

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

**FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

**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, 2021

DISTRICT 1 – Penny Sheppard, Chair

DISTRICT 2 – Ed Stewart

DISTRICT 3 – David Duncan

DISTRICT 4 – Vacant

DISTRICT 5 – Nancy Craig, Secretary/Treasurer

DISTRICT 6 – Luanne Kokolis

DISTRICT 7 – Vacant

Ex Officio – Margaret Crawford Parson-Willins

Ex Officio – Robert Walker



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 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, 2021, 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 Commission as of June 30, 2021, 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule for the general fund, the other postemployment benefit plan schedules, and the 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 December 30, 2021 on our consideration of the Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the 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.



Charleston, South Carolina
December 30, 2021

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2021

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, 2021 ("2021"). 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 2021 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, 2021 by approximately \$3,093,000. The Commission reported a deficit in unrestricted net position of approximately \$3,706,000. This deficit was due to the net pension liability of approximately \$4,568,000 as required by Governmental Accounting Standards Board ("GASB") statement No. 68 and the total other postemployment benefit ("OPEB") liability of approximately \$2,190,000 as required by GASB statement No. 75.
- The General Fund reported ending fund balance of approximately \$2,532,000, an increase of approximately \$279,000 from the prior year ending fund balance. 84% of the total amount, or approximately \$2,119,000, is unassigned and available for spending at the government's discretion. The unassigned fund balance represents 47% of fiscal 2021 expenditures.
- Total revenues for the year ended June 30, 2021 were approximately \$4,771,000, of which over 79% came from appropriations from the County, compared to approximately \$7,053,000 in total revenues for the prior year. This decrease of approximately \$2,282,000 (32%) was due primarily to a decrease in grant revenues received in the current year.
- Total expenditures for the year ended June 30, 2021 were approximately \$4,492,000 compared to approximately \$7,176,000 in the prior year, or a decrease of approximately \$2,684,000 (37%) due primarily to a decrease in grant related expenditures related to ongoing capital projects being completed in the current year.
- The Commission's capital assets were approximately \$586,000 at June 30, 2021, a decrease of approximately \$875,000 from the prior year, as depreciation of approximately \$85,000 and disposals of approximately \$855,000 exceeded additions of approximately \$65,000. 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, 2021

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, 2021. 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, 2021

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Figure A-1		
Major Features of the Commission’s Government-Wide and Fund Financial Statements		Fund Financial Statements
	Government-Wide 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, 2021

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, 2021 and 2020:

Statement of Net Position

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Assets		
Current Assets	\$ 2,935,404	\$ 2,971,999
Capital Assets, Net	586,327	1,461,054
Total Assets	<u>3,521,731</u>	<u>4,433,053</u>
Deferred Outflows of Resources		
Deferred Pension Charges	751,494	559,461
Deferred OPEB Charges	115,474	226,849
Total Deferred Outflows of Resources	<u>866,968</u>	<u>786,310</u>
Liabilities		
Current Liabilities	402,971	718,226
Net Pension Liability	4,568,264	4,175,798
Total OPEB Liability	2,190,014	2,265,040
Long-Term Liabilities	210,479	200,470
Total Liabilities	<u>7,371,728</u>	<u>7,359,534</u>
Deferred Inflows of Resources		
Deferred Pension Credits	85,731	29,998
Deferred OPEB Credits	24,648	-
	<u>110,379</u>	<u>29,998</u>
Net Position		
Net Investment in Capital Assets	586,327	1,461,054
Restricted	25,910	25,910
Unrestricted (Deficit)	(3,705,645)	(3,657,133)
Total Net Position	<u>\$ (3,093,408)</u>	<u>\$ (2,170,169)</u>

The Commission's total assets and deferred outflows of resources at June 30, 2021 decreased approximately \$831,000 compared to the prior year primarily due to a decrease in capital assets of approximately \$875,000. Total liabilities and deferred inflows of resources at June 30, 2021 increased approximately \$93,000 compared to the prior year primarily due to an increase in deferred pension and OPEB credits related to the net pension and OPEB liabilities the Commission carries as required by GASB No. 68 and No. 75.

The Commission's net position (assets and deferred outflows of resources minus liabilities and deferred inflows of resources) decreased by approximately \$923,000 during the current fiscal year due to a decrease in capital assets and an increase in the Net Pension Liability. See the table below for additional information on the changes in net position in fiscal year 2021.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2021

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

A significant portion of the Commission's net position is reflected in its investment in capital assets totaling approximately \$586,000 at June 30, 2021. 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 \$3,706,000 due primarily to unfunded OPEB obligations of approximately \$2,190,000 and pension obligations of approximately \$4,568,000 at June 30, 2021.

The table below shows the changes in net position for Commission's governmental activities for fiscal years 2021 and 2020:

	Statement of Activities	
	<u>2021</u>	<u>2020</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 108,389	\$ 336,123
Operating Grants	97,198	766,412
Capital Contributions	587,866	2,196,856
General Revenues:		
County Appropriation	3,783,000	3,549,000
Other	194,628	204,614
Total Revenues	<u>4,771,081</u>	<u>7,053,005</u>
Program Expenses		
Museum Services/Operations	5,694,320	6,963,642
Total Program Expenses	<u>5,694,320</u>	<u>6,963,642</u>
Change in Net Position	(923,239)	89,363
Net Position, Beginning of Year	<u>(2,170,169)</u>	<u>(2,259,532)</u>
Net Position, End of Year	<u>\$ (3,093,408)</u>	<u>\$ (2,170,169)</u>

The Commission's negative change in net position of approximately \$923,000 was the result of current year expenditures of approximately \$5,694,000 exceeding current year revenues of approximately \$4,771,000. The decrease in revenues of approximately \$2,282,000 is primarily due to decreased grant income of approximately \$2,278,000. The decrease in expenses is due primarily to a decrease in grant expenditures.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2021

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, 2021, the Commission's General Fund reported a fund balance of approximately \$2,532,000 as compared to the prior year amount of approximately \$2,254,000. Unassigned fund balance was approximately \$2,119,000 at June 30, 2021, representing 84% of the total fund balance and 47% of expenditures for the year ended June 30, 2021.

Revenues of approximately \$4,771,000 exceeded expenditures of approximately \$4,492,000 by approximately \$279,000 for 2021. Appropriations from the County were approximately \$3,783,000 for 2021, compared to approximately \$3,549,000 for the prior year. Appropriations from the County represented over 79% of total revenues for the Commission for 2021. Total expenditures were approximately \$4,492,000 for 2021. Salaries and benefits were approximately \$2,992,000, representing 67% 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 2021 totaled approximately \$3,845,000 related primarily to increase in grant funding. The Commission budgeted to use approximately \$190,000 in accumulated fund balance for fiscal year 2021. However, fund balance increased by approximately \$279,000 in fiscal year 2021, or a difference of approximately \$469,000. This is due to Carolina Foundation Grant Expenses coming in under budget by approximately \$3,080,000, salaries and benefits coming in under budget by approximately \$384,000, capital outlay coming in over budget by approximately \$45,000, and positive variances in all other expenditures totaling approximately \$921,000. These positive variances in expenditures were partially offset by grant revenues coming in under budget by \$3,241,000 and admissions revenues coming in under budget by approximately \$274,000 due to the ongoing 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 \$586,000 at June 30, 2021, a decrease of approximately \$875,000 from the prior year. During 2021, the Commission capitalized approximately \$65,000 in additions and recorded depreciation expense of approximately \$85,000. 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, 2021, 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 \$210,000. 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, 2021

ECONOMIC FACTORS AND FISCAL YEAR 2022 BUDGET

Many factors were considered by the Commission's administration during the process of developing the FY 2022 budget which was approximately \$401,000 or 8% more than the FY 2021 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, 2021

	PRIMARY GOVERNMENT Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 2,818,020
Accounts Receivable	17,030
Inventory	44,311
Prepays	56,043
Capital Assets:	
Depreciable, Net	586,327
TOTAL ASSETS	3,521,731
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Pension Charges	751,494
Deferred OPEB Charges	115,474
TOTAL DEFERRED OUTFLOWS OF RESOURCES	866,968
LIABILITIES	
Accounts Payable and Accrued Expenses	99,748
Accrued Salaries, Fringe, Benefits, and Other Accrued Expenses	129,237
Due From York County	33,256
Unearned Revenue	140,730
Non-Current Liabilities:	
Total Other Postemployment Benefits Liability	2,190,014
Net Pension Liability	4,568,264
Long-Term Obligations - Due Within One Year	86,296
Long-Term Obligations - Due in More Than One Year	124,183
TOTAL LIABILITIES	7,371,728
DEFERRED INFLOWS OF RESOURCES	
Deferred Pension Credits	85,731
Deferred OPEB Credits	24,648
TOTAL DEFERRED INFLOWS OF RESOURCES	110,379
NET POSITION	
Net Investment in Capital Assets	586,327
Restricted For:	
Cultural Programs	25,910
Unrestricted	(3,705,645)
TOTAL NET POSITION	\$ (3,093,408)

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, 2021

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE & CHANGE IN NET POSITION
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
PRIMARY GOVERNMENT:					
Governmental Activities:					
Culture and Recreation	\$ 5,694,320	108,389	97,198	587,866	\$ (4,900,867)
TOTAL PRIMARY GOVERNMENT	\$ 5,694,320	108,389	97,198	587,866	(4,900,867)
General Revenues:					
County Appropriation					3,783,000
Miscellaneous					194,628
Total General Revenues					<u>3,977,628</u>
CHANGE IN NET POSITION					(923,239)
NET POSITION, Beginning of Year					<u>(2,170,169)</u>
NET POSITION, End of Year					\$ <u>(3,093,408)</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, 2021

	GENERAL FUND
	<u> </u>
ASSETS	
Cash and Cash Equivalents	\$ 2,818,020
Accounts and Grants Receivable	17,030
Inventory	44,311
Prepays	56,043
TOTAL ASSETS	<u>\$ 2,935,404</u>
 LIABILITIES	
Accounts Payable	\$ 99,748
Accrued Salaries, Fringe and Benefits	122,975
Due To York County	33,256
Accrued Expenses	6,262
Unearned Revenue	140,730
TOTAL LIABILITIES	<u>402,971</u>
 FUND BALANCE	
Nonspendable:	
Inventory	44,311
Prepays	56,043
Restricted for:	
Cultural Programs	25,910
Committed for:	
Capital Outlay	287,154
Unassigned	2,119,015
TOTAL FUND BALANCE	<u>2,532,433</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 2,935,404</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, 2021

TOTAL FUND BALANCE - GOVERNMENTAL FUND **\$ 2,532,433**

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 \$2,315,478, and the accumulated depreciation was \$1,729,151. 586,327

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. (3,902,501)

The Commission's total OPEB liability, deferred outflows of resources, and deferred inflows 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. (2,099,188)

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 (210,479)

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES **\$ (3,093,408)**

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, 2021

	GENERAL FUND
	<u> </u>
REVENUES	
York County Appropriations	\$ 3,783,000
Other Support	62,378
Program Revenues	925,703
TOTAL REVENUES	<u>4,771,081</u>
EXPENDITURES	
Current:	
Operations and Programs	4,246,069
Capital Outlay	246,352
TOTAL EXPENDITURES	<u>4,492,421</u>
NET CHANGE IN FUND BALANCE	278,660
FUND BALANCE, Beginning of Year	<u>2,253,773</u>
FUND BALANCE, End of Year	<u>\$ 2,532,433</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, 2021

TOTAL NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUND	\$ 278,660
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.	(10,009)
In the Statement of Activities the loss on the disposal of capital assets is reported, whereas in the governmental funds, proceeds from the disposal of capital assets increase financial resources. The change in net position differs from the change in fund balance by the net book value of the assets disposed.	(855,265)
Changes in the Commission's total other postemployment benefits liability, deferred outflows of resources, and deferred inflows of resources for the current year are not reported in the governmental fund but are reported in the Statement of Activities.	(60,997)
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.	(256,166)
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 depreciation expense of \$84,907 exceeded capital asset additions of \$65,445 for the current period.	(19,462)
TOTAL CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ (923,239)

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, 2021

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, 2021

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, 2021

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, 2021.

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.

