

**REPORT ON AUDIT OF FINANCIAL STATEMENTS OF
RICHLAND-LEXINGTON RIVERBANKS PARK DISTRICT**

AS OF AND FOR THE YEAR ENDING JUNE 30, 2017

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RICHLAND-LEXINGTON RIVERBANKS PARK DISTRICT

APPOINTED BOARD OF DIRECTORS

JUNE 30, 2017

Mary Howard, Chair
Lexington County

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

Robert "Bob" G. Davidson, Treasurer
Richland County

Jan Stamps, Secretary
Lexington County

M. F. "Phil" Bartlett
Richland County

Alana Odom Williams
City of Columbia

Michael Phemister Velasco
City of Columbia

Independent Auditor's Report

To the Commissioners
Richland-Lexington Riverbanks Park District
Columbia, South Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, and each major fund of the Richland-Lexington Riverbanks Park District (the "District") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, and each major fund of the District, as of June 30, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements, the financial statements of the District are intended to present the financial position and changes in financial position of only that portion of governmental activities and each major fund of the State of South Carolina that is attributable to the transactions of the District. They do not purport to and do not present fairly the financial position of the State of South Carolina as of June 30, 2017, and changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule for the general fund, other postemployment benefits, pension and budgetary information on pages 4-12, and 39-43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2017, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Scott and Company LLC

Columbia, South Carolina
November 27, 2017

**RICHLAND-LEXINGTON RIVERBANKS PARK DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDING JUNE 30, 2017**

As management of the Richland-Lexington Riverbanks Park District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ending June 30, 2017. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the District's financial statements, which follow this narrative.

Financial Highlights

The following information highlights the most significant changes to the District's financial position over the last year. Though not intended to be all-inclusive, this information provides a snapshot of the most important changes in the District's financial position over the year ending June 30, 2017:

- The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2017, by \$22,472,804 (total net position). Of this amount \$(8,805,458) (unrestricted net position) is a deficit due to the implementation of Governmental Accounting Standards Board Statement No. 68, which required the District to recognize as a long term liability, its proportionate share of the net pension liability of the South Carolina Retirement System and the Police Officer Retirement System.
- The District's total net position increased by \$2,093,065.
- As of the close of the fiscal year, the District's governmental funds reported a combined ending fund balance of \$5,451,632, an increase of \$1,443,795 from the prior year.
- Of the combined ending fund balance of \$5,451,632, 47.5%, or \$2,590,175 is available for spending at the government's discretion (unassigned fund balance in the general fund), 25.5% or \$1,390,584 is restricted for debt service and 21.6% or, \$1,177,378 is restricted for capital projects spending.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

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

Both of the government-wide financial statements distinguish between functions that are principally supported by taxes and those that are principally supported by user fees and charges. The District is somewhat unique in the government sector in that the majority of its revenues are from user fees and the minority is from taxes. User fees, generally classified as earned revenue in zoos and aquariums, are comprised of admission fees, rides, shows and promotions, facility rentals, concession and retail commissions and other associated revenues.

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

Fund Financial Statements

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

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

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

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

- The general fund is used to account for transactions that represent most of the day-to-day operating activities of the District. This fund is used to account for and report all financial resources not accounted for and reported in another fund. In addition to operating activities, the general fund can include certain relatively small scale capital expenditures. Some debt service activity is also included in the general fund, where resources of the general fund are budgeted for the debt service.
- The debt service fund reports on transactions associated with the long-term debt of the District. This includes long-term loans where assets of the District have been pledged as collateral, as well as general obligation bond debt of the District.
- The capital projects fund is used to account for major capital improvement projects that are funded from non-operating sources such as general obligation bond issues. The District also uses this fund to account for expenditures considered capital under the District's capitalization policy funded from operations, unrestricted fund balance and the Riverbanks Society. The purpose of doing so is to eliminate distortions in year-to-year comparisons of operating activities in the general fund and to facilitate the capital budgeting process.

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

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

Government-wide Financial Analysis

As noted earlier, changes in net position may serve as a useful indicator of a government's financial position. At the end of June 30, 2017 assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$22,472,804. The following provides a comparison of the government-wide net position of the District.

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>Changes</u>
Current assets	\$ 7,927,636	\$ 6,512,204	\$ 1,415,432
Capital assets, net of accumulated depreciation	64,597,804	64,918,520	(320,716)
Total assets	<u>72,525,440</u>	<u>71,430,724</u>	<u>1,094,716</u>
Deferred outflows of resources	<u>2,193,419</u>	<u>864,290</u>	<u>1,329,129</u>
Current liabilities	4,844,017	4,822,855	21,162
Long-term liabilities	47,153,713	46,730,942	422,771
Total liabilities	<u>51,997,730</u>	<u>51,553,797</u>	<u>443,933</u>
Deferred inflows of resources	<u>248,325</u>	<u>361,478</u>	<u>(113,153)</u>
Net position			
Net investment in capital assets	31,278,262	29,807,667	1,470,595
Unrestricted	(8,805,458)	(9,427,928)	622,470
Total net position	<u>\$ 22,472,804</u>	<u>\$ 20,379,739</u>	<u>\$ 2,093,065</u>

The largest portion of the District's net position reflects its investment in capital assets (e.g., land, building, improvements and equipment); less any related debt used to acquire those assets that is still outstanding. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt are provided from other sources. The increase in net position of \$2,093,065 represents a 61% increase in net investment of capital assets and a 39% increase in unrestricted net position.

- The increase in net investment of capital assets during the current year is attributable mostly to the reduction in debt of \$1,662,586, reduced by a decrease in cash held by fiscal agent for debt service of \$67,273. The capital asset additions were slightly less than the disposals and the depreciation expense, resulting in a \$320,716 decrease in capital assets, net of accumulated depreciation.
- The increase in unrestricted is due to a good performing year and a capital projects transfer of \$1,700,000 from Riverbanks Society of which the majority is yet to be spent. Both helped increase cash and cash equivalents by \$3,585,780. This increase is offset by a \$2,279,300 decrease in receivables. The reduction is mostly a prior year receivable from Richland County Transportation Program funds used to construct the District's pedestrian bridge of \$2,071,948 collected in the year ending June 30, 2017.

Government-wide Financial Analysis (continued)

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

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>Changes</u>
Program Revenues			
Charges for services	\$ 11,959,357	\$ 10,634,916	\$ 1,324,441
Operating grants and contributions	155,934	2,682,637	(2,526,703)
General Revenues			
Property taxes	6,227,321	6,879,609	(652,288)
Sales taxes	873,090	2,071,948	(1,198,858)
Accommodations and hospitality taxes	195,276	187,540	7,736
Riverbanks Society contribution	3,664,848	1,770,207	1,894,641
Other revenues	64,080	52,093	11,987
Total revenues	<u>23,139,906</u>	<u>24,278,950</u>	<u>(1,139,044)</u>
Program Expenses			
General government - depreciation	2,668,894	1,717,343	951,551
Administrative	2,384,110	2,157,368	226,742
Animal Care	4,057,920	3,752,449	305,471
Education	723,579	616,062	107,517
Botanical	1,129,381	1,225,275	(95,894)
Facility management	2,165,319	2,014,365	150,954
Utilities	1,555,497	1,290,810	264,687
Marketing and public relations	999,293	935,995	63,298
Guest services	3,879,952	3,671,701	208,251
Interest on long term debt	1,432,538	1,521,923	(89,385)
Losses on the disposal of capital assets	50,358	2,385,979	(2,335,621)
Total expenses	<u>21,046,841</u>	<u>21,289,270</u>	<u>(242,429)</u>
Increase in net position	2,093,065	2,989,680	(896,615)
Net position - beginning	20,379,739	17,390,059	2,989,680
Net position - ending	<u>\$ 22,472,804</u>	<u>\$ 20,379,739</u>	<u>\$ 2,093,065</u>

The District's charges for services includes admission fees and other user fees, along with commissions earned from the contracted vendor that operates the food and beverage and retail operations for the District. Revenue from charges for services, along with Riverbanks Society contributions for operations and capital projects (collectively earned revenues) amount to \$15,624,205 or 67.5% of total revenues, a 5.1% increase from the prior fiscal year. Increased attendance has contributed to the increased revenue in fees and commissions. Riverbanks Society contributions increased significantly from the prior year, mostly from a Board-approved contribution of \$1,700,000 for capital projects as defined by the District. The District decides how the capital projects funds are used.

Government-wide Financial Analysis (continued)

The total attendance for the year ending June 30, 2017 was 1,389,871; an increase of 109,047 visits or 8.5% increase from the prior year. The new exhibits and improvements that were completed shortly after the prior fiscal year are still major factors in driving attendance. The other information included with these reports includes a ten year fiscal history of attendance by tracked categories.

Tax revenues totaling \$7,295,687 or 66.2% of general revenues, is a 16.8% decrease from the prior fiscal year and includes property, sales, accommodations and hospitality taxes. Richland and Lexington Counties charge and collect taxes for the District to use for operations and payment of outstanding general obligation bonds. The prior fiscal year included a special one-time property tax appropriation of \$700,000 from Lexington County for capital projects. Excluding this one-time appropriation, property taxes increased from the prior year by \$47,712. Sales taxes were received from Richland County as a result of their Richland County Transportation Program fund for the construction of a pedestrian bridge over the CSX Railway to allow access to the Riverbanks' Rivermont parking lot. The revenue was reflected in the year the work was performed. Most of the project construction was performed in the prior fiscal year, resulting in a \$1,198,858 decrease in the last fiscal year.

Total program expenses for last fiscal year decreased by \$242,429 from the prior fiscal year. Depreciation expense increased due to the large number of assets completing a full year of expense, which were additions in the prior year. All departments except Botanical had increased expenses over the prior fiscal year. Effective July 1, 2016, there was a 2.5% merit increase and a bonus payment as of June 30, 2017, for qualified employees. There also was an increase in employee benefits costs as a result of the salary increases and bonus payments, in addition to increases implemented by the South Carolina Public Employee Benefit Authority for both employer retirement contributions and employer paid health benefits. Personnel costs comprised approximately 47% of program expenses. The effect of a full year's operation of most new exhibits generated a large increase in utilities from the prior year. Increases in program expenses were offset by the reduction in interest expense and loss on disposal of capital assets.

Financial Analysis of Governmental Funds

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

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

Financial Analysis of Governmental Funds (continued)

As of June 30, 2017, the District's governmental fund reported combined ending fund balances of \$5,451,632, an increase of \$1,443,795 from the prior year and is made up of the following:

- The general fund balance represents \$2,883,670 of the combined total and includes a \$154,901 increase from the prior year. The unassigned balances available for operations are \$2,590,175, or 90% of the general fund balance. The board designated for operations of \$1,700,000 serves as an operating cushion to provide working capital in case of a drop in attendance. It is set by the District's Board and was increased from \$1,200,000 from the prior fiscal year to \$1,700,000 for the last fiscal year. The remainder of general fund balance is nonspendable or restricted to indicate it is not available for new spending.
- The debt service fund balance represents \$1,390,584 and includes a decrease of \$67,273 from the prior year. All of the debt service fund balance is restricted for payments on the District's long-term debt.
- The remaining combined fund balance of \$1,177,378 represents the capital projects fund balance. These funds are classified restricted for capital projects as defined by the District.

General Fund Budgetary Highlights

The District is required to adopt a balanced budget for the general fund. The budget is maintained on a modified accrual basis, and there were no changes or amendments from the original budget. Expenditures are recorded when they are incurred and revenues are recognized when they are earned and available. At the end of the fiscal year any outstanding encumbrances are cancelled and budgeted in the following year. The budgetary comparison - schedule for general fund reports the approved budget, actual results and the variances between them.

Total actual revenues of the general fund exceeded budget by \$970,802. Revenues for admissions, concession and retail commissions, and rides, shows and promotions represent \$820,753, or 84.5% of the total revenue variance. Expenditures exceeded budget by \$1,524,734. This includes an increase over budget for debt reduction of \$1,620,058. The debt was refinanced during the year and the proceeds are shown in other financing sources (uses) as \$1,680,000. Offsetting the loan proceeds from refinancing against the excess expenditures results in an under budget variance of \$95,324. This debt is shown in the general fund since the source of repayment is from general fund operating revenues. Some areas exceeded budget, while others were under budget. Revenues exceeded budget and helped to support and offset expenditures that exceeded budget.

The District ended the last fiscal year with a favorable variance before transfers of \$1,126,068. Transfers of \$971,167 were made from the general fund to the capital projects funds to cover expenditures not funded from other sources. The District ended last fiscal year with a surplus after transfers of \$154,901.

Capital Assets and Debt Administration

Capital Assets

The District's investment in capital assets, net of accumulated depreciation at June 30, 2017, amounted to \$64,597,804, a decrease of \$320,716 from June 30, 2016. Current year depreciation expense and disposals exceeded the current year capital additions. This is largely from prior year additions from the significantly completed 2013 general obligation bond projects receiving a full year of depreciation expense. The reconciliation of capital assets is in the notes to the financial statements.

Capital Assets and Debt Administration (continued)

Long-Term Debt

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

The loan for Rivermont acquisition is a capital lease to a financial institution for the purpose of purchasing 350 and 400 Rivermont Drive, which are adjacent to the District's property. The 350 building was demolished, along with a portion of the 400 building to provide additional parking for guests. This additional parking is now connected to the Zoo by the pedestrian bridge and used on busy days for overflow parking. The original loan had a five year maturity with a balloon payment due October 2017. During the past fiscal year, the loan was refinanced as a capital lease with a fixed payment allowing repayment in full over ten years with a \$1 buy-out provision at the end. The loan for the ropes course is also a capital lease to a financial institution for the purpose of financing a new ride.

Compensated absences represent the liability for accumulated unused vacation pay that has been earned by the District's employees. Employees earn time based on their years of employment and can accumulate up to forty-five days of vacation in a calendar year to carry over to the next year. Any earned and unused vacation pay can be paid upon termination of employment.

The District's debt including compensated absences and exclusive of the other post-employment benefit obligation and net pension liability at June 30, 2017, was \$35,185,022, a decrease of \$1,650,686 from the prior fiscal year. The decrease is the result of scheduled payments on long-term debt. The notes to the financial statements provide additional information on the District's debt. The table below is a listing of debt, and other long-term liabilities at each fiscal year end and reflect the change for each:

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>Changes</u>
General obligation bond issues	\$ 31,970,000	\$ 33,425,000	\$ (1,455,000)
Unamortized premiums	1,177,932	1,250,793	(72,861)
Capital lease - Rivermont	1,579,807	1,673,626	(93,819)
Capital lease - Ropes Course	178,385	219,291	(40,906)
Compensated absences	<u>278,898</u>	<u>266,998</u>	11,900
Subtotal	35,185,022	36,835,708	(1,650,686)
Accrued net OPEB obligation	1,672,252	1,393,630	278,622
Net pension liability	<u>12,190,255</u>	<u>10,325,804</u>	1,864,451
Total	<u>\$ 49,047,529</u>	<u>\$ 48,555,142</u>	<u>\$ 492,387</u>

Economic Factors and Next Year's Budget and Rates

As noted before, the District's earned revenues represent the majority of its total revenue. The percentage is even higher when only considering the general fund revenue, the main operating fund for the District. Operating property taxes and accommodations and hospitality taxes comprise 20% of general fund revenues, with 80% representing earned revenues. Attendance at the Zoo and Garden generates admission fees revenue, rides, shows and promotions revenue and concession and retail commissions, which are prime components of earned revenue and significant in the District's economic wellbeing. The reader should review the other information included with this report that shows a ten year history of attendance. A \$2.00 across-the-board admission price increase went into effect July 1, 2016. Phase-in was necessary for some categories due to commitments made prior to the effective date.

Riverbanks Society revenues from memberships, donations and fund-raising activities provides substantial support to the Zoo and Garden operations and is also significant in the District's economic wellbeing. Annual memberships in the Riverbanks Society totaled 42,036 as of June 30, 2017. This is a 9.7% increase from the June 30, 2016 membership total of 38,308, resulting in increased membership revenue. Riverbanks Society offers 11 different membership categories. The overall increase in memberships, as well as the shifting between the categories of memberships has created a 17.8% increase in total membership revenue. After a thorough study of the membership categories, the Riverbanks Society Board approved increases for some categories that went into effect March 1, 2017. Membership levels tend to increase and peak with the opening of new attractions and then declines during the period that follows when there are no new attractions. The same pattern also occurs with attendance levels; however, attendance is subject to more variables and tends to be more dynamic.

The District takes a conservative view in preparing its annual budgets. Budgets are set after much discussion and review by various levels of management. Revenues are defined separately from expenditures; however, the budget must be in balance and adjustments will be made as needed. The CEO presents the proposed version to the Board for their approval prior to the start of the next fiscal year. The 2017/2018 budget reflects a 6% increase in earned revenue, a 4% increase in governmental support, resulting in an overall 5% increase in total revenues over the 2016/2017 budget. Likewise, the expenditures represent a 5% increase over the prior year's budget. Key components of the 2017/2018 budget from the 2016/2017 budget are noted below:

- Annual attendance remains at 1.2 million with a projected 40/60 split for regular admission visits vs. Society member and other free visits
- Concession and retail commissions' increase of 25%, as provided by SSA
- Riverbanks Society operating transfer increases from \$1.7 million to \$1.9 million
- Other earned revenue generators' increase of 8-11%
- Expenditures include 5 new positions, merit increases, and some pay grade and salary adjustments
- No cost of living adjustment is included; however, some benefit changes are recommended
- Expenses include the 2% increase in employer retirement contributions for a total of 13.56% (0.34% increase for all eligible employees)
- Expenses include an anticipated 3.3% increase in health insurance premiums effective 1/1/2018 (no increase expected for eligible employees)
- Utilities reflect a 29% increase from current year budget

The District's property tax funding for operations from Lexington and Richland Counties is necessary for a balanced budget. Tax funding typically increases each year due to the growth in total property values in both Counties. Current year funding increased \$18,926 over the prior year. Each County approves a budget request annually that is paid to the District as collections are made.

Request for Information

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

RICHLAND-LEXINGTON RIVERBANKS PARK DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2017

	Governmental Activities	Component Unit - Riverbanks Society
ASSETS		
Current assets		
Cash and cash equivalents	\$ 5,305,626	\$ 2,386,999
Cash held by fiscal agent for debt service	1,390,584	-
Cash held by fiscal agent for future operations	691,727	-
Receivables	282,804	29,922
Unconditional promises to give - restricted	-	193,907
Prepaid expenses	196,673	20,183
Inventory	60,222	-
Total current assets	<u>7,927,636</u>	<u>2,631,011</u>
Noncurrent assets		
Capital assets, net of accumulated depreciation	64,597,804	-
Long-term unconditional promises to give - restricted	-	268,150
Total noncurrent assets	<u>64,597,804</u>	<u>268,150</u>
Total assets	<u>72,525,440</u>	<u>2,899,161</u>
Deferred outflows of resources related to net pension liability	2,193,419	-
Total assets and deferred outflows of resources	<u>\$ 74,718,859</u>	<u>\$ 2,899,161</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued payroll	\$ 1,154,672	\$ 18,010
Accrued compensated absences	129,958	-
Accrued interest payable	474,197	-
Unearned revenue	1,321,332	50
Pledges payable	-	10,000
Capital leases payable	195,998	-
Current long term debt	1,567,860	-
Total current liabilities	<u>4,844,017</u>	<u>28,060</u>
Noncurrent liabilities		
Accrued compensated absences	148,940	-
Pledges payable	-	10,000
Capital leases payable	1,562,194	-
Net pension liability	12,190,255	-
Accrued net OPEB obligation	1,672,252	-
General obligation bonds payable including unamortized bond premium	31,580,072	-
Total noncurrent liabilities	<u>47,153,713</u>	<u>10,000</u>
Total liabilities	<u>51,997,730</u>	<u>38,060</u>
Deferred inflows of resources related to net pension liability	248,325	-
Total liabilities and deferred inflows of resources	<u>\$ 52,246,055</u>	<u>\$ 38,060</u>
NET POSITION		
Net Investment in Capital Assets	31,278,262	-
Restricted Donations - Purpose Not Yet Satisfied	-	155,767
Unrestricted	(8,805,458)	2,705,334
Total net position	<u>\$ 22,472,804</u>	<u>\$ 2,861,101</u>

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

RICHLAND-LEXINGTON RIVERBANKS PARK DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Primary	Component
				Governmental Activities	Riverbanks Society
GOVERNMENTAL ACTIVITIES					
Unallocated depreciation expense	\$ 2,668,894	\$ -	\$ -	\$ (2,668,894)	\$ -
Administrative	2,384,110	-	2,760	(2,381,350)	-
Animal care	4,057,920	-	7,606	(4,050,314)	-
Education	723,579	493,715	-	(229,864)	-
Botanical	1,129,381	-	3,266	(1,126,115)	-
Facility management	2,165,319	-	142,302	(2,023,017)	-
Utilities	1,555,497	-	-	(1,555,497)	-
Marketing and public relations	999,293	400,923	-	(598,370)	-
Guest services	3,879,952	9,107,601	-	5,227,649	-
Concession and retail commissions	-	1,957,118	-	1,957,118	-
Interest on long-term debt	1,432,538	-	-	(1,432,538)	-
Loss on disposal of capital assets	50,358	-	-	(50,358)	-
Total governmental activities	\$ 21,046,841	\$ 11,959,357	\$ 155,934	(8,931,550)	-
COMPONENT UNIT					
Riverbanks Society	\$ 6,334,610	-	-	-	(6,334,610)
Total component unit	\$ 6,334,610	-	-	-	(6,334,610)
GENERAL REVENUES					
Property taxes				6,227,321	-
Sales taxes				873,090	-
Accommodations and hospitality taxes				195,276	-
Riverbanks Society contribution				3,664,848	-
Membership fees				-	4,973,241
Contributions				-	1,361,150
Investment earnings				40,449	393
Miscellaneous revenues				23,631	4,650
Total general revenues				11,024,615	6,339,434
Change in net position				2,093,065	4,824
Net position, beginning of year				20,379,739	2,856,277
Net position, end of year				\$ 22,472,804	\$ 2,861,101

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

RICHLAND-LEXINGTON RIVERBANKS PARK DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2017

	Major Funds			Total Governmental Funds
	General Fund	Debt Service	Capital Projects	
ASSETS				
Cash and cash equivalents	\$ 5,305,626	\$ -	\$ -	\$ 5,305,626
Cash held by fiscal agent for debt service	-	1,390,584	-	1,390,584
Cash held by fiscal agent for future operations	691,727	-	-	691,727
Receivables	282,804	-	-	282,804
Prepaid expenses	196,673	-	-	196,673
Inventory	60,222	-	-	60,222
Due from other funds	-	-	1,368,306	1,368,306
Total assets	<u>\$ 6,537,052</u>	<u>\$ 1,390,584</u>	<u>\$ 1,368,306</u>	<u>\$ 9,295,942</u>
LIABILITIES				
Accounts payable and accrued salaries	\$ 963,744	\$ -	\$ 190,928	\$ 1,154,672
Unearned revenue	1,321,332	-	-	1,321,332
Due to other funds	1,368,306	-	-	1,368,306
Total liabilities	<u>3,653,382</u>	<u>-</u>	<u>190,928</u>	<u>3,844,310</u>
FUND BALANCES				
Nonspendable				
Inventory	60,222	-	-	60,222
Prepaid expenses	196,673	-	-	196,673
Restricted				
Capital projects	-	-	1,177,378	1,177,378
Debt service	-	1,390,584	-	1,390,584
Botanical library acquisitions	36,600	-	-	36,600
Unassigned				
Board designated for operations	1,700,000	-	-	1,700,000
Undesignated	890,175	-	-	890,175
Total fund balances	<u>2,883,670</u>	<u>1,390,584</u>	<u>1,177,378</u>	<u>5,451,632</u>
Total liabilities and fund balances	<u>\$ 6,537,052</u>	<u>\$ 1,390,584</u>	<u>\$ 1,368,306</u>	<u>\$ 9,295,942</u>

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

RICHLAND-LEXINGTON RIVERBANKS PARK DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET WITH THE STATEMENT OF NET POSITION
JUNE 30, 2017

Total Fund Balances - Governmental Funds \$ 5,451,632

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

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

Capital assets	\$ 88,647,917	
Accumulated depreciation	<u>(24,050,113)</u>	64,597,804

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

Net pension liability	(12,190,255)	
Deferred outflows of resources related to net pension liability	2,193,419	
Deferred inflows of resources related to net pension liability	(248,325)	(10,245,161)

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

Bonds payable, including unamortized premium	(33,147,932)	
Accrued interest payable	(474,197)	
Accrued net OPEB obligation	(1,672,252)	
Compensated absences	(278,898)	
Capital leases payable	<u>(1,758,192)</u>	<u>(37,331,471)</u>

Total net position - governmental activities \$ 22,472,804

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

RICHLAND-LEXINGTON RIVERBANKS PARK DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Major Funds			Total Governmental Funds
	General Fund	Debt Service	Capital Projects	
REVENUES				
Property taxes	\$ 3,386,403	\$ 2,840,918	\$ -	\$ 6,227,321
Sales taxes	-	-	873,090	873,090
Accommodations and hospitality taxes	195,276	-	-	195,276
General admission fees	6,440,327	-	-	6,440,327
Concession and retail commissions	1,957,118	-	-	1,957,118
Riverbanks Society contributions	1,883,705	-	1,781,143	3,664,848
Classes and program fees	493,715	-	-	493,715
Rides, shows and promotions,	2,667,274	-	-	2,667,274
Facility rental and group admission fees	229,584	-	-	229,584
Sponsorships	171,339	-	-	171,339
Non-federal grants and contributions	13,632	-	142,302	155,934
Interest revenue	18,575	11,569	10,305	40,449
Miscellaneous revenues	23,631	-	-	23,631
Total revenues	17,480,579	2,852,487	2,806,840	23,139,906
EXPENDITURES				
Administrative	2,225,392	538	-	2,225,930
Animal care	3,768,449	-	-	3,768,449
Education	247,584	-	-	247,584
Botanical	1,067,835	-	23,305	1,091,140
Facility management	2,118,945	-	-	2,118,945
Utilities	1,555,497	-	-	1,555,497
Marketing and public relations	952,602	-	-	952,602
Guest services	2,740,889	-	-	2,740,889
Rides, shows, promotions, and rentals	1,031,406	-	-	1,031,406
Classes and programs	449,918	-	-	449,918
Debt service				
Principal	171,550	1,455,000	-	1,626,550
Interest	61,269	1,464,221	-	1,525,490
Capital outlay				
Land, building, equipment, & improvements	-	-	2,325,671	2,325,671
Rides, Shows, and Promotions	-	-	72,865	72,865
Total expenditures	16,391,336	2,919,759	2,421,841	21,732,936
Excess of revenues over (under) expenditures	1,089,243	(67,272)	384,999	1,406,970
OTHER FINANCING SOURCES (USES)				
Loan proceeds from refinancing	1,680,000	-	-	1,680,000
Repayment of debt	(1,643,175)	-	-	(1,643,175)
Transfers in	-	-	971,167	971,167
Transfers out	(971,167)	-	-	(971,167)
Total other financing (uses) sources	(934,342)	-	971,167	36,825
Net change in fund balances	154,901	(67,272)	1,356,166	1,443,795
Fund balance, beginning of year	2,728,769	1,457,856	(178,788)	4,007,837
Fund balance, end of year	<u>\$ 2,883,670</u>	<u>\$ 1,390,584</u>	<u>\$ 1,177,378</u>	<u>\$ 5,451,632</u>

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

RICHLAND-LEXINGTON RIVERBANKS PARK DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES WITH THE DISTRICT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Total net change in fund balances - governmental funds \$ 1,443,795

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

Governmental funds report capital outlays as expenditures; however, in the statement of activities the cost of those assets are allocated over their estimated lives and reported as depreciation expense

Capital outlays	\$ 2,398,536	
Depreciation expense	<u>(2,668,894)</u>	(270,358)

Amortization of premium on bond issuance is reported as a reduction of expenses in the statement of activities

72,861

Pension change in the statement of net position and statement of activities

Prior year retirement plan contributions are considered a current year expense	(612,407)	
Current year expense considered a deferred outflow of resources	668,159	
Increase in pension expense for change in deferred inflows and outflows of resources	(1,864,451)	
Amortization of deferred inflows of resources related to net pension liability	<u>3,029,705</u>	1,221,006

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale - In the statement of activities, a gain or loss is reported

Loss on disposal of assets		(50,358)
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The issuance of capital leases payable provides current financial resources to governmental funds, while the repayment of the principal of capital leases payable and long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position

Loan proceeds from refinancing	(1,680,000)	
Payment of long-term debt and capital leases	<u>1,626,550</u>	(53,450)

Some expenses reported in the statement of activities do not require the use of current resources and, therefore, are not reported as expenditures in governmental funds

Accrual of interest payable	20,091	
Accrual of current year net OPEB obligation	(278,622)	
Increase in compensated absence accrual	<u>(11,900)</u>	<u>(270,431)</u>

Total change in net position - governmental activities \$ 2,093,065

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The Commission hires a President/CEO who serves as Chief Administrative Officer of the District. The President/CEO administers the daily operations of the District through appointed department heads.

The basic financial statements of the District were prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental entities. The District's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The accounting and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of this note. The remainder of the notes is organized to provide explanations, including required disclosures, of the District's financial activities for the fiscal year ending June 30, 2017.

Financial Reporting Entity

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

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

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

The Riverbanks Society (the Society) is a legally separate, tax exempt component unit set up to provide financial support primarily through donor contributions for the District and its activities. The fifteen to twenty-one member board of the Society is self-perpetuating. The majority of resources and income thereon that Society holds and invests are restricted to the activities of the District by the donors. Because these restricted resources held by the Society can only be used by, or for the benefit of, the District, The Society is considered a component unit of the District and is discretely presented in the District's financial statements. Separately issued audited financial statements, which are based on Financial Accounting Standards Board (FASB) standards, for the Society may be obtained from the Chief Financial Officer, Riverbanks Zoo and Garden at 400 Rivermont Drive, Columbia, SC 2910.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

Government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the District. As a general rule the effect of inter-fund activity has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely, to a significant extent, on fees and charges for support.

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

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

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

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

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Measurement Focus and Basis of Accounting

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the fiscal year-end. Property taxes are considered measurable and recognized when transferred to the District's account by the County Treasurers. Revenue from federal, state, and other grants designated for payment of specific District expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are recorded as deferred revenues until earned. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Use of Estimates

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

Budgetary Control

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

The Budgetary Comparison Schedule for General Fund presents a comparison of budgetary data to actual results of operations for which annual operating budgets are legally adopted. This fund utilizes the same basis of accounting for both budgetary purposes and actual results. Capital Projects funds are budgeted over the life of the project and not on an annual basis.

Cash and Cash Equivalents

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash Held by Fiscal Agent

The District reports funds collected for the District by Richland and Lexington Counties for both operating and debt service purposes. The operating support received from both Counties is an annual fixed-dollar appropriation. Both Counties fund the support by levying a millage that is expected to produce the required amount of funding. If the millage produces more than is appropriated, the excess funds are escrowed. It has been Richland County's practice to take into account any escrowed amounts in setting the millage in subsequent years. Lexington County allows the escrowed funds to accumulate and carry forward over the years. At June 30, 2017 the Lexington County escrowed funds collected from the operating millage and not yet remitted to the District totaled \$610,342, of which are held by Lexington County reserved for the District. The District has to seek approval through a budget ordinance by Lexington County to receive these funds. The escrowed funds can also be used to make up any shortfall if the current year millage is less than the annual budget appropriation. Richland County held escrowed funds of \$81,385 at June 30, 2017, resulting in total escrowed funds of \$691,727.

Both Richland and Lexington Counties levy a millage to produce funds to pay the general obligation debt of the District. The Richland County Treasurer is the fiscal agent for each of the District's bonds and is responsible for the management of funds from both Counties collections and the payment of the bonds. Lexington County remits their monthly collections of debt service millage to Richland County. The amount held by the fiscal agent for debt service varies with the bond amortization amounts, timing of payments and the amounts collected by each County. The amount on hand at June 30, 2017 was \$1,390,584.

Inventories

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

Prepaid items

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

Receivables

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

Due To/From Other Funds

Amounts owed between funds are classified as short-term.

Unearned Revenue

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

Compensated Absences

Full-time employees earn vacation and sick leave based on their years of service.

Deferred Outflows/Inflows of Resources

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

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

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

Fund Balance

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

Nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The not in spendable form criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid items.

Restricted fund balance classification includes amounts that are restricted when there are limitations imposed on their use either by the Commission or through external restrictions imposed by creditors, grantors, contributors, laws or regulations of other governments or by law through constitutional provisions or enabling legislation.

Committed fund balance classification includes amounts that can only be used for specific purposes for constraints imposed by formal action of the Commission. Those committed amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type action it employed to previously commit those amounts. Committed fund balances also incorporate contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The District recognizes committed fund balances that have been approved for specific purposes by the Commission before the fiscal year-end. As of June 30, 2017, the District reported no committed fund balance.

Assigned fund balance classification includes amounts that are constrained by the District's intent to be used for specific purposes but are not restricted or committed. They are not required to be set by or removed by the Commission. As of June 30, 2017, the District reported no assigned fund balance.

Unassigned fund balance classification includes amounts that have not been assigned to other funds and has not been restricted, committed or assigned for specific purposes within the General Fund. The first \$1,700,000 of fund balance is committed by the Commission as a stabilization amount available for use in operations.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Adoption of New Accounting Standards as of and for Year Ended June 30, 2017

For the fiscal year ending June 30, 2017, the District implemented GASB Statement No. 77, *Tax Abatement Disclosures*. The District does not directly negotiate tax abatements, but may be part of tax abatements issued by Richland and Lexington Counties. The effects of their abatements are included in a separate footnote. There was no impact to net position or change in net position as a result of implementing this standard.

The District implemented GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, as of and for the year ending June 30, 2017. The objective of GASB Statement No. 76 is to identify the hierarchy of GAAP. The GAAP hierarchy consists of accounting principles used to prepare financial statements of state and local governments in conformity with GAAP and the framework for selecting those principles. The Statement reduces the hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment or other event is not specified within a source of authoritative GAAP. There was no impact to the net position or change in net position as a result of implementing this standard.

Component Unit Basis of Presentation

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

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

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

NOTE 2 – PROPERTY TAXES

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

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

NOTE 3 – RECEIVABLES

Receivables are stated at fair value with no allowance for doubtful accounts. All of the receivables are considered by management to be collectible. Receivables consisted of the following at June 30, 2017:

Intergovernmental	\$ 30,251
Other	252,553
Total	\$ 282,804

NOTE 4 – CASH AND CASH EQUIVALENTS

The District’s cash and cash equivalents consist of demand deposits with banks, investments with the South Carolina State Treasurer’s Office through the South Carolina Local Government Investment Pool (the LGIP) and cash on hand. The LGIP is an investment mechanism authorized by the South Carolina Legislature to allow local governments to pool resources to maximize returns on investments, which shall be legal investments for the subdivisions. The LGIP balance is stated at fair market value. The District is authorized by South Carolina Code of Laws, Section 6-5-10, to invest in the following types of investments:

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

Custodial credit risk is the risk that, in the event of failure of a financial institution, the District will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2017, none of the District’s deposits were exposed to custodial credit risk. As of June 30, 2017, the carrying amount of the District’s cash and cash equivalents were the following:

Cash on hand	\$ 20,201
On deposit with financial institutions	272,816
LGIP	5,012,609
Total	\$ 5,305,626

The District places no limit on the amount the District may invest in any one issuer. More than 94.5% of the District’s cash and cash equivalents are with the LGIP and are reported in the District’s General Fund. More information pertaining to carrying amounts, fair value, credit and other risks as required by GASB Statement No. 40, *Deposits and Investments – Risk Disclosures*, of the State Treasurer’s investments are disclosed in the Comprehensive Annual Financial Report (CAFR) of the State of South Carolina.

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

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ending June 30, 2017 was as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals & Transfers</u>	<u>Ending Balance</u>
Capital assets - not depreciated				
Land	\$ 2,936,949	\$ -	\$ -	\$ 2,936,949
Zoological collection	1	-	-	1
Construction in progress	<u>18,313,554</u>	<u>100,754</u>	<u>(18,313,554)</u>	<u>100,754</u>
Total capital assets - not depreciated	<u>21,250,504</u>	<u>100,754</u>	<u>(18,313,554)</u>	<u>3,037,704</u>
Capital assets - depreciated				
Buildings and structures	41,686,889	1,240,661	16,614,379	59,541,929
Improvements	18,689,391	734,035	1,595,125	21,018,551
Equipment	<u>4,693,914</u>	<u>323,086</u>	<u>32,733</u>	<u>5,049,733</u>
Total capital assets - depreciated	65,070,194	2,297,782	18,242,237	85,610,213
Less accumulated depreciation	<u>21,402,178</u>	<u>2,668,894</u>	<u>(20,959)</u>	<u>24,050,113</u>
Total capital assets - depreciated, net	<u>43,668,016</u>	<u>(371,112)</u>	<u>18,263,196</u>	<u>61,560,100</u>
Governmental activities capital assets, net	<u>\$ 64,918,520</u>	<u>\$ (270,358)</u>	<u>\$ (50,358)</u>	<u>\$ 64,597,804</u>

Depreciation expense was charged to governmental functions as follows:

Unallocated	\$ 2,634,182
Guest services	<u>34,712</u>
Total	<u>\$ 2,668,894</u>

NOTE 6 – LONG-TERM OBLIGATIONS

General Obligation Bonds

The District issues General Obligation Bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District. The sale of bonds, investment of bonds proceeds, investment of the Debt Service Fund, and the repayment of the bonds are handled by the Richland County Treasurer as required by the bond ordinances. General Obligation Bonds' payable at June 30, 2017 was as follows:

\$9,020,000 General Obligation Bonds issued in 2008 due in annual series installments through 2018, with an interest rate of 3.2% for the term of the bond	\$ 1,495,000
\$32,000,000 General Obligation Bonds issued in 2013 due with a first payment in 2014, then with annual series installments beginning in 2019 through 2033, with interest rates ranging from 3.0% to 4.625%	<u>30,475,000</u>
Subtotal	31,970,000
Add, unamortized premium	<u>1,177,932</u>
Total	<u>\$ 33,147,932</u>

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

NOTE 6 – LONG-TERM OBLIGATIONS (CONTINUED)

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

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 1,495,000	\$ 1,413,005	\$ 2,908,005
2019	1,200,000	1,360,381	2,560,381
2020	1,340,000	1,300,381	2,640,381
2021	1,430,000	1,233,381	2,663,381
2022	1,530,000	1,161,881	2,691,881
2023-27	9,385,000	4,658,906	14,043,906
2028-32	12,605,000	2,440,788	15,045,788
2033	2,985,000	138,056	3,123,056
Total	<u>\$31,970,000</u>	<u>\$ 13,706,779</u>	<u>\$ 45,676,779</u>

Capital Leases Payable

From time to time, the District borrows additional funds to finance improvements to its facilities. A June 30, 2016 note payable matured and was refinanced on September 30, 2016. It was refinanced as a capital lease with a buy-out provision at maturity of \$1. The interest rate is fixed at 2.32% for 10 years with monthly payments of \$15,701. At June 30, 2017 the District was obligated under the following capital leases:

Lease payable to a financial institution in monthly installments including interest at a fixed rate equal to 2.32% for the term of the note through 2026.	\$ 1,579,807
Lease payable to a financial institution in monthly installments including interest at a fixed rate equal to 4.09% for the term of the note through 2021.	178,385
Total	<u>\$ 1,758,192</u>

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

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 195,999	\$ 41,530	\$ 237,529
2019	201,371	36,158	237,529
2020	206,902	30,627	237,529
2021	209,582	24,933	234,515
2022	168,288	20,127	188,415
2023-26	776,050	40,412	816,462
Total	<u>\$ 1,758,192</u>	<u>\$ 193,787</u>	<u>\$ 1,951,979</u>

The following is an analysis of the leased property under capital leases as of June 30, 2017:

	Accumulated		
	<u>Acquisition</u>	<u>Depreciation</u>	<u>Net Book Value</u>
Land	\$ 1,190,957	\$ -	\$ 1,190,957
Buildings and structures	1,220,247	395,948	824,299
Total	<u>\$ 2,411,204</u>	<u>\$ 395,948</u>	<u>\$ 2,015,256</u>

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

NOTE 6 – LONG-TERM OBLIGATIONS (CONTINUED)

Long-Term Liabilities

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

	June 30, 2016	Additions	Payment/ Transfers	June 30, 2017	Amount Due in 2018
General Obligation Bond of 2008	\$ 2,950,000	\$ -	\$ 1,455,000	\$ 1,495,000	\$ 1,495,000
General Obligation Bond of 2013	30,475,000	-	-	\$ 30,475,000	-
Unamortized Premium	1,250,793	-	72,861	\$ 1,177,932	72,860
Capital Lease Payable-Rivermont	1,673,626	1,680,000	1,773,819	\$ 1,579,807	153,387
Capital Lease Payable- Ropes Course	219,291	-	40,906	\$ 178,385	42,611
Compensated Absences	266,998	61,730	49,830	\$ 278,898	129,958
	<u>\$ 36,835,708</u>	<u>\$ 1,741,730</u>	<u>\$ 3,392,416</u>	<u>\$ 35,185,022</u>	<u>\$ 1,893,816</u>

NOTE 7 – PENSION PLAN

Description of the Entity

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

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

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

Plan Description

The South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for employees of the state, its public school districts, and political subdivisions.

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

NOTE 7 – PENSION PLAN (CONTINUED)

The South Carolina Police Officers Retirement System (PORS), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for police officers and firemen of the state and its political subdivisions.

Membership

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

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

Benefits

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

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

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

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

NOTE 7 – PENSION PLAN (CONTINUED)

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

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

Contributions

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

Required employee contribution rates, calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws, are as follows:

	<u>Fiscal Year 2017</u>	<u>Fiscal Year 2016</u>
SCRS		
Employee Class Two	8.66%	8.16%
Employee Class Three	8.66%	8.16%
PORS		
Employee Class Two	9.24%	8.74%
Employee Class Three	9.24%	8.74%

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

NOTE 7 – PENSION PLAN (CONTINUED)

Required employer contribution rates, calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws, are as follows:

	<u>Fiscal Year 2017</u>	<u>Fiscal Year 2016</u>
SCRS		
Employer Class Two	11.41%	10.91%
Employer Class Three	11.41%	10.91%
Employer Incidental Death Benefit	0.15%	0.15%
PORS		
Employer Class Two	13.84%	13.34%
Employer Class Three	13.84%	13.34%
Employer Incidental Death Benefit	0.20%	0.20%
Employer Accidental Death Benefit	0.20%	0.20%

Actuarial Assumptions and Methods

Actuarial valuations involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Actuarial assumptions and methods used during the annual valuation process are subject to periodic revision, typically with an experience study, as actual results over an extended period of time are compared with past expectations and new estimates are made about the future.

South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was mostly recently issued as of July 1, 2015. The June 30, 2016, total pension liability, net pension liability, and sensitivity information were determined by the Systems consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on the July 1, 2015, actuarial valuations, as adopted by the PEBA Board and SFAA which utilized membership data as of July 1, 2015. The total pension liability was rolled-forward from the valuation date to the Systems' fiscal year ending June 30, 2016, using generally accepted actuarial principles. Information included in the following schedules is based on the certification provided by GRS. Additional actuarial information is available in the accounting and financial reporting actuarial valuation as of June 30, 2016 found on PEBA's website.

The following provides a summary of the actuarial assumptions and methods used in the July 1, 2015 valuations for SCRS and PORS.

	SCRS	PORS
Actuarial cost method	Entry age normal	Entry age normal
Investment rate of return*	7.50%	7.50%
Projected salary increases	3.5% to 12.5% (varies by service)*	4.0% to 10.0% (varies by service)*
Benefit adjustments	lesser of 1% or \$500 annually	lesser of 1% or \$500 annually
<i>*Includes inflation at 2.75%</i>		

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

NOTE 7 – PENSION PLAN (CONTINUED)

The post-retiree mortality assumption is dependent upon the member’s job category and gender. This assumption includes base rates which are automatically adjusted for future improvement in mortality using published Scale AA projected from the year 2000. Assumptions used in the July 1, 2015, valuations for SCRS and PORS are as follows.

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

Net Pension Liability

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. The District’s proportional shares of the NPL amounts as of June 30, 2017 are presented below:

<u>System</u>	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>District Net Pension Liability</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
SCRS	\$ 45,356,214,752	\$ 23,996,362,354	\$ 12,130,901	52.9%
PORS	6,412,510,458	3,876,035,732	59,354	60.4%
Total	<u>\$ 51,768,725,210</u>	<u>\$ 27,872,398,086</u>	<u>\$ 12,190,255</u>	

The total pension liability is calculated by the Systems’ actuary, and each plan’s fiduciary net position is reported in the Systems’ financial statements. The net pension liability is disclosed in accordance with the requirements of GASB 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.

The District’s proportionate share of the net pension liability for SCRS is as follows:

<u>System</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>Change</u>
SCRS	0.056793%	0.054297%	0.002496%
PORS	0.00234%	0.00129%	0.00105%

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

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

NOTE 7 – PENSION PLAN (CONTINUED)

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments, as used in the July 1, 2015, actuarial valuations, was based upon the 30 year capital markets outlook at the end of third quarter 2015. 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 revised target asset allocation adopted beginning January 1, 2016. The long-term expected rate of return is produced by weighing the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table below. For actuarial purposes, the 7.50% assumed annual investment rate of return used in the calculation of the total pension liability includes a 4.75% real rate of return and a 2.75% inflation component.

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Expected Arithmetic Real Rate of Return</u>	<u>Long Term Expected Portfolio Real Rate of Return</u>
Global Equity	43.0%		
Global Public Equity	34.0%	6.52%	2.22%
Private Equity	9.0%	9.30%	0.84%
Real Assets	8.0%		
Real Estate	5.0%	4.32%	0.22%
Commodities	3.0%	4.53%	0.13%
Opportunistic	20.0%		
GTAA/Risk Parity	10.0%	3.90%	0.39%
HF (Low Beta)	10.0%	3.87%	0.39%
Diversified Credit	17.0%		
Mixed Credit	5.0%	3.52%	0.17%
Emerging Markets Debt	5.0%	4.91%	0.25%
Private Debt	7.0%	4.47%	0.31%
Conservative Fixed Income	12.0%		
Core Fixed Income	10.0%	1.72%	0.17%
Cash and Short Duration (Net)	2.0%	0.71%	0.01%
Total Expected Real Return	<u>100.00%</u>		<u>5.10%</u>
Inflation for Actuarial Purposes			<u>2.75%</u>
Total Expected Nominal Return			<u>7.85%</u>

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that the funding policy specified in the South Carolina State Code of Laws will remain unchanged in future years. Based on those assumptions, each System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

NOTE 7 – PENSION PLAN (CONTINUED)

Sensitivity Analysis

The following table presents the District’s net pension liability calculated using the discount rate of 7.50%, as well as what the District’s net pension liability would be if it were calculated using a discount rate that is 1.00% lower (6.50%) or 1.00% higher (8.50%) than the current rate.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate			
System	1.00% Decrease (6.50%)	Current Discount Rate (7.50%)	1.00% Increase (8.50%)
SCRS	\$ 15,132,967	\$ 12,130,901	\$ 9,631,794
PORS	\$ 77,789	\$ 59,354	\$ 42,787

Deferred Outflows (Inflows) of Resources

For the year ending June 30, 2017, the District recognized pension expense of \$1,090,327 which is included in general fund expenses by department in the accompanying financial statements. At June 30, 2017, the District reported deferred outflows (inflows) of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 668,159	\$ -
Differences in actual and expected retirement plan experience	125,776	13,174
Change in proportionate share of net pension liability	372,164	235,151
Differences between projected and actual earnings on plan investments	<u>1,027,320</u>	<u>-</u>
Total	<u>\$ 2,193,419</u>	<u>\$ 248,325</u>

The District reported \$668,159 as deferred outflows of resources related to contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows (Inflows) of resources will be recognized in pension expense in future years. The following schedule reflects the amortization of the District’s proportional share of the net balance of remaining deferred outflows (inflows) of resources at June 30, 2017. Average remaining services lives of all employees provided with pensions through the pension plans at June 30, 2017 was 4.116 years for SCRS and 4.665 years for PORS.

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

Measurement Period Ending June 30	Fiscal Year Ending June 30	SCRS	PORS
2017	2018	\$ 385,401	\$ 33,771
2018	2019	215,580	1,668
2019	2020	406,788	2,692
2020	2021	<u>229,499</u>	<u>1,536</u>
Net balance of deferred outflows (inflows) of resources		<u>\$ 1,237,268</u>	<u>\$ 39,667</u>

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

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS

Deferred Compensation Plans

Several optional deferred compensation plans are available to State employees and employers of its political subdivisions. Some employees of the District have elected to participate. PEBA oversees the program. The multiple-employer plans, created under Internal Revenue Code Sections 457 & 405(k) are administered by third parties and are not included in the State’s CAFR. Compensation deferred under the plans is placed in trust for the contributing employee. The State has no liability for losses under the plans. Employees may withdraw the current value of their contributions when they terminate employment or prior to termination if they meet requirements specified by the applicable plan. The District did not contribute to any of these plans for the fiscal year ending June 30, 2017.

OPEB Plan Description and Funding Policy

The District participates in the State of South Carolina State Health Plan, managed by PEBA. To qualify for the State Health Plan, the employee must be considered full-time. Any employee retiring under the provisions of SCRS may elect to continue the health insurance coverage after retirement. Survivors of deceased employees (spouses and dependents) may also continue their coverage. The employee pays 100% of the health insurance premium unless the employee retires with at least twenty years of service to the District. All service used to determine eligibility must have been performed for the District. Service with other governmental entities, although acceptable for retirement under SCRS, cannot count in determining if the District funds any of the health cost. The District currently has 147 full-time positions eligible to participate in the State Health Plan. Currently 126 employees participate in the State Health Plan. Part-time and seasonal employees do not meet the qualification of the District to participate in the State Health Plan. The District currently pays for post-employment benefits on a pay-as-you-go basis. The District had ten retirees eligible for other post-employment benefits (OPEB) as of June 30, 2017. Contributions for fiscal year 2016 and 2017 were \$46,242 and \$49,810, respectively. These financial statements assume that a pay-as-you-go funding policy will continue in the immediate future. The funding of health premiums for eligible retired employees is noted below.

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

Annual OPEB Costs and Net OPEB Obligation

The District had an actuarial valuation performed for the plan as of June 30, 2015 to determine the funded status of the plan of as that date as well and the employer’s ARC for the fiscal year ending June 30, 2015. The District’s annual OPEB costs and the net OPEB obligation for the year ending June 30, 2017 are noted below.

Employer Normal Cost	\$ 183,458
Amortization of UAAL*	127,629
Expenses	4,345
Annual Required Contribution (ARC)	315,432
ARC Adjustment	(42,745)
Interest on Net Obligation	55,745
Annual OPEB - Current Year	328,432
Contributions Made	(49,810)
Beginning Balance	1,393,630
Net OPEB Obligations - End of Year	<u>1,672,252</u>

*Unfunded Actuarial Accrued Liabilities (UAAL) are being amortized over 30 years.

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

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Funded status and funding progress of the plan as of the last actuarial valuation on June 30, 2017 was as follows:

Actuarial Accrued Liability		
Retirees & Beneficiaries	\$	916,653
Active Members Fully Eligible for Benefits		741,624
Active Members Not Fully Eligible for Benefits		1,572,454
Total Actuarial Accrued Benefits	\$	3,230,731
Actuarial Value of Assets	\$	-
Unfunded Actuarial Accrued Liabilities	\$	3,230,731
Funded Ratio	\$	-
Covered Payroll (active plan members)	\$	5,217,599
UAAL as a percentage of covered payroll		61.9%

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events well into the future. Examples would include assumptions about future employment, rate of retirement, mortality, and health care cost trends. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. For the purpose of determining the Net OPEB Obligation, the portion of the annual OPEB contributions for the medical and prescription drug costs that are determined on a combined basis for active employees and retirees were increased by \$13,000 to include the impact of the 50% implicit subsidy.

In the June 30, 2015 actuarial valuation, the projected unit credit cost method was used. The UAAL amortization payment is the level percent of payroll (assumed to increase 2.65%) required to fully amortize the UAAL over a 30 year period. The actuarial assumptions included 4.0% rate of investment return. The valuation assumes a pre-65 health care trend inflation rate of 9.5%, dropping by 1.0% each of the first three years, dropping 0.5% for the following three years to reach the ultimate rate of 5.0% in 2018. Similarly the valuation assumes a post-65 health care trend inflation rate of 7.5%, dropping 0.5% in each future year until reaching an ultimate rate of 5.0% in 2017. General inflation is assumed to be 3.0% per year. There is no trust fund established, so no separate audit report is available.

NOTE 9 – OPERATING LEASES

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

The District also leases a postal machine and multi-function copiers. The total reported in expenditures of the financial statements for these leases is \$23,723.

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

NOTE 9 – OPERATING LEASES (CONTINUED)

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

Year ending June 30,		
2018	\$	24,988
2019		24,988
2020		14,886
2021		1
2022		1
2023 and thereafter		45
Total	\$	<u>64,909</u>

NOTE 10 – RIVERBANKS SOCIETY

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

During the year ending June 30, 2017, the Society contributed the following:

General Fund	
Operating support	\$ 1,700,000
Loan payments	183,705
subtotal	<u>1,883,705</u>
Explorer pass differential	799,265
Total general fund	<u>2,682,970</u>
Capital Projects	1,781,143
Total District Support	<u>4,464,113</u>

NOTE 11 – TAX ABATEMENT DISCLOSURES

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

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

NOTE 11 – TAX ABATEMENT DISCLOSURES

The information below is provided by Lexington County reflecting the tax abatement impact only of the District for the year ending June 30, 2017.

<u>Tax Abatement Programs</u>	<u>Amount of Taxes Abated During Year</u>	<u>State of South Carolina Reimbursement</u>
Fee-in-Lieu of Taxes Program (FILOT)	\$ 32,094	\$ 2,291
FILOT and Special Source Revenue Credit Program (SSRC)	33,291	315
Infrastructure Program (IP)	47	-
FILOT + IP	72,670	3,986
SSRC + IP	51	-
FILOT + SSRC + IP	150,017	-
Total	<u>\$ 288,170</u>	<u>\$ 6,592</u>

The information below is provided by Richland County reflecting the tax abatement impact of the District for the year ending June 30, 2017.

<u>Tax Abatement Programs</u>	<u>Amount of Taxes Abated During Year</u>
51 FILOT Agreements without SSRC	\$ 105,682
15 FILOT Agreements with SSRC	29,146
11 SSRC Agreements	5,738
Multi-County Industrial Park	5,142
Economic Development	3,953
Total	<u>\$ 149,661</u>

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

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

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

Infrastructure program was established by the SC Code Sections 12-44-50(B) and 12-44-70 to offer individual incentive packages to attract new business to the Counties by offering one or more of the following: (1) abating property taxes through infrastructure credits or reimbursement of infrastructure spending to the Counties; (2) giving infrastructure grants; (3) giving infrastructure owed by the Counties.

The additional programs offered by Richland County are as follows:

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

Economic development was established per Richland County Fee in Lieu of Tax Supplement Policy by Richland County Council that approved a 7% apportionment on businesses located in a multi-county industrial park to be retained and not apportioned to millage entities.

REQUIRED SUPPLEMENTARY INFORMATION

RICHLAND-LEXINGTON RIVERBANKS PARK DISTRICT

**SCHEDULE OF FUNDING PROGRESS, OTHER POSTEMPLOYMENT BENEFITS
AS OF JUNE 30, 2017**

Actual Valuation Date	Actual Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percent of Covered Payroll (b-a)/c)
6/30/2010	\$ -	\$ 925,000	\$ 925,000	0%	\$ 3,695,900	25.0%
6/30/2011	\$ -	\$ 925,000	\$ 925,000	0%	\$ 3,859,213	24.0%
6/30/2012	\$ -	\$ 2,791,478	\$ 2,791,478	0%	\$ 3,844,341	72.6%
6/30/2013	\$ -	\$ 2,791,478	\$ 2,791,478	0%	\$ 4,093,323	68.2%
6/30/2014	\$ -	\$ 2,791,478	\$ 2,791,478	0%	\$ 4,256,371	65.6%
6/30/2015	\$ -	\$ 3,230,731	\$ 3,230,731	0%	\$ 4,821,003	67.0%
6/30/2016	\$ -	\$ 3,230,731	\$ 3,230,731	0%	\$ 5,154,774	62.7%
6/30/2017	\$ -	\$ 3,230,731	\$ 3,230,731	0%	\$ 5,217,599	61.9%

Note: The July 1, 2015 valuation reflects SCRS eligibility changes and 2011 experience study assumption changes. Information displayed for years prior to 2012 was reported by a prior actuary and assumed benefits ceased at age 65, which is not the case. The July 1, 2009 valuation used the Entry Age Normal cost method and a discount rate of 4.5%. The July 1, 2012 valuation and subsequent valuation uses the Projected Unit Credit cost method and a discount rate of 4.0%. In addition to the changes made in the method and assumptions, the July 1, 2012 and subsequent valuation consider benefits payable beyond age 65.

See accompanying independent auditor's report

RICHLAND-LEXINGTON RIVERBANKS PARK DISTRICT

**SCHEDULE OF FUNDING PROGRESS, OTHER POSTEMPLOYMENT BENEFITS
AS OF JUNE 30, 2017**

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

See accompanying independent auditor's report

RICHLAND-LEXINGTON RIVERBANKS PARK DISTRICT

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AS OF JUNE 30, 2017**

South Carolina Retirement System Pension Plan*

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

Police Officer Retirement System Pension Plan**

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

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

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

See accompanying independent auditor's report

RICHLAND-LEXINGTON RIVERBANKS PARK DISTRICT

**SCHEDULE OF PENSION CONTRIBUTIONS
AS OF JUNE 30, 2017**

South Carolina Retirement System Pension Plan

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 666,461	\$ 608,045	\$ 557,069	\$ 546,406	\$ 517,828
Contributions in relation to the contractually required contribution	666,461	608,045	557,069	546,406	517,828
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 5,765,230	\$ 5,497,694	\$ 5,106,656	\$ 5,154,774	\$ 4,885,170
Contributions as a percentage of covered employee payroll	11.6%	11.1%	10.9%	10.6%	10.6%
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Contractually required contribution	\$ 448,558	\$ 427,854	\$ 403,504	\$ 392,100	\$ 382,000
Contributions in relation to the contractually required contribution	448,558	427,854	403,504	392,100	382,000
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 4,704,331	\$ 4,556,486	\$ 4,297,167	\$ 4,175,719	\$ 4,147,666
Contributions as a percentage of covered employee payroll	9.5%	9.4%	9.4%	9.4%	9.2%

Police Officer Retirement System Pension Plan

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

See accompanying independent auditor's report

RICHLAND-LEXINGTON RIVERBANKS PARK DISTRICT
 BUDGETARY COMPARISON - SCHEDULE FOR GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2017

	Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES			
Property taxes	\$ 3,386,403	\$ 3,386,403	\$ -
Accommodations and hospitality taxes	185,000	195,276	10,276
General admission fees	6,326,454	6,440,327	113,873
Concession and retail commissions	1,542,442	1,957,118	414,676
Riverbanks Society	1,931,820	1,883,705	(48,115)
Rides, shows and promotions	2,375,070	2,667,274	292,204
Classes and program fees	406,926	493,715	86,789
Facility rental and group admission fees	229,662	229,584	(78)
Sponsorships	100,000	171,339	71,339
Non-federal grants and donations	-	13,632	13,632
Interest income	6,000	18,575	12,575
Miscellaneous revenues	20,000	23,631	3,631
Total revenues	16,509,777	17,480,579	970,802
EXPENDITURES			
Administrative	2,072,910	2,225,392	(152,482)
Animal care	3,713,670	3,768,449	(54,779)
Education	241,624	247,584	(5,960)
Botanical	1,067,516	1,067,835	(319)
Facility management	2,144,932	2,118,945	25,987
Utilities	1,320,000	1,555,497	(235,497)
Marketing and public relations	1,014,253	952,602	61,651
Guest services	2,594,456	2,740,889	(146,433)
Rides, shows and promotions	1,154,383	1,031,406	122,977
Classes and programs	454,801	449,918	4,883
Debt service			
Principal	162,518	171,550	(9,032)
Interest	93,418	61,269	32,149
Total expenditures	16,034,481	16,391,336	(356,855)
Excess of revenues over expenditures	475,296	1,089,243	613,947
OTHER FINANCING SOURCES (USES)			
Loan proceeds from refinancing	-	1,680,000	1,680,000
Repayment of debt	-	(1,643,175)	(1,643,175)
Transfers out	(475,296)	(971,167)	(495,871)
Total other financing uses	(475,296)	(934,342)	(459,046)
Excess of revenues over expenditures and other financing uses	-	154,901	\$ 154,901
Fund balance, beginning of year	2,728,769	2,728,769	
Fund balance, end of year	\$ 2,728,769	\$ 2,883,670	

The accompanying independent auditor's report

OTHER INFORMATION

Riverbanks Zoo & Garden Overview

Mission

It is the mission of Riverbanks Zoo & Garden to foster appreciation and concern for all living things. We are dedicated to providing the highest standards of care for our animal and plant collections, a diverse educational and high-quality recreational experience for all Riverbanks guests, and devoting all the resources at our disposal for the conservation of the earth's flora and fauna.

History

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

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

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

Enhancing the Guest Experience

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

Who Visits?

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

Funding Sustainability

Riverbanks operating budget is 78% self-sustaining. One of Riverbanks' primary objectives is to continually find ways to boost revenue streams with creative, interactive, fee-based activities and attractions that add to the guest experience. In fiscal year 2017, Riverbanks' guests made 259,449 revolutions around the carousel, fed 102,258 cups of nectar to the lorikeets, felt the tickle of a giraffe's tongue 128,666 times, saddled up for 48,521 pony rides, enjoyed 145,431 kid's train rides, climbed the rock wall 53,432 times, crossed the scenic Saluda River during 3,165 zip line canopy tours and braved the Sky-High Safari vertical ropes course challenges 42,797 times, in total generating more than \$2 million in earned revenue.

Education

Thousands of school-aged children from across the Southeast visit Riverbanks Zoo & Garden each year to participate in the Zoo and Garden's conservation education programs. Our team of highly-skilled educators will provide an interactive and captivating learning experience through the following programs:

Day Camps	Riverbanks on the Road
Family Programs	School Programs
Garden Programs	Scout Programs
Homeschool Programs	Tours
Overnights	ZooTeens

Additional information about each program can be found on our website, www.riverbanks.org, under the Education tab. In fiscal year 2017, Riverbanks educators connected with:

- 1,317 children ages 4 to 12 in Zoo Camp;
- 941 family members through 65 Family Programs;
- 4,236 adults and kids during 496 Garden Programs;
- 1,397 Homeschoolers in 26 Homeschool Programs;
- 2,334 adults and kids during 63 Overnights;
- 6,875 participants through 190 Riverbanks on the Road programs;
- 14,940 K-12 school students during 519 on-site School Programs;
- 520 Scouts through 22 Scout Programs;
- 736 members and guests during 106 Adventure Tours;
- 32 active ZooTeens; and
- 152,288 Zoo guests through 2,010 educator –led presentations and up-close encounters.

Signature Events

Each year Riverbanks hosts five signature after-hours events, showcasing the Zoo and Garden to non-traditional visitors. Lights Before Christmas and Boo at the Zoo are family-friendly events that have become perennial favorites for residents of the Midlands. Wine Tasting at Riverbanks Botanical Garden, Brew at the Zoo and Riverbanks ZOOafari are geared toward an adult audience and are the Zoo's major fundraisers, hosted by Riverbanks Society. Riverbanks welcomed a combined total of over 95,000 members and guests and generated more than \$950,000 in gross revenues from these events in the year ending June 30, 2017.

Conservation & Scientific Advancement

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

Consistent with the Riverbanks mission to “*foster appreciation and concern for all living things*”, we are dedicated to devoting all the resources at our disposal for the conservation of the earth’s flora and fauna. From delivering high quality conservation education programs and providing superb veterinary support for Species Survival Plans and research programs to administering a wide variety of regional and international conservation efforts, Riverbanks staff is continuously and actively involved with conservation. Since its inception, Riverbanks conservation fund has provided support for nearly 225 projects in 56 countries around the globe, totaling \$844,000. Of the 225 projects, 45 have been in the United States, with 40 of these in the southeastern United States. Of the southeastern projects, 25 have been in South Carolina. In June 2017 the fund was renamed in honor of retiring president & CEO Satch Krantz for his 44 years of service to Riverbanks and his passion for saving species and is now referred to as the Satch Krantz Conservation Fund. All revenue and expenses related to this fund is managed by Riverbanks Society.

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

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

Giving Back

Riverbanks gave back to the community through several complimentary admissions programs in fiscal year 2017, representing more than \$500,000 in donated admissions. Riverbanks provided free admissions to:

- More than 24,000 residents of Richland and Lexington Counties during Free Fridays in January and February;
- Over 28,000 Richland and Lexington County school students (k-12);
- More than 1,000 soldiers in uniform, military graduates and veterans; and
- More than 500 guests who donated 4,360 pounds of food for Harvest Hope Food Bank during the Toucan Tuesday’s summer promotion.

Riverbanks Zoo & Garden also provided nearly \$10,000 in complimentary admission tickets to 200 local charities and nonprofit organizations. In addition, Riverbanks Zoo & Garden donated monthly meeting space to Palmetto Health Hospital’s PrimeTimes group (seniors 55 and older).

An Award-Winning Experience

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

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

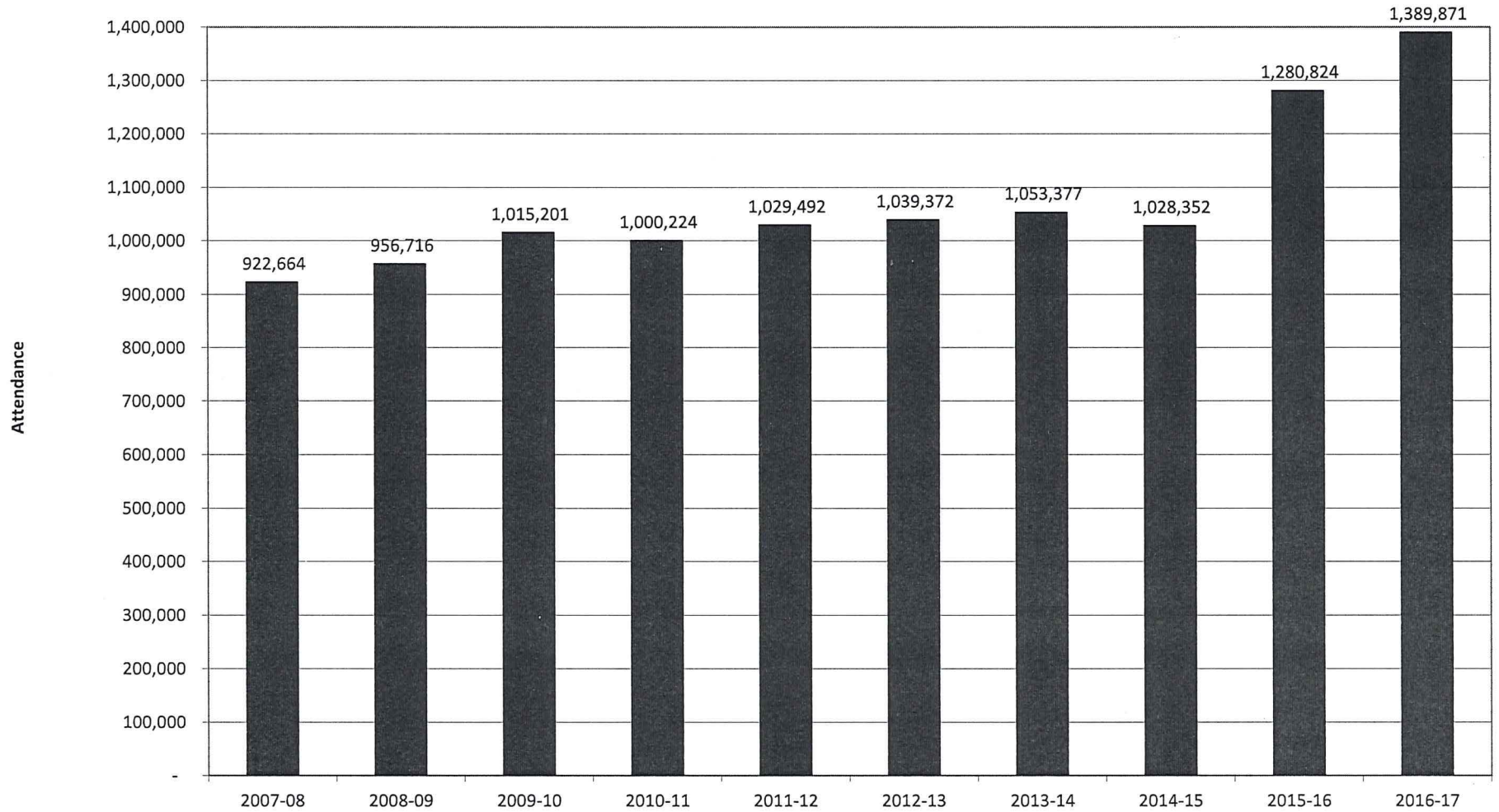
RIVERBANKS ZOO AND GARDEN

FISCAL YEAR ATTENDANCE HISTORY

Category:	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Regular Paid	345,873	359,070	415,773	386,478	424,001	365,973	352,769	332,533	393,216	402,241
Education Group			36,121	22,861	3,699	5,524	9,748	10,196	11,831	14,410
After Hours/Special Events					2,691	84,811	62,797	72,500	73,584	81,438
Group & Corporate Paid	<u>102,581</u>	<u>89,290</u>	<u>83,459</u>	<u>87,866</u>	<u>99,457</u>	<u>57,654</u>	<u>102,508</u>	<u>75,948</u>	<u>83,876</u>	<u>81,788</u>
Total Paid	448,454	448,360	535,353	497,205	529,848	513,962	527,822	491,177	562,507	579,877
Free School Groups-Lexington & Richland Counties	31,569	34,518	35,943	24,461	1,436	23,842	19,369	26,159	27,052	28,164
Riverbanks Society Visits	339,619	362,576	338,235	376,052	396,897	411,481	423,358	465,017	615,954	716,003
Free Friday's-Lexington & Richland Counties	30,278	29,244	24,858	23,734	20,291	19,750	11,665	11,062	9,419	24,168
Complimentary & Promotional	10,862	16,713	17,007	19,327	22,163	17,103	20,673	5,945	31,089	7,033
Children Under Three	<u>61,882</u>	<u>65,305</u>	<u>63,805</u>	<u>59,445</u>	<u>58,857</u>	<u>53,234</u>	<u>50,490</u>	<u>28,992</u>	<u>34,803</u>	<u>34,626</u>
Total Free	474,210	508,356	479,848	503,019	499,644	525,410	525,555	537,175	718,317	809,994
Total Attendance	<u>922,664</u>	<u>956,716</u>	<u>1,015,201</u>	<u>1,000,224</u>	<u>1,029,492</u>	<u>1,039,372</u>	<u>1,053,377</u>	<u>1,028,352</u>	<u>1,280,824</u>	<u>1,389,871</u>

RIVERBANKS ZOO & GARDEN

FISCAL YEAR ATTENDANCE CHART



**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
Richland-Lexington Riverbanks Park District
Columbia, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, and each major fund of the Richland-Lexington Riverbanks Zoo District (the “District”) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements and have issued our report thereon dated November 27, 2017.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District’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 over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Scott and Company LLC

Columbia, South Carolina
November 27, 2017

Richland-Lexington Riverbanks Park District
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2017

There was one audit finding for the year ended June 30, 2016 related to the expensing of certain prior period Construction-in-progress balances. We found that management has taken appropriate corrective action on the finding and is no longer applicable for the current period.