

AUDITOR COMMUNICATIONS

To the Board of Directors
Capital City/Lake Murray Country Regional Tourism Board
Irmo, South Carolina

We have audited the financial statements of Capital City/Lake Murray Country Regional Tourism Board (the "Board") for the year ended June 30, 2022, and have issued our report thereon dated January 17, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated September 26, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Capital City/Lake Murray Country Regional Tourism Board are described in Note 1 to the financial statements.

No new accounting policies were adopted and the application of existing policies was not changed during 2021. We noted no transactions entered into by the Capital City/Lake Murray Country Regional Tourism Board during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

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To the Board of Directors
Capital City/Lake Murray Country Regional Tourism Board
January 17, 2023

The most significant estimate at June 30, 2022 is the recording of depreciation expense based on the estimated useful lives of capital assets. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management.

There were none.

Audit Adjustments

The following adjustments detected as a result of audit procedures were recorded by management:

<i>Accumulated depreciation</i>	(19,365)
<i>Net (decrease) in net assets</i>	<u>\$ (19,365)</u>

The above adjustments for the Capital City/Lake Murray Country Regional Tourism Board were a result of adjustments made to depreciation. Accordingly, management recorded the above adjustments.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 17, 2023.

To the Board of Directors
Capital City/Lake Murray Country Regional Tourism Board
January 17, 2023

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Capital City/Lake Murray Country Regional Tourism Board’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Capital City/Lake Murray Country Regional Tourism Board’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and management of Capital City/Lake Murray Country Regional Tourism Board and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

McKinley, Cooper & Co., LLC

Greenville, South Carolina
January 17, 2023

COMMUNICATIONS WITH MANAGEMENT

To the Board of Directors
Capital City/Lake Murray Country Regional Tourism Board
Irmo, South Carolina

Thank you for the cooperation given during our engagement with Capital City/Lake Murray Country Regional Tourism Board. For the year ended June 30, 2022, we present the following observations and recommendations relating to the accounting operations of Capital City/Lake Murray Country Regional Tourism Board.

Review of Financial Statements

Our report for the year ended June 30, 2022 audit expresses an **unmodified opinion** on the fair presentation of the financial statements, in all material respects, in conformity with accounting principles generally accepted in the United States of America.

Organizational Structure

In planning and performing our audit of the financial statements of Capital City/Lake Murray Country Regional Tourism Board as of and for the year ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the Capital City/Lake Murray Country Regional Tourism Board's internal control over financial reporting (internal control) as a basis for designing our auditing 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 Capital City/Lake Murray Country Regional Tourism Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Capital City/Lake Murray Country Regional Tourism Board'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 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.

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To the Board of Directors
Capital City/Lake Murray Country Regional Tourism Board
January 17, 2023

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. 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.

Our comments are based upon conditions noted during our audit and are not intended to be all-inclusive. They are submitted to you as constructive suggestions to assist you in strengthening controls and procedures and are not intended to reflect on the honesty or integrity of any employee.

This report is intended solely for the information and use of the Board of Directors, management, and others within the Capital City/Lake Murray Country Regional Tourism Board and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the opportunity to present these comments for your consideration, and are prepared to discuss them further at your convenience and provide any other assistance for changes or improvements you may require.

Respectfully submitted,

McKinley, Cooper & Co., LLC

Greenville, South Carolina
January 17, 2023

**CAPITAL CITY/LAKE MURRAY COUNTRY
REGIONAL TOURISM BOARD**

AUDITED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

**CAPITAL CITY/LAKE MURRAY COUNTRY
REGIONAL TOURISM BOARD**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Capital City/Lake Murray Country Regional Tourism Board
Irmo, South Carolina

Opinion

We have audited the accompanying financial statements of the governmental activities and the major fund of Capital City/Lake Murray Country Regional Tourism Board (the "Board"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Capital City/Lake Murray Country Regional Tourism Board as of June 30, 2022 and the respective changes in the financial position for the year ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. 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 Capital City/Lake Murray Country Regional Tourism Board 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 opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.



To the Board of Directors
Capital City/Lake Murray Country Regional Tourism Board
January 17, 2023

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 the Board's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 opinions. Reasonable assurance is a high level of assurance but it is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect 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 and *Government 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 the Board'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 the Board's ability to continue as a 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.

Required Supplementary Information

Management has omitted Management Discussion and Analysis that accounting principles generally accepted in the United States of America require 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

To the Board of Directors
Capital City/Lake Murray Country Regional Tourism Board
January 17, 2023

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. However the budgetary comparison information as listed in the Table of Contents is presented. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2023, on our consideration of the Board'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 solely 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 and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board's internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Capital City/Lake Murray Country Regional Tourism Board's internal control over financial reporting and compliance.

McKinley, Cooper & Co., LLC

Greenville, South Carolina
January 17, 2023

CAPITAL CITY/LAKE MURRAY COUNTRY REGIONAL TOURISM BOARD

STATEMENT OF NET POSITION

JUNE 30, 2022

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
ASSETS	
Cash and cash equivalents	\$ 138,811
Accounts receivable	176,718
Inventory	351
Prepaid items	10,723
Capital assets, net of accumulated depreciation	442,895
Total assets	<u>769,498</u>
LIABILITIES	
Accounts payable	17,210
Noncurrent liabilities	
Due within one year	19,474
Due in more than one year	165,845
Total liabilities	<u>202,529</u>
NET POSITION	
Net investment in capital assets	257,576
Unrestricted	309,393
Total net position	<u>\$ 566,969</u>

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

CAPITAL CITY/LAKE MURRAY COUNTRY REGIONAL TOURISM BOARD

**STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

Function/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary governmental activities				
Taste of Lake Murray	\$ 27,898	\$ 113,114	\$ -	\$ -
General Fund	1,466,271	170,713	-	-
Visitors Center	37,137	42,503	-	-
Total primary government	\$ 1,531,306	\$ 326,330	\$ -	\$ -
General revenues				
Corporate sponsorships				118,940
Partnership income				14,125
County/City accommodations tax				486,551
Hospitality tax				154,334
State grants				471,646
State accommodations tax				201,164
				<u>1,446,760</u>
Change in net position				241,784
Net position, beginning				325,185
Net position, ending				\$ 566,969

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

CAPITAL CITY/LAKE MURRAY COUNTRY REGIONAL TOURISM BOARD

**BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2022**

	<u>General</u>
ASSETS	
Cash and cash equivalents	\$ 138,811
Accounts receivable	176,718
Inventory	351
Prepaid items	10,723
Total assets	<u><u>\$ 326,603</u></u>
 LIABILITIES AND FUND BALANCES	
 LIABILITIES	
Accounts payable	\$ 17,210
Total liabilities	<u>17,210</u>
 FUND BALANCES	
Unassigned	<u>309,393</u>
Total fund balances	<u>309,393</u>
 Total liabilities and fund balances	<u><u>\$ 326,603</u></u>

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

CAPITAL CITY/LAKE MURRAY COUNTRY REGIONAL TOURISM BOARD

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUND
TO THE STATEMENT OF NET POSITION
JUNE 30, 2022**

Fund balances - governmental fund		\$ 309,393
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources, and therefore, are not reported in the governmental fund.		
Cost of capital assets	754,724	
Accumulated depreciation	<u>(311,829)</u>	442,895
Long-term liabilities, including bonds payable and capital lease obligations, are not due and payable in the current period, and therefore, are not reported as liabilities in the governmental funds balance sheet. Long-term liabilities at yearend consist of:		
Note payable	<u>(185,319)</u>	<u>(185,319)</u>
Net position - governmental activities		\$ <u>566,969</u>

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

CAPITAL CITY/LAKE MURRAY COUNTRY REGIONAL TOURISM BOARD

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Activities and Reporting Entity

Capital City/Lake Murray Country Regional Tourism Board (the “Board”) was created in 1981 by legislative act for the purpose of promoting economic development through a formal program of tourism promotion in the four counties surrounding Lake Murray. This includes Richland, Lexington, Newberry, and Saluda. The basic operations of the Board are funded by membership and annual appropriations by the state legislature through the South Carolina Department of Parks, Recreation, and Tourism, by funding through the South Carolina Department of Natural Resources, and by state and local accommodation tax and hospitality tax. Additional sources of funds are from advertising sold to local businesses and contributions by local businesses. All board members are elected through partnerships of the organization.

The accounting policies of the Board conform to accounting principles generally accepted in the United States of America as applicable to governments.

Basis of Presentation

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the Board.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct Expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as *general revenues*.

Fund Financial Statements

Fund financial statements report detailed information about the Board. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e. expenditures and other financing uses) of current financial resources.

The government reports the following major governmental fund:

The *general fund* is the Board's primary operating fund. It accounts for all financial resources of the general government.

Amounts reported as program revenues include operating grants and contributions.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide Financial Statements

The government-wide financial statements have been prepared using the *economic resources measurement focus* and the *accrual basis of accounting*, in accordance with accounting principles generally accepted in the United States of America, as applied to governmental units (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and reporting principles for a single enterprise fund. Revenues are recorded when earned and expenses are recorded when the 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.

Governmental Fund Financial Statements

Governmental funds 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. Revenues are recognized when the eligibility requirements have been met. Expenditures generally are recorded when a liability is incurred, except for debt service expenditures, as well as expenditures related to compensated absences and claims and judgments which are recorded only when payment is due.

Management 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 of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the balance sheet and the reported amounts of revenues and expenses for the operating period. Actual results could differ significantly from those estimates.

Inventory

Inventory, consisting of supplies and materials, is valued at the lower of cost (measured on a first in, first out basis) or market.

Capital Assets

Capital assets are reported in the government-wide financial statements. Capital assets are defined by the Board as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded as historical cost or estimated historical cost if purchased or constructed. 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 assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets are depreciated using the straight-line method over their estimated useful lives.

Income Taxes

The Board qualifies as a tax exempt organization under the provisions of the Internal Revenue Code and, accordingly, its income is not subject to federal or state income taxes. Management believes the Board continues to satisfy the requirements of its tax-exempt status, and has no uncertain tax positions at June 30, 2022.

Cash and Cash Equivalents

Cash and cash equivalents consists of highly liquid investments with maturities of less than a year from purchase. The Board's policy is to ensure all cash accounts are protected by the Federal Deposit Insurance Corporation.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Compensated Absences

The Board grants compensated annual leave for all employees in varying amounts based on length of service. Unused leave cannot be carried over to the next fiscal year.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net assets.

In the fund financial statements, the face amount of debt issued is reported as other financing sources.

Net Position

Net position is classified as three components:

Net investment in capital assets

Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or any other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position

Consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or are legally restricted through constitutional provisions or enabling legislation.

Unrestricted

All other net position that does not meet the definition of “restricted” or “net investments in capital assets”.

It is the Board’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Balances

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Fund balance is classified in five categories as follows:

Nonspendable

Nonspendable fund balances include amounts that are not in spendable form or are legally required to remain intact.

Restricted

Restricted fund balances include amounts that have external restrictions by either grantors, debt covenants, laws, or other governments.

Committed

Committed fund balances include amounts that are committed to a specific purpose by Board resolution.

Assigned

Assigned fund balances include amounts that are constrained by limitations resulting from intended uses as established by the Board of Directors or management.

Unassigned

Unassigned fund balance includes amounts that have not been assigned to any purpose.

Unless specifically designated otherwise, fund expenditures and encumbrances are from restricted fund balance to the extent of restricted fund balance revenue, followed by committed fund balance, assigned fund balance, and unassigned fund balance, respectively.

Budgets and Budgetary Accounting

Prior to July 1 of each year, a cash receipts and disbursements budget is proposed and adopted by the Board of Directors. Formal budgetary integration is employed as a management control device during the year for the General Fund. The Executive Director is authorized to transfer budgeted amounts between accounts within the general fund and report such transfers to the Board of Directors; however, any revisions that alter the total expenditures of the general fund must be approved by the Board of Directors.

Fair Value

The fair value measurement and disclosure framework provides for a three-tier fair value hierarchy that gives highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Board can access at the measurement date.

Level 2 – Inputs to the valuation methodology, other than quoted prices included in Level 1, that are observable for an asset or liability either directly or indirectly and include:

- Quoted prices for similar assets and liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted market prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology that are unobservable for an asset or liability and include:

- Fair value is often based on developed models in which there are few, if any, observable inputs.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of future net realizable values or reflective of future fair values. The Board believes that the valuation methods used are appropriate and consistent with GAAP. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no significant changes from the prior year in the methodologies used to measure fair value.

NOTE 2 – DEPOSITS AND INVESTMENTS

Interest Rate Risk: The Board does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

Custodial Credit Risk for Deposits: Custodial credit risk is the risk that the Board's deposits will not be returned to it. The Board has no formal policy regarding custodial credit risk. The total cash balances are insured by the FDIC up to \$250,000 per bank. From time to time during the year, the Board may have cash on deposit with banks that exceeds the balance insured by the FDIC. However, at June 30, 2022, none of the Board's bank balances of \$126,208 (with a carrying value of \$138,811) were exposed to custodial credit risk.

Concentration of Credit Risk: The Board does not have formal investment policies limiting the amount the Board may invest in any one issuer.

Credit Risk: Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Board does not have a formal investment policy for credit risk.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2022 consists of the following:

Lexington County	\$ 45,090
SC Parks, Recreation and Tourism	57,703
Other	73,925
	<u>\$ 176,718</u>

No allowance for losses was provided at June 30, 2022, since, in the opinion of management, all accounts are considered collectible.

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 was as follows:

Primary Government

	July 1, 2021	Increases	Decreases	June 30, 2022
Governmental Activities:				
Capital assets, not being depreciated				
Land	\$ 52,000	\$ -	\$ -	\$ 52,000
Total capital assets, not being depreciated	<u>52,000</u>	<u>-</u>	<u>-</u>	<u>52,000</u>
Capital assets, being depreciated				
Buildings and improvements	557,904	-	-	557,904
Furniture and equipment	135,185	9,635	-	144,820
Total capital assets, being depreciated	<u>693,089</u>	<u>9,635</u>	<u>-</u>	<u>702,724</u>
Less accumulated depreciation for				
Buildings and improvements	(158,340)	(17,178)	-	(175,518)
Furniture and equipment	(136,311)	-	-	(136,311)
Total accumulated depreciation	<u>(294,651)</u>	<u>(17,178)</u>	<u>-</u>	<u>(311,829)</u>
Total capital assets, being depreciated, net	<u>398,438</u>	<u>(7,543)</u>	<u>-</u>	<u>390,895</u>
Governmental activities capital assets, net	<u>\$ 450,438</u>	<u>\$ (7,543)</u>	<u>\$ -</u>	<u>\$ 442,895</u>

During the year ended June 30, 2022, the Board recognized \$17,178 in depreciation expense.

NOTE 5 – LONG-TERM DEBT

Long-term debt activity for the year ended June 30, 2022 was as follows:

	July 1, 2021	Additions	Reductions	June 30, 2022	Due Within One Year
Governmental activities					
Lines of credit	\$ -	\$ -	\$ -	\$ -	\$ -
Notes payable	192,285		(16,601)	175,684	17,741
Totals	<u>\$ 192,285</u>	<u>\$ -</u>	<u>\$ (16,601)</u>	<u>\$ 175,684</u>	<u>\$ 17,741</u>

Debt service requirements on long-term debt as of June 30, 2022 were as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 17,471	\$ 7,457	\$ 24,928
2024	18,265	6,664	24,929
2025	19,095	5,834	24,929
2026	19,962	4,967	24,929
2027	20,439	4,490	24,929
Thereafter	80,452	6,030	86,482
	<u>\$ 175,684</u>	<u>\$ 35,442</u>	<u>\$ 211,126</u>

Long-term debt at June 30, 2022 consisted of the following:

\$200,00 note payable entered into December 2020 with monthly payments of \$2,077 beginning January 2021 through December 2030, with interest at 4.45%. The note is secured by the building.	\$ 175,684
\$20,000 line of credit with no required monthly payments with interest at 18.0% and an annual renewal. The line is secured by all inventory, equipment, fixtures, and real estate.	-
\$100,000 line of credit with no required monthly payments with interest at 5.95% and an annual renewal. The line is secured by all inventory, equipment, fixtures, and real estate.	-
	<u>175,684</u>
Less current portion	<u>(17,471)</u>
	<u>\$ 158,213</u>

NOTE 6 – OPERATING LEASE – LONG-TERM

The Board entered into an agreement to lease office equipment. The terms of the lease are 60 months and expire in 2027. Future lease payments under the lease agreement are as follows:

2023	\$ 2,003
2024	1,908
2025	1,908
2026	1,908
2027	1,908
	<u>\$ 9,635</u>

At June 30, 2022, the Board has recorded the following asset and liabilities in connection with the lease:

Asset

Operating lease assets, net of accumulated amortization	\$ 9,635
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Liabilities

Operating lease liabilities - current	\$ 2,003
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Operating lease liabilities - long-term	\$ 7,632
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NOTE 7 – 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.

CAPITAL CITY/LAKE MURRAY COUNTRY REGIONAL TOURISM BOARD

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
REVENUES				
Advertising income	\$ 81,300	\$ 81,300	\$ 170,713	\$ 89,413
Corporate sponsorships	110,000	110,000	118,940	8,940
Partnership income	16,600	16,600	14,125	(2,475)
County/City accommodations tax	406,512	406,512	486,551	80,039
Hospitality grants	154,334	154,334	154,334	-
State grants	469,500	469,500	471,646	2,146
State accommodations tax	125,169	125,169	201,164	75,995
Taste of Lake Murray	90,800	90,800	113,114	22,314
Visitors Center	30,000	30,000	42,503	12,503
Total revenues	<u>1,484,215</u>	<u>1,484,215</u>	<u>1,773,090</u>	<u>288,875</u>
EXPENDITURES				
Current				
Personnel	501,435	501,435	508,043	(6,608)
Travel	11,338	11,338	11,158	180
Insurance	31,390	31,390	34,311	(2,921)
Marketing and advertising	704,866	704,866	788,106	(83,240)
Contract services	6,425	6,425	7,160	(735)
Bank fees	11,058	11,058	7,466	3,592
Office supplies	22,615	22,615	20,986	1,629
Printing	2,500	2,500	1,705	795
Telephone	11,971	11,971	10,909	1,062
Postage	12,380	12,380	12,206	174
Materials	29,105	29,105	29,301	(196)
Meetings	9,500	9,500	9,414	86
Taste of Lake Murray	32,000	32,000	27,898	4,102
Visitors Center	37,624	37,624	37,137	487
Capital outlay	-	-	9,635	(9,635)
Debt service	24,960	24,960	24,929	31
Total expenditures	<u>1,449,167</u>	<u>1,449,167</u>	<u>1,540,364</u>	<u>(91,197)</u>
Excess of revenues over expenditures	<u>35,048</u>	<u>35,048</u>	<u>232,726</u>	<u>197,678</u>
OTHER FINANCING SOURCES				
Proceeds from issuance of debt	-	-	9,635	9,635
Total other financing sources	<u>-</u>	<u>-</u>	<u>9,635</u>	<u>9,635</u>
Net change in fund balances	<u>35,048</u>	<u>35,048</u>	<u>242,361</u>	<u>207,313</u>
FUND BALANCES, beginning	<u>67,032</u>	<u>67,032</u>	<u>67,032</u>	<u>-</u>
FUND BALANCES, ending	<u>\$ 102,080</u>	<u>\$ 102,080</u>	<u>\$ 309,393</u>	<u>\$ 207,313</u>

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

To the Board of Directors
Capital City/Lake Murray Country Regional Tourism Board
Irmo, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund which is the general fund of the Capital City/Lake Murray Country Regional Tourism Board, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Capital City/Lake Murray Country Regional Tourism Board's basic financial statements, and have issued our report thereon dated January 17, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Capital City/Lake Murray Country Regional Tourism Board'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 Capital City/Lake Murray Country Regional Tourism Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Capital City/Lake Murray Country Regional Tourism Board'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.

To the Board of Directors
Capital City/Lake Murray Country Regional Tourism Board
January 17, 2023

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Capital City/Lake Murray Country Regional Tourism Board'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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McKinley, Cooper & Co., LLC

Greenville, South Carolina
January 17, 2023

CAPITAL CITY/LAKE MURRAY COUNTRY REGIONAL TOURISM BOARD

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND
YEAR ENDED JUNE 30, 2022**

	General
REVENUES	
Advertising income	\$ 170,713
Corporate sponsorships	118,940
Partnership income	14,125
County/City accommodations tax	486,551
Hospitality grants	154,334
State grants	471,646
State accommodations tax	201,164
Taste of Lake Murray	113,114
Visitors Center	42,503
Total revenues	<u>1,773,090</u>
EXPENDITURES	
Current	
Personnel	508,043
Travel	11,158
Insurance	34,311
Marketing and advertising	788,106
Contract services	7,160
Bank fees	7,466
Office supplies	20,986
Printing	1,705
Telephone	10,909
Postage	12,206
Materials	29,301
Meetings	9,414
Taste of Lake Murray	27,898
Visitors Center	37,137
Capital outlay	9,635
Debt service	24,929
Total expenditures	<u>1,540,364</u>
Excess of revenues over expenditures	<u>232,726</u>
OTHER FINANCING SOURCES	
Proceeds from issuance of debt	9,635
Total other financing sources	<u>9,635</u>
Net change in fund balances	242,361
FUND BALANCES, beginning	<u>67,032</u>
FUND BALANCES, ending	<u><u>\$ 309,393</u></u>

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

CAPITAL CITY/LAKE MURRAY COUNTRY REGIONAL TOURISM BOARD

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

Net change in fund balances - total governmental fund	\$ 242,361
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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 useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	(7,543)
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The issuance of long-term debt (e.g., bonds, leases) provides current financial 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. This amount is the net effect of these differences in the treatment of long-term debt and related items.	<u>6,966</u>
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Change in net position of governmental activities	<u>\$ 241,784</u>
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The accompanying notes are an integral part of these financial statements.

