

**South Carolina Department of Commerce  
Palmetto Partners – 2019 Summary of Activity**

**OVERVIEW**

The South Carolina Department of Commerce is responsible for the stimulation of economic development activity, including recruiting new business to the state and helping existing businesses grow. To help support the mission, S.C. Commerce manages the Palmetto Partners program. The primary purpose of the Palmetto Partners program is to assist funding special marketing events and initiatives with the goal of bringing jobs and capital investment to South Carolina.

During the 2019 calendar year, Palmetto Partners facilitated funding for six (6) major initiatives and six (6) unique economic development events.

**INITIATIVES**

**Business Matchmaking/Supplier Summits**

To address small business financing issues and to connect potential suppliers with manufacturing companies, S.C. Commerce continued its series of lender matchmaking and industry supplier events. The goal for these events is for the attendees to, successfully, make business connections.

**Foreign Delegation/Mission Trips**

Via investment and trade-focused missions, S.C. Commerce continued to build relationships with international prospects, business leaders and decision-makers to encourage investment and to establish export connections. Representing growth markets for South Carolina, the state led mission trips to Canada, Japan, India and Korea, among other countries.

**Site Consultant and Tradeshow Events**

To better connect with leading industry site consultants and highlight the state's pro-business environment, S.C. Commerce hosted four site consultant luncheons in cities across the U.S. and attended select, industry-specific trade shows. With S.C. Commerce leadership, these events provided unique opportunities to share the 'why South Carolina' story.

**Lead Generation**

To support continued efforts to recruit domestic and international investment and further develop trade, S.C. Commerce increased lead generation efforts to targeted geographic locations and, as part of, select mission trips and events.

**Economic Development Training**

S.C. Commerce hosted the Advanced Symposium, Economic Development Institute and numerous local economic development training opportunities during 2019. These educational programs provided advanced, hands-on learning and innovative approaches for individuals who support economic development activities in their communities.

**Branding Campaign**

Following the initial 'Just right' launch, S.C. Commerce maintained 'legacy' promotion of the brand, representing the many ways in which South Carolina is just right for business.

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**SPECIAL MARKETING EVENTS**

**Governor’s Opportunity Zone Summit**

The S.C. Department of Commerce hosted an Opportunity Zone Summit on behalf of Governor McMaster at the Columbia Convention Center. The event allowed participants to learn about the new community development program established by Congress as part of the tax cuts and Jobs Acts of 2017.

**RBC Heritage Presented by Boeing**

For the seventh consecutive year, S.C. Commerce had an economic development presence at the Heritage in 2019. Along with Gov. McMaster, S.C. Commerce hosted prospect companies, existing industry representatives and state allies, using the backdrop of the golf tournament to promote South Carolina’s business-friendly climate and solidify business relationships.

**Rural Summit**

The 28th Annual Rural Summit, was hosted in Orangeburg, providing community leaders, economic developers and state officials the opportunity to come together and hold collaborative discussions on ways to improve rural South Carolina.

**Industrial Asset Management Council (IAMC) Spring and Fall Forums**

IAMC is the leading association of industrial asset management and corporate real estate executives, their suppliers and service providers and economic developers. Partnering with the Economic Development Partnership of North Carolina, S.C. Commerce hosted the ‘Carolinas Dinner’ for the IAMC members at the 2019 Spring Forum in Santa Barbara, California and at the 2019 Fall Forum in Milwaukee, Wisconsin.

**US Open**

The Department of Commerce in conjunction with the Department of Agriculture hosted site selectors at the 74th Women’s US Open Championship in Charleston. Along with Governor McMaster, Commerce hosted a state reception for companies, prospects, existing industry, Palmetto Partners and tournament officials to promote South Carolina and foster strong business relationships.

**SelectUSA Investment Summit**

S.C. Commerce hosted a networking reception during the 2019 SelectUSA Investment Summit in Washington D.C. The high-profile, annual Summit is dedicated to promoting foreign direct investment and, in 2019, attracted more than 2,800 participants from more than 60 international markets.

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**SUMMARY**

During the 2019 calendar year, the Palmetto Partners structure continued to provide the public-private framework necessary to execute activities that complement S.C. Commerce's traditionally-funded business recruitment and retention efforts. Many of the aforementioned activities would not have been possible without the overall good health and management of the Palmetto Partners program.

The Palmetto Partners initiatives and events helped to position and accelerate economic development, while continuing to reinforce that South Carolina is just right for business.

**SOUTH CAROLINA  
DEPARTMENT OF COMMERCE**

**PALMETTO PARTNERS**

**COLUMBIA, SOUTH CAROLINA**

**STATE AUDITOR'S REPORT**

**DECEMBER 31, 2019**



Independent Accountant's Report On Applying Agreed-Upon Procedures

May 1, 2020

Mr. Robert M. Hitt, III, Secretary of Commerce  
South Carolina Department of Commerce  
Columbia, South Carolina

We have performed the procedures described in Attachment 1, which were agreed to by the management of the South Carolina Department of Commerce (the Department), on the systems, processes and behaviors related to financial activity of the Department's Palmetto Partners Composite Reservoir Account (the Account) for the calendar year ended December 31, 2019. The Department's management is responsible for the systems, processes and behaviors related to financial activity. The sufficiency of these procedures is solely the responsibility of the specified parties in this report. Consequently, we make no representation regarding the sufficiency of the procedures described in Attachment 1 either for the purpose for which the agreed-upon procedures report has been requested or for any other purpose.

The accompanying unaudited Statement of Cash Receipts, Disbursements and Changes in Cash Balances – Cash Basis Method of Accounting for the Year Ended December 31, 2019 represents a summarization of data derived from the accounting records of the Account prepared by staff of the Department.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be an opinion or conclusion, respectively, on the systems, processes and behaviors related to financial activity of the Account. Accordingly, we do not express an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The concept of materiality does not apply to findings to be reported in an agreed-upon procedures engagement. Therefore, all findings from the application of the agreed-upon procedures must be reported unless the definition of materiality is agreed to by the specified parties. Management of the Department has agreed that the following deficiencies will not be included in the State Auditor's Report on Applying Agreed-Upon Procedures:

- Errors of less than \$1,000 related to cash receipts and non-payroll cash disbursements transactions.

This report is intended solely for the information and use of the management of the South Carolina Department of Commerce and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

George L. Kennedy, III, CPA  
State Auditor

**South Carolina Office of the State Auditor**

**Agreed - Upon Procedures Related to the Department of Commerce - Palmetto Partners (P32)**

**Cash Receipts**

1. Compare current year cash receipt balances to those of the prior year. Obtain from management an understanding of the variations in the following classifications: SEUS – Japan, Match Making Events, and Tradeshow/Site Consultant.
2. Haphazardly select fifteen cash receipt transactions and inspect supporting documentation to determine:
  - The transaction is properly classified in the accounting records in accordance with the Department's policies and procedures and conforms with the purpose of the composite reservoir account.
  - The receipt was deposited in a timely manner, in accordance with Proviso 117.1 of the Appropriation Act.
  - The receipt is recorded in the proper year.

We found no exceptions as a result of these procedures.

**Cash Disbursements**

3. Compare current year cash disbursement balances to those of the prior year. Obtain from management an understanding of the variations in the following classifications: SEUS – Japan, Woman's US Open, and Workforce - ManuFirst.
4. Haphazardly select fifteen disbursements and inspect supporting documentation to determine:
  - The transaction is properly classified in the accounting records in accordance with the Department's policies and procedures and conforms with the purpose of the composite reservoir account.
  - All supporting documentation and approvals required by the Department are present and agree with the invoice.
  - The transaction is a bona fide expenditure of the Account.
  - The disbursement is recorded in the proper year.
  - Clerical accuracy / proper sales/use tax.

We found no exceptions as a result of these procedures.

**Reconciliations**

5. Obtain monthly reconciliations for the Account and for two haphazardly selected reconciliations, perform the following procedures:
  - Determine that selected reconciliations were timely performed, reviewed, and properly documented in accordance with State regulations, and are mathematically correct.
  - Agree applicable amounts from reconciliations to accounting records.
  - Agree applicable amounts from reconciliations to the State Treasurer's Office monthly reports.
  - Determine if reconciling differences were adequately explained and properly resolved.
  - Determine if necessary adjusting entries were made in the accounting records.

We found no exceptions as a result of this procedure.

### **Financial Statement Tie-Out**

6. Obtain the unaudited Statement of Cash Receipts, Disbursements and Changes in Cash Balances for the year ended December 31, 2019 prepared by management and determine:
  - The amounts agree by classification to the accounting records.
  - The mathematical accuracy of the statement.

We found no exceptions as a result of this procedure.

### **Bank Account Transparency**

7. Obtain the fiscal year 2019 Bank Account Transparency and Accountability Report submitted for the Account, per Proviso 117.82 of the Appropriation Act, and determine:
  - The transaction amounts and dates agree to accounting records.
  - The mathematical accuracy of the report.
  - The beginning balance agrees to prior fiscal year ending balance.
  - The report was properly prepared and submitted by the October 1<sup>st</sup> deadline.

We found no exceptions as a result of this procedure.

**South Carolina Department of Commerce - Palmetto Partners**  
**Statement of Cash Receipts, Disbursements and Changes in Cash Balance**  
**Cash Basis Method of Accounting**  
**Unaudited**  
**For the Years Ended**

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
<b>Cash Receipts:</b>		
Donations	610,464	549,633
SEUS – Japan	93,408	208,203
Site Selector Guild	-	143,500
Rural Summit	53,737	38,410
Tradeshaw/Site Consultant	90,231	33,500
Business to Business Events	28,390	17,283
Opportunity Zone Conference	12,000	15,500
Foreign Missions	-	10,000
Heritage Golf Tournament	16,664	-
Other Receipts	13,536	8,896
<b>Total Cash Receipts</b>	<b>918,430</b>	<b>1,024,925</b>
<b>Cash Disbursements:</b>		
Lead Generation	248,596	254,541
Tradeshaw/Site Consultant	135,616	235,020
Site Selector Guild	-	137,099
Foreign Missions & Trade	24,680	54,987
Site Development	50,000	49,521
Heritage Golf Tournament	36,965	38,908
Rural Summit	38,497	30,883
Branding Campaign	11,475	26,439
Business to Business Events	24,998	19,181
Economic Development Training	1,411	14,277
SEUS Japan	144,608	8,580
Workforce – ManuFirst	31,271	7,500
Volvo Car Open	-	4,375
Woman's US Open	79,600	2,925
Opportunity Zone Conference	43,905	2,030
Small Business Development	24,995	-
Agricultural Study and Analysis	30,000	-
Other Expenditures	11,819	11,404
<b>Total Disbursements</b>	<b>938,436</b>	<b>897,670</b>
<b>Net Change in Cash Balance</b>	<b>(20,006)</b>	<b>127,255</b>
<b>Net Position:</b>		
<b>Cash Beginning of Year</b>	<b>732,213</b>	<b>604,958</b>
<b>Cash Ending of Year</b>	<b>712,207</b>	<b>732,213</b>