

**South Carolina Department of Commerce  
Palmetto Partners – 2013 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, the Department manages a special events account called Palmetto Partners. The primary purpose of Palmetto Partners is to raise and expend private sector funds for supporting special marketing events and initiatives with the goal of bringing jobs and capital investment to South Carolina.

During the 2013 calendar year, Palmetto Partners facilitated funding for four major initiatives and six unique economic development events. In addition to the funding via Palmetto Partners, the Department also provided management, marketing and execution support for these ten activities. Together these initiatives and events supported the agency's core mission.

**INITIATIVES**

**1. Branding Campaign**

Partnering with the state's top selling agencies, S.C. Parks, Recreation and Tourism and the S.C. Ports Authority, Palmetto Partners supported the rollout of the statewide 'just right' brand. This single, compelling brand represents the state in a wide range of circumstances and is intended to communicate the many ways in which South Carolina is 'just right' for business.

**2. Aerospace Strategic Plan**

The Aerospace Strategic Plan was completed during the calendar year. With this plan in hand, Commerce will continue to position South Carolina for continued growth in the aerospace sector, building off the location and expansion of Boeing. The efforts of the task force focused on growing the aerospace supply chain and supporting initiatives to make sure South Carolina has a workforce ready for the industry.

**3. Economic Development Training**

Commerce hosted the Advanced Symposium, Economic Development Institute and numerous local economic development training opportunities during 2013. These educational programs provided advanced, hands-on learning and innovative implementation approaches for 124 individuals who support economic development activities in their communities.

**4. Small Business Matchmaking**

In an effort to address small business financing issues, Commerce coordinated several Lender Matchmaking events. These regional events, hosted in cooperation with the Federal Reserve Bank of Richmond and other allies, are designed to connect small businesses with financing opportunities. Lenders and small business owners gathered for day-long events in the Lowcountry and in Aiken. In total, nearly 50 small businesses met with more than 25 lenders for specific matchmaking opportunities.

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**SPECIAL MARKETING EVENTS**

**1. RBC Heritage Presented by Boeing**

2013 marked Commerce's second, consecutive year to have an economic development presence at the RBC Heritage Presented by Boeing. Along with Governor Haley, Commerce hosted prospect companies, existing industry representatives and state allies, using the backdrop of the golf tournament to promote South Carolina's business climate and solidify business relationships.

**2. Paris Air Show**

Leveraged as one of the many tools for economic development in the state, Commerce attended the annual Air Show in Paris, France to promote South Carolina's business climate and foster relationships with prospects in the aviation industry. Commerce's delegation of state and regional partners met with prospects and existing industry representatives and attended networking events. All activities had the common goal of increasing the visibility of South Carolina's aviation industry.

**3. Frankfurt Auto Show (IAA)**

With a keen focus on continuing to build strong relationships with key automotive companies, Commerce led an inaugural delegation at the 2013 Frankfurt Auto Show (held every two years). This delegation of state and regional partners, including Governor Haley and Secretary Hitt, met with prospects and existing industry representatives and attended networking events. All activities shared the mission of elevating South Carolina's profile in the automotive industry.

**4. Industrial Asset Management Council (IAMC) Spring Forum**

IAMC is the leading association of industrial asset management and corporate real estate executives, their suppliers and service providers and economic developers. This elite group meets twice a year in Professional Forums. In March 2013, Charleston, S.C. was the host city for the Spring Professional Forum. As part of the conference host committee, Commerce and other state industry partners ensured the positive impact South Carolina has on local and global business communities was accurately displayed. The Governor and Secretary participated, and the event garnered record attendance at more than 450 registered guests.

**5. Rural Summit**

The 23<sup>rd</sup> Annual Rural Summit in Greenwood included a motivating program that challenged the 178 attendees to make a difference in their local communities. Rural community leaders, economic developers, state officials and Governor Haley shared ideas, experiences and practical knowledge to improve rural South Carolina.

**6. Boeing Supplier Summit**

The Boeing South Carolina Supplier Summit brought together the leaders of Boeing's major suppliers, from around the globe, for a two-day conference that included a panel discussion, industry updates and networking. Hosted in Charleston, the Summit was an opportunity to showcase the advantages South Carolina offers the aerospace industry and why those companies would be successful here.

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**SUMMARY**

During the 2013 calendar year, the Palmetto Partners structure successfully raised new private funds and engaged private sector resources in economic development. This fund provided the public-private framework necessary to execute activities that complement the department's traditionally-funded business recruitment and retention efforts.

The Palmetto Partners initiatives and events helped to position and continue to reinforce that South Carolina is just right for business.

\*Attachment: Independent Accountants' Report on Applying Agreed-Upon Procedures December 31, 2013.



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*South Carolina Department of Commerce*

*Palmetto Partners*

Independent Accountants' Report on Applying Agreed-Upon Procedures

December 31, 2013

**South Carolina Department of Commerce – Palmetto Partners  
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## Independent Accountants' Report on Applying Agreed-Upon Procedures

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

Mr. Richard H. Gilbert, Jr., CPA, Deputy State Auditor  
South Carolina Office of the State Auditor

We have performed the procedures described below, which were agreed to by management of the South Carolina Department of Commerce (the "Department"), solely to assist you in evaluating the performance of the South Carolina Department of Commerce Palmetto Partners Composite Reservoir Account (the "Account") of the South Carolina Department of Commerce cash basis method of accounting for the year ended December 31, 2013, in the areas addressed. The Department is responsible for the financial records, internal controls and compliance with laws and regulations of the Account. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. 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 below either for the purpose for which this report has been requested or for any other purpose.

The procedures and the associated findings are as follows:

### ***Receipts***

We nonstatistically selected the lesser of; a) 20 recorded cash receipts or b) individual transactions accounting for a minimum of 40% of overall recorded cash receipts, for the year ended December 31, 2013 and performed the following:

- a) Traced each cash receipt to the associated supporting documentation if any.
- b) Agreed receipt total and reasonableness of classification to posting in the attached statement of cash receipts, disbursements and changes in cash balances.
- c) Proved clerical accuracy of each receipt.
- d) Determined if the receipt was recorded in the proper year.

The total of the selected cash receipts was 38.0 percent of the aggregate amount of all recorded cash receipts for the 2013 calendar year. We found no exceptions as a result of or testing.

### ***Disbursements***

We nonstatistically selected the lesser of; a) 20 recorded cash disbursements or b) individual transactions accounting for a minimum of 40% of overall recorded cash disbursements, for the year ended December 31, 2013 and performed the following:

- a) Traced each cash disbursement to the appropriate voucher package, noting proper authorization and agreement to associated invoice.
- b) Agreed voucher package total and reasonableness of classification to posting in the attached statement of cash receipts, disbursements and changes in cash balances.
- c) Proved clerical accuracy of each voucher package.
- d) Determined that the cash disbursement was properly recorded in the proper year.

The total of the selected cash disbursements was 32.8 percent of the aggregate amount of all recorded cash disbursements for the 2013 calendar year. We found no exceptions as a result of or testing.

### ***Other***

The accompanying Statement of Cash Receipts, Disbursements and Changes in Cash Balances – Cash Basis Method of Accounting, Unaudited, for the Year Ended December 31, 2013 represents summarization of data derived from the accounting records of the Palmetto Partners account prepared by staff of the South Carolina Department of Commerce. We agreed the amounts by line-item to the accounting records of the Palmetto Partners Account and tested the mathematical accuracy of the statement. We found no exceptions as a result of or testing.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the specified areas, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Governor, the Secretary and management of the Department of Commerce, and the South Carolina Office of the State Auditor, and is not intended to be and should not be used by anyone other than these specified parties.

*BROWN CPA, L.L.C.*

Irmo, South Carolina  
February 10, 2014



South Carolina Department of Commerce - Palmetto Partners  
Statement of Cash Receipts, Disbursements and Change in Cash Balance  
Cash Basis Method of Accounting - Unaudited  
Year Ended  
December 31, 2013

**Cash Receipts:**

Donations	\$	469,489
Rural Summit		27,300
Lender Match Making Events		5,498
Air Show		18,170
Heritage Golf Tournament		14,000
Auto Show (IAA) Sponsorship		17,000
Boeing Supplier Event Sponsorship		5,000
IAMC Conference		50,099
Other Receipts		4,273
Total Cash Receipts		610,829

**Cash Disbursements:**

Branding Campaign		251,461
Heritage Golf Tournament		55,832
PGA Championship Event		8,604
Air Show		20,487
IAA Auto Show		18,523
Aerospace Strategic Plan		37,142
IAMC Conference Events		42,265
Boeing Supplier Event		10,275
Rural Summit		14,784
Economic Development Training		18,252
Lender Match Making Events		10,340
Marketing Materials		4,540
Inventory Development		12,775
Fundraising Activities		7,068
Other Expenditures		21,532
		533,880

Net Change in Cash Balance		76,949
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**Net Position:**

Cash Beginning of Year		338,871
Cash End of Year	\$	415,820

South Carolina Department of Commerce – Palmetto Partners  
Notes to Schedule  
Year Ended December 31, 2013 (Unaudited)

The statement of cash receipts, disbursements and changes in cash balances of the Palmetto Partners Account (the “Account”) of the South Carolina Department of Commerce (the “Department”) was prepared on the cash basis method of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Cash receipts are recorded when received regardless of when earned and disbursements are recorded when paid regardless of when incurred.

#### Reporting Entity

The Department is responsible for the stimulation of economic development activity, management of business affairs of the Division of Savannah Valley Development, and public railways systems. The Department is an agency of the State of South Carolina established by Section 1-30-10 and 1-30-25 and 13-1 of the Code of Laws of South Carolina.

In 1991, the State’s Budget and Control Board approved and created the Special Events Account for the purpose of raising and expending private sector funds for sponsoring special marketing events with the goal of recruiting new business to the State. In July 1993, a restructuring of State government formed the Department and the Department assumed responsibilities of other State agencies including the Special Events Account. During the year ended December 31, 2005 the Special Events Account was renamed to the Crescent Fund. During the year ended December 31, 2011 the Crescent Fund was renamed to Palmetto Partners.

The Department uses the Account primarily for making disbursements that are not allowed or are limited under State laws, rules and regulations. These disbursements include but are not limited to the purchase of alcohol, meals, and entertainment costs of prospects and Department allies. Additionally, the Account is used for disbursements for several annual economic development events and industry expansion announcements, groundbreaking ceremonies, and economic development related programs.

For financial reporting purposes the Account is considered a Composite Reservoir Account. In 2010, the S.C. General Assembly began requiring each state agency to publicly report the composite reservoir accounts. This is required under South Carolina General Proviso, entitled Bank Account Transparency and Accountability. Composite Reservoir Accounts are accounts that are not included in detail in the Comptroller General's South Carolina Enterprise Information System (SCEIS).

Amounts shown on the statement as ‘Cash’ represent cash on deposit with the SC State Treasurer’s Office. State law requires full collateralization of all State Treasurer bank balances. The State Treasurer must correct any deficiencies in collateral within seven days.

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