

**OLD 96 DISTRICT TOURISM
COMMISSION**

FINANCIAL STATEMENTS

JUNE 30, 2023

OLD 96 DISTRICT TOURISM COMMISSION

TABLE OF CONTENTS JUNE 30, 2023

	<u>PAGE</u>
Independent Auditor's Report	1-3
Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	4
Statement of Activities	5
Fund Financial Statements	
Governmental Fund Balance Sheet	6
Statement of Revenues, Expenditures and Changes in Fund Balance	7
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund to the Statement of Activities	8
Notes to the Financial Statements	9-22
Required Supplementary Information	
Schedule of Proportionate Share of the Net Pension Liability	23
Schedule of Contributions to South Carolina Retirement Systems	24
Notes to Required Supplementary Information Related to Pensions	25
Budgetary Comparison Schedule - General Fund	26

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Old 96 District Tourism Commission
Laurens, South Carolina

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities for the general fund which is the major fund of the Old 96 District Tourism Commission (the "Commission"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Old 96 District Tourism Commission as of June 30, 2023, and the respective changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Old 96 District Tourism Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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.



In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Old 96 District Tourism Commission's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Old 96 District Tourism Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Old 96 District Tourism Commission's ability to continue as going concern for a reasonable period of time.

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

Board of Commissioners
Old 96 District Tourism Commission
October 18, 2023

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Old 96 District Tourism Commission, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted Management Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

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

McKinley, Cooper & Co., LLC

Greenville, South Carolina
October 18, 2023

OLD 96 DISTRICT TOURISM COMMISSION

STATEMENT OF NET POSITION

JUNE 30, 2023

	Governmental Fund Types General Fund
ASSETS	
Current Assets	
Cash	\$ 160,577
Total Current Assets	160,577
Noncurrent Assets	
Property and Equipment	-
Total Noncurrent Assets	-
Total Assets	160,577
DEFERRED OUTFLOWS OF RESOURCES	
Pension Deferrals (SCRS)	7,805
Total Deferred Outflows of Resources	7,805
LIABILITIES	
Current Liabilities	
Accounts Payable	422
Total Current Liabilities	422
Noncurrent Liabilities	
Accrued Compensated Absences	13,645
Net Pension Liability (SCRS)	179,154
Total Noncurrent Liabilities	192,799
Total Liabilities	193,221
DEFERRED INFLOWS OF RESOURCES	
Pension Deferrals (SCRS)	21,148
Total Deferred Inflows of Resources	21,148
NET POSITION	
Unrestricted	(45,987)
Total Net Position	\$ (45,987)

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

OLD 96 DISTRICT TOURISM COMMISSION

**STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

	GOVERNMENTAL ACTIVITIES
EXPENSES	
Operating Expenses	\$ 716,483
Total Expenses	<u>716,483</u>
GENERAL REVENUES	
South Carolina Department of Parks, Recreation and Tourism	449,218
TAG - Tourism Advertising Grant	44,775
SC State Accommodations Tax	178,957
Interest Income	353
Total General Revenues	<u>673,303</u>
CHANGE IN NET POSITION	(43,180)
NET POSITION, beginning of year	<u>(2,807)</u>
NET POSITION, end of year	<u><u>\$ (45,987)</u></u>

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

OLD 96 DISTRICT TOURISM COMMISSION

GOVERNMENTAL FUND BALANCE SHEET

JUNE 30, 2023

	Primary Government Governmental Fund Type	Total Governmental Funds
Assets		
Cash	\$ 160,577	\$ 160,577
Total Assets	<u>160,577</u>	<u>160,577</u>
Liabilities		
Accounts Payable	422	422
Total Liabilities	<u>422</u>	<u>422</u>
Fund Balance		
Unassigned	160,155	160,155
Total Fund Balance	<u>160,155</u>	<u>160,155</u>
	<u>\$ 160,577</u>	
Amounts reported for governmental activities in the statement of net position are different because:		
Deferred outflows of resources related to pensions are not reported in the funds.		7,805
Deferred inflows of resources related to pensions are not reported in the funds.		(21,148)
Long-term liabilities applicable to the Commission's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current, and long-term are reported in the Statement of Net Position.		
Accrued compensated absences		(13,645)
Net pension liability		<u>(179,154)</u>
Net Position of Governmental Activities		<u>\$ (45,987)</u>

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

OLD 96 DISTRICT TOURISM COMMISSION

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE**

YEAR ENDED JUNE 30, 2023

REVENUES	General Fund
South Carolina Department of Parks, Recreation and Tourism	\$ 449,218
Accommodations Tax	178,957
TAG - Tourism Advertising Grant	44,775
Interest Income	353
Total Revenues	<u>673,303</u>
 EXPENDITURES	
Operating	725,750
Total Expenditures	<u>725,750</u>
 EXCESS OF REVENUES (UNDER) EXPENDITURES	(52,447)
 FUND BALANCE, beginning of year	<u>212,602</u>
 FUND BALANCE, end of year	<u><u>\$ 160,155</u></u>

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

OLD 96 DISTRICT TOURISM COMMISSION

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

Net change in fund balances - Total Governmental Funds	\$ (52,447)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Pension expense	7,957
Change in accrued compensated absences are recorded as either an increase or decrease in the governmental funds, but the change reduces or increases the long-term liabilities in the statement of net position.	<u>1,310</u>
Change in net position of governmental activities	<u><u>\$ (43,180)</u></u>

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

OLD 96 DISTRICT TOURISM COMMISSION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 1 – GENERAL STATEMENT AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Statement

Old 96 District Tourism Commission (the “Commission”) was created in 1981 by legislative act for the purpose of promoting economic development through a formal program of tourism promotion in the counties of Abbeville, Edgefield, Greenwood, Laurens, and McCormick. The basic operations of the Commission are funded by annual appropriations by the state legislature through the South Carolina Department of Parks, Recreation, and Tourism, by funding through the South Carolina Department of Wildlife and Marine, and by the state accommodations tax. Additional sources of funds are from advertising sold to local businesses and contributions by local businesses. All Commissioners are appointed by the Governor.

Summary of Significant Accounting Policies

GASB 63 requires that certain defined transactions that do not qualify for treatment as either assets or liabilities be accounted for and reported as either deferred outflows of resources or deferred inflows of resources.

Government-wide Statement of Financial Position

The government-wide financial statement (i.e., the statement of net position) is reported as the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. All expenses are considered to be direct to the operation of the Commission. All other revenues are considered to be general revenues and unrestricted.

Governmental Fund Balance Sheet

Governmental funds should present financial position in a balance sheet format that displays assets plus deferred outflows of resources equal to liabilities plus deferred inflows of resources plus fund balance.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

NOTE 1 – GENERAL STATEMENT AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES **(CONTINUED)**

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. For this purpose, the government considers revenues to be available if they are collected within thirty-one days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Grants and entitlements and interest associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered measurable and available only when the Commission receives cash.

Fund Accounting

The Commission uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Commission only uses governmental funds.

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. All expendable assets and liabilities are considered to be used in the general fund. The difference between governmental fund assets and liabilities is reported as fund balance.

General Fund

The General Fund is used to account for all financial resources of the Commission except those required to be accounted for in another fund. The general fund balance is available to the Commission for any purpose provided it is expended or transferred according to the general laws and bylaws of the Commission.

Classification of Fund Balances

Nonspendable - these are amounts that cannot be spent because (1) not in spendable form (e.g., inventories, prepaids, long-term loans/ notes receivable, property acquired for resale) or (2) legally or contractually required to be maintained intact (e.g., corpus of a permanent fund).

Restricted - these are resources that are constrained either by (a) external impositions by creditors, grantors, contributor, or laws or regulations of other governments or (b) impositions by law through constitutional provisions or enabling legislation.

Committed - these are amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority; same high level must be used to remove or change the specified use.

NOTE 1 – GENERAL STATEMENT AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES **(CONTINUED)**

Assigned - these are amounts constrained by government's intent to be used for specific purposes- intent to be expressed by the governing body itself or a body or official to which the governing body has delegated the authority to assign amounts.

Unassigned - this classification is the residual classification for the general fund.

Stabilization Arrangements

The Commission has not made stabilization arrangements for the fund balances nor have they adopted a minimum fund balance policy.

Reporting Entity

The Commission's financial statements include the accounts of all Commission operations. The criteria for including organizations within the Commission's reporting entity, as set forth in GASB No. 14, "The Financial Reporting Entity", is financial accountability. Financial accountability is defined as appointment of a voting majority of the component unit's board and either the ability to impose will by the primary government or the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. The Commission is an independent Commission of the South Carolina Department of Parks, Recreation, and Tourism. The Commission's financial statements do not include the operations of the five county governments and various local municipal governments that make up its district because none of the criteria for inclusion as set forth in GASB No. 14 have been met.

The sources of revenues are appropriations by the state legislature through the South Carolina Department of Parks, Recreation, and Tourism, funding through the South Carolina Department of Wildlife and Marine Resources, the state accommodations tax, and local advertising revenues. The sources of revenues are discussed below.

- a). **South Carolina Department of Parks, Recreation, and Tourism**
Funding from SCPRT has no restrictions and the Commission can use the funds in the way it determines best to meet its purpose as set forth by state legislature.
- b). **South Carolina Department of Wildlife and Marine Resources**
The Commission requests of each county's legislative delegation funding through the South Carolina Wildlife and Marine Resources. This funding is not restricted and is available for the Commission to use the funds in the way it determines best to meet its purpose as set forth by the state legislature.
- c). **State Accommodation Tax**
The Commission receives the state accommodation tax collected by the South Carolina Department of Revenue. These funds are unrestricted.
- d). **Local Advertising**
The Commission sells advertising to local businesses in some of its various publications.

NOTE 1 – GENERAL STATEMENT AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Budgets and Budgeting Accounting

The Commission's annual budget is a management tool that assists its users in analyzing financial activity for its fiscal year ending June 30, 2023.

Because of the Commission's dependency on state and local budgeting decisions and the uncertainty of the amount of accommodations tax collected, revenue estimates are based upon the best available information as to potential amounts of funding. The Board of the Commission formally approves the annual budget.

Fixed Assets

Fixed assets are recorded at historical cost. The Commission has no public domain assets. Fixed Assets are depreciated over their estimated useful life. The Commission's capitalization policy is to capitalize assets \$5,000 or greater that have a useful life of greater than one year.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts on the financial statements. Actual results could differ from those estimates.

NOTE 2 – CASH AND CASH EQUIVALENTS

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ 160,577
Collateralized	
Collateralized by securities held by the pledging financial institution	-
Collateralized by securities held by the pledging financial institutions' trust department or agent but not in the Commission's name uninsured and uncollateralized	-
Total deposits	<u><u>\$ 160,577</u></u>

NOTE 2 – CASH AND CASH EQUIVALENTS (CONTINUED)

Deposits are carried at cost, which approximates market value. The carrying amount of deposits is reported separately on the balance sheet as "Cash". At June 30, 2023, the carrying value of the bank balance was \$160,577. The Commission has not adopted a policy on investments. All cash was covered by FDIC insurance.

NOTE 3 – FIXED ASSETS

A summary of changes in general fixed assets for the year ended June 30, 2023, follows:

	General Fixed Assets July 1, 2022	Additions	Deletions	General Fixed Assets June 1, 2023
Cost				
Furniture & fixtures	\$ 12,612	\$ -	\$ -	\$ 12,612
Lease improvements	819	-	-	819
Total	<u>\$ 13,431</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,431</u>
Accumulated Depreciation	July 1, 2022	Additions	Deletions	June 1, 2023
Furniture & fixtures	\$ 12,612	\$ -	\$ -	\$ 12,612
Lease improvements	819	-	-	819
Total	<u>\$ 13,431</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,431</u>
Net Book Value	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 4 – RETIREMENT PLAN

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

By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems.

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Systems and additions to/deductions from the Systems fiduciary net position have been determined on the accrual

NOTE 4 – RETIREMENT PLAN (CONTINUED)

basis of accounting as they are reported by the Systems in accordance with generally accepted accounting principles (GAAP). For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

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

Plan Descriptions

- The South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for teachers and employees of the state and its political subdivisions. SCRS covers employees of state agencies, public school districts, higher education institutions, other participating local subdivision of government and individuals newly elected to the South Carolina General Assembly at or after the 2012 general election.
- The State Optional Retirement Program (State ORP) is a defined contribution plan that is offered as an alternative to SCRS to certain newly hired employees of state agencies, institutions of higher education, public school districts and individuals first elected to the S.C. General Assembly at or after the general election in November 2012. State ORP participants direct the investment of their funds into an account administered by one of four third party service providers. PEBA assumes no liability for State ORP benefits. Rather, the benefits are the liability of the four third party service providers. For this reason, State ORP assets are not part of the retirement systems' trust funds for financial statement purposes.
- The South Carolina Police Officers Retirement System (PORS), a cost-sharing multiple employer benefit pension plan, was established July 1, 1962, pursuant to the provisions of Sections 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits to police officers and firefighters. PORS also covers peace officers, coroners, probate judges and magistrates.

In addition to the plans described above, PEBA also administers three single-employer defined benefit pension plans, which are not covered in this report. They are the Retirement System for Members of the General Assembly of the State of South Carolina (GARS), the Retirement System for judges and Solicitors of the State of South Carolina (JSRS), and the South Carolina National Guard Supplemental Retirement Plan (SCNG).

NOTE 4 – RETIREMENT PLAN (CONTINUED)

Membership

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

- SCRS – Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.
- State ORP – As an alternative to membership in SCRS, newly hired state, public school, and higher education employees and individuals newly elected to the S.C. General Assembly beginning with the November 2012 general election have the option to participate in the State ORP. Contributions to the State ORP are at the same rates as SCRS. A direct remittance is required from the employer to the member's account with the ORP service provider for the employee contribution and a portion of the employer contribution (5 percent) a direct remittance is also required to SCRS for the remaining portion of the employer contribution and an accidental death benefit contribution, if applicable, which is retained by SCRS.
- PORS – To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; be a coroner in a full-time permanent position; or be a peace officer employed by the Department of Corrections, the Department of Juvenile Justice or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. An employee member of the system with an effective membership prior to July 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

Benefits

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

NOTE 4 – RETIREMENT PLAN (CONTINUED)

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

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

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

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

Contributions

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS and PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. Legislation in 2017 increased, but also established a ceiling for SCRS and PORS employee contribution rates. Effective July

NOTE 4 – RETIREMENT PLAN (CONTINUED)

1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS and 9.75 percent for PORS. The legislation also increased employer contribution rates beginning July 1, 2017 for both SCRS and PORS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year through July 1, 2022. If the scheduled contributions are not sufficient to meet the funding periods set in state statute, the board shall increase the employer contribution rates as necessary to meet the funding periods set for the applicable year. The maximum funding period of SCRS and PORS is scheduled to be reduced over a ten-year schedule from 30 years beginning fiscal year 2018 to 20 years by fiscal year 2028.

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

Required employee contribution rates¹ are as follows:

	<u>Fiscal Year 2022¹</u>	<u>Fiscal Year 2023¹</u>
SCRS		
Employee Class Two	9.00%	9.00%
Employee Class Three	9.00%	9.00%
State ORP		
Employee	9.00%	9.00%
PORS		
Employee Class Two	9.75%	9.75%
Employee Class Three	9.75%	9.75%

Required employer contribution rates¹ are as follows:

	<u>Fiscal Year 2022¹</u>	<u>Fiscal Year 2023¹</u>
SCRS		
Employee Class Two	16.41%	17.41%
Employee Class Three	16.41%	17.41%
Employer Incidental Death Benefit	0.15%	0.15%
State ORP		
Employer Contribution (2)	16.41%	17.41%
Employer Incidental Death Benefit	0.15%	0.15%

NOTE 4 – RETIREMENT PLAN (CONTINUED)

	<u>Fiscal Year 2022¹</u>	<u>Fiscal Year 2023¹</u>
PORS		
Employee Class Two	18.84%	19.84%
Employee Class Three	18.84%	19.84%
Employer Incidental Death Benefit	0.20%	0.20%
Employer Accidental Death Program	0.20%	0.20%

- (1) Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.
- (2) Of this employer contribution, 5% of earnable compensation must be remitted by the employer directly to the ORP vendor to be allocated to the member's account with the remainder of the employer contribution remitted to the SCRS.

Actuarial Assumptions and Methods

Actuarial valuations of the plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued for the period ending June 30, 2019 for first use in the July 2021 actuarial valuation

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

The following provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2022:

	SCRS	PORS
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment rate of return ¹	7.00%	7.00%
Projected salary increases	3.0% to 11% (varies by service) ¹	3.5% to 10.5% (varies by service) ¹
Benefit adjustments	Lesser of 1% or \$500 annually	Lesser of 1% or \$500 annually
¹ Includes inflation at 2.25%		

NOTE 4 – RETIREMENT PLAN (CONTINUED)

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

Assumptions used in the determination of the June 30, 2022, TPL are as follows:

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

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

At June 30, 2023, the Commission reported a liability of \$179,154 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Commission's proportion of the net pension liability was based on a projection of the Commission's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

For the year ended June 30, 2023, the Commission recognized pension expense totaling \$7,957, which consisted of contributions to the System of \$14,573 and reductions in expense of \$6,616, as a result of the increase in the net pension liability related to GASB 68 requirements. At June 30, 2023, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
SCRS		
Differences between expected and actual experience	\$ 1,557	\$ 781
Assumption changes	5,746	-
Net difference between projected and actual earnings on pension plan investments	276	-
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	226	20,367
Commission contributions subsequent to the measurement date	14,573	-
Total SCRS	<u>\$ 22,378</u>	<u>\$ 21,148</u>

NOTE 4 – RETIREMENT PLAN (CONTINUED)

\$14,573 reported as deferred outflows of resources related to the Commission's contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) will increase (decrease) pension expense as follows:

Year Ended December 31,	SCRS
2023	\$ (13,257)
2024	(2,686)
2025	(9,157)
Total	<u>\$ (25,100)</u>

Net Pension Liability

The NPL is calculated separately for each system and represents that particular system's TPL determined in accordance with GASB No. 67 less that System's fiduciary net position. NPL totals, as of June 30, 2020, for SCRS and PORS are presented below:

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Position Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	\$ 56,454,779,872	\$ 32,212,626,932	\$ 24,242,152,940	57.1%
PORS	8,937,686,946	5,938,707,767	2,998,979,179	66.4%

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

Long-term Expected Rate of Return

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

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2022 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table on the following page. For actuarial

NOTE 4 – RETIREMENT PLAN (CONTINUED)

purposes, the 7.00 percent assumed annual investment rate of return and used in the calculation of the TPL includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

Allocation/ Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long-term Expected Portfolio Real Rate of Return
Public Equity	46.0%	6.79%	3.12%
Bonds	26.0%	-0.35%	-0.09%
Private Equity	9.0%	8.75%	0.79%
Private Debt	7.0%	6.00%	0.42%
Real Assets	12.0%		
Real Estate	9.0%	4.12%	0.37%
Infrastructure	3.0%	5.88%	0.18%
Total Expected Real Return	100.0%		4.79%
Inflation for Actuarial Purposes			2.25%
			<u>7.04%</u>

Discount Rate

The discount rate used to measure TPL was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, the System's fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

Sensitivity Analysis

The following table presents the collective NPL of the participating employers calculated using the discount rate of 7.00 percent, as well as what the employers' NPL would be if it were calculated using a discount rate that is 1.00 percent lower (6.00 percent) and 1.00 percent higher (8.00 percent) than the current rate.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

System	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
SCRS	\$ 31,081,431,145	\$ 24,242,152,940	\$ 18,556,181,381

Additional Financial and Actuarial Information

Information contained in these Notes to the Schedules of Employer and Nonemployer Allocations and Schedules of Pension Amounts by Employer (Schedules) was compiled from the Systems' audited financial statements for the fiscal year ended June 30, 2022, and the accounting and financial reporting

NOTE 4 – RETIREMENT PLAN (CONTINUED)

actuarial valuation as of June 30, 2022. Additional financial information supporting the preparation of the Schedules (including the unmodified audit opinion on the financial statements and required supplementary information) is available in the Systems' ACFR.

NOTE 5 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through the date of the auditor's report, which is the date the financial statements were available to be issued.

OLD 96 DISTRICT TOURISM COMMISSION

**SCHEDULE OF PENSION PLAN CONTRIBUTIONS
SOUTH CAROLINA RETIREMENT SYSTEM
LAST 8 FISCAL YEARS**

	2023	2022	2021	2020	2019	2018	2017	2016
<u>SCRS</u>								
Contractually required contribution	\$ 14,573	\$ 13,693	\$ 13,561	\$ 13,561	\$ 14,842	\$ 11,801	\$ 10,041	\$ 9,601
Contributions in relation to the contractually required contribution	(14,573)	(13,693)	(13,561)	(13,561)	(14,842)	(11,801)	(10,041)	(9,601)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Commission's covered-employee payroll	\$ 86,230	\$ 88,000	\$ 88,000	\$ 88,000	\$ 103,000	\$ 88,000	\$ 88,000	\$ 88,000
Contributions as a percentage of covered-employee payroll	16.9%	15.6%	15.4%	15.4%	14.4%	13.4%	11.4%	10.9%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the government will present information for those years for which information is available.

OLD % DISTRICT TOURISM COMMISSION

SCHEDULE OF THE COMMISSION'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
SOUTH CAROLINA RETIREMENT SYSTEM
LAST 8 FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017	2016
<u>SCRS</u>								
Commission's proportion of the net pension liability	0.001%	0.001%	0.001%	0.001%	0.001%	0.001%	0.001%	0.001%
Commission's proportionate share of the net pension liability	\$ 179,154	\$ 168,473	\$ 201,549	\$ 231,580	\$ 190,277	\$ 196,301	\$ 310,786	\$ 278,373
Commission's covered-employee payroll	\$ 86,230	\$ 88,000	\$ 88,000	\$ 103,000	\$ 88,000	\$ 88,000	\$ 88,000	\$ 88,000
Commission's proportionate share of the net pension liability as a percentage of its covered-employee payroll	207.76%	191.40%	229.03%	224.83%	216.22%	223.07%	353.17%	316.33%
Plan fiduciary net position as a percentage of the total pension liability	57.1%	60.70%	50.70%	54.40%	54.10%	53.30%	52.90%	57.00%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the government will present information for those years for which information is available.

OLD 96 DISTRICT TOURISM COMMISSION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION RELATED TO PENSIONS YEAR ENDED JUNE 30, 2023

Method and Assumptions Used in Calculations of Actuarially Determined Contributions: The actuarially determined contribution rates in the schedule of contributions are calculated as of June 30, 2022, one year prior to the end of the fiscal year in which contributions are reported. The actuarial methods and assumptions used to determine the contractually required contributions for the year ended June 30, 2023 reported in that schedule can be found in Note 4 of the basic financial statements.

OLD 96 DISTRICT TOURISM COMMISSION

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2023**

	Original and Final Budget	Actual	Various Favorable (Unfavorable)
REVENUES			
South Carolina Department of Parks, Recreation and Tourism	\$ 420,454	\$ 449,218	\$ 28,764
TAG - Tourism Advertising Grant	44,775	44,775	-
SC State Accommodations Tax	98,000	178,957	80,957
Carryover Accomodations Tax	46,771	-	(46,771)
Accrued Surplus Funds	60,000	-	(60,000)
Interest	500	353	(147)
TOTAL REVENUES	670,500	673,303	2,803
EXPENDITURES			
Current			
Administrative Support - Salaries	145,000	85,958	59,042
Advertising/Promotion/Trade Show	433,101	498,619	(65,518)
Commissioners Expenditures	14,799	11,165	3,634
Employee Insurance	26,600	5,720	20,880
Retirement	-	22,152	(22,152)
Payroll Taxes	11,000	6,762	4,238
Equipment Maintenance	3,000	-	3,000
Property Insurance	4,200	4,636	(436)
Office Supplies	4,200	3,689	511
Postage	3,600	985	2,615
Professional Fees	5,000	66,570	(61,570)
Rent	3,600	3,600	-
Vehicle Allowance	6,000	5,500	500
Staff/Travel/Lodging	3,000	5,808	(2,808)
Utilities/Telephone	7,400	4,586	2,814
TOTAL EXPENDITURES	670,500	725,750	(55,250)
EXCESS OF REVENUES (UNDER) EXPENDITURES	-	(52,447)	(52,447)
UNASSIGNED FUND BALANCE, beginning of year	212,602	212,602	-
UNASSIGNED FUND BALANCE, end of year	\$ 212,602	\$ 160,155	\$ (52,447)