

Report on Audit of Financial Statements of
Richland-Lexington Riverbanks Park District
for the fiscal year ended June 30, 2013

Contents

	<u>Page</u>
Independent Auditor's Report.....	1-2
Management's Discussion and Analysis.....	3-14
Basic Financial Statements:	
Statement of Net Position.....	15
Statement of Activities.....	16
Balance Sheet - Governmental Funds.....	17
Reconciliation of Governmental Funds Balance Sheet with the Statement of Net Position.....	18
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	19
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances with the District-Wide Statement of Activities.....	20
Notes to the Basic Financial Statements.....	21-34
Required Supplementary Information:	
Schedule of Funding Progress and Employer Contributions – Other Postemployment Benefits.....	35
Budgetary Comparison Schedule for General Fund.....	36
Other Information:	
Riverbanks Zoo and Garden Overview.....	37-39
Fiscal Year Attendance History.....	40
Fiscal Year Attendance Chart.....	41
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.....	42-43
Schedule of Findings.....	44
Summary Schedule of Prior Audit Findings.....	45

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Richland-Lexington Riverbanks Park District (the "District") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-14 and 35-36 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2013, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Scott and Company LLC

Columbia, South Carolina
October 14, 2013

Richland-Lexington Riverbanks Park District
Management's Discussion and Analysis
For the Year Ended June 30, 2013

This discussion and analysis of the Richland-Lexington Riverbanks Park District's (the "District") financial performance provides an overall review of the District's financial activities for the year ended June 30, 2013. The purpose of this discussion and analysis is to review the District's complete financial performance including the financial reports of the Riverbanks Society, a private non-profit corporation, which is a component unit to the District. Readers should read the basic financial statements and the Notes to the Financial Statements to further enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2012-13 are as follows:

- The District's assets exceeded liabilities at the close of the fiscal year by \$25,037,798 (its "Net Position"). Of this amount \$22,069,493 was related to net investment in capital assets, and the balance of \$2,968,305 was unrestricted.
- The District's net position increased by \$1,147,788 from the previous fiscal year due primarily to an increase in visitor generated revenue (earned revenues) allowing for increased spending in capital assets.
- The District's total revenues were \$14,672,451, an increase of \$432,070 over last fiscal year. This increase is explained in detail on the following pages.
- The District's total expenses were \$13,524,663 which includes depreciation, interest on long-term debt, including GO bond debt, and losses on the disposal of capital assets. Expenses increased \$742,125 from last fiscal year which will be explained in detail on the following pages.

Overview of the Financial Statements

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

Overview of the Financial Statements (continued)

Government-wide Financial Statements The Government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector enterprise which is quite different from the standard governmental financial statements (fund financial statements). Two of the main differences involve the handling of capital assets. In the government-wide statements, the acquisition of assets are capitalized as opposed to being treated as expenditures in governmental fund financial statements. Depreciation is recorded in the government-wide reports, where it isn't in governmental fund statements.

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

The *Statement of Net Position* presents information on all of the District's assets and liabilities. The difference between the two is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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

Typically, the Government-wide Financial Statements distinguish between functions that are principally supported by taxes and those that are principally supported by user fees and charges. The District is somewhat unique in the government sector in that the majority of its revenues are from user fees and the minority are from taxes. The user fees and other associated revenues in zoos and aquariums are generally referred to as "earned revenue".

The Governmental Accounting Standards Board ("GASB") recently released GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities*. This statement gives new guidelines on changes to the accounting treatment for certain items previously reported as assets and liabilities. This statement affects entities with reporting periods beginning after December 15, 2012. The District has decided to early adopt this pronouncement. Due to the insignificance of the amount, the effect of this pronouncement was to recognize previously unamortized debt-issuance costs as expenses in the current year as opposed to restating beginning net position.

Fund Financial Statements A "fund" is a grouping of related accounts that is used to maintain control over resources that have been segregated for a specific activity or objective. Fund Financial Statements are the historical form of government financial reporting. The District, like any other governmental entity, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. There are three types of funds – governmental, proprietary (business-type activities, such as a water department), and fiduciary funds (such as pension funds). The District maintains only governmental fund types.

Overview of the Financial Statements (continued)

Fund Financial Statements (continued) - Governmental funds are used to account for essentially the same functions reported in the Government-wide Financial Statements. However, unlike the Government-wide Financial Statements, fund financial statements focus on short-term inflows and outflows of available resources as well as on balances of available resources at the end of the fiscal year. In addition, these statements, through budgetary comparisons, report on how well the available funding was used for the purposes it was intended.

Because the focus of Fund Financial Statements is narrower than that of the Government-wide Financial Statements, comparing the two presentations provides a more complete picture of the District's financial condition. Both the *Governmental Fund Balance Sheet* and the *Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances* provide reconciliations to facilitate this comparison.

The District maintains four individual governmental funds: the General Fund, the Debt Service Fund, the Capital Projects Fund and the Special Revenue Fund. Financial information for each of these funds is presented in the *Governmental Funds Balance Sheet* and the *Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances*.

1. The General Fund is used to account for transactions that represent most of the day-to-day operating activities of the District. This Fund is used to account for and report all financial resources not accounted for and reported in another fund. In addition to operating activities, the General Fund can include certain relatively small scale capital expenditures. Some debt service activity is also included in the General Fund, where resources of the General Fund are budgeted for the debt service.
2. The Debt Service Fund reports on transactions associated with the long-term debt of the District. This includes long-term loans where assets of the District have been pledged as collateral, as well as GO bond debt of the District.
3. The Capital Projects Fund is typically used to account for major capital improvement projects that are funded from non-operating sources such as GO bond issues. The District also uses this Fund to account for expenditures considered capital under the District's capitalization policy funded from operations, unrestricted fund balance and the Riverbanks Society. The purpose of doing so is to eliminate distortions in year-to-year comparisons of operating activities in the General Fund and to facilitate the capital budgeting process.
4. The Special Revenue Fund accounts for contributions from both the District and Aramark Entertainment, Inc., the District's concessionaire for all retail food and merchandise sales. The purpose of the Special Revenue Fund is to provide for the replacement of food and merchandise sales equipment and the improvement of food and merchandise sales facilities as agreed upon by both parties. Upon termination of the arrangement with Aramark, the fund shall be split 50/50 between both parties. Through mutual agreement, this fund was terminated during the fiscal year and the funds were split. Also, the relationship with Aramark as concessionaire was terminated in February 2013 and a new vendor, Service Systems Associates, was hired and it was agreed not to establish a Special Revenue Fund.

Overview of the Financial Statements (continued)

The District adopts an annual budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with the budget (*Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget to Actual*).

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

Government-wide Financial Analysis

As noted earlier, changes in net position may serve as a useful indicator of a government's financial position. At the end of fiscal year 2013, assets exceeded liabilities by \$25,037,798. The largest portion of net position (\$22,069,493 or 88%) represents the District's investment in capital assets (land, improvements, buildings, and equipment), less accumulated depreciation and any related debt. Net position increased \$1,147,788 from the previous fiscal year.

Table 1 provides a comparison of the net position of the District at the end of fiscal years 2013 and 2012.

Table 1
Net Position

	June 30, 2013	June 30, 2012	Changes
Assets			
Current and other assets	\$ 6,106,013	\$ 5,863,918	\$ 242,095
Capital assets, net of accumulated depreciation	34,615,583	31,744,324	2,871,259
Total assets	<u>\$ 40,721,596</u>	<u>\$ 37,608,242</u>	<u>\$ 3,113,354</u>
Liabilities			
Current liabilities	\$ 2,826,704	\$ 2,100,612	\$ 726,092
Non-current liabilities:			
Due within one year	4,910,085	1,836,936	3,073,149
Due in more than one year	7,947,009	9,780,684	(1,833,675)
Total liabilities	<u>\$ 15,683,798</u>	<u>13,718,232</u>	<u>1,965,566</u>
Net Position			
Net investment in capital assets	22,069,493	20,455,573	1,613,920
Unrestricted	2,968,305	3,434,437	(466,132)
Total net position	<u>25,037,798</u>	<u>23,890,010</u>	<u>1,147,788</u>
Total liabilities and net position	<u>\$ 40,721,596</u>	<u>\$ 37,608,242</u>	<u>\$ 3,113,354</u>

Please refer to Table 1 and the financial statements for the following discussion:

The increase in total assets of \$3,113,354 was the result of an increase in current assets combined with an increase in capital assets. The increase in current assets was primarily the result of favorable operating results allowing for the increase in capital assets in which additions exceeded depreciation and disposals.

Government-wide Financial Analysis (continued)

In analyzing the components of current assets, cash held by fiscal agent for debt service increased \$111,046. These are taxes collected by Richland and Lexington Counties, held by Richland County, to make the scheduled GO bond payments. Cash held by fiscal agent for future operations increased \$104,185 and represents property tax revenues for the District collected by Lexington County that exceed the annual funding approved for the District by Lexington County. The escrowed balance held by Lexington County as of June 30, 2013 was \$801,757 and is either applied to the next year's funding or held pending special requests from the District.

Capital Assets, net (of depreciation), increased mostly due to capital outlays exceeding depreciation by \$2,960,851. The largest single addition was the purchase of three buildings and land located on Rivermont Drive totaling \$2,663,580. This purchase was funded with a bond anticipation note. The remaining additions included construction projects and renovations, equipment purchases, and a new attraction, and were all funded with fiscal year 2013 and fiscal year 2012 year surpluses.

Current liabilities increased \$726,092 due to an increase in accounts payable and accrued expenses of \$349,403, an increase of \$223,815 in the OPEB obligation and \$152,874 increase in deferred revenue, mostly from the increase of cash held by fiscal agent for future operations by Lexington County of \$104,185.

The portion of non-current liabilities due within one year increased by \$3,073,149, as a result of an increase in the current portion of long-term debt and compensated absences, along with the addition of an advance of bond proceeds through a short-term Bond Anticipation Note ("BAN") that funded the purchase of additional Rivermont properties and other bond related expenses. The BAN will be repaid upon the sale of the \$32 million bond, which occurred in August 2013.

Non-current liabilities due in more than one year decreased a total of \$1,833,675 between the two fiscal years. This decrease was due to the scheduled pay down of notes and GO bonds.

As mentioned in the financial highlights, total net position increased \$1,147,788 between the two fiscal years. This increase in net position was due to favorable operating results that will be seen in Table 2 on the following page.

Government-wide Financial Analysis (continued)

Government Activities

Table 2 provides a comparison of changes in net position between fiscal years 2013 and 2012.

Table 2
Changes in Net Position

	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>Changes</u>
Revenues			
Program revenues:			
Charges for services	\$ 8,223,396	\$ 7,557,198	\$ 666,198
Operating grants and contributions	38,933	103,678	(64,745)
General Revenues			
Property taxes	4,974,643	4,969,434	5,209
Accommodations and hospitality taxes	210,000	192,294	17,706
Riverbanks Society contribution	1,180,265	1,389,441	(209,176)
Other revenues	45,214	28,336	16,878
Total Revenues	<u>14,672,451</u>	<u>14,240,381</u>	<u>432,070</u>
Program Expenses			
General government – depreciation	1,291,352	1,131,396	159,956
Administrative	1,914,539	1,503,257	411,282
Animal care	3,177,986	3,101,318	76,668
Education	524,118	452,842	71,276
Botanical	840,507	828,802	11,705
Facility management	916,051	788,099	127,952
Utilities	1,009,280	917,925	91,355
Marketing & public relations	713,471	823,510	(110,039)
Guest services	2,531,216	2,610,035	(78,819)
Retail concessionaire operations	95,334	44,165	51,169
Interest on long term debt	421,218	477,671	(56,453)
Losses on the disposal of capital assets	89,591	103,518	(13,927)
Total expenses	<u>13,524,663</u>	<u>12,782,538</u>	<u>742,125</u>
Increase in net position	1,147,788	1,457,843	(310,055)
Net position – beginning	<u>23,890,010</u>	<u>22,432,167</u>	<u>1,457,843</u>
Net position – ending	<u>\$ 25,037,798</u>	<u>\$ 23,890,010</u>	<u>\$ 1,147,788</u>

Please refer to Table 2 above and the financial statements for the following discussion:

Government-wide Financial Analysis (continued)

By charging admission and other user fees, the District strives to be as close to self-sufficiency as is reasonably possible. During fiscal year 2013, admissions revenue, commissions on retail sales, other charges for services, along with the Riverbanks Society contributions (collectively “earned revenues”) amounted to \$9,487,808, or 65% of total revenues, which is up 1% from the previous fiscal year. Property taxes amounted to 34% of total revenues, which is down 1% from the previous fiscal year. Accommodations and hospitality taxes amounted to 1% of total revenues, equal to the previous year.

The increase in Charges for Services was due primarily to increases in revenue from Admissions of \$151,225; Concessionaire Commission of \$240,957; and “Rides, Feedings, and Promotions” of \$261,860.

The total attendance was 1,039,372 for the fiscal year 2013. Total attendance was up from the prior year 1.0%. Total paid attendance increased 0.3%; Groups, Rentals, and Special Events, Other Free Attendance increased 20.0%; Society visits increased 3.7%; and Complimentary & Promotional decreased 22.8%. As a result of changing software, after hours, and free school groups (Lexington & Richland Counties) attendance is blended in other categories.

The total Riverbanks Society support decreased from the previous fiscal year by \$209,176. Society operating support remained at the same level of \$1,000,000; the debt service support decreased by \$37,660 and support for capital improvements decreased by \$171,516. The decrease in debt service support was the result of a reduced interest rate from a loan modification of the Rivermont property. The Society is the guarantor on the loan for the Rivermont property purchase. No capital support was provided by Society for the fiscal year ended June 30, 2013.

Total expenses increased 5.8% from the prior year. The largest increase came in the Administrative area and was the result of personnel changes, classification changes of some previously shared cost, and increased IT expenses. There was a 4.0% salary increase effective January 1, 2012, which is shown for the whole fiscal year ended June 30, 2013 in comparison to six months for the previous fiscal year. There was an increase in employee benefits costs as a result of the salary increase and required increases as defined by the SC Public Employee Benefit Authority. Facility Management incurred higher maintenance cost not considered capital outlay. The utilities increase was mostly attributed to higher water and sewer costs and a classification change of fuel usage to utilities for the full 12 months vs. six months for the previous fiscal year. Depreciation expense increased slightly due to the addition of capital assets for the fiscal year 2013. Interest expense was reduced due to the reduction of GO debt. Program expenses did not exceed total revenues for the fiscal year.

Financial Analysis of Governmental Funds

As mentioned previously, the Fund Financial Statements provide information on short-term inflows, outflows, and balances of spendable resources. In general, unassigned fund balance may serve as a useful measure of a government's net resources that are available for spending at the end of the fiscal year.

In many cases, the Governmental Funds Analysis will be the same or similar to the Government-wide Financial Analysis. However, amounts will be different due to the different focus of the two reporting methods. Please see the reconciling reports. Where explanations are generally the same, this Governmental Funds financial analysis has been abbreviated to avoid repetition.

At June 30, 2013, the District's governmental funds had a combined fund balance of \$4,053,773 which was a \$246,763 decrease from June 30, 2012. The unassigned portion of fund balance was \$974,948. There was a decrease in fund balance of \$138,608 from the Capital Projects Fund that will be fully funded by bond proceeds when they are available. The General Fund decrease was the result of increased revenue from greater attendance and visitor spending offset by a greater increase in expenditures from increased capital outlay. Total revenues were up \$432,070 from the previous year or 3.0% and expenditures were up \$3,892,027 or 27.9%. Other sources of revenue included a bond anticipation note of \$2,900,000 to fund the purchase of Rivermont properties and other bond costs incurred. The remaining deficit was funded through the prior year surplus and was a result of timing of various capital projects.

The remainder of the combined fund balance was nonspendable, restricted, or assigned to indicate that it was only available to spend for specific purposes. \$1,509,273 was restricted for debt service payments on GO bonds of the District. \$86,706 was nonspendable for inventory and \$227,236 was nonspendable for prepaid expenses. \$36,600 was restricted for purchases of additions to the botanical library. This amount represents the fiscal year ending value of the Phelps account – a permanently restricted endowment. The sole purpose of which is to provide funding for horticultural library acquisitions. \$19,010 represents proceeds from employee break room vending sales and was assigned for employee training. \$1,200,000 was assigned as an operating cushion.

The purpose of the operating cushion is to provide working capital along with providing a reserve should there be an unexpected drop in attendance and related earned revenues. The Zoo and Garden's lowest attended months occur each year between September and March, thus negatively impacting earned revenue during that time. The operating cushion is used as a cash "bridge" during the time between strong earned revenue (Spring and Summer months) and the collection of property tax revenues (mid-January). The operating cushion is mandated by the Riverbanks Park Commission to be a maximum of \$1,200,000 in the General Fund.

Please refer to the *Governmental Funds Balance Sheet*, which provides information on the four funds maintained by the District – the General Fund, the Debt Service Fund, the Capital Projects Fund, and the Special Revenue Fund. Please also refer to the *Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds* for information on the revenues and expenditures of each fund for fiscal year 2013.

General Fund Budgetary Highlights

The District's General Fund budget is maintained on a modified accrual basis. Expenditures are recorded when they are incurred and revenues are recognized when they are earned and available. At the end of the fiscal year any outstanding encumbrances are cancelled and budgeted in the following year. The *Budgetary Comparison Schedule for the General Fund* reports the original and final adjusted budget amounts, actual results, and the variances between actual results and the final budgeted amounts. The following analysis concerns differences between the actual revenue and expenses for fiscal year 2013 and the final budgeted amounts.

The visitor spending for Admissions Revenue, Rides, Shows, Promotions, and Rentals, and Concessions resulted in a favorable variance to the budget. Concessions commission resulted in a favorable variance due to increased attendance but also a change in vendors in February 2013.

All expenditure areas worked to maintain spending at the lowest level possible. Those areas under budget helped to support those that had to exceed budget. Increase in expenditures for classes and programs were the result of the beginning of restructuring the Education Department. The debt service represents an extra loan payment made at the fiscal year end for the Rivermont properties.

Overall there was a favorable variance to the final budget before transfers of \$1,012,302 with revenue showing a favorable variance of \$492,574 or 4.0% and expenditures without transfers having an overall favorable variance of \$519,728 or 4.2%. Operating Transfers Out include \$1,163,317 from current fiscal year and prior year surpluses for capital projects, resulting in a current fiscal deficit of \$141,699 fully funded from prior year unrestricted fund balance.

Capital Asset and Debt Administration

The District's investment in capital assets at June 30, 2013 amounted to \$34,615,583 – an increase of \$2,871,259 from June 30, 2012. Current year new capital assets exceeded the depreciation and disposals. Please refer to the Notes to the Financial Statements for a schedule of capital assets.

Long-term Debt

The District's long-term debt consists of GO bond issues of the District and other loans. The bond issues are backed by the full faith and credit of the taxpayers of the District, which comprises all of both Lexington and Richland Counties. As previously mentioned, the Lexington and Richland County auditors and treasurers handle the tax collections related to the GO bonds. The Richland County Treasurer is the fiscal agent for the District in these transactions. Please refer to Table 3 below.

The District's total debt at June 30, 2013 was \$12,857,094 – an increase of \$1,239,474 from June 30, 2012. The increase is the result of new debt for the Rivermont properties purchase offset by the scheduled payments of long term debt.

At year-end there were two outstanding GO bond issues – the 1998 and the 2008 issues. Two separate issues in 1998 and 1999 funded the recent renovations and additions known as Zoo2002 which included the new birdhouse, elephant exhibit, entrance plaza, garden ticket booth, garden entrance road, gorilla exhibit, koala exhibit, and the Ndoki Lodge. The 2008 issue refunded the 1999 issue for the purpose of decreasing interest cost.

During fiscal year 2012, the District submitted a request for a \$32 million bond referendum to Richland and Lexington County Councils. Approval is required by both County Councils. A unanimous approval was obtained from Richland County Council prior to the end of fiscal year 2012. Lexington County Council gave their final unanimous approval on September 11, 2012. The bond will fund new exhibits, major enhancements and other projects as defined in the bond document. One such use was to purchase some additional Rivermont properties near some already owned properties. The decision, offer, and purchase was made December 28th, 2012 and was funded with a bond anticipation note of \$2,900,000. Most of the proceeds were used to purchase the properties and the remainder was used to reimburse bond expenses already incurred.

The loan for the Rivermont acquisition is a note to a financial institution for the purpose of purchasing two properties – 350 and 420 Rivermont Drive – which are adjacent to the District's property. The loan for the ropes course is a note to a financial institution for the purpose of financing a new ride. The telephone system loan is also a note to a financial institution for the purpose of financing a new telephone system. Please see the Notes to the Financial Statements for additional information on the notes payable.

Compensated Absences represent the liability for accumulated vacation pay that has been earned by the District's employees. Employees are allowed to accumulate up to forty-five days of vacation which, if not used, can be paid upon termination of employment.

Table 3
Long-term Liabilities

	<u>June 30,</u> <u>2013</u>	<u>June 30,</u> <u>2012</u>	<u>Changes</u>
General obligation bond issues	\$ 7,305,000	\$ 8,795,000	\$ (1,490,000)
Loan for BAN – Rivermont Properties	2,900,000	—	2,900,000
Loan for the Rivermont Acquisition	2,003,341	2,114,164	(110,823)
Loan – Ropes Course	332,451	365,688	(33,237)
Loan – Telephone System Replacement	5,298	13,899	(8,601)
Compensated absences	311,004	328,870	(17,866)
Totals	<u>\$ 12,857,094</u>	<u>\$ 11,617,621</u>	<u>\$ 1,239,473</u>

Economic Factors and Next Year’s Budget and Rates

As noted before, the District’s earned revenues represent the majority of its total revenue – 65%, where public support through property taxes and other taxes represents 35% of total revenue. Attendance at the Zoo and Garden along with annual membership sales in the Riverbanks Society are the prime components of earned revenue and the most significant factors in the District’s economic wellbeing.

Attendance for fiscal year 2013 was 1,039,372, including after hours attendance. Starting with fiscal year 2010, after hour’s attendance was tracked, with some estimation required. The after hours attendance includes attendance at after-hours events, overnight camps, and others that are not recorded at the “admission gate.” As a result of moving to new software during the fiscal year, this attendance is blended within other categories and no longer separately identified.

Admissions prices were last increased on July 1, 2010 with relatively no effect on attendance. No further increases are planned at this time. Visitor studies prior to the increase indicated that the Zoo and Garden would remain a good value with the increase. There has been no indication of price resistance since the increase and, as mentioned, attendance has remained steady.

Annual memberships in the Riverbanks Society totaled 30,768 at June 30, 2013. Although the number is down from the fiscal year 2012 memberships of 33,570, the revenue from memberships has increased. This is a result of a shift in the type of membership to the explorer levels vs. the more basic memberships. Membership levels tend to increase and peak with the opening of new attractions and then decline during the period where there are no new attractions added. The same pattern also occurs with attendance levels; however, attendance is subject to more variables and tends to be more dynamic.

During the year, construction was started on a zipline course, and it was opened in August 2013. There are also plans underway to add new attractions as well as make extensive renovations to existing facilities with funding from a \$32 million bond. See Note 13 for further details.

Economic Factors and Next Year's Budget and Rates (continued)

The District's funding from Lexington and Richland Counties has increased because of increases in the value of a mill resulting from the growth in total property value in both Counties. Both Counties remitted the budgeted amounts to the District. The shortfall shown is from Richland County and was reflected in the prior fiscal year as part of the \$40,632 overage. Lexington County collected \$104,185 in excess of the approved budget. This excess is escrowed and held by Lexington County and either applies to the next year's funding or pending special requests from the District. It is unknown how both counties may be impacted by the State of South Carolina's fiscal year 2014 budget. As it stands to date, we have not received notice of a reduction in the District's millage by either county.

Given the continued economic situation coupled with the financial situation in State government, the District, in developing its fiscal year 2014 general fund budget, is projecting earned revenues and expenditures at current levels with no provision for growth – a status quo budget. This is mainly due to the unknown status of the impact of bond construction on attendance.

Requests for Information

This financial report is designed to provide a general overview of the District's finances. Questions concerning any information provided in this report or requests for additional information should be addressed to the Finance Director, Riverbanks Zoo and Garden, P.O. Box 1060, Columbia, SC 29202-1060.

BASIC FINANCIAL STATEMENTS

Richland-Lexington Riverbanks Park District
Statement of Net Position
June 30, 2013

	<u>Governmental Activities</u>	<u>Component Unit - Riverbanks Society</u>
Current Assets		
Cash and Cash Equivalents	\$ 3,064,912	\$ 2,121,346
Cash Held by Fiscal Agent for Debt Service	1,509,273	-
Cash Held by Fiscal Agent for Future Operations	801,757	-
Receivables	416,129	95,940
Unconditional Promises to Give - Restricted	-	14,667
Prepaid Expense	227,236	9,328
Inventory	86,706	-
Total Current Assets	<u>6,106,013</u>	<u>2,241,281</u>
Noncurrent Assets		
Capital Assets	53,372,131	122,702
Less: Accumulated Depreciation	<u>(18,756,548)</u>	<u>(122,702)</u>
Total Capital Assets	34,615,583	-
Long-term Unconditional Promises to Give - Restricted	-	<u>6,166</u>
Total Noncurrent Assets	<u>34,615,583</u>	<u>6,166</u>
Total Assets	<u>\$ 40,721,596</u>	<u>\$ 2,247,447</u>
Current Liabilities		
Bank Overdraft	\$ 202,733	\$ -
Accounts Payable	628,846	2,560
Accrued Salaries	210,270	6,028
Accrued Admissions and Use Taxes Payable	21,761	-
Retirement Contributions Payable	8,044	-
Accrued Interest Payable	88,350	-
Unrecorded Revenue	980,586	2,500
Accrued Net OPEB Obligation	686,114	-
Current Portion Compensated Absences-Accrued Vacation Leave Payable	181,675	3,029
Current Portion of Long-Term Debt	<u>4,728,410</u>	<u>-</u>
Total Current Liabilities	<u>7,736,789</u>	<u>14,117</u>
Noncurrent Liabilities		
Compensated Absences - Accrued Vacation Leave Payable	129,329	514
General Obligation Bonds Payable	5,625,000	-
Notes Payable	<u>2,192,680</u>	<u>-</u>
Total Noncurrent Liabilities	<u>7,947,009</u>	<u>514</u>
Total Liabilities	<u>15,683,798</u>	<u>14,631</u>
Net Position		
Net Investment in Capital Assets	22,069,493	-
Restricted Donations - Purpose Not Yet Satisfied	-	38,631
Unrestricted	<u>2,968,305</u>	<u>2,194,185</u>
Total Net Position	<u>25,037,798</u>	<u>2,232,816</u>
Total Liabilities and Net Position	<u>\$ 40,721,596</u>	<u>\$ 2,247,447</u>

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

Richland-Lexington Riverbanks Park District
Statement of Activities
For the Year Ended June 30, 2013

Function/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Primary	Component
				Government	Unit
			Governmental Activities	Riverbanks Society	
Governmental Activities					
General Government Depreciation	\$ 1,291,352	\$ -	-	(1,291,352)	\$ -
Administrative	1,914,539	-	3,174	(1,911,365)	-
Animal Care	3,177,986	-	5,100	(3,172,886)	-
Education	524,118	379,312	50	(144,756)	-
Botanical	840,507	-	-	(840,507)	-
Facility Management	916,051	-	-	(916,051)	-
Utilities	1,009,280	-	-	(1,009,280)	-
Marketing and Public Relations	713,471	348,595	20,000	(344,876)	-
Guest Services	2,531,216	6,274,104	-	3,742,888	-
Retail Concessionaire Operations	95,334	1,221,385	10,609	1,136,660	-
Interest on Long-Term Debt	421,218	-	-	(421,218)	-
Loss on Disposal of Capital Assets	89,591	-	-	(89,591)	-
Total Governmental Activities	\$ 13,524,663	\$ 8,223,396	\$ 38,933	(5,262,334)	-
Component Unit:					
Riverbanks Society	\$ 2,583,860	-	-	-	(2,583,860)
Total Component Unit	\$ 2,583,860	-	-	-	(2,583,860)
General Revenues					
Property Taxes				4,974,643	-
Accommodations and Hospitality Taxes				210,000	-
Riverbanks Society Contribution				1,180,265	-
Membership Fees				-	2,889,687
Contributions				-	380,198
Investment Earnings				10,182	916
Miscellaneous Revenues				35,032	4,615
Total General Revenues				6,410,122	3,275,416
Change in Net Position				1,147,788	691,556
Net Position, Beginning of Year				23,890,010	1,541,260
Net Position, End of Year				\$ 25,037,798	\$ 2,232,816

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

Richland-Lexington Riverbanks Park District
Balance Sheet -
Governmental Funds
June 30, 2013

	Major Funds			Non-Major Fund	Total
	General Fund	Debt Service	Capital Projects	Special Revenue	Governmental Funds
Assets					
Cash and Cash Equivalents	\$ 3,064,912	\$ -	\$ -	\$ -	\$ 3,064,912
Cash Held by Fiscal Agent for Debt Service	-	1,509,273	-	-	1,509,273
Cash Held by Fiscal Agent for Future Operations	801,757	-	-	-	801,757
Receivables	416,129	-	-	-	416,129
Prepaid Expense	227,236	-	-	-	227,236
Inventory	86,706	-	-	-	86,706
Due From Other Funds	-	-	68,824	-	68,824
Total Assets	\$ 4,596,740	\$ 1,509,273	\$ 68,824	\$ -	\$ 6,174,837
Liabilities and Fund Balance					
Deficit Cash Balance	\$ 202,733	\$ -	\$ -	\$ -	\$ 202,733
Accounts Payable	421,414	-	207,432	-	628,846
Accrued Salaries and Payroll Taxes	210,270	-	-	-	210,270
Accrued Admissions and Use Taxes Payable	21,761	-	-	-	21,761
Retirement Contributions Payable	8,044	-	-	-	8,044
Deferred Revenue	980,586	-	-	-	980,586
Due To Other Funds	68,824	-	-	-	68,824
Total Liabilities	1,913,632	-	207,432	-	2,121,064
Fund Balances					
Nonspendable:					
Inventory	86,706	-	-	-	86,706
Prepaid Expense	227,236	-	-	-	227,236
Restricted:					
Debt Service	-	1,509,273	-	-	1,509,273
Botanical Library Acquisitions	36,600	-	-	-	36,600
Committed:					
Operations	1,200,000	-	-	-	1,200,000
Employee Scholarship Fund	19,010	-	-	-	19,010
Unassigned	1,113,556	-	(138,608)	-	974,948
Total Fund Balances	2,683,108	1,509,273	(138,608)	-	4,053,773
Total Liabilities and Fund Balances	\$ 4,596,740	\$ 1,509,273	\$ 68,824	\$ -	\$ 6,174,837

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

Richland-Lexington Riverbanks Park District
 Reconciliation of Governmental Funds Balance Sheet
 with the Statement of Net Position
 June 30, 2013

Total Fund Balances - Governmental Funds		\$ 4,053,773
<p>Amounts Reported for Governmental Activities in the Statement on Net Position is Different Because of the Following:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds:</p>		
Capital Assets	\$ 53,372,131	
Accumulated Depreciation	<u>(18,756,548)</u>	34,615,583
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported as liabilities in the funds. Long-term liabilities at year end consist of:</p>		
Bonds Payable	(7,305,000)	
Accrued Interest on Long-Term Debt	(88,350)	
Accrued Net OPEB Obligation	(686,114)	
Compensated Absences	(311,004)	
Notes Payable	<u>(5,241,090)</u>	<u>(13,631,558)</u>
Total Net Position - Governmental Activities		<u>\$ 25,037,798</u>

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

Richland-Lexington Riverbanks Park District
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
For the Year Ended June 30, 2013

	Major Funds			Non-Major Fund	Total Governmental Funds
	General Fund	Debt Service	Capital Projects	Special Revenue	
Revenues					
Property Taxes	\$ 3,059,358	\$ 1,915,285	\$ -	\$ -	\$ 4,974,643
Accommodations & Hospitality Taxes	210,000	-	-	-	210,000
General Admission Fees	4,095,616	-	-	-	4,095,616
Concessionaire Commissions on Sales	1,221,385	-	-	-	1,221,385
Concessionaire Upkeep Contribution	-	-	-	10,609	10,609
Riverbanks Society Contributions	1,180,265	-	-	-	1,180,265
Classes and Program Fees	379,312	-	-	-	379,312
Rides, Shows, Promotions, and Rentals	2,178,491	-	-	-	2,178,491
Facility Rental & Group Admission Fees	304,225	-	-	-	304,225
Sponsorships	44,370	-	-	-	44,370
Non-Federal Grants and Donations	28,324	-	-	-	28,324
Interest Revenue	6,375	3,684	32	91	10,182
Miscellaneous Revenues	31,529	-	-	3,500	35,029
Total Revenues	<u>12,739,250</u>	<u>1,918,969</u>	<u>32</u>	<u>14,200</u>	<u>14,672,451</u>
Expenditures					
Current					
Administrative	1,782,139	539	-	-	1,782,678
Animal Care	3,096,615	-	-	-	3,096,615
Education	164,862	-	-	-	164,862
Botanical	842,541	-	-	-	842,541
Facility Management	917,580	-	-	95,334	1,012,914
Utilities	1,009,280	-	-	-	1,009,280
Marketing and Public Relations	700,734	-	-	-	700,734
Guest Services	1,604,028	-	-	-	1,604,028
Rides, Shows, Promotions, and Rentals	904,020	-	-	-	904,020
Classes and Programs	359,474	-	-	-	359,474
Debt Service					
Principal	152,661	1,490,000	-	-	1,642,661
Interest	129,820	317,384	-	-	447,204
Capital Outlay					
Land, Building, Equipment, & Improvements	53,878	-	4,198,325	-	4,252,203
Total Expenditures	<u>11,717,632</u>	<u>1,807,923</u>	<u>4,198,325</u>	<u>95,334</u>	<u>17,819,214</u>
Excess of Revenues Over (Under) Expenditures	<u>1,021,618</u>	<u>111,046</u>	<u>(4,198,293)</u>	<u>(81,134)</u>	<u>(3,146,763)</u>
Other Financing Sources (Uses)					
Bond Anticipation Note Proceeds	-	-	2,900,000	-	2,900,000
Transfers In	-	-	1,159,685	10,609	1,170,294
Transfers Out	(1,163,317)	-	-	(6,977)	(1,170,294)
Total Other Financing Sources (Uses)	<u>(1,163,317)</u>	<u>-</u>	<u>4,059,685</u>	<u>3,632</u>	<u>2,900,000</u>
Net Change in Fund Balances	(141,699)	111,046	(138,608)	(77,502)	(246,763)
Fund Balance, Beginning of Year	2,824,807	1,398,227	-	77,502	4,300,536
Fund Balance (Deficit), End of Year	<u>\$ 2,683,108</u>	<u>\$ 1,509,273</u>	<u>\$ (138,608)</u>	<u>\$ -</u>	<u>\$ 4,053,773</u>

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

Richland-Lexington Riverbanks Park District
 Reconciliation of Governmental Funds Statement of Revenues, Expenditures,
 and Changes in Fund Balances with the District-Wide Statement of Activities
 For the Year Ended June 30, 2013

Total net change in fund balances - governmental funds \$ (246,763)

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

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

Capital outlays	\$ 4,252,203	
Depreciation expense	(1,291,352)	2,960,851

Prior to GASB Statement No. 65 implementation, governmental funds report costs as expenditures. However in the statement of activities this cost is bond issuance allocated over the life of the bond issue. The balance of unamortized bond costs has been fully recognized in the current year due to the implementation of GASB Statement No. 65. (39,405)

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

Loss on disposal of assets	(89,591)
----------------------------	----------

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Payment of long-term debt	1,642,661	
Issuance of short-term debt	(2,900,000)	(1,257,339)

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

Accrual of interest at year end	(88,350)	
Less amount of prior year accrual	114,336	
Accrual of current year Net OPEB obligation	(223,815)	
Decrease in compensated absence accrual	17,864	(179,965)

Total change in net position - governmental activities \$ 1,147,788

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

Richland-Lexington Riverbanks Parks District
Notes to the Basic Financial Statements

Note 1. Summary of Significant Accounting Policies

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

The Commission appoints an Executive Director who serves as Chief Administrative Officer of the District. The Executive Director administers the daily operations of the District through appointed department heads.

The basic financial statements of the Richland-Lexington Riverbanks Park District are prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). The District's reporting entity applies all relevant Governmental Accounting Standards Board ("GASB") pronouncements.

The accounting and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of this note. The remainder of the notes is organized to provide explanations, including required disclosures, of the District's financial activities for the fiscal year ended June 30, 2013.

Financial Reporting Entity - The District's financial reporting entity is comprised of the following:

Primary government: The Richland-Lexington Riverbanks Park District

Discretely Presented Component Unit: The Riverbanks Society

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

The Riverbanks Society (the "Society") is a legally separate, tax-exempt component unit set up to provide financial support primarily through donor contributions for the District and its activities. The eighteen member board of the Society is self-perpetuating. The District controls the timing and amount of receipts from the Society. The majority of resources and income thereon that the Society holds and invests are restricted to the activities of the District by the donors. Because these restricted resources held by the Society can only be used by, or for the benefit of, the District, the Society is considered a component unit of the District and is discretely presented in the District's financial statements. Separately issued audited financial statements for the Society may be obtained from the Finance Director, Administrative Office of Riverbanks Zoo and Garden, at 500 Wildlife Parkway, Columbia, SC 29210.

Richland-Lexington Riverbanks Parks District
Notes to the Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

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

The District reports under the provisions of Statement No. 34 ("GASB 34") of the GASB, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended by GASB 63. The District implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* in fiscal year 2013. Therefore, government-wide statements now reflect net assets as net position. GASB 34 as amended by GASB 62 established standards for external financial reporting for all state and local governmental entities, which includes a statement of net position, with a classification of net position broken down into three components – net investment in capital assets; restricted net position; and unrestricted net position. These classifications are defined as follows:

Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation, costs to be recovered from future revenues, and unamortized debt expense reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

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

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

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

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

Fund financial statements are also provided in the report for all of the governmental funds of the District.

Richland-Lexington Riverbanks Parks District
Notes to the Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

The District reports the General Fund, Debt Service Fund, and Capital Projects Fund as major governmental funds. The General Fund is the main operating fund of the District and is used to account for all financial resources except for those required to be accounted for in another fund. The Debt Service Fund accounts for the accumulation of financial resources for the payment of interest and principal on general long-term debt of the District. The Capital Projects Fund is used to account for financial resources used for the acquisition or construction of major capital facilities and equipment. The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally or donor restricted expenditures for specified purposes.

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

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

Use of Estimates - The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Budgetary Control - The Commission adopts an annual budget for the General Fund at the beginning of each fiscal year. The Executive Director is authorized to transfer budgeted amounts between departments, with the approval of the Commission. Any revisions that alter the total expenditures must be approved by the Commission.

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

Richland-Lexington Riverbanks Parks District
Notes to the Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

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

Cash Held by Fiscal Agent - The District reports funds collected for the District by Richland and Lexington Counties for both operating and debt service purposes.

The District receives operating support from both Richland and Lexington counties in the form of an annual fixed-dollar appropriation. Both Counties fund the support by levying a millage that is expected to produce the required amount of funding. If the millage produces more than is appropriated, the excess funds are escrowed. It has been Richland County's practice to take into account any escrowed amounts in setting the millage in subsequent years which results in a relatively small amount being carried forward from year-to-year. However, Lexington County has allowed the escrowed funds to accumulate over the years to a significant amount. At June 30, 2013 the escrowed funds collected from the operating millage totaled \$801,757, which was all held by Lexington County. The District would have to seek approval through a budget ordinance by the County to receive these funds.

Both Richland and Lexington Counties also levy a millage to produce funds to pay the general obligation debt of the District. The Richland County Treasurer is the fiscal agent for each of the District's bonds and is responsible for management of funds from both Counties collected from the debt service millage and the payment of bonds. The amount held by the fiscal agent for debt service varies with the bond amortization amounts and timing of payments and the amounts collected by each County. The amount on hand at June 30, 2013 was \$1,509,273.

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

Prepaid Expenses - Prepaid expenses consist of premiums which have been paid in advance for periods after year-end, for general insurance - property, liability and automobile.

Capital Assets - Capital assets, which include property and equipment, are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost equal to or more than \$3,000 and an estimated useful life in excess of one year. In addition, capital assets purchased with long-term debt may be capitalized regardless of the thresholds established. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Richland-Lexington Riverbanks Parks District
Notes to the Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

Capital Assets (continued)

All reported capital assets, with the exception of land, are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	10-30
Exhibits	10-30
Furniture and fixtures	5-7
Equipment	3-7
Vehicles	5
Technology equipment	3-5
Capitalized software	3

Due To/From Other Funds - Short-term amounts owed between funds are classified in this category.

Compensated Absences - The District's policy allows employees to accumulate unused vacation leave to a maximum of 360 hours. Upon termination, any accumulated vacation leave will be paid to the employee. There will be no payment for unused sick leave. Accordingly, sick pay is charged to expenditures when taken.

Fund Balance

Unassigned Fund Balance – Unassigned fund balance represents those portions of fund balance not appropriated for expenditure or legally segregated for a specific future use.

The GASB has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The following categories of fund balance are being used in the fund level financial statement of the governmental fund:

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

Restricted Fund Balance – The restricted fund balance classification includes amounts that are either restricted externally by creditors, grantors, contributors, laws or regulations of other governments, or by law through constitutional provisions or enabling legislation.

Richland-Lexington Riverbanks Parks District
Notes to the Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

Fund Balance (continued)

Committed Fund Balance – The committed fund balance classification includes amounts that can only be used for specific purposes to constraints imposed by formal action of the District’s highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. Committed fund balances also incorporate contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The District recognizes committed fund balances that have been approved for specific purposes by the District Commission before the fiscal year end. The first \$1,200,000 of fund balance is committed by the Board of Commissioners as a stabilization amount.

Assigned Fund Balance – The assigned fund balance classification includes amounts that are constrained by the District’s intent to be used for specific purposes but are not restricted or committed. The authority for making an assignment is not required to be the District’s highest level of decision-making authority and as such, the nature of the actions necessary to remove or modify an assignment does not require the District’s highest level of authority. Assigned fund balance amounts in the District’s financial statements represent amounts approved by the District Commission for operations. In the special revenue fund, assigned fund balances represent amounts to be spent for specific purposes.

Unassigned Fund Balance – The unassigned fund balance classification includes amounts that have not been assigned to other funds and has not been restricted, committed, or assigned for specific purposes within the general fund.

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

Note 2. Property Taxes

Property taxes used to finance the District's operations are levied and collected by Richland and Lexington counties under the direction of their respective Councils. The District considers funds received from both counties within 30 days after fiscal year end as revenue.

Note 3. Cash and Cash Equivalents

Custodial credit risk is the risk incurred in the event of a bank failure where the District’s deposits may not be returned. The District's cash and cash equivalents consist of demand deposits, investments overseen by South Carolina State Treasurer’s Office, and cash on hand. The District is authorized by South Carolina state law to invest in the following types of investments:

1. Obligations of the United States and agencies thereof;
2. General obligations of the State of South Carolina or any of its political units;
3. Certificates of deposit where the certificates are collaterally secured by securities of the type described in (1) and (2) above held by a third party as escrow or custodian of a market value not less than the amount of the certificates of deposit so secured in the name of the District, including interest.

Richland-Lexington Riverbanks Parks District
Notes to the Basic Financial Statements

Note 3. Cash and Cash Equivalents (continued)

As of June 30, 2013, the carrying amount of the District's cash and cash equivalents was approximately \$3,198,000. The District had \$20,580 cash on hand, approximately \$2,961,000 invested with the South Carolina Local Government Investment Pool (the "Pool"), and approximately \$216,000 on deposit with financial institutions. The Pool is under the regulatory oversight of the South Carolina State Treasurer's Office and the fair market value of the District's funds in the Pool is the same as the value of the Pool shares as allocated to the District.

The District places no limit on the amount the District may invest in any one issuer. More than 92% of the District's cash and cash equivalents are with the South Carolina Local Government Investment Pool. These investments are reported in the District's General Fund and Special Revenue Fund.

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The District does not maintain deposits that are denominated in a currency other than the United States dollar; therefore, the District is not exposed to this risk.

More information pertaining to carrying amounts, fair value, credit and other risks as required by Governmental Accounting Standards Board Statement No. 40, Deposits and Investments - Risk Disclosures, of the State Treasurer's investments are disclosed in the CAFR of the State of South Carolina.

Note 4. Receivables

Receivables consisted of the following at June 30, 2013:

Intergovernmental	\$ 140,000
Other	276,129
	<hr/>
Total	\$ 416,129

Receivables are stated at full value with no allowance for doubtful accounts. Management is of the opinion that all of the receivables are collectible and no allowance is needed at this time.

Richland-Lexington Riverbanks Parks District
Notes to the Basic Financial Statements

Note 5. Capital Assets

Capital asset activity for the year ended June 30, 2013, was as follows:

Governmental activities	Beginning Balance	Additions	Retirements / Transfers	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 2,049,725	\$ 793,724	\$ —	\$ 2,843,449
Zoological Collection	1	—	—	1
Construction in progress	97,024	792,255	(91,560)	797,719
Total capital assets, not being depreciated	<u>2,146,750</u>	<u>1,585,979</u>	<u>(91,560)</u>	<u>3,641,169</u>
Capital assets, being depreciated:				
Buildings	25,561,029	2,036,356	2,924	27,600,309
Improvements	17,781,999	310,546	—	18,092,545
Equipment	3,760,614	319,321	(41,827)	4,038,108
Total capital assets, being depreciated:	<u>47,103,642</u>	<u>2,666,223</u>	<u>(38,903)</u>	<u>49,730,962</u>
Less: Accumulated Depreciation	<u>17,506,068</u>	<u>1,291,352</u>	<u>(40,872)</u>	<u>18,756,548</u>
Total capital assets, being depreciated, net	<u>29,597,574</u>	<u>1,374,871</u>	<u>1,969</u>	<u>30,974,414</u>
Governmental activities capital assets, net	<u>\$ 31,744,324</u>	<u>\$2,960,850</u>	<u>\$ (89,591)</u>	<u>\$ 34,615,583</u>

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 1,210,641
Retail Concessionaire Operations	33,533
Rides, Shows, and Feedings	47,178
	<u>\$ 1,291,352</u>

Richland-Lexington Riverbanks Parks District
Notes to the Basic Financial Statements

Note 6. Retirement Plan

Substantially all employees of the District are covered by a retirement plan through the South Carolina Retirement System ("SCRS"), a cost-sharing multiple-employer defined benefit public employee retirement system. This plan provides annuity benefits as well as disability benefits, life insurance benefits, and survivor benefits to plan members and beneficiaries.

On July 1, 2012, the South Carolina Retirement Systems (SCRS) was transferred to the new South Carolina Public Employee Benefit Authority (PEBA). PEBA was created by the South Carolina General Assembly as part of Act No. 278, which made changes in retirement rules for state employees. PEBA is now the state agency responsible for the administration and management of the South Carolina Retirement System. The Retirement System is now known as PEBA Retirement Benefits.

Plan benefits are established by South Carolina State law. The SCRS was established, pursuant to the provisions of Title 9 of the South Carolina Code of Laws, for the purpose of providing retirement and disability benefits, annual cost-of-living adjustments on an ad-hoc basis, life insurance benefits, and survivor benefits to plan members and beneficiaries. Title 9 assigns authority to the State Budget and Control Board to manage the system.

The employer contribution is 10.6%. The District's actual contributions to the system for the fiscal years ending 2011, 2012, and 2013 were approximately \$427,854, \$448,558, and \$517,828, respectively. Contributions made were equal to 100% of the required contributions for each year.

A Comprehensive Annual Financial Report containing financial statements and required supplementary information for the SCRS is issued and publicly available by writing the South Carolina Retirement System, P. O. Box 11960, Columbia, SC 29211-1960.

Note 7. Long-Term Debt

General Obligation Bonds

The District issues General Obligation Bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District.

The sale of bonds, investment of bonds proceeds, investment of the Debt Service Funds, and the repayment of the bonds are handled by the Richland County Treasurer as required by the bond ordinances.

General Obligation Bonds Payable at June 30, 2013, was as follows:

\$5,000,000 General Obligation Bonds issued in 1998 due in annual series installments through 2014, with interest rates ranging from 6.0% in 1999 to 4.0% in 2014.	\$ 900,000
\$9,020,000 General Obligation Bonds issued in 2008 due in annual series installments through 2018, with an interest rate of 3.2% for the term of the bond.	6,405,000
	<u>\$ 7,305,000</u>

Richland-Lexington Riverbanks Parks District
Notes to the Basic Financial Statements

Note 7. Long-Term Debt (continued)

The annual aggregate maturities for the General Obligation bonds for the years subsequent to June 30, 2013, are as follows:

Year ending June 30,	Principal	Interest	Total
2014	\$ 1,680,000	\$ 261,456	\$ 1,941,456
2015	1,340,000	198,000	1,538,000
2016	1,335,000	150,832	1,485,832
2017	1,455,000	103,840	1,558,840
2018	1,495,000	52,624	1,547,624
	<u>\$ 7,305,000</u>	<u>\$ 766,752</u>	<u>\$ 8,071,752</u>

Notes Payable

From time to time, the District borrows additional funds to finance improvements to its facilities. At June 30, 2013, the District was obligated under the following installment notes.

Bond Anticipation Note payable to a financial institution in full including interest at a fixed rate equal to 0.967%. The note matures September 5, 2013	\$ 2,900,000
Note payable to a financial institution in annual installments of \$259,819 including interest at a fixed rate equal to 5.00%*. The note matures in 2016.	2,003,341
Note payable to a financial institution in monthly installments of \$4,093 including interest at a fixed rate equal to 4.09%. The note matures in 2021.	332,451
Note payable to a financial institution in annual installments of \$9,311 including interest at a fixed rate equal to 7.00%. The note matures in 2014.	5,298
	<u>\$ 5,241,090</u>

The note payable to a financial institution (which is collateralized by the building purchased) listed above contains certain restrictive financial and other debt covenants. *The interest rate for this note was re-negotiated in 2011 resulting in a 5.00% rate compared to the re-negotiated rate of 6.32% in 2008 and the original rate of 7.75%. The total monthly payment was reduced by \$4,417 monthly. The demand note payable to a financial institution will be repaid with proceeds from the 2013 bond sale taking place in August 2013. Annual requirements to amortize notes payable outstanding as of June 30, 2013, are as follows:

Year ending June 30,	Principal	Interest	Total
2014	\$ 3,048,410	\$ 132,195	\$ 3,180,605
2015	150,172	105,761	255,933
2016	157,342	98,581	255,923
2017	1,705,731	36,314	1,742,045
2018	42,611	6,503	49,114
2019-21	136,824	16,721	153,545
	<u>\$ 5,241,090</u>	<u>\$ 396,075</u>	<u>\$ 5,637,165</u>

Richland-Lexington Riverbanks Parks District
Notes to the Basic Financial Statements

Note 7. Long-Term Debt (continued)

During the fiscal year ended June 30, 2013, the following changes occurred in the District's long-term liabilities:

Description	Balance June 30, 2012	Additions	Payments and Transfers	Balance June 30, 2013	Amount Due in 2014
General Obligation Bond of 1998	\$ 1,625,000	\$ —	\$ 725,000	\$ 900,000	\$ 900,000
General Obligation Bond of 2008	7,170,000	—	765,000	6,405,000	780,000
Demand Note Payable-BAN	—	2,900,000	—	2,900,000	2,900,000
Note Payable – 2007	2,114,164	—	110,823	2,003,341	107,257
Note Payable – Ropes Course	365,688	—	33,237	332,451	35,855
Note Payable – Phone System	13,899	—	8,601	5,298	5,298
Compensated Absences	328,870	—	17,866	311,004	181,675
Totals	<u>\$ 11,617,621</u>	<u>\$ 2,900,000</u>	<u>\$ 1,660,527</u>	<u>\$ 12,857,094</u>	<u>\$ 4,910,085</u>

Note 8. Other Post-Employment Benefits

From an accrual perspective, the cost of other post-employment healthcare benefits (“OPEB”), like the cost of pension benefits, generally should be associated with the periods in which that cost occurs. In adopting GASB Statement 45 during the year ended June 30, 2009, prospectively, the District recognized the Annual Required Contribution (“ARC”) associated with OPEB as an expense and the liability associated with the (“NOO”) net OPEB obligations. The ARC consists of the cost of benefits accruing in a year plus an amount calculated to amortize any unfunded actuarial accrued liability over a period of thirty years.

Plan Description

The District employees participate in the State of South Carolina Employee Health Plan. To qualify for the Employee Health Plan, the employee must be considered full time. The District employees also participate in the South Carolina Retirement System (“SCRS”) defined benefit retirement plan. Any employee retiring under the provisions of SCRS may elect to continue their health insurance coverage after retirement. Survivors of deceased employees (spouses and dependants) may also continue their coverage. Note that this is considered to be a single employer plan to the District.

The retired employee must pay 100% of the health insurance premium unless the employee retires with at least twenty years of service to the District. All service used to determine eligibility must have been performed for the District. Service with other governmental entities, although acceptable for retirement under SCRS, cannot count in determining if the District contributes to the health insurance cost.

Richland-Lexington Riverbanks Parks District
Notes to the Basic Financial Statements

Note 8. Other Post-Employment Benefits (continued)

For employees retiring with twenty years but less than twenty four years of service to the District, the District pays 50% of the “employer premium for the subscriber only” as defined in the rate schedules that are set and modified from time to time by the State of South Carolina Budget and Control Board and administered by the State Office of Insurance Services. For employees retiring with at least twenty four years of service but less than twenty eight years to the District, the District pays 75% of the “employer premium for the subscriber only.” For employees who retire with a length of service to the District of at least twenty eight years, the District pays 100% of the “employer premium for the subscriber only.”

The District currently has 223 budgeted positions and 110 are qualified for the Employee Health Plan. The remaining employees are part-time or seasonal employees and do not meet the qualification criteria for the health insurance coverage.

Funding Policy

The District currently pays for post-employment benefits on a pay-as-you-go basis. The District had nine retirees eligible for OPEB as of June 30, 2013. Contributions for fiscal year 2012 were \$33,204 and contributions for fiscal year 2013 were \$38,165. The District is currently studying various funding alternatives and/or modifications to the existing plan. These financial statements assume that a pay-as-you-go funding policy will continue in the immediate future.

Annual OPEB costs and Net OPEB Obligation

The District had an actuarial valuation performed for the plan as of June 30, 2012 to determine the funded status of the plan as of that date as well as the employer’s annual required contribution (“ARC”) for the fiscal year ended June 30, 2013. The District’s annual OPEB costs and the net OPEB obligation for the year ended June 30, 2013 is as follows:

Employer Normal Cost	\$	150,795
Amortization of UAAL*		106,669
Expenses		3,690
Annual Required Contribution (ARC)		261,154
ARC Adjustment		(17,666)
Interest on Net Obligation		18,492
Annual OPEB Cost – Current Year		261,980
Contributions made		(38,165)
Beginning Balance		462,299
Net OPEB Obligation end of year	\$	686,114

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

Richland-Lexington Riverbanks Parks District
Notes to the Basic Financial Statements

Note 8. Other Post-Employment Benefits (continued)

Funded status and Funding Progress of the plan as of the last actuarial valuation on June 30, 2012 was as follows:

Actuarial Accrued Liability:	
Retirees & Beneficiaries	\$ 942,924
Active Members Fully Eligible for Benefits	325,667
Active Members Not Fully Eligible for Benefits	1,522,887
Total Actuarial Accrued Benefits	<u>\$ 2,791,478</u>
Actuarial Value of Assets	\$ —
Unfunded Actuarial Accrued Liabilities	\$ 2,791,478
Funded Ratio	\$ —
Covered payroll (active plan members)	\$ 4,093,323
UAAL as a percentage of covered payroll	68.2%

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events well into the future. Examples would include assumptions about future employment, rates of retirement, mortality, and health care cost trends. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. For the purpose of determining the Net OPEB Obligation, the portion of the annual OPEB contributions for medical and prescription drug costs that are determined on a combined basis for active employees and retirees were increased by \$10,000 to include the impact of the 50% implicit subsidy.

In the June 30, 2012 actuarial valuation, the projected unit credit cost method was used. The UAAL amortization payment is the level percent of payroll (assumed to increase 3%) required to fully amortize the UAAL over a 30 year period. The actuarial assumptions included 4.0% rate of investment return. The valuation assumes a pre-65 health care trend inflation rate of 9.5%, dropping by 1.0% each of the first three years, dropping 0.5% for the following three years to reach an ultimate rate of 5.0% in 2018. Similarly the valuation assumes a post-65 health care trend inflation rate of 7.5%, dropping 0.5% in each future year until reaching an ultimate rate of 5.0% in 2017. General inflation is assumed to be 3.0% per year. There is no trust fund established so no separate audit report is available.

Richland-Lexington Riverbanks Parks District
Notes to the Basic Financial Statements

Note 9. Operating Leases

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

Note 10. Riverbanks Society

The Riverbanks Society (the "Society") was organized exclusively to provide additional financial support for the District. The Society is reported as a discretely presented component unit. Each year, the Society provides the District with direct support from its dues and from specific fund-raising campaigns. During the year ended June 30, 2013, the Society contributed \$1,000,000 in direct support to the General Fund of the District. In addition, the Society paid loan costs of \$180,265 on behalf of the District due on the 2007 note payable of which the Society is the guarantor. The Society also transferred approximately \$442,000 of Explorer Pass revenue to the District, which is included in charges for services in the statement of activities.

Note 11. Deficit Fund Balance

A deficit of unassigned fund balance for capital improvements of \$138,608 existed in the Capital Projects Fund as of June 30, 2013. The balance of the deficit will be funded from the \$32 million bond proceeds to be sold in August 2013.

Note 12. Special Revenue Fund

The Special Revenue Fund was established to account for the receipt and disbursement of funds generated from an agreement between Aramark and the District for the purpose of paying for major repairs to existing equipment or to purchase additional capital improvements and/or additional equipment for the facilities operated by Aramark. During the year it was mutually agreed to close the fund and disburse any remaining funds 50/50 between Aramark and the District. Later the contract with Aramark as the District's concessionaire was terminated. A new vendor was hired February 2013 and it was decided not to establish a similar fund with them.

Note 13. Subsequent Events

During fiscal year 2012, the District submitted a request for a \$32 million bond referendum to Richland and Lexington County Councils. Approval is required by both County Councils. A unanimous approval was obtained from Richland County Council prior to the end of the fiscal year. Lexington County Council gave the third and final unanimous approval September 11, 2012. The bond will fund new exhibits, major enhancements and infrastructure needs. On August 28, 2013, the bonds were sold. The funds will be maintained by Richland County and drawn down by the District as needed.

REQUIRED SUPPLEMENTARY INFORMATION

Richland-Lexington Riverbanks Park District
Schedule of Funding Progress and Employer Contributions -
Other Postemployment Benefits
Fiscal Year Ended June 30, 2013

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2010	\$ -	\$ 925,000	\$ 925,000	0%	\$ 3,695,900	25.0%
6/30/2011	\$ -	\$ 925,000	\$ 925,000	0%	\$ 3,859,213	24.0%
6/30/2012	\$ -	\$ 2,791,478	\$ 2,791,478	0%	\$ 3,844,341	72.6%
6/30/2013	\$ -	\$ 2,791,478	\$ 2,791,478	0%	\$ 4,093,323	68.2%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended June 30,	Annual Required Contribution (ARC)	Actual Contribution	Net OPEB Liability	Percent of ARC Contributed
2010	\$ 94,300	\$ 19,320	\$ 155,298	20.49%
2011	\$ 103,931	\$ 21,984	\$ 237,614	21.15%
2012	\$ 257,464	\$ 33,204	\$ 462,299	12.90%
2013	\$ 261,154	\$ 38,165	\$ 686,114	14.61%

NOTE: The District employed a new actuarial company for fiscal year 2012. Upon completing the current year valuation, it was determined that the prior valuation was based on an assumption that the benefit ended at age 65. That assumption was incorrect and is reflected in the significant increase in the liability and ARC for fiscal year 2012.

RICHLAND-LEXINGTON RIVERBANKS PARK DISTRICT

BUDGETARY COMPARISON
SCHEDULE FOR GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$ 3,088,286	\$ 3,088,286	\$ 3,059,358	\$ (28,928)
Accommodations & Hospitality Taxes	185,000	185,000	210,000	25,000
Admissions	3,802,227	3,916,295	4,095,616	179,321
Concessions	890,000	1,050,000	1,221,385	171,385
Riverbanks Society	1,201,328	1,201,328	1,180,265	(21,063)
Classes and Program Fees	350,757	372,076	379,312	7,236
Rides, Shows, Promotions, and Rentals	1,930,937	2,056,382	2,178,491	122,109
Facility Rental and Group Sales Admissions Revenue	249,000	296,950	304,225	7,275
Sponsorships	30,000	30,000	44,370	14,370
Non-Federal Grants and Donations	24,250	24,250	28,324	4,074
Interest Income	4,500	4,500	6,375	1,875
Other	5,909	21,609	31,529	9,920
Total Revenues	11,762,194	12,246,676	12,739,250	492,574
Expenditures				
Current				
Administrative	1,501,260	1,777,985	1,782,139	(4,154)
Animal Care	3,074,341	3,102,521	3,096,615	5,906
Education	168,587	168,587	164,862	3,725
Botanical Care	834,865	849,865	842,541	7,324
Facility Management	994,859	994,859	917,580	77,279
Utilities	958,000	1,015,100	1,009,280	5,820
Marketing and Public Relations	860,457	862,357	700,734	161,623
Guest Services	1,568,747	1,597,547	1,604,028	(6,481)
Rides, Shows, Promotions, and Rentals	951,025	951,025	904,020	47,005
Classes and Programs Expenditures	348,423	348,452	359,474	(11,022)
Debt Service				
Principal	142,741	142,741	152,661	(9,920)
Interest	122,535	122,535	129,820	(7,285)
Capital Outlay				
Land, Building, Equipment, and Improvements	196,354	303,786	53,878	249,908
Rides, Shows, and Promotions	-	-	-	-
Total Expenditures	11,722,194	12,237,360	11,717,632	519,728
Excess of Revenues Over (Under) Expenditures	40,000	9,316	1,021,618	1,012,302
Other Financing Sources (Uses)				
Transfers Out	(40,000)	(9,316)	(1,163,317)	(1,154,001)
Total Other Financing Sources (Uses)	(40,000)	(9,316)	(1,163,317)	(1,154,001)
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	-	-	(141,699)	\$ (141,699)
Fund Balance, Beginning of Year	2,824,807	2,824,807	2,824,807	
Fund Balance, End of Year	\$ 2,824,807	\$ 2,824,807	\$ 2,683,108	

OTHER INFORMATION

Riverbanks Zoo and Garden Overview

Riverbanks Zoo and Garden...Flora, Fauna, and History

Riverbanks Zoo and Garden is home to more than 2,000 magnificent and fascinating animals and one of the nation's most beautiful and inspiring botanical gardens. The lush 170-acre site features dynamic natural habitat exhibits, scenic river views, spectacular valley overlooks, and significant historic landmarks.

With more than 350 species from around the world, Riverbanks is one of the largest mid-sized zoos in the country and South Carolina's leading destination attraction. A visit to the Zoo will play host to an array of wild adventures - from a diving expedition on a Pacific coral reef to a safari through the plains of Africa to an interactive Outback encounter with a flock of sociable lorikeets.

Across the river in the Botanical Garden, more than 4,300 species of native and exotic plants provide a living classroom for gardeners and non-gardeners alike. The Botanical Garden also serves as the ideal location for weddings and special events.

Riverbanks has been listed on the National Register of Historic Places since 1973. Structural remains dating back to the early 1800s can be found throughout the park. The Saluda Mill, one of South Carolina's oldest textile mills, was set ablaze by Sherman and his troops. The ruins of the mill can be found along Riverbanks' Garden River Trail. In an effort to further educate the community about the historical significance of the Saluda Mills, an Interpretive Center was built adjacent to the mill site in 1999. Artifacts, descriptions and graphics are displayed in this historic museum at Riverbanks.

All in the Numbers

In fiscal year 2013, Riverbanks hosted 1,039,372 visitors, exceeding FY2012 by nearly 10,000 visitors.

Forty-four percent of Riverbanks' visitors originate from outside a 50-mile radius of Richland and Lexington counties, and nearly thirty percent come from out of state. In fiscal year 2013, more than 455,000 Zoo visitors were tourists.

According to a recent economic impact study of Riverbanks Zoo and Garden, conducted by the USC College of Hospitality, Retail and Sport Management, Riverbanks is a powerful economic driver within the Midlands, generating \$60.8 million in local business sales and more than 700 jobs throughout the community.

Who Visits the Zoo?

The average Riverbanks patron is a college-educated or technical school-trained white female married between the ages of 25 and 45 with an average of 2 children below the age of 8. The average visitor reports a total yearly household income of \$56,000 or more and lives within a 50 mile radius of the Zoo. Both male and female visitors are likely to be employed full-time in technical, white collar, or managerial positions or other professional specialties.

Conservation Education

For nearly 40 years, Riverbanks has provided individuals, families, and groups with a common place to connect with and learn about the world's wildlife and wild places. Thousands of school-aged children from across the Southeast visit Riverbanks each year to participate in one of our many conservation education programs. Whether engaged in a day camp, school program, overnight, or behind-the-scenes Adventure Tour, participants can be certain that our team of highly-skilled educators will provide an interactive and captivating learning experience.

Riverbanks Zoo and Garden Overview (continued)

Signature Events

Throughout the year, Riverbanks hosts five signature after-hours events, showcasing the Zoo to the non-traditional Zoo-goer. Lights Before Christmas and Boo at the Zoo are family-friendly holiday events that have become perennial favorites for folks in the Midlands. Wine Tasting at Riverbanks Botanical Garden, Brew at the Zoo, and Riverbanks ZOOofari are geared toward an adult audience and are the major fundraisers hosted by Riverbanks Society.

Giving Back

In fiscal year 2013, Riverbanks gave back to the community through several ongoing complimentary admissions programs, representing nearly \$400,000 in donated admissions. Riverbanks:

- Offered free admissions totaling more than \$377,000 to:
 - Residents of Richland and Lexington counties every Friday during January and February,
 - Guests bringing in non-perishables for Harvest Hope Food Bank during the two-for-one Toucan Tuesday summer promotion, and
 - all Richland and Lexington county school students.
- Provided more than \$20,000 in complimentary admission tickets to local charities and nonprofit organizations.

In addition, Riverbanks has supported the community through the following partnerships:

- Riverbanks hosts Palmetto Health Hospital's PrimeTimes group (seniors 55 and older) for the ZooWalkers program. Riverbanks donates monthly meeting space and provides keynote speakers for six of the twelve sessions.
- For seven years, Riverbanks has partnered with South Carolina Operation Military Kids to provide free admission on Father's Day to children with deployed dads (and moms) or children whose parents have returned from deployment within the past year. More than 700 guests took advantage of this offer in fiscal year 2013.
- For nine years, Riverbanks has hosted Dreamnight at the Zoo in partnership with Palmetto Health Children's Hospital. The Zoo opens after hours for an exclusive evening designed for critically disabled and terminally ill children. Most often, these children are accompanied by the caregivers who work with them on a day-to-day basis. In fiscal year 2013, more than 2,100 guests attended this special event.

Riverbanks Zoo and Garden Overview (continued)

Riverbanks Provides Guests with an Award-Winning Experience

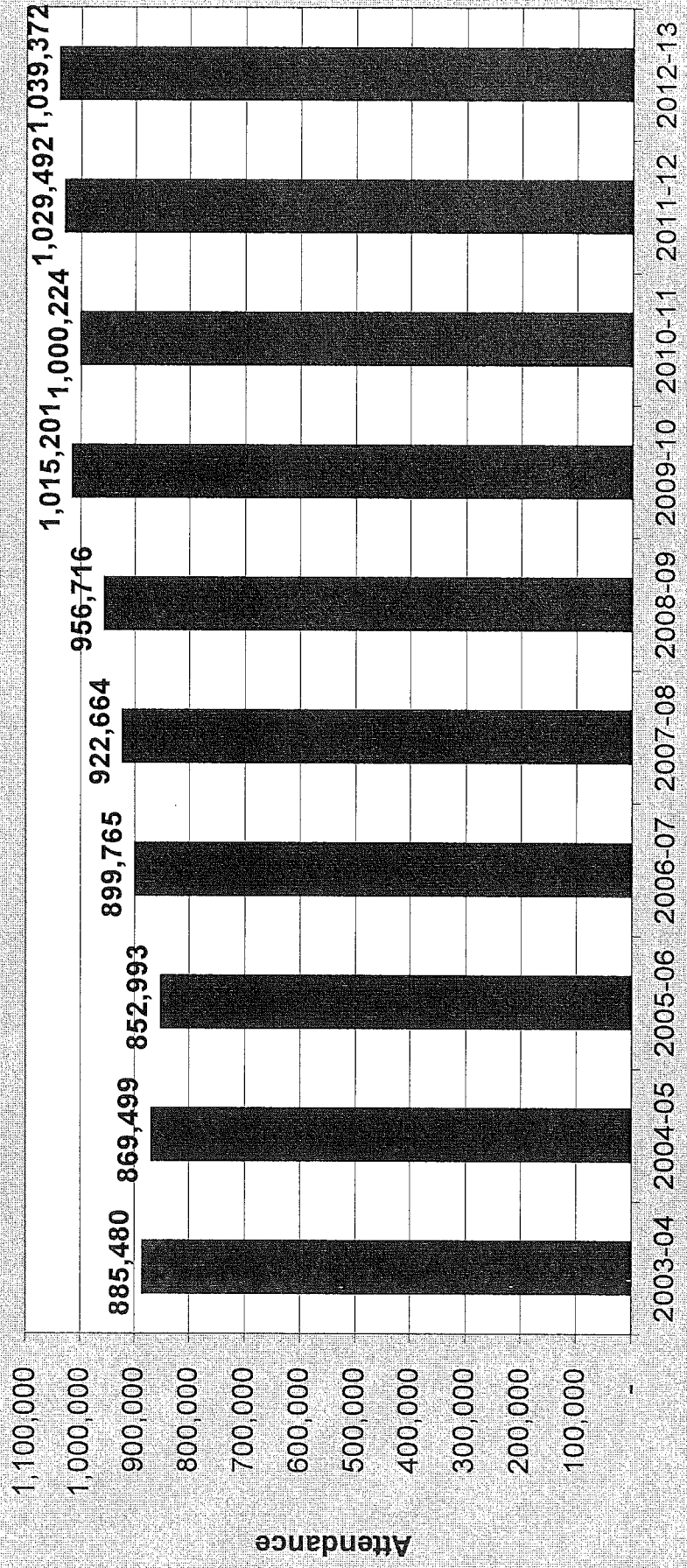
Notably, Riverbanks has received several awards over the past few years from readers of major publications throughout the region.

- **Named One of America's Top 10 Zoos**
by TripAdvisor
- **Voted Best Place to Take Out-of-Towners**
by readers of FreeTimes
- **Voted Best Local Attraction**
by readers of *The State* newspaper
- **Voted Best Place to Take Your Children for the Afternoon**
by readers of *Palmetto Parent* magazine
- **Recipient of the BOB (Best of the Best) Award for Best Day Trip**
by *Charlotte Magazine*
- **Voted Best Day Trip**
by the readers of *Charlotte Parent* magazine
- **Named South Carolina's Top Field Trip Attraction**
by *Carolina Field Trips* magazine
- **Voted Most Family Friendly Day Trip Destination**
by readers of *Low Country Parent* magazine

Riverbanks Zoo and Garden
Fiscal Year Attendance History

Category:	Fiscal Year:										
	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	
Regular Paid	305,631	320,748	332,845	339,662	345,873	359,070	415,773	386,478	406,356	365,973	
Group Paid & Facility Rentals	119,161	113,383	100,721	108,565	102,581	89,290	119,580	110,727	105,847	147,989	
Total Paid	424,792	434,131	433,566	448,227	448,454	448,360	535,353	497,205	512,203	513,962	
Free School Groups- Lexington & Richland Counties	30,138	30,212	28,035	30,413	31,569	34,518	35,943	24,461	19,081	23,842	
Riverbanks Society Visits	348,423	326,802	303,412	320,345	339,619	362,576	338,235	376,052	396,897	411,481	
Free Friday's-Lexington & Richland Counties	10,620	8,858	16,074	27,265	30,278	29,244	24,858	23,734	20,291	19,750	
Prepaid and Complimentary and Promotional	17,590	15,111	17,481	14,180	10,862	16,713	17,007	19,327	22,163	17,103	
Children Under Three	53,917	54,385	54,425	59,335	61,882	65,305	63,805	59,445	58,857	53,234	
Total Free	460,688	435,368	419,427	451,538	474,210	508,356	479,848	503,019	517,289	525,410	
Total Attendance	885,480	869,499	852,993	899,765	922,664	956,716	1,015,201	1,000,224	1,029,492	1,039,372	

Fiscal Year Attendance Chart - Riverbanks Zoo & Garden



Fiscal Year 10 Year History

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

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

Commissioners
Richland-Lexington Riverbanks Park District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Richland-Lexington Riverbanks Park District (the "District"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 14, 2013.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Scott and Company LLC

Columbia, South Carolina
October 14, 2013

Richland-Lexington Riverbanks Park District
Schedule of Findings
Year Ended June 30, 2013

Financial Statement Findings

There were no findings for the year ended June 30, 2013.

Richland-Lexington Riverbanks Park District
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2013

Summary Schedule of Prior Audit Findings

There were no findings for the year ended June 30, 2012.