial Assumptions:	
Inflation	2.25%
Single Discount Rate	3.86%

NOTES TO FINANCIAL STATEMENTS

NOTE 9. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Actuarial Assumptions and Methods (Continued)

Healthcare Cost Trend	6.75% declining to an ultimate rate of 4.00% after 12 years.
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 95% when eligible for the 50%, 75%, and 100% subsidies, respectively.
Mortality Table	For healthy retirees, the gender-distinct South Carolina Retirees 2020 Mortality Tables are used with male rates multiplied by 97% and female rates multiplied by 107%. The rates are projected on a fully generational basis using 80% of the ultimate rates of Scale MP-2019 to account for future mortality improvements.

Demographic assumptions were based on the results of an actuarial experience study for the five-year period ended June 30, 2019, as conducted for the SCRS.

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, 2023 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022.

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balances as of June 30, 2022	\$ 11,066,686	\$ 2,777,800	\$ 8,288,886
Changes for the year:			
Service cost	211,417	-	211,417
Interest	406,265	-	406,265
Differences between expected and actual experience	(9,572)	-	(9,572)
Changes of assumptions	(199,656)	-	(199,656)
Contributions - employer	-	325,005	(325,005)
Net investment income	-	97,265	(97,265)
Benefit payments	(325,005)	(325,005)	-
Administrative expense	-	(1,500)	1,500
Net changes	83,449	95,765	(12,316)
Balances as of June 30, 2023	\$ 11,150,135	\$ 2,873,565	\$ 8,276,570

NOTES TO FINANCIAL STATEMENTS

NOTE 9. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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

For the year ended June 30, 2023, the Commission recognized OPEB expense of \$519,145. At June 30, 2023, 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	\$ 471,221	\$ 422,905
Changes in assumptions	1,143,322	1,852,430
Net difference between projected and actual earnings on OPEB investments	29,277	-
	\$ 1,643,820	\$ 2,275,335

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
2024	\$ (38,789)
2025	(43,202)
2026	(51,683)
2027	(63,593)
2028	(55,165)
Thereafter	(379,083)
	\$ (631,515)

Discount Rate

The discount rate used to measure the total OPEB liability was 3.86% based on the municipal bond rate as of June 30, 2023. The discount rate used as of June 30, 2022 was 3.69%. 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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 3.86%, as well as what it would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (2.86%)	Current Discount Rate (3.86%)	1% Increase (4.86%)
Net OPEB liability	\$ 9,522,253	\$ 8,276,570	\$ 7,192,159

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 6.75% decreasing to 4.00%, as well as what it would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (5.75% decreasing to 3.00%)	Current Healthcare Cost Rate Trend (6.75% decreasing to 4.00%)	1% Increase (7.75% decreasing to 5.00%)
Net OPEB liability	\$ 7,079,630	\$ 8,276,570	\$ 9,688,806

NOTE 10. COMMITMENTS AND CONTINGENCIES

Laurel Hill Plantation

During October 2010, the Commission entered into an agreement for an area commonly known as Laurel Hill Plantation for an initial period of 25 years with a provision that the agreement will be automatically extended for three separate successive terms of 25 years each, provided that the Commission is not in default. The Commission paid base fees, operating expenses and additional fees. The base fee was \$1,330,000 for the first five years of the term for a total of \$6,650,000 with no further base fees being required for the remainder of the agreement. Additional fees are defined as other items for which the Commission may become liable during the term of the agreement, 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 base fee is being amortized on a straight-line basis over the initial term of 25 years in the government-wide financial statements, and at June 30, 2023, the unamortized prepaid amount was \$3,258,500.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. COMMITMENTS AND CONTINGENCIES (CONTINUED)

James Island Master Plan

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

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.

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 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.

Construction Commitments

The Commission had several incomplete construction projects at year-end. As of June 30, 2023, the Commission had outstanding construction commitments of \$12,959,710.

NOTES TO FINANCIAL STATEMENTS

NOTE 11. 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, 2023. Based on prior experience, the Commission believes the liability would not be significant.

For all of the above risk management programs, the Commission has not significantly reduced insurance coverage from the previous year or settled claims in excess of insurance coverage for the last three years. Insurance claims for the years ended June 30, 2023, 2022 and 2021 were \$34,018, \$122,494, and \$70,353, 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 12. 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 13. 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, 2023, the Commission's property taxes abated by agreements entered into by Charleston County totaled \$423,236. 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
(A COMPONENT UNIT OF THE COUNTY OF CHARLESTON)

REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND - SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GAAP BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Taxes	\$ 18,660,000	\$ 18,660,000	\$ 20,117,869	\$ 1,457,869
Gross sales revenue	2,902,534	2,902,534	3,431,756	529,222
Admissions and program revenue	10,488,081	10,488,081	10,896,588	408,507
Facility and fleet rentals	4,814,106	4,814,106	4,987,323	173,217
Intergovernmental	3,346	3,346	20,248	16,902
Recreational programming	1,309,885	1,309,885	1,121,844	(188,041)
Interest	50,000	50,000	140,712	90,712
Other	83,000	83,000	336,976	253,976
Total revenues	<u>38,310,952</u>	<u>38,310,952</u>	<u>41,053,316</u>	<u>2,742,364</u>
Expenditures				
Current				
General government:				
Administration	1,536,810	1,536,810	1,470,014	66,796
Executive	1,036,666	1,036,666	1,365,438	(328,772)
Financial services	979,897	979,897	863,643	116,254
General services:				
Administration and information technology	2,699,562	2,699,562	2,282,701	416,861
Human resources	1,061,142	1,061,142	1,042,854	18,288
Planning and resource management	1,564,765	1,564,765	1,386,701	178,064
Total general services	<u>5,325,469</u>	<u>5,325,469</u>	<u>4,712,256</u>	<u>613,213</u>
Total general government	<u>8,878,842</u>	<u>8,878,842</u>	<u>8,411,351</u>	<u>467,491</u>
Park and recreation services:				
Administration, park and program services and safety	1,327,215	1,327,215	1,297,381	29,834
Maintenance	8,009,246	8,009,246	8,069,742	(60,496)
Marketing	1,705,440	1,705,440	1,655,090	50,350
Operations	1,637,219	1,637,219	1,547,051	90,168
Recreation	16,299,340	16,299,340	16,953,426	(654,086)
Total park and recreation services	<u>28,978,460</u>	<u>28,978,460</u>	<u>29,522,690</u>	<u>(544,230)</u>
Capital outlay	487,000	487,000	402,663	84,337
Debt service	-	-	252,961	(252,961)
Total expenditures	<u>38,344,302</u>	<u>38,344,302</u>	<u>38,589,665</u>	<u>(245,363)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(33,350)</u>	<u>(33,350)</u>	<u>2,463,651</u>	<u>2,497,001</u>
Other Financing Sources (Uses)				
Transfers in	116,500	116,500	120,218	3,718
Transfers out	(2,000,000)	(2,000,000)	(2,010,529)	(10,529)
Proceeds from sale of capital assets	116,850	116,850	142,721	25,871
Leases	-	-	320,780	320,780
Total other financing uses, net	<u>(1,766,650)</u>	<u>(1,766,650)</u>	<u>(1,426,810)</u>	<u>339,840</u>
Net change in fund balances	<u>(1,800,000)</u>	<u>(1,800,000)</u>	<u>1,036,841</u>	<u>2,836,841</u>
Fund balances, beginning of year	<u>24,470,312</u>	<u>24,470,312</u>	<u>24,470,312</u>	<u>-</u>
Fund balances, end of year	<u>\$ 22,670,312</u>	<u>\$ 22,670,312</u>	<u>\$ 25,507,153</u>	<u>\$ 2,836,841</u>

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

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Commission's proportion of the net pension liability	0.10929%	0.10108%	0.09971%	0.10030%	0.10275%
Commission's proportionate share of the net pension liability	\$ 26,495,060	\$ 21,875,009	\$ 25,477,383	\$ 22,903,774	\$ 23,023,723
Commission's covered payroll	\$ 13,023,193	\$ 11,426,170	\$ 11,134,428	\$ 10,564,556	\$ 10,649,937
Commission's proportionate share of the net pension liability as a percentage of covered payroll	203.4%	191.4%	228.8%	216.8%	216.2%
Plan fiduciary net position as a percentage of the total pension liability	57.1%	60.7%	50.7%	54.1%	54.1%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Commission's proportion of the net pension liability	0.10271%	0.10589%	0.10628%	0.10271%	0.10271%
Commission's proportionate share of the net pension liability	\$ 23,120,547	\$ 22,617,734	\$ 20,156,134	\$ 17,682,740	\$ 18,421,972
Commission's covered payroll	\$ 10,362,054	\$ 10,271,200	\$ 9,910,088	\$ 9,324,443	\$ 8,915,053
Commission's proportionate share of the net pension liability as a percentage of covered payroll	223.1%	220.2%	203.4%	189.6%	206.6%
Plan fiduciary net position as a percentage of the total pension liability	53.4%	52.9%	57.0%	59.2%	56.4%

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

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 2,583,808	\$ 2,156,641	\$ 1,777,912	\$ 1,732,517	\$ 1,724,627
Contributions in relation to the contractually required contribution	<u>2,583,808</u>	<u>2,156,641</u>	<u>1,777,912</u>	<u>1,732,517</u>	<u>1,724,627</u>
Contribution (excess) deficiency	<u>\$ -</u>				
Commission covered payroll	\$ 14,714,170	\$ 13,023,193	\$ 11,426,170	\$ 11,134,428	\$ 10,564,556
Contributions as a percentage of covered payroll	17.6%	16.6%	15.6%	15.6%	16.3%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,444,091	\$ 1,197,853	\$ 1,135,994	\$ 1,080,200	\$ 988,391
Contributions in relation to the contractually required contribution	<u>1,444,091</u>	<u>1,197,853</u>	<u>1,135,994</u>	<u>1,080,200</u>	<u>988,391</u>
Contribution (excess) deficiency	<u>\$ -</u>				
Commission covered payroll	\$ 10,649,637	\$ 10,362,054	\$ 10,271,200	\$ 9,910,088	\$ 9,324,443
Contributions as a percentage of covered payroll	13.6%	11.6%	11.1%	10.9%	10.6%

Notes to Schedule

Valuation date	July 1, 2020
Cost method	Entry Age Normal
Actuarial asset valuation method	Five year smoothed
Amortization method	Level percent of pay
Amortization period	28 years variable, not to exceed 28 years
Investment return	7.00%
Inflation	2.25%
Salary increases	3.00% to 11.00% (varies by service)

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

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE COMMISSION'S NET OPEB LIABILITY
AND RELATED RATIOS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability:						
Service cost	\$ 211,417	\$ 339,014	\$ 310,246	\$ 278,292	\$ 277,000	\$ 301,123
Interest	406,265	257,740	301,636	358,173	347,697	329,261
Experience differences	(9,572)	(527,732)	8,144	48,457	828,579	(8,706)
Assumption changes	(199,656)	(2,112,628)	773,668	448,737	635,566	(70,915)
Benefit payments - including refunds of member contributions	(325,005)	(288,314)	(303,275)	(259,082)	(243,217)	(122,234)
Net change in total OPEB liability	83,449	(2,331,920)	1,090,419	874,577	1,845,625	428,529
Total OPEB liability - beginning	11,066,686	13,398,606	12,308,187	11,433,610	9,587,985	9,159,456
Total OPEB liability - ending	<u>\$ 11,150,135</u>	<u>\$ 11,066,686</u>	<u>\$ 13,398,606</u>	<u>\$ 12,308,187</u>	<u>\$ 11,433,610</u>	<u>\$ 9,587,985</u>
Plan fiduciary net position:						
Employer contributions	\$ 325,005	\$ 288,314	\$ 303,275	\$ 259,082	\$ 243,217	\$ 122,234
Net investment income	97,265	2,915	19,631	39,128	53,828	27,394
Benefit payments - including refunds of member contributions	(325,005)	(288,314)	(303,275)	(259,082)	(243,217)	(122,234)
Administrative expense	(1,500)	(1,500)	(1,375)	(1,500)	(1,500)	(1,500)
Net change in OPEB plan fiduciary net position	95,765	1,415	18,256	37,628	52,328	25,894
Plan fiduciary net position - beginning	2,777,800	2,776,385	2,758,129	2,720,501	2,668,173	2,642,279
Plan fiduciary net position - ending	<u>\$ 2,873,565</u>	<u>\$ 2,777,800</u>	<u>\$ 2,776,385</u>	<u>\$ 2,758,129</u>	<u>\$ 2,720,501</u>	<u>\$ 2,668,173</u>
Net OPEB liability	<u>\$ 8,276,570</u>	<u>\$ 8,288,886</u>	<u>\$ 10,622,221</u>	<u>\$ 9,550,058</u>	<u>\$ 8,713,109</u>	<u>\$ 6,919,812</u>
Plan fiduciary net position as a percentage of the total OPEB liability	25.8%	25.1%	20.7%	22.4%	23.8%	27.8%
Covered employee payroll	\$ 9,381,104	\$ 9,087,082	\$ 8,728,576	\$ 8,702,641	\$ 8,931,694	\$ 9,854,530
Net OPEB liability as a percentage of covered employee payroll	88.2%	91.2%	121.7%	109.7%	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
(A COMPONENT UNIT OF THE COUNTY OF CHARLESTON)

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF COMMISSION CONTRIBUTIONS
OPEB PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 325,005	\$ 288,314	\$ 303,275	\$ 259,082	\$ 243,217	\$ 122,234
Contributions in relation to the contractually required contribution	<u>325,005</u>	<u>288,314</u>	<u>303,275</u>	<u>259,082</u>	<u>243,217</u>	<u>122,234</u>
Contribution (excess) deficiency	<u>\$ -</u>					
Commission covered payroll	\$ 9,381,104	\$ 9,087,082	\$ 8,728,576	\$ 8,702,641	\$ 8,931,694	\$ 9,854,530
Contributions as a percentage of covered payroll	3.5%	3.2%	3.5%	3.0%	2.7%	1.2%

Note to Schedule:

Valuation date	June 30, 2021
Cost method	Individual Entry Age Normal
Discount rate	3.86% as of June 30, 2023
Inflation	
Salary increases	3.00% to 9.50% for SCRS, including inflation
Healthcare cost rate trends	Initial rate of 6.75% declining to an ultimate rate of 4.00% after 12 years.

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

COMPLIANCE SECTION



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

To the Commissioners of the
Charleston County Park and Recreation Commission
(A Component Unit of the County of Charleston)
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, each major fund, and the fiduciary 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, 2023, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated December 4, 2023.

Report on 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") as a basis for designing 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

The image shows a handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The signature is written in a cursive, flowing style.

Savannah, Georgia
December 4, 2023