

**CULTURE AND HERITAGE
COMMISSION OF YORK COUNTY
(A Component Unit of York County)
ROCK HILL, SOUTH CAROLINA**

**FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

CULTURE AND HERITAGE COMMISSION OF YORK COUNTY
ROCK HILL, SOUTH CAROLINA

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CULTURE AND HERITAGE COMMISSION OF YORK COUNTY
(A Component Unit of York County)

Rock Hill, South Carolina

Established

1997

BOARD OF COMMISSIONERS - June 30, 2020

DISTRICT 1 – Penny Sheppard, Chair

DISTRICT 2 – Ed Stewart

DISTRICT 3 – David Duncan

DISTRICT 4 – Jeffery Lyon, Vice Chair

DISTRICT 5 – Nancy Craig, Secretary/Treasurer

DISTRICT 6 – Dale Dove

DISTRICT 7 – Craig Lentz

Ex Officio – Margaret Crawford Parson-Willins

Ex Officio – Robert Walker



Greene Finney, LLP

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Culture and Heritage Commission of York County
Rock Hill, South Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Culture and Heritage Commission of York County (the "Commission"), a component unit of York County, South Carolina, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Culture and Heritage Commission of York County, as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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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 – General Fund, schedule of changes in the Commission's total OPEB liability and related ratios, and pension plan schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2021 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.



Greene Finney, LLP
Mauldin, South Carolina
January 11, 2021

**CULTURE AND HERITAGE COMMISSION OF YORK COUNTY
ROCK HILL, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2020

This discussion and analysis of the Culture and Heritage Commission of York County's (the "Commission") financial performance provides an overview of the Commission's financial activities for the fiscal year ended June 30, 2020 ("2020"). The Commission is a component unit of York County (the "County"). The intent of this discussion and analysis is to present the Commission's financial performance as a whole; readers should also review the financial statements, the notes to the financial statements and the supplemental schedules to enhance their understanding of the Commission's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2020 are as follows:

- On the government-wide financial statements, the liabilities and deferred inflows of resources of the Commission exceeded its assets and deferred outflows of resources at June 30, 2020 by approximately \$2,170,000. The Commission reported a deficit in unrestricted net position of approximately \$3,657,000. This deficit was due to the net pension liability of approximately \$4,176,000 as required by Governmental Accounting Standards Board ("GASB") statement No. 68 and the total other postemployment benefit ("OPEB") liability of approximately \$2,265,000 as required by GASB statement No. 75.
- The General Fund reported ending fund balance of approximately \$2,254,000, a decrease of approximately \$123,000 from the prior year ending fund balance. 79% of the total amount, or approximately \$1,775,000, is unassigned and available for spending at the government's discretion. The unassigned fund balance represents 25% of fiscal 2020 expenditures.
- Total revenues for the year ended June 30, 2020 were approximately \$7,053,000, of which over 50% came from appropriations from the County, compared to approximately \$5,010,000 in total revenues for the prior year. This increase of approximately \$2,043,000 (41%) was due primarily to an increase in grant revenues received as well as funds appropriated by the County.
- Total expenditures for the year ended June 30, 2020 were approximately \$7,176,000 compared to approximately \$5,172,000 in the prior year, or an increase of approximately \$2,005,000 (39%) due primarily to an increase in grant related expenditures related to ongoing capital projects.
- The Commission's capital assets were approximately \$1,461,000 at June 30, 2020, an increase of approximately \$602,000 from the prior year, as additions of approximately \$696,000 exceeded depreciation of approximately \$93,000. The majority of the Commission's facilities and equipment are owned and maintained by the County and are reported in the County's financial statements.
- The Commission does not have any outstanding indebtedness.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts: the *Financial Section* (which includes management's discussion and analysis, the financial statements, and required supplementary information), and the *Compliance Section*.

Government-wide Financial Statements. The financial statements include two kinds of statements that present different views of the Commission. The first two statements are *government-wide financial statements* that provide a broad overview of the Commission's overall financial status, in a manner similar to a private-sector enterprise.

The *Statement of Net Position* presents information on all of the Commission's assets, deferred outflows, liabilities, and deferred inflows, with the difference between them 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 Commission is improving or deteriorating.

The *Statement of Activities* presents information showing how the Commission's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, for some items, revenues and expenses are reported in this statement that will only result in cash flows in future fiscal periods (e.g., unfunded OPEB obligations and earned but unused vacation leave).

CULTURE AND HERITAGE COMMISSION OF YORK COUNTY
ROCK HILL, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2020

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Both of the government-wide financial statements distinguish functions of the Commission that are principally supported by intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Commission include general operations. The Commission does not report any business-type activities. The government-wide financial statements can be found as listed in the table of contents of this report.

Fund Financial Statements. The remaining financial statements are *fund financial statements* that focus on *individual parts* of the Commission, reporting the Commission's operations in more detail than the government-wide 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 Commission, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. There are three categories of funds that are typically used by state and local governments: governmental funds, proprietary funds, and fiduciary funds. The Commission utilizes only governmental funds in reporting the operations of the Commission.

Governmental Funds – 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 funds financial statements focus on near-term uses 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, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The Commission had only one governmental fund, the General Fund, as of June 30, 2020. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for this fund, which is a major fund. The governmental fund financial statements can be found as listed in the table of contents of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found as listed in the table of contents of this report.

Other Information. The Commission adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided as required supplementary information for the General Fund. In addition, information on the Commission's participation in the State's pension plan is presented as required supplementary information along with a schedule of the Commission's changes in the OPEB liability and related ratios. A schedule of functional expenses has been provided as supplementary information for the General Fund. This schedule can be found as listed in the table of contents of this report.

**CULTURE AND HERITAGE COMMISSION OF YORK COUNTY
ROCK HILL, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2020

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Figure A-1		
Major Features of the Commission's Government-Wide and Fund Financial Statements		
	Government-Wide Statements	Fund Financial Statements
		General Fund (only fund)
Scope	Entire Commission.	The activities of the Commission.
Required Financial Statements	<ul style="list-style-type: none"> ▪ Statement of Net Position ▪ Statement of Activities 	<ul style="list-style-type: none"> ▪ Balance Sheet ▪ Statement of Revenues, Expenditures, and Changes in Fund Balances
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial resources focus.
Type of Balance Sheet Information	All assets and deferred outflows of resources and liabilities and deferred inflows of resources, both financial and capital, and short-term and long-term.	All assets and deferred outflows of resources that are expected to be used up and liabilities and deferred inflows of resources that come due during the year or soon thereafter; no capital assets included.
Type of Inflow/Outflow Information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.

**CULTURE AND HERITAGE COMMISSION OF YORK COUNTY
ROCK HILL, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Below is a summary of the Commission's net position for its governmental activities at June 30, 2020 and 2019:

Statement of Net Position

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Assets		
Current Assets	\$ 2,971,999	\$ 3,476,187
Capital Assets, Net	1,461,054	858,647
Total Assets	<u>4,433,053</u>	<u>4,334,834</u>
Deferred Outflows of Resources		
Deferred Pension Charges	559,461	671,968
Deferred OPEB Charges	226,849	74,098
Total Deferred Outflows of Resources	<u>786,310</u>	<u>746,066</u>
Liabilities		
Current Liabilities	718,226	1,099,003
Net Pension Liability	4,175,798	4,010,834
Total OPEB Liability	2,265,040	2,021,056
Long-Term Liabilities	200,470	181,551
Total Liabilities	<u>7,359,534</u>	<u>7,312,444</u>
Deferred Inflows of Resources		
Deferred Pension Credits	<u>29,998</u>	<u>27,988</u>
Net Position		
Net Investment in Capital Assets	1,461,054	858,647
Restricted	25,910	28,217
Unrestricted (Deficit)	(3,657,133)	(3,146,396)
Total Net Position	<u>\$ (2,170,169)</u>	<u>\$ (2,259,532)</u>

The Commission's total assets and deferred outflows of resources at June 30, 2020 remained relatively flat compared to the prior year. Total liabilities and deferred inflows of resources at June 30, 2020 remained relatively flat compared to the prior year.

The Commission's net position (assets and deferred outflows of resources minus liabilities and deferred inflows of resources) increased by approximately \$89,000 during the current fiscal year due to current year revenues exceeding current year expenses. See the table below for additional information on the changes in net position in fiscal year 2020.

**CULTURE AND HERITAGE COMMISSION OF YORK COUNTY
ROCK HILL, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

A significant portion of the Commission's net position is reflected in its investment in capital assets totaling approximately \$1,461,000 at June 30, 2020. The Commission uses these assets to provide services to citizens; these assets are not available for future spending. In addition, approximately \$26,000 of the Commission's net position represents resources that are subject to external restrictions on how they may be used. The remaining portion of the Commission's net position is a deficit of approximately \$3,657,000 due primarily to unfunded OPEB obligations of approximately \$2,265,000 and pension obligations of approximately \$4,176,000 at June 30, 2020.

The table below shows the changes in net position for Commission's governmental activities for fiscal years 2020 and 2019:

	Statement of Activities	
	<u>2020</u>	<u>2019</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 336,123	\$ 534,607
Operating Grants	766,412	178,443
Capital Contributions	2,196,856	754,846
General Revenues:		
County Appropriation	3,549,000	3,378,940
Other	204,614	163,262
Total Revenues	<u>7,053,005</u>	<u>5,010,098</u>
Program Expenses		
Museum Services/Operations	6,963,642	5,331,629
Total Program Expenses	<u>6,963,642</u>	<u>5,331,629</u>
Change in Net Position	89,363	(321,531)
Net Position, Beginning of Year	<u>(2,259,532)</u>	<u>(1,938,001)</u>
Net Position, End of Year	<u>\$ (2,170,169)</u>	<u>\$ (2,259,532)</u>

The Commission's positive change in net position of approximately \$89,000 was the result of current year revenues of approximately \$7,053,000 exceeding current year expenditures of approximately \$6,963,000. The increase in revenues of approximately \$2,043,000 is primarily due to County Appropriations increasing approximately \$170,000 as well as increased grant income of approximately \$2,030,000, partially offset by a decrease in charges for services of approximately \$198,000 due to the COVID-19 pandemic. The increase in expenses is due primarily to an increase in grant expenditures.

**CULTURE AND HERITAGE COMMISSION OF YORK COUNTY
ROCK HILL, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2020

FINANCIAL ANALYSIS OF THE COMMISSION'S FUNDS

As noted earlier, the Commission uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Fund – The analysis of governmental funds serves the purpose of determining available fund resources, how they were spent and what is available for future expenditures. Did the government generate enough revenue to pay for current obligations? What is available for spending at the end of the year?

At June 30, 2020, the Commission's General Fund reported a fund balance of approximately \$2,254,000 as compared to the prior year amount of approximately \$2,377,000. Unassigned fund balance was approximately \$1,775,000 at June 30, 2020, representing 79% of the total fund balance and 25% of expenditures for the year ended June 30, 2020.

Revenues of approximately \$7,053,000 were exceeded by expenditures of approximately \$7,176,000 by approximately \$123,000 for 2020. Appropriations from the County were approximately \$3,549,000 for 2020, compared to approximately \$3,379,000 for the prior year. Appropriations from the County represented over 50% of total revenues for the Commission for 2020. Total expenditures were approximately \$7,176,000 for 2020. Salaries and benefits were approximately \$2,941,000, representing 41% of total expenditures.

General Fund Budgetary Highlights

The Board of Commissioners adopts an annual budget for the Commission's General Fund. Amendments to the Commission's General Fund revenue and expenditure budget for the fiscal year 2020 totaled approximately \$5,548,000 related primarily to increase in grant funding. The Commission budgeted to use approximately \$137,000 in accumulated fund balance for fiscal year 2020. However, fund balance decreased by approximately \$123,000 in fiscal year 2020, or a difference of approximately \$13,000. This is due to Carolina Foundation Grant Expenses coming in under budget by approximately \$3,137,000, salaries and benefits coming in under budget by approximately \$349,000, capital outlay coming in over budget by approximately \$780,000, and positive variances in all other expenditures totaling approximately \$487,000. These positive variances in expenditures were partially offset by grant revenues coming in under budget by \$2,777,000 and admissions revenues coming in under budget by approximately \$237,000 due to the COVID-19 pandemic.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Commission's investment in capital assets includes building improvements and equipment and totaled approximately \$1,461,000 at June 30, 2020, an increase of approximately \$602,000 from the prior year. During 2020, the Commission capitalized approximately \$696,000 in additions and recorded depreciation expense of approximately \$93,000. The majority of the Commission's facilities and equipment are owned and maintained by the County and are reported in the County's financial statements. The Commission does not capitalize collections consisting of works of art, historical treasures, archives furnishings and similar assets held for public exhibition, education and research services as it is not cost beneficial to establish or estimate the amount at which the collection should be capitalized. For more detailed information on the Commission's capital assets, see Note III.B to the financial statements.

Debt Administration

At June 30, 2020, the Commission had no outstanding debt. The Commission had other long-term obligations outstanding at year end which consisted of compensated absence liabilities of approximately \$200,000. For more detailed information on all of the Commission's long-term obligations, see Note III.C to the financial statements.

**CULTURE AND HERITAGE COMMISSION OF YORK COUNTY
ROCK HILL, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2020

ECONOMIC FACTORS AND FISCAL YEAR 2021 BUDGET

Many factors were considered by the Commission's administration during the process of developing the FY 2021 budget which was approximately \$545,000 or 12% more than the FY 2020 original budget. The most significant reason for the increase from the FY 2021 budget was the increase in county appropriations and grant money being used for capital projects. The Commission's top two goals were to balance the budget, while providing resources needed to carry out the mission of the Commission.

CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT

This financial report is designed to provide those interested with a general overview of the Commission's finances and to show the Commission's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the York County Department of Finance at kevin.madden@yorkcountygov.com or call (803) 684-8528.

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Basic Financial Statements

CULTURE AND HERITAGE COMMISSION OF YORK COUNTY
 ROCK HILL, SOUTH CAROLINA

STATEMENT OF NET POSITION

JUNE 30, 2020

	PRIMARY GOVERNMENT
	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 2,797,247
Accounts Receivable	63,947
Inventory	59,202
Prepays	51,603
Capital Assets:	
Non-Depreciable	811,220
Depreciable, Net	649,834
TOTAL ASSETS	4,433,053
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Pension Charges	559,461
Deferred OPEB Charges	226,849
TOTAL DEFERRED OUTFLOWS OF RESOURCES	786,310
LIABILITIES	
Accounts Payable and Accrued Expenses	212,703
Accrued Salaries, Fringe, Benefits, and Other Accrued Expenses	111,953
Due From York County	177,634
Unearned Revenue	215,936
Non-Current Liabilities:	
Total Other Postemployment Benefits Liability	2,265,040
Net Pension Liability	4,175,798
Long-Term Obligations - Due Within One Year	88,207
Long-Term Obligations - Due in More Than One Year	112,263
TOTAL LIABILITIES	7,359,534
DEFERRED INFLOWS OF RESOURCES	
Deferred Pension Credits	29,998
NET POSITION	
Net Investment in Capital Assets	1,461,054
Restricted For:	
Cultural Programs	25,910
Unrestricted	(3,657,133)
TOTAL NET POSITION	\$ (2,170,169)

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

CULTURE AND HERITAGE COMMISSION OF YORK COUNTY
 ROCK HILL, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2020

<u>FUNCTIONS/PROGRAMS</u>	<u>PROGRAM REVENUES</u>				<u>NET (EXPENSE)</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>REVENUE & CHANGE IN NET POSITION</u>
PRIMARY GOVERNMENT:					
Governmental Activities:					
Culture and Recreation	\$ 6,963,642	336,123	766,412	2,196,856	\$ (3,664,251)
TOTAL PRIMARY GOVERNMENT	\$ 6,963,642	336,123	766,412	2,196,856	(3,664,251)
General Revenues:					
County Appropriation					3,549,000
Unrestricted Investment Earnings					16,937
Miscellaneous					187,677
Total General Revenues					<u>3,753,614</u>
CHANGE IN NET POSITION					89,363
NET POSITION, Beginning of Year					<u>(2,259,532)</u>
NET POSITION, End of Year					\$ <u>(2,170,169)</u>

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

**CULTURE AND HERITAGE COMMISSION OF YORK COUNTY
ROCK HILL, SOUTH CAROLINA**

BALANCE SHEET - GOVERNMENTAL FUND

JUNE 30, 2020

	GENERAL FUND
ASSETS	
Cash and Cash Equivalents	\$ 2,797,247
Accounts and Grants Receivable	63,947
Inventory	59,202
Prepays	51,603
TOTAL ASSETS	<u>\$ 2,971,999</u>
 LIABILITIES	
Accounts Payable	\$ 212,703
Accrued Salaries, Fringe and Benefits	111,371
Due To York County	177,634
Accrued Expenses	582
Unearned Revenue	215,936
TOTAL LIABILITIES	<u>718,226</u>
 FUND BALANCE	
Nonspendable:	
Inventory	59,202
Prepays	51,603
Restricted for:	
Cultural Programs	25,910
Committed for:	
Capital Outlay	342,378
Unassigned	1,774,680
TOTAL FUND BALANCE	<u>2,253,773</u>
 TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 2,971,999</u>

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

**CULTURE AND HERITAGE COMMISSION OF YORK COUNTY
ROCK HILL, SOUTH CAROLINA**

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION

JUNE 30, 2020

TOTAL FUND BALANCE - GOVERNMENTAL FUND **\$ 2,253,773**

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

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental fund. The cost of the assets was \$3,105,298, and the accumulated depreciation was \$1,644,244. 1,461,054

The Commission's proportionate shares of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to its participation in the State pension plan are not recorded in the governmental funds but are recorded in the Statement of Net Position. (3,646,335)

The Commission's total OPEB liability and deferred outflows of resources related to the Commission's other postemployment benefit plan are not recorded in the governmental funds but are recorded in the Statement of Net Position. (2,038,191)

Long-term liabilities are not due or payable in the current period and therefore are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consisted of the following:
Compensated Absences (200,470)

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES **\$ (2,170,169)**

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

**CULTURE AND HERITAGE COMMISSION OF YORK COUNTY
ROCK HILL, SOUTH CAROLINA**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUND

YEAR ENDED JUNE 30, 2020

	GENERAL FUND
REVENUES	
York County Appropriations	\$ 3,549,000
Other Support	103,004
Program Revenues	3,401,001
TOTAL REVENUES	<u>7,053,005</u>
EXPENDITURES	
Current:	
Operations and Programs	6,054,813
Capital Outlay	1,121,603
TOTAL EXPENDITURES	<u>7,176,416</u>
NET CHANGE IN FUND BALANCE	(123,411)
FUND BALANCE, Beginning of Year	<u>2,377,184</u>
FUND BALANCE, End of Year	<u>\$ 2,253,773</u>

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

**CULTURE AND HERITAGE COMMISSION OF YORK COUNTY
ROCK HILL, SOUTH CAROLINA**

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

YEAR ENDED JUNE 30, 2020

TOTAL NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUND **\$ (123,411)**

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

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. (18,919)

Changes in the Commission's total other postemployment benefits liability and deferred outflows of resources for the current year are not reported in the governmental fund but are reported in the Statement of Activities. (91,233)

Changes in the Commission's proportionate shares of the net pension liability, deferred outflows of resources, and deferred inflows of resources for the current year are not reported in the governmental funds but are reported in the Statement of Activities. (279,481)

The governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital asset additions of \$695,594 exceeded depreciation expense of \$93,187 for the current period. 602,407

TOTAL CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 89,363**

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

CULTURE AND HERITAGE COMMISSION OF YORK COUNTY
ROCK HILL, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Reporting Entity

On October 20, 1997, the York County Council formally adopted an ordinance to amend the York County Code to create a new commission to be known as *Culture and Heritage Commission of York County* (the "Commission"). The Commission assumed the duties and responsibilities of the Museum of York County and the York County Historical Commission. Additionally, the assets and property of the Museum of York County and the York County Historical Commission were transferred to the Commission. York County Council appoints all of the members of the Commission's Board of Commissioners, which is the Commission's governing authority. The County also provides the Commission with an annual appropriation, which is the majority of the Commission's operating revenues. Accordingly, the Commission is considered to be a component unit of the County and the Commission's financial position and activities are reported in the financial statements of the County as a discretely presented component unit.

The accompanying financial statements present the financial position and results of operations of the Commission only and do not include any financial information for the County or any other component unit of the County. The Commission does not have any component units. The financial statements of the Commission have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the Commission.

Governmental activities, which normally are supported by County appropriations and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Commission does not report any business-type activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Appropriations from the County and other items not properly included among program revenues are reported instead as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each business segment, or governmental function, is self-financing or draws from the general revenues of the Commission.

The **government-wide financial statements** are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. All assets and liabilities associated with the operation of the Commission are included on the statement of net position.

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

CULTURE AND HERITAGE COMMISSION OF YORK COUNTY
ROCK HILL, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Governmental funds financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

County appropriations, intergovernmental revenues, grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash has been received by the government.

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

Governmental fund types are those through which all of the governmental functions of the Commission are financed. The Commission's expendable financial resources and related assets and liabilities are accounted for through governmental funds. The Commission only has one fund:

The *General Fund, a major fund*, is the general operating fund of the Commission and accounts for all revenues and expenditures of the Commission. All County appropriations and other receipts are accounted for in the General Fund. General operating expenditures are paid from the General Fund. This is a budgeted fund, and any fund balance is considered a resource available for use.

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

1. *Cash, Cash Equivalents, and Investments*

The Commission considers all highly liquid investments (including restricted assets) with original maturities of three months or less when purchased to be cash equivalents. Securities with an initial maturity of more than three months (from when initially purchased) are reported as investments.

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

- (a) Obligations of the United States and its agencies, the principal and interest of which is fully guaranteed by the United States;
- (b) Obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, the Bank of Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, and the Farmers Home Administration, if, at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations;

CULTURE AND HERITAGE COMMISSION OF YORK COUNTY
ROCK HILL, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

1. Cash, Cash Equivalents, and Investments (Continued)

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

The Commission's cash investment objectives are preservation of capital, liquidity, and yield. The Commission reports its investments at fair value, which is normally determined by quoted market prices. The Commission did not have any investments during the year ended June 30, 2020.

2. Inventories and Prepaid Assets

Inventories consist of consumable supplies and are valued at cost, using the first-in, first-out method. The costs of inventories are recorded as expenses/expenditures when consumed rather than when purchased or produced. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid assets in both the government-wide and fund financial statements.

3. Capital Assets

Capital assets, which include property and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Commission as assets with an initial individual cost of more than \$5,000 and an estimated useful life of two years or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Donated capital assets are recorded at estimated acquisition value at the date of donation. The majority of the Commission's facilities and equipment are owned and maintained by the County and are reported in the County's financial statements. The Commission does not capitalize collections consisting of works of art, historical treasures, archives furnishings and similar assets held for public exhibition, education and research services as it is not cost beneficial to establish or estimate the amount at which the collections should be capitalized.

CULTURE AND HERITAGE COMMISSION OF YORK COUNTY
ROCK HILL, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

3. *Capital Assets (Continued)*

All reported capital assets, except land and construction in progress, are depreciated. Depreciation is provided using the straight-line method over the following estimated useful lives:

Buildings and Improvements	10-30 years
Furniture, Fixtures and Equipment	3-7 years

4. *Compensated Absences*

It is the Commission's policy to permit employees to accumulate earned but unused personal leave benefits. Vacation benefits are paid when taken up to a 45-day maximum that may be accumulated; any unused portion of vacation leave (45-day maximum) is payable upon termination, retirement or death. No liability is reported for unpaid accumulated sick leave as the Commission does not pay any unused sick leave upon separation of service. All vacation pay is accrued when incurred in the government-wide financial statements. A liability is recorded in the governmental fund financial statements only if they have matured, for example, as a result of employee resignations and retirements.

5. *Accrued Liabilities and Long-Term Obligations*

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental funds financial statements regardless of whether they will be liquidated with current resources. However, long-term obligations that will be paid from governmental funds are reported as a liability in the funds financial statements only to the extent that they have matured (i.e., due and payable).

6. *Deferred Outflows/Inflows of Resources*

In addition to assets, the Statement of Net Position and the Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Commission currently has two type of deferred outflows of resources: (1) The Commission reports *deferred pension charges* in its Statement of Net Position in connection with its participation in the South Carolina Retirement System. (2) The Commission reports *deferred other postemployment benefits ("OPEB") charges* in its Statement of Net Position in connection with the Agent Multiple-Employer Defined Benefit OPEB Plan. The *deferred pension and OPEB charges* are either (a) recognized in the subsequent period as a reduction of the net pension and OPEB liability (which includes contributions made after the measurement date) or (b) amortized in a systematic and rational method as pension and OPEB expense in future periods in accordance with GAAP.

In addition to liabilities, the Statement of Net Position and the Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Commission currently has one type of deferred inflows of resources. The Commission reports *deferred pension credits* in its Statement of Net Position in connection with its participation in the South Carolina Retirement System. The *deferred pension credits* are amortized in a systematic and rational method and recognized as a reduction of pension expense in future periods in accordance with GAAP.

CULTURE AND HERITAGE COMMISSION OF YORK COUNTY
ROCK HILL, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

7. *Fund Balance*

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definition*, the Commission classifies governmental fund balances as follows:

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

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

Committed – includes amounts that are constrained for specific purposes that are internally imposed by the government through formal action made by the Board of Commissioners before the end of the reporting period. The Board of Commissioners must commit fund balance by formal action before the end of the reporting period for this portion of fund balance to qualify for this category. Those committed amounts cannot be used for any other purpose unless the Board of Commissioners removes or changes the specified use of the committed fund balance by the same action.

Assigned – includes amounts that are intended to be used for specific purposes that are neither considered restricted or committed and that such assignments are made by the highest level of decision making authority, or by parties delegated this authority, before the report issuance date. The Board of Commissioners assigns fund balance by an approved motion by the Board before report issuance for fund balance to qualify in this category.

Unassigned – includes amounts that do not qualify to be accounted for and reported in any of the other fund balance categories. This classification represents the amount of fund balance that has not been restricted, committed, or assigned to specific purposes within the General Fund.

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

8. *Net Position*

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

CULTURE AND HERITAGE COMMISSION OF YORK COUNTY
ROCK HILL, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

9. *Pensions and Other Postemployment Benefits*

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

10. *Accounting Estimates*

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. **Budgetary Information**

The Board of Commissioners adopts a budget for General Fund revenues and expenditures prior to the beginning of each fiscal year. During the year, the Board of Commissioners made supplementary budget appropriations. The budget is presented in the required supplementary section of the financial statements. The budget is presented on the modified accrual basis of accounting, which is consistent with GAAP, and is based on funding expectations and past experience.

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES

A. **Deposits and Investments**

Deposits

Custodial Credit Risk for Deposits: Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Commission's deposits might not be recovered. The Commission does not have a deposit policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of June 30, 2020, none of the Commission's bank balances of approximately \$2,792,000 (which had a carrying value of approximately \$2,792,000) were exposed to custodial credit risk.

**CULTURE AND HERITAGE COMMISSION OF YORK COUNTY
ROCK HILL, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

B. Capital Assets

Governmental capital asset activity for the year ended June 30, 2020, is as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Capital Assets, Non-Depreciable:				
Construction in Progress	\$ 115,626	695,594	-	\$ 811,220
Total Capital Assets, Non-Depreciable	115,626	695,594	-	811,220
Capital Assets, Depreciable:				
Buildings and Improvements	1,426,323	-	-	1,426,323
Furniture, Fixtures, and Equipment	867,755	-	-	867,755
Total Capital Assets, Depreciable	2,294,078	-	-	2,294,078
Less: Accumulated Depreciation For:				
Buildings and Improvements	895,048	37,519	-	932,567
Furniture, Fixtures, and Equipment	656,009	55,668	-	711,677
Total Accumulated Depreciation	1,551,057	93,187	-	1,644,244
Total Capital Assets, Depreciable, Net	743,021	(93,187)	-	649,834
Governmental Activities Capital Assets, Net	\$ 858,647	602,407	-	\$ 1,461,054

C. Long-Term Obligations

The following is a summary of changes in long-term obligations for the year ended June 30, 2020:

Long-Term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 181,551	97,948	(79,029)	200,470	\$ 88,207
Total Governmental Activities	\$ 181,551	97,948	(79,029)	200,470	\$ 88,207

General Fund resources are used to fund compensated absences payable.

IV. OTHER INFORMATION

A. Retirement Plans

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

CULTURE AND HERITAGE COMMISSION OF YORK COUNTY
ROCK HILL, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

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

The PEBA issues a Comprehensive Annual Financial Report (“CAFR”) containing financial statements and required supplementary information for the System’ Pension Trust Funds. The CAFR is publicly available through the Retirement Benefits’ link on the PEBA’s website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. The PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the 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 and other benefits for teachers and employees of the state and its political subdivisions. SCRS covers employees of state agencies, public school districts, higher education institutions, other participating local subdivisions of government and individuals newly elected to the South Carolina General Assembly at or after the 2012 general election.

Plan Membership

Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A brief summary of the requirements 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.

Plan Benefits

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

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

CULTURE AND HERITAGE COMMISSION OF YORK COUNTY
ROCK HILL, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Plan Benefits (Continued)

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

Plan Contributions

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability ("UAAL") over a period that does not exceed the number of years scheduled in state statute. Legislation in 2017 increased, but also established a ceiling for SCRS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS. The legislation also increased employer contribution rates beginning July 1, 2017 for both SCRS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year through July 1, 2022 (the employer contribution rates were frozen for the upcoming fiscal year - see "*Subsequent Event to the Plans Measurement Date*" at the end of this section for more details). If the scheduled contributions are not sufficient to meet the funding periods set in state statute, the PEBA Board shall increase the employer contribution rates as necessary to meet the funding periods set for the applicable year. The maximum funding period of SCRS is scheduled to be reduced over a ten-year schedule from 30 years beginning fiscal year 2018 to 20 years by fiscal year 2028.

Additionally, the PEBA Board is prohibited from decreasing the SCRS contribution rates until the funded ratio is at least 85 percent. If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than 85 percent, then the PEBA Board, effective on the following July first, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than 85 percent. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than 85 percent, then effective on the following July first, and annually thereafter as necessary, the PEBA Board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 85 percent.

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

**CULTURE AND HERITAGE COMMISSION OF YORK COUNTY
ROCK HILL, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Plan Contributions (Continued)

	SCRS Rates		
	2018	2019	2020
Employer Contribution Rate: ^			
Retirement	13.41%	14.41%	15.41%
Incidental Death Benefit	0.15%	0.15%	0.15%
Accidental Death Contributions	0.00%	0.00%	0.00%
	<u>13.56%</u>	<u>14.56%</u>	<u>15.56%</u>
Employee Contribution Rate ^	<u>9.00%</u>	<u>9.00%</u>	<u>9.00%</u>

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

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

Year Ended June 30,	SCRS Contributions	
	Required	% Contributed
2020	\$ 310,357	100%
2019	281,170	100%
2018	\$ 252,614	100%

In an effort to help offset a portion of the burden of the increased contribution requirement for employers, the State General Assembly ("State") funded 1 percent of the SCRS contribution increase for the year ended June 30, 2019. The State's budget appropriated these funds directly to the PEBA for the South Carolina Retirement System Trust Fund. The amount of funds appropriated by the State (nonemployer contributing entity) for the year ended June 30, 2019 (measurement date) to the Commission were approximately \$16,000 for the SCRS.

The Commission recognized contributions (on-behalf benefits) from the State of approximately \$16,000 for the year ended June 30, 2020. These contributions by the State are recognized as intergovernmental revenues and pension expenditures in the Commission's governmental fund financial statements.

Eligible payrolls covered under the Plan for the past three years were as follows:

Year Ended June 30,	SCRS Pay roll
2020	\$ 1,994,585
2019	1,931,112
2018	\$ 1,861,588

CULTURE AND HERITAGE COMMISSION OF YORK COUNTY
 ROCK HILL, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Actuarial Assumptions and Methods

Actuarial valuations of the plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued for the period ending June 30, 2015.

The June 30, 2019 total pension liability (“TPL”), net pension liability (“NPL”), and sensitivity information shown in this report were determined by the consulting actuary, Gabriel, Roeder, Smith and Company (“GRS”), and are based on an actuarial valuation performed as of July 1, 2018. The TPL was rolled-forward from the valuation date to the Plans' fiscal year end, June 30, 2019, using generally accepted actuarial principles.

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2019 (measurement date) for the SCRS.

	SCRS
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return*	7.25%
Projected Salary Increases*	3.0% to 12.5% (varies by service)
Benefit Adjustments	Lesser of 1% or \$500 annually

* Includes inflation at 2.25%.

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

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

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments is based upon 20-year capital market assumptions. The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. Expected returns are net of investment fees.

CULTURE AND HERITAGE COMMISSION OF YORK COUNTY
ROCK HILL, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Long-Term Expected Rate of Return (Continued)

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2019 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the following table. For actuarial purposes, the 7.25 percent assumed annual investment rate of return used in the calculation of the TPL includes a 5.00 percent real rate of return and a 2.25 percent inflation component.

Allocation/Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long-Term Expected Portfolio Real Rate of Return
Global Equity	51.0%		
Global Public Equity	35.0%	7.29%	2.55%
Private Equity	9.0%	7.67%	0.69%
Equity Options Strategies	7.0%	5.23%	0.37%
Real Assets	12.0%		
Real Estate (Private)	8.0%	5.59%	0.45%
Real Estate (REITs)	1.0%	8.16%	0.08%
Infrastructure (Private)	2.0%	5.03%	0.10%
Infrastructure (Public)	1.0%	6.12%	0.06%
Opportunistic	8.0%		
Global Tactical Asset Allocation	7.0%	3.09%	0.22%
Other Opportunistic Strategies	1.0%	3.82%	0.04%
Credit	15.0%		
High Yield Bonds/Bank Loans	4.0%	3.14%	0.13%
Emerging Markets Debt	4.0%	3.31%	0.13%
Private Debt	7.0%	5.49%	0.38%
Rate Sensitive	14.0%		
Core Fixed Income	13.0%	1.62%	0.21%
Cash and Short Duration (Net)	1.0%	0.31%	0.00%
Total Expected Real Return	<u>100.0%</u>		<u>5.41%</u>
Inflation for Actuarial Purposes			<u>2.25%</u>
Total Expected Nominal Return			<u>7.66%</u>

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

The NPL is calculated separately for each system and represents that particular system's TPL determined in accordance with GASB No. 67 less that System's fiduciary net position. NPL totals, as of the June 30, 2019 measurement date, for the SCRS, are presented in the following table:

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	\$ 50,073,060,256	27,238,916,138	\$ 22,834,144,118	54.4%

CULTURE AND HERITAGE COMMISSION OF YORK COUNTY
 ROCK HILL, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

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

The TPL is calculated by the Systems' actuary, and each Plans' fiduciary net position is reported in the Systems' financial statements. The NPL is disclosed in accordance with the requirements of GASB No. 67 in the Systems' notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB Nos. 67 and 68 are not applicable for other purposes, such as determining the Plans' funding requirements.

At June 30, 2020, the Commission reported a liability of approximately \$4,176,000 for its proportionate share of the NPL for the SCRS. The NPL was measured as of June 30, 2019, and the TPL for the Plan used to calculate the NPL was determined based on the most recent actuarial valuation report of July 1, 2018 that was projected forward to the measurement date. The Commission's proportion of the NPL was based on a projection of the Commission's long-term share of contributions to the Plan relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined. At the June 30, 2019 measurement date, the Commission's SCRS proportion was 0.018288 percent, which was an increase of 0.000388 from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Commission recognized pension expense of approximately \$573,000 for the SCRS. At June 30, 2020, the Commission reported deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
SCRS		
Differences Between Expected and Actual Experience	\$ 2,870	\$ 29,998
Change in Assumptions	84,148	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	36,970	-
Changes in Proportion and Differences Between the Employer's Contributions and Proportionate Share of Contributions	141,522	-
Employer Contributions Subsequent to the Measurement Date	293,951	-
Total SCRS	<u>\$ 559,461</u>	<u>\$ 29,998</u>

Approximately \$294,000 that was reported as deferred outflows of resources related to the Commission's contributions subsequent to the measurement date to the SCRS, will be recognized as a reduction of the NPL in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to the SCRS will increase (decrease) pension expense as follows:

Year Ended June 30,	SCRS
2021	\$ 197,321
2022	(726)
2023	24,198
2024	14,719
Total	<u>\$ 235,512</u>

**CULTURE AND HERITAGE COMMISSION OF YORK COUNTY
ROCK HILL, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Discount Rate

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

Sensitivity Analysis

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

System	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Commission's proportionate share of the net pension liability of the SCRS	\$ 5,260,631	4,175,798	\$ 3,270,441

Plan Fiduciary Net Position

Detailed information regarding the fiduciary net position of the Plan administered by the PEBA is available in the separately issued CAFR containing financial statements and required supplementary information for the SCRS. The CAFR is publicly available through the Retirement Benefits' link on the PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223.

Subsequent Event to the Plan Measurement Date

In May 2020, due to the global health crisis/pandemic caused by the COVID-19 virus, the South Carolina General Assembly included a provision in its continuing resolution for suspending the statutory employer contribution rate increase of 1% for the 2020-2021 fiscal year. This means that the employer contribution rate for the Plan during the 2020-2021 fiscal year, as expressed as a percentage of earnable compensation, shall remain at the same rate as imposed for the 2019-2020 fiscal year.

B. Risk Management

The Commission is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, job related illness and injuries and errors and omissions. The Commission is insured against such risk by the County, which carries commercial insurance. The Commission (through the County) carries employee health insurance. It also carries general liability and property insurance through the South Carolina Insurance Reserve Fund, which represents South Carolina government entities joined together in a public entity risk pool. The Commission purchases workers' compensation insurance from the South Carolina State Accident Fund, a public entity risk pool.

CULTURE AND HERITAGE COMMISSION OF YORK COUNTY
ROCK HILL, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

IV. OTHER INFORMATION (CONTINUED)

B. Risk Management (Continued)

The South Carolina Insurance Reserve Fund and the South Carolina Accident Fund promise to pay to or on behalf of the insured for covered economic losses sustained during the policy period in accord with insurance policy and benefit program limits. The Commission pays annual premiums to the South Carolina Insurance Reserve Fund and the South Carolina State Accident Fund for its insurance coverage. These funds are self-sustaining through member premiums and by purchases of commercial insurance coverage on a portion of its liabilities. The state accumulates assets to cover risks that its members incur in their normal operations. Specifically, the state assumes substantially all of the risk of the above. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. There has been no significant reduction in coverage and amounts of settlements have not exceeded coverage in any of the last three years.

C. Contingencies

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial. Management has not been informed of any significant matters of noncompliance with grant provisions or planned grantor audits.

D. Other Postemployment Benefit Plan

Plan Description

The Commission provides certain post-employment health care benefits for eligible retired employees and their dependents through a defined benefit other postemployment benefits plan (the "Plan") administered by York County. The Commission has the authority to establish and amend the benefit terms and financing requirements of the Plan. Participation in the Plan is optional. In accordance with the terms of the Plan effective January 1, 2015, the Commission will contribute a defined amount of funds into the Retiree Health Reimbursement Arrangement ("RHRA") for eligible employees.

Eligibility requirements are as follows:

- Employees hired before October 1, 2008 must meet the following eligibility criteria: (1) have at least ten years of continuous Commission service, (2) be eligible for retirement benefits under the South Carolina Retirement System regulations, and (3) be a Commission employee at the time of retirement.
- Employees hired after October 1, 2008 must meet the following criteria: (1) have twenty-five years of credible service with the South Carolina Retirement System, (2) have ten years of service as a Commission employee, (3) be eligible for retirement benefits under the South Carolina Retirement System regulations, and (4) be a Commission employee at the time of retirement.
- Employees hired after August 31, 2011 are not entitled to coverage of the employer cost of medical or dental coverage paid by the Commission at the time of retirement. Eligible retirees may continue coverage under the Plan, but they are required to pay both the employer and employee premiums.

Plan Membership

As of June 30, 2019, the last actuarial valuation, the following employees were covered by the OPEB Plan's benefit terms:

Inactive Members or Beneficiaries Currently Receiving Benefit Payments	14
Active Members	22
Total Membership	<u>36</u>

**CULTURE AND HERITAGE COMMISSION OF YORK COUNTY
ROCK HILL, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

IV. OTHER INFORMATION (CONTINUED)

D. Other Postemployment Benefit Plan (Continued)

Plan Benefits and Contributions

The Commission's contributions to the Plan are neither guaranteed nor mandatory. The Commission has retained the right to unilaterally modify its payments toward retiree health care benefits at any time. The Plan does not issue a stand-alone financial report.

The Commission, as a component unit of the County, joined the South Carolina Counties Other Post Employment Benefit Trust ("SCCOPEBT"), an agent multiple employer investment trust administered by the South Carolina Association of Counties. A copy of the report may be obtained through the Controller at the South Carolina Association of Counties Office, Post Office Box 8207, Columbia, SC 29202-8207. Assets are held separately and may be used only for the payment of benefits to the members of the plan. The aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities. Employees are not required to contribute to this plan. The Commission has not made any contributions to date to the SCCOPEBT.

Upon retirement, employees who meet retiree eligibility requirements based on Commission policy and elect either continued coverage under the State Health plan or an individual policy such as Medicare Supplement and Part D plan purchased through representatives of Plan Benefit Services, Inc. are eligible. Eligible retirees are required to pay the full age adjusted premium for all coverage. In order to offset the cost associated with coverage, the Commission will establish an RHRA account for each eligible retiree and make monthly contributions to the account as follows: Pre-65 retirees (Retiree Only - \$675 monthly/ Retiree & Spouse - \$1,350 monthly), Post-65 retirees (Retiree Only - \$350 monthly/ Retiree & Spouse - \$700 monthly), and Retirees who only elect Dental (Retiree Only - \$11.72 monthly/ Retiree and Spouse - \$11.72 monthly).

The Commission will contribute funds to the RHRA for Pre-65 retirees for as long as the retiree or any covered dependent is under age of 65 and continues to be covered under the State Health plan or other eligible coverage. The Commission will contribute funds to the RHRA for Post-65 retirees for as long as the retiree has coverage through the State Health Plan or Medicare Supplemental Coverage and Part D coverage purchased through representatives of Plan Benefit Services, Inc. The Commission will make monthly contributions to the surviving spouse's RHRA for a period of one year from the retiree's date of death. The amount contributed to the surviving spouse's RHRA will be the same amount the "retiree only" class mentioned above.

Actuarial Assumptions and Method

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

Projections of benefits for financial reporting purposes are based on the substantive Plan (the plan as understood by the employer and its members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

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

CULTURE AND HERITAGE COMMISSION OF YORK COUNTY
 ROCK HILL, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

IV. OTHER INFORMATION (CONTINUED)

D. Other Postemployment Benefit Plan (Continued)

Actuarial Assumptions and Method (Continued)

Actuarial Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation	2.50%
Discount Rate	2.21% - Changed from 3.50% in the PY.
Healthcare Cost Trend Rate	N/A - Future County RHRA contributions will not increase and are not contingent on healthcare costs.
Coverage Elections	100% of eligible retirees and 35% of spouses will elect to receive coverage up on retirement.
Active Participation/Marriage	All active employees who are potentially eligible to receive healthcare benefits as a retiree. Former employees and their spouses or their survivors who are receiving benefits.
Mortality Table	July 1, 2018 SCRS and PORS Valuations.

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

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

The Commission's total OPEB liability was measured as of June 30, 2020 and the total OPEB liability was determined by an actuarial valuation as of June 30, 2019.

	Total OPEB Liability
Balances as of June 30, 2019	\$ 2,021,056
Changes for the year:	
Service Cost	23,160
Interest	68,681
Changes of Assumptions or Other Inputs	270,618
Benefit Payments	(118,475)
Net Changes	243,984
Balances as of June 30, 2020	\$ 2,265,040

For the year ended June 30, 2020, the Commission recognized OPEB expense of approximately \$210,000. At June 30, 2020, the Commission reported deferred outflows of resources (deferred OPEB charges) and deferred inflows of resources (deferred OPEB credits) related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 40,557	\$ -
Changes of Assumptions	186,292	-
Total	\$ 226,849	\$ -

**CULTURE AND HERITAGE COMMISSION OF YORK COUNTY
ROCK HILL, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

IV. OTHER INFORMATION (CONTINUED)

D. Other Postemployment Benefit Plan (Continued)

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

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

Year Ended June 30,	Total
2021	\$ 117,867
2022	91,342
2023	17,640
Total	<u>\$ 226,849</u>

Discount Rate

The discount rate used to measure the total OPEB liability was 2.21%. Because the Plan is not funded, a single discount rate that approximates the municipal bond rate was considered appropriate for this valuation.

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

The following table presents the sensitivity of the Commission's total OPEB liability to changes in the discount rate, calculated using the discount rate of 2.21%, as well as what it would be if it were calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB Liability	\$ 2,517,744	2,265,040	\$ 2,050,510

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

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability	\$ 2,265,040	2,265,040	\$ 2,265,040

The Commission contributes a monthly amount to an RHRA account for all eligible retirees that does not fluctuate with healthcare trend. Therefore, the total OPEB liability does not change with a 1% decrease or 1% increase in healthcare trend rates.

E. Economic Dependence

The Commission receives a substantial amount of its support from state and local governments, including approximately \$3,549,000 (over 50% of total revenues) from the County for the year ended June 30, 2020. A significant reduction in the level of the County's support could have a negative effect on the Commission's programs and activities. In addition, the County provides certain administrative services to the Commission, including performing all of the accounting (approximately 90% of accountant salary is paid by the Commission), human resources and purchasing functions, at no charge to the Commission.

**CULTURE AND HERITAGE COMMISSION OF YORK COUNTY
ROCK HILL, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

IV. OTHER INFORMATION (CONTINUED)

F. Foundation for the Carolinas

In fiscal year 2015, the Commission's Capital Projects Fund was established at the Foundation for the Carolinas ("FFTC") with an initial deposit of approximately \$8,000,000 as a result of a favorable settlement agreement. The Fund is to be used exclusively for capital projects (including planning and design) of the Commission. The Commission generates requests for funding annually which are reviewed by a special Advisory Board set up for that purpose by the agreement. By terms of the agreement, the seven-member Advisory Board includes the Executive Director of the Commission, three York County citizens appointed by the Commission, and three York County citizens appointed by the Culture and Heritage Foundation, Inc. The Advisory Board only considers request from the Commission and makes a recommendation on the request to the FFTC that is within the guidelines established by the agreement. Up to 20% of the balance of the principle on January 1st plus an annual spendable allowance established by the FFTC (around 4% to 6%) is available each calendar year. If all of the 20% is not used in a given year, it is added to the total available in future years.

The Commission was awarded a grant by the FFTC for approximately \$939,000 in fiscal year 2016. The grant was for the Phase I Capital Improvements associated with the Historic Brattonsville Interpretive Plan. Approximately \$4,000 was expended in fiscal year 2016, approximately \$110,000 was expended in fiscal year 2017, approximately \$236,000 was expended in fiscal year 2018, approximately \$25,000 was expended in fiscal year 2019, and an additional \$198,000 was expended during fiscal year 2020 with the remaining approximate amount of \$366,000 to be expended in fiscal year 2021.

The Commission was awarded a grant by the FFTC for approximately \$1,068,000 in fiscal year 2017. The grant was for the Phase II Capital Improvements associated with the Historic Brattonsville Interpretive Plan and Pleistocene Hall Phase I. No funds were expended in fiscal year 2017, approximately \$203,000 was expended in fiscal year 2018, approximately \$191,000 was expended in fiscal year 2019, and approximately \$93,000 was expended in fiscal year 2020 with the remaining approximate amount of \$581,000 to be expended in fiscal year 2021.

The Commission was awarded a grant by the FFTC for approximately \$1,999,000 in fiscal year 2019. The grant was for the Pleistocene Hall Phase II. Approximately \$39,000 was expended in fiscal year 2019 and approximately \$1,499,000 was expended in fiscal year 2020 leaving the remaining approximate amount of \$461,000 to be expended in fiscal year 2021.

The Commission was awarded a grant by the FFTC for approximately \$2,630,000 in fiscal year 2019. The grant was for the Phase III Capital Improvements associated with the Historic Brattonsville Interpretive Plan. Approximately \$500,000 was expended in fiscal year 2019 and approximately \$314,000 was expended in fiscal year 2020 leaving the remaining approximate amount of \$1,816,000 to be expended in fiscal year 2021.

G. Commitments

As of June 30, 2020 the Commission had approximately \$770,000 in open architectural, construction, and design contracts for Historic Brattonsville and Pleistocene Hall projects along with other smaller ongoing projects.

H. Subsequent Events

In July 2020 the FFTC awarded the Museum an approximate \$437,000 grant for the Hightower Hall: Tower Preservation/Stabilization project.

Required Supplementary Information

CULTURE AND HERITAGE COMMISSION OF YORK COUNTY
 ROCK HILL, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

YEAR ENDED JUNE 30, 2020

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH REVISED BUDGET
	ORIGINAL	REVISED		
REVENUES				
York County Appropriations	\$ 3,484,000	3,549,000	3,549,000	\$ -
Other Support:				
Memberships	127,900	127,900	45,795	(82,105)
Gifts	63,600	63,600	40,803	(22,797)
Miscellaneous	16,406	16,406	16,406	-
Total Other Support	<u>207,906</u>	<u>207,906</u>	<u>103,004</u>	<u>(104,902)</u>
Program Revenues:				
Admissions and Tours	320,000	320,000	83,267	(236,733)
Sales - Shops and Gallery	136,000	136,000	72,778	(63,222)
Public Programs	50,000	50,000	24,806	(25,194)
Educational Programs and Trip Income	189,300	189,300	85,677	(103,623)
Grants	207,890	356,553	725,609	369,056
Grants - FFTC	10,000	5,343,123	2,196,856	(3,146,267)
Building Rentals	24,000	24,000	23,800	(200)
Interest and Investment Income	9,000	9,000	16,937	7,937
Miscellaneous Income	46,561	47,898	171,271	123,373
Total Program Revenues	<u>992,751</u>	<u>6,475,874</u>	<u>3,401,001</u>	<u>(3,074,873)</u>
TOTAL REVENUES	<u>4,684,657</u>	<u>10,232,780</u>	<u>7,053,005</u>	<u>(3,179,775)</u>
EXPENDITURES				
Current:				
Operational and Program Expenditures:				
Salaries	2,170,534	2,230,349	2,075,806	154,543
Payroll Taxes	165,748	169,663	150,165	19,498
Health Insurance	544,690	544,690	393,523	151,167
Retirement	337,098	344,816	321,383	23,433
Professional Services	149,750	146,016	85,301	60,715
Maintenance and Service Contracts	78,574	73,102	63,542	9,560
Vehicle Maintenance and Operations	12,000	10,000	6,719	3,281
Carolina Foundation Grant Expenses	-	5,333,123	2,195,803	3,137,320
Building Repairs and Maintenance	142,500	153,544	108,257	45,287
Rentals and Leases	11,320	12,970	5,775	7,195
Insurance - General Liability and Workers' Comp	116,825	116,825	106,625	10,200
Utilities	159,000	150,754	149,745	1,009
Telephone	58,887	66,987	67,818	(831)
Advertising	129,700	126,300	90,359	35,941
Printing and Binding	32,465	25,485	15,724	9,761
Travel and Training	\$ 42,005	45,959	25,954	\$ 20,005

(Continued)

CULTURE AND HERITAGE COMMISSION OF YORK COUNTY
 ROCK HILL, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

YEAR ENDED JUNE 30, 2020

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH REVISED BUDGET
	ORIGINAL	REVISED		
Postage	\$ 8,540	6,940	3,520	\$ 3,420
Membership Dues	14,190	16,390	14,027	2,363
Office Supplies and Small Equipment	36,586	44,462	20,205	24,257
Books and Publications	3,983	3,986	699	3,287
Hospitality	15,550	14,950	7,683	7,267
Computer Hardware and Software	7,920	9,470	7,954	1,516
Uniforms and Clothing	4,400	5,000	4,147	853
Specialized Department Supplies	308,462	254,429	53,248	201,181
Archival Supplies	4,500	1,520	-	1,520
Film and Processing	100	100	-	100
Cost of Sales	75,686	75,042	47,174	27,868
Exhibition Supplies	13,750	13,750	9,518	4,232
Cleaning Supplies	7,245	7,245	7,175	70
Licenses and Permits	3,910	2,965	1,272	1,693
Miscellaneous	23,770	20,470	15,692	4,778
Total Operational and Program Expenditures	<u>4,679,688</u>	<u>10,027,302</u>	<u>6,054,813</u>	<u>3,972,489</u>
Capital Outlay	141,530	342,039	1,121,603	(779,564)
TOTAL EXPENDITURES	<u>4,821,218</u>	<u>10,369,341</u>	<u>7,176,416</u>	<u>3,192,925</u>
NET CHANGE IN FUND BALANCE	(136,561)	(136,561)	(123,411)	13,150
FUND BALANCE, Beginning of Year	<u>2,377,184</u>	<u>2,377,184</u>	<u>2,377,184</u>	-
FUND BALANCE, End of Year	<u>\$ 2,240,623</u>	<u>2,240,623</u>	<u>2,253,773</u>	<u>\$ 13,150</u>

CULTURE AND HERITAGE COMMISSION OF YORK COUNTY
 ROCK HILL, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - OPEB PLAN SCHEDULES

SCHEDULE OF CHANGES IN THE COMMISSION'S TOTAL OPEB LIABILITY AND RELATED RATIOS

LAST THREE FISCAL YEARS

	Year Ended		
	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB Liability:			
Service Cost	\$ 23,160	32,216	\$ 31,127
Interest	68,681	65,954	67,549
Differences Between Expected and Actual Experience	-	107,639	-
Changes of Assumptions	270,618	-	-
Benefit Payments, Including Refunds of Member Contributions	(118,475)	(137,150)	(151,159)
Net Change in Total OPEB Liability	243,984	68,659	(52,483)
Total OPEB Liability - Beginning of Year	2,021,056	1,952,397	2,004,880
Total OPEB Liability - End of Year	\$ 2,265,040	2,021,056	\$ 1,952,397
Covered-Employee Payroll	\$ 618,735	618,735	\$ 741,403
Net OPEB Liability as a Percentage of Covered-Employee Payroll	366.08%	326.64%	263.34%

Notes to Schedule:

The Commission adopted GASB #75 during the year ended June 30, 2018. Information is not available for prior years.

Significant Benefit Changes: None

Significant Changes of Assumptions: The discount rate was decreased from 3.50% to 2.21% in FY 2020.

CULTURE AND HERITAGE COMMISSION OF YORK COUNTY
 ROCK HILL, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE COMMISSION'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 SOUTH CAROLINA RETIREMENT SYSTEM

LAST SEVEN FISCAL YEARS

	Year Ended June 30,						
	2020	2019	2018	2017	2016	2015	2014
Commission's Proportion of the Net Pension Liability	0.018288%	0.017900%	0.017677%	0.016609%	0.016185%	0.016797%	0.016797%
Commission's Proportionate Share of the Net Pension Liability	\$ 4,175,798	\$ 4,010,834	\$ 3,979,377	\$ 3,547,658	\$ 3,069,563	\$ 2,891,887	\$ 3,012,783
Commission's Covered Payroll	\$ 1,931,112	\$ 1,861,588	\$ 1,809,098	\$ 1,608,408	\$ 1,517,549	\$ 1,524,918	\$ 1,513,767
Commission's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	216.24%	215.45%	219.96%	220.57%	202.27%	189.64%	199.03%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	54.40%	54.10%	53.34%	52.91%	56.99%	59.92%	56.39%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of June 30th of the preceding year.
 The Commission implemented GASB #68/71 during the year ended June 30, 2015. Information before 2014 is not available.
 The discount rate was lowered from 7.50% to 7.25% beginning with the year ended June 30, 2017 measurement date.

CULTURE AND HERITAGE COMMISSION OF YORK COUNTY
 ROCK HILL, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS
 SOUTH CAROLINA RETIREMENT SYSTEM

LAST SEVEN FISCAL YEARS

	Year Ended June 30,						
	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 310,357	281,170	252,614	209,817	177,890	165,413	\$ 161,641
Contributions in Relation to the Contractually Required Contribution:							
Contributions from the Commission	293,951	264,764	236,208	209,817	177,890	165,413	161,641
Contributions from the State	16,406	16,406	16,406	-	-	-	-
Contribution Deficiency (Excess)	\$ -	-	-	-	-	-	\$ -
Commission's Covered Payroll	\$ 1,994,585	1,931,112	1,861,588	1,809,098	1,608,408	1,517,549	\$ 1,524,918
Contributions as a Percentage of Covered Payroll:	15.56%	14.56%	13.57%	11.60%	11.06%	10.90%	10.60%

Notes to Schedule:

The Commission implemented GASB #68/71 during the year ended June 30, 2015. Information before 2014 is not available.

Supplementary Information

CULTURE AND HERITAGE COMMISSION OF YORK COUNTY
 ROCK HILL, SOUTH CAROLINA

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2020

	PROGRAM SERVICES		SUPPORTING SERVICES		TOTAL EXPENSES
	EDUCATION PROGRAM	CULTURAL ART PROGRAM	MANAGEMENT AND GENERAL	FUNDRAISING	
Expenditures - Modified Accrual Basis					
Salaries	\$ 555,774	1,042,109	378,594	99,329	\$ 2,075,806
Payroll Taxes	39,959	76,223	26,634	7,349	150,165
Health Insurance	86,121	147,635	145,132	14,635	393,523
Retirement	86,190	161,938	57,799	15,456	321,383
Professional Services	6,655	67,199	11,447	-	85,301
Maintenance and Service Contracts	24,013	23,542	14,739	1,248	63,542
Vehicle Maintenance and Operations	2,898	2,623	1,008	190	6,719
Carolina Foundation Grant Expenses	1,978,915	135,763	68,240	12,885	2,195,803
Building Repairs and Maintenance	48,284	40,021	16,783	3,169	108,257
Rentals and Leases	201	4,885	32	657	5,775
Insurance - General Liability and Workers' Comp	-	-	106,625	-	106,625
Utilities	72,494	47,295	25,198	4,758	149,745
Telephone	1,269	828	65,638	83	67,818
Advertising	-	90,359	-	-	90,359
Printing and Binding	664	4,112	10,118	830	15,724
Travel and Training	2,348	12,992	4,890	5,724	25,954
Postage	18	2,050	907	545	3,520
Membership Dues	501	3,832	6,470	3,224	14,027
Office Supplies and Small Equipment	3,394	5,265	11,357	189	20,205
Books and Publications	139	560	-	-	699
Hospitality	229	7,053	1,051	(650)	7,683
Computer Hardware and Software	-	-	7,954	-	7,954
Uniforms and Clothing	764	3,383	-	-	4,147
Specialized Department Supplies	7,772	26,231	1,847	17,398	53,248
Cost of Sales	-	938	46,236	-	47,174
Exhibition Supplies	1,499	8,019	-	-	9,518
Cleaning Supplies	3,474	2,266	1,207	228	7,175
Licenses and Permits	314	792	98	68	1,272
Miscellaneous	727	3,274	5,166	6,525	15,692
Capital Outlay	549,665	345,313	192,453	34,172	1,121,603
Total Expenditures - Modified Accrual Basis	3,474,281	2,266,500	1,207,623	228,012	7,176,416
Conversion to Accrual Basis:					
Depreciation	45,113	29,432	15,681	2,961	93,187
Capital Asset Additions	(336,748)	(219,693)	(117,052)	(22,101)	(695,594)
Changes in the OPEB Liability and Related Accounts	44,167	28,815	15,352	2,899	91,233
Changes in the Compensated Absences Liability	9,159	5,975	3,184	601	18,919
Changes in Pension Liability and Related Accounts	135,301	88,270	47,030	8,880	279,481
Total Expenses - Accrual Basis	\$ 3,371,273	2,199,299	1,171,818	221,252	\$ 6,963,642



Greene Finney, LLP

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

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

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Culture and Heritage Commission of York County
Rock Hill, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the Culture and Heritage Commission of York County, South Carolina (the "Commission") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated January 11, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as 2020-001, that we consider to be a material weakness.

Compliance and Other Matters

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

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Commission's Response to the Finding

The Commission's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Commission's response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

Purpose of this Report

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

A handwritten signature in cursive script that reads "Greene Finney, LLP". The signature is written in black ink and is positioned above the typed name and address.

Greene Finney, LLP
Mauldin, South Carolina
January 11, 2021

**CULTURE AND HERITAGE COMMISSION OF YORK COUNTY
ROCK HILL, SOUTH CAROLINA**

SCHEDULE OF FINDINGS AND RESPONSES

YEAR ENDED JUNE 30, 2020

Financial Statement Findings

2020-001: RETAINAGE AND CONSTRUCTION PAYABLE ACCRUAL

- Condition:** During the 2020 audit, it was noted that the Commission had inadvertently failed to accrue several retainage payable amounts related to ongoing construction and renovation projects and also failed to accrue a portion of a related construction invoice payable at year end. This was adjusted by the Commission when brought to their attention during the 2020 audit.
- Criteria:** The Commission should have appropriate internal controls in place to ensure that all necessary accruals have been properly recorded in a timely manner.
- Context, Cause and Effect:** The Commission inadvertently failed to accrue the retainage payable and construction payable amounts.
- Recommendation:** We recommend that the Commission develop and implement appropriate internal controls to ensure that all payables are recorded to the appropriate accounting period.
- Response:** The Commission agrees with the above finding. The Commission will implement internal controls to ensure all retainage and accruals relating to construction are properly recorded.

