Charleston Naval Complex Redevelopment Authority / Naval Base Museum Authority

Report on Financial Statements

Year Ended June 30, 2024

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Charleston Naval Complex Redevelopment Authority / Naval Base Museum Authority
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Charleston Naval Complex Redevelopment Authority /
Naval Base Museum Authority

List of Appointed Officials

Year Ended June 30, 2024

AUTHORITY MEMBERS

Chairman: Rear Admiral William Schachte, Jr. (USN Ret.)

Vice-Chairman: Christopher Sullivan

Secretary/Treasurer: Randall Burbage

Ronald Anderson

David Alan Coker

Ronnie Givens

Eugene Hogan

Fred Kemmerlin III

Glenn McConnell

Spencer Pryor

Deborah Summey

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Independent Auditor's Report

To the Board of Directors of
Charleston Naval Complex Redevelopment Authority /
Naval Base Museum Authority
North Charleston, South Carolina

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and general fund of Charleston Naval Complex Redevelopment Authority / Naval Base Museum Authority (the Authority), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and general fund of the Authority, as of June 30, 2024, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 the Authority 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

The Authority's 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.

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 Authority'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 is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS, 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 Authority'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 Authority'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.

Other Matters

Required Supplementary Information

Management has omitted management's 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 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 budgetary comparison information and pension schedules, as listed in the table of contents, 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.

Veris LLC

Mount Pleasant, South Carolina
August 21, 2024

Basic Financial Statements

Government-wide Financial Statements

Charleston Naval Complex Redevelopment Authority / Naval Base Museum Authority
Statement of Net Position
June 30, 2024

	Governmental Activities
Assets	
Current Assets	
Cash and cash equivalents	$ 62,295,375
Due from other governmental units	2,846,943
Current lease receivable	150,244
Prepaid expenses and other receivables	167,419
Total Current Assets	65,459,981
Noncurrent Assets	
Long-term lease receivable	698,173
Capital assets, net of depreciation	950,505
Total Noncurrent Assets	1,648,678
Total Assets	67,108,659
Deferred Outflows of Resources	
Deferred outflows related to OPEB	190,804
Deferred outflows related to pensions	97,797
Total Deferred Outflows of Resources	288,601
Liabilities	
Current Liabilities	
Accounts payable	281,160
Accrued vacation	22,701
Total Current Liabilities	303,861
Noncurrent Liabilities	
Net OPEB liability	642,399
Net pension liability	983,672
Total Noncurrent Liabilities	1,626,071
Total Liabilities	1,929,932
Deferred Inflows of Resources	
Deferred inflows related to OPEB	374,863
Deferred inflows related to pensions	15,373
Deferred inflows related to leases	809,538
Total Deferred Inflows of Resources	1,199,774
Net Position	
Net investment in capital assets	950,505
Unrestricted	63,317,049
Total Net Position	$ 64,267,554

Charleston Naval Complex Redevelopment Authority / Naval Base Museum Authority
Statement of Activities
Year Ended June 30, 2024

Functions/ Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Capital Grants	Net (Expense) Revenue and Changes In Net Position: Total Governmental Activities
Governmental Activities:				
Base redevelopment	$ 1,860,803	$ 157,567	$ -	$ (1,703,236)
Total Primary Government	$ 1,860,803	$ 157,567	$ -	(1,703,236)
General Revenues:				
Intergovernmental				8,097,498
Interest				2,966,061
Total General Revenues				11,063,559
Change in Net Position				9,360,323
Net Position - July 1, 2023				54,907,231
Net Position - June 30, 2024				$ 64,267,554

See accompanying notes and independent auditor's report.

Fund Financial Statements

Charleston Naval Complex Redevelopment Authority / Naval Base Museum Authority
Balance Sheet – Governmental Fund –
General Fund
June 30, 2024

Assets		
Cash and cash equivalents	$	62,295,375
Due from other governmental units		2,846,943
Lease receivables		848,417
Other receivables		153,994
Prepaids		13,425
Total Assets	$	66,158,154
Liabilities		
Accounts payable	$	281,160
Total Liabilities		281,160
Deferred Inflows of Resources		
Unavailable revenue - leases		809,538
Unavailable revenue - back rent		149,106
Total Deferred Inflows of Resources		958,644
Fund Balance		
Nonspendable		13,425
Unassigned		64,904,925
Total Fund Balance		64,918,350
Total Liabilities, Deferred Inflows of Resources and Fund Balance	$	66,158,154

Charleston Naval Complex Redevelopment Authority / Naval Base Museum Authority
Reconciliation of the Balance Sheet of the Governmental Fund to the Government-wide Statement of Net Position
June 30, 2024

Total Fund Balance - Governmental Fund Balance	$	64,918,350
Amounts reported for the governmental activities in the Statement of Net Position are different because of the following:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets was $3,225,926 and the accumulated depreciation was $2,275,421.		950,505
Deferred outflows of resources related to OPEB and pensions are applicable to the future periods and, therefore, are not reported in the funds.		288,601
Deferred inflows of resources related to OPEB and pensions are applicable to the future periods and, therefore, are not reported in the funds.		(390,236)
Certain rental revenues related to prior periods do not provide current financial resources and are unavailable at the fund level.		149,106
Long-term liabilities are not due and payable in the current period, and, therefore, are not reported in the funds.		
Net OPEB liability		(642,399)
Net pension liability		(983,672)
Accrued vacation		(22,701)
Total Net Position - Governmental Activities	$	64,267,554

Charleston Naval Complex Redevelopment Authority / Naval Base Museum Authority
Statement of Revenues, Expenditures, and Changes in Fund Balance –
General Fund
Year Ended June 30, 2024

	General Fund
Revenues	
Intergovernmental	$ 8,097,498
Interest	2,966,061
Rent	186,906
Total Revenues	11,250,465
Expenditures	
Rural development revenue shared	827,490
Professional fees	364,386
Payroll	314,161
Capital improvements projects	194,567
Fringe benefits	141,533
Facility operations and maintenance	121,609
Office	31,202
Total Expenditures	1,994,948
Excess of Revenues Over Expenditures	9,255,517
Fund Balance, Beginning of Year	55,662,833
Fund Balance, End of Year	$ 64,918,350

See accompanying notes and independent auditor’s report.

Charleston Naval Complex Redevelopment Authority / Naval Base Museum Authority
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Fund to the Statement of Activities
Year Ended June 30, 2024

Net Change In Fund Balance - Governmental Fund		$	9,255,517
Amounts reported for the governmental activities in the Statement of Activities are different because of the following:			
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 governmental funds. These activities consist of:			
Change in pension and OPEB labilities	(47,307)		
Accrued vacation	(775)		
			(48,082)
Governmental funds report rental revenues that provide current financial resources as revenues but does not report revenue received and recognized in a prior period in the Statement of Activities.			(29,339)
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets that are considered capital asset additions is allocated over the estimated useful lives as depreciation expense.			
Capitalized capital outlay in the current period	194,567		
Depreciation expense in the current period	(12,340)		
			182,227
Change In Net Position - Governmental Activities		$	9,360,323

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Reporting Entity

The General Assembly of the State of South Carolina created the Charleston Naval Complex Redevelopment Authority (the Authority) in 1994. The Authority's purpose is to oversee the disposition of real and personal federal property that allows the turning over of such property to the State or the Authority as referred to in the Defense Base Closure and Realignment Act by the federal government. The Authority acts as a liaison to coordinate activities and planning for base re-use between the affected Trident region communities. It establishes and implements plans and programs related to the conversion, redevelopment, and future use of the facilities.

The South Carolina Restructuring Act of 2014 created the Charleston Naval Base Museum Authority (Museum Authority) as a division of the Authority. The Act also added four new board members to the current seven-member board of the Authority, for a maximum total of eleven board members. The Authority and the Hunley Commission entered into a "memorandum of understanding" to set forth the operating relationship between the Authority and the Museum Authority. The Board members and Executive Director will simultaneously serve both entities.

The accompanying financial statements conform to accounting principles generally accepted in the United States of America as applicable to governments. Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided by the Codification, Section 2100 has been considered as a result, there are no agencies or entities that should be, but are not, included in the financial statements of the Authority.

B. 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 non-fiduciary activities of the Authority. Governmental activities, which normally are supported by intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Authority does not have any business-type activities. Intergovernmental revenue included on the Statement of Revenues, Expenditures, and Changes in Fund Balance – General Fund includes state sourced revenue.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is 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. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements:
The Authority uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Authority functions and activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Major Fund
General fund – The general fund is the primary operating fund of the Authority and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds. The general fund is the only fund of the Authority.

Non-major Funds
The Authority did not have any non-major funds as of June 30, 2024.

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. 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 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 Authority considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. General capital asset acquisitions are reported as expenditures in governmental funds.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity

Cash and Cash Equivalents
The Authority's cash and cash equivalents are considered to be cash-on-hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Receivables
In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Due from other governmental units consists primarily of state monies. The allowance for uncollectible accounts is $0 at June 30, 2024.

The Authority's lease receivable is measured at the present value of lease payments expected to be received during the lease term.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

Capital Assets

Capital assets, which include property, facilities, and equipment are capitalized at acquisition cost or fair market value for assets transferred to the Authority by the U.S. Navy. Depreciation is recorded on all depreciable capital assets on a straight-line basis over the following estimated useful lives:

Description	Governmental Activities
Computer equipment	5 years
Furniture and fixtures	5 - 7 years
Vehicles	7 years
Leasehold improvements	10.5 years

Compensated Absences

It is the Authority's policy to permit employees to accumulate earned but unused vacation benefits in accordance with personnel policies. There is no liability for unpaid sick leave since the Authority does not have a policy to pay any amounts when employees separate from service. All vacation pay is accrued when earned.

Pension

The Authority reports its portion of the State of South Carolina's net pension liability in accordance with Governmental Accounting Standards Board (GASB) Statement 68, *Accounting and Financial Reporting for Pensions- an Amendment of GASB Statement 27* and GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the South Carolina Retirement System (SCRS) and additions to/deductions from SCRS's fiduciary net position have been determined on the same basis as they are reported by SCRS. For this purpose, benefit payments (including refunds or employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post-Employment Benefits

The Authority provides its retirees the opportunity to maintain health insurance coverage by participating in the State's retiree group insurance plan. The Authority reports the total liability for this plan on the government-wide financial statements. The actual cost recorded in the governmental fund financial statements is the cost of the health benefits incurred on behalf of the retirees less the premiums collected from the retirees. Information regarding the Authority's total liability for this plan is obtained through a report prepared by the State's third-party actuary in compliance with GASB 75.

Deferred Outflows of Resources and Deferred Inflows of Resources

Changes in net pension and Other Post-Employment Benefits (OPEB) liability, not included in pension and OPEB expense, are reported as deferred outflows of resources or deferred inflows of resources. Employer contributions subsequent to the measurement date of the net pension or OPEB liability are reported as deferred outflows of resources.

Equity Classifications

Government-wide Financial Statements

Equity is classified as net position and displayed in 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 other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – Includes amounts that are constrained by specific purposes which are externally imposed by (a) other governments through laws and regulations, (b) grantors or contributions through agreements, (c) creditors through debt covenants or other contracts, or (d) imposed by law through constitutional provisions or enabling legislation.

Unrestricted – All other net position that does not meet the definition of “Net investment in capital assets” or “Restricted”.

Fund Financial Statements

The Authority’s fund balance amounts are reported within one of the following fund balance categories:

Nonspendable – Includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints (such as inventories, prepaids, long-term loans and notes receivable, and property held for resale).

Restricted – Represents amounts with external constraints placed on the use of these resources (such as debt covenants, grantors, other governments, etc.) or imposed by enabling legislation.

Unassigned – The residual classification for the government’s general fund and includes all spendable amounts not contained in the other classifications.

E. Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of these balances as of the date of the financial statements. In addition, they affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates and assumptions.

F. Recent Accounting Pronouncement

In June 2022, the GASB issued GASB Statement 101, *Compensated Absences* (GASB 101). GASB 101 requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means. The Authority will adopt this pronouncement for the period beginning July 1, 2024.

II. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES

A. Deposits

Custodial credit risk for deposits – Custodial credit risk for deposits is the risk that, in the event of a bank failure, the government's deposits might not be recovered. The Authority has no formal policy regarding custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of June 30, 2024, none of the Authority's bank balance is exposed to custodial credit risk.

Concentration of credit risk – Concentration of credit risk is the risk of loss attributed to the magnitude of the Authority's investments in single issuer. The Authority places no limit on the amount of money it may be invested in any one issuer.

The Authority has not formally adopted a deposit and investment policy but follows the investment policy statutes of the State of South Carolina. The Authority has no investments as of June 30, 2024.

B. Due From Other Governmental Units

Intergovernmental receivables as of June 30, 2024 consisted of the following:

Rural Development Act Receivable - State of South Carolina	$ 2,846,943

The Authority's primary source of funding was a result of the Rural Development Act of 1996 (the Rural Development Act). The Rural Development Act provides funding to the Authority by providing redevelopment fees to the Authority. The redevelopment fees are based on South Carolina individual income tax withholding equal to five percent of all South Carolina wages paid with respect to employees that are employed by a federal employer at a closed or realigned military installation, and the redevelopment fees are capped at the amount remitted for the year ended June 30, 2015, or $8,097,498.

Rural Development Act receivables are stated at the gross amount due. A liability has been accrued for the portion of the receivable shared with the City of North Charleston (the City), the South Carolina Ports Authority, and Palmetto Railways. There is no allowance for doubtful accounts at June 30, 2024.

C. Lease Receivable

On November 1, 1999 the Authority entered into a lease with Charleston Marine Manufacturing Corporation, LLC (CMMC). The lease calls for monthly payments of $14,666 to be made to the Authority through October 2029. During the year ended June 30, 2024, the Authority recognized $154,409 in lease revenue and $30,152 in interest revenue related to this lease. A schedule of future minimum payments to be received as of June 30, 2024 is shown below:

	Principal	Interest	Total Receipts
2025	$ 137,948	$ 25,748	$ 163,696
2026	155,200	20,792	175,992
2027	160,320	15,672	175,992
2028	165,609	10,383	175,992
2029	171,072	4,920	175,992
Thereafter	58,268	395	58,663
	$ 848,417	$ 77,910	$ 926,327

The Authority recognized $32,497 in lease revenue related to monthly back rent of $2,444 and miscellaneous rent related to renting out the property for events.

D. Capital Assets

Capital asset activity for the Authority's governmental activities for the year ended June 30, 2024 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital Assets, Non-Depreciable:					
Land	$ 111,530	$ -	$ -	$ -	$ 111,530
Construction in process	644,408	194,567	-	-	838,975
Total Capital Assets, Non-Depreciable	755,938	194,567	-	-	950,505
Capital Assets, Depreciable:					
Computer equipment	8,975	-	-	-	8,975
Furniture and fixtures	3,939	-	-	-	3,939
Vehicles	-	-	-	-	-
Leasehold improvements	2,262,507	-	-	-	2,262,507
Total Capital Assets, Depreciable	2,275,421	-	-	-	2,275,421
Less: Accumulated Depreciation for:					
Computer equipment	(8,975)	-		-	(8,975)
Furniture and fixtures	(3,939)	-	-	-	(3,939)
Vehicles	-	-	-	-	-
Leasehold improvements	(2,250,167)	(12,340)	-	-	(2,262,507)
Total Accumulated Depreciation	(2,263,081)	(12,340)	-	-	(2,275,421)
Total Capital Assets, Depreciable, Net	12,340	(12,340)	-	-	-
Governmental Activities Capital Assets, Net	$ 768,278	$ 182,227	$ -	$ -	$ 950,505

Assets are depreciated using straight-line methods over their estimated useful lives. Depreciation expense was $12,340 for the year ended June 30, 2024.

E. Risk Management

The Authority pays premiums to the South Carolina Insurance Reserve Fund and State Accident Fund to cover risks that may occur during operation. The risks of loss to which the Authority is exposed include loss of property, general tort liability, and workmen's compensation claims. The South Carolina Reserve Fund is self-sustaining through member premiums and through commercial companies that reinsure claims in excess of $5 million for each insured event.

For the above risk management programs, the Authority has neither significantly reduced insurance coverage from the previous year nor settled claims materially in excess of insurance coverage for the last three years.

F. Office Space Agreement

The Authority entered into an agreement with Palmetto Railways (PR) to occupy a building owned by PR. The Authority agreed to fund construction and renovation costs of the several buildings (including the occupied building) and the surrounding grounds owned by PR and received the right to occupy the building rent free for an initial period of seven years. Ownership of the property was transferred from PR to the City and the Authority's right to occupy the premises was subsequently extended. The current lease expires on December 31, 2027.

III. OTHER INFORMATION

A. Significant Commitments

In May of 2018, the Authority signed a revised Memorandum of Understanding with the Hunley Commission. The Authority agrees to be responsible for accomplishing the Mission of the Museum Authority and includes a capital project of no less than $80 million.

B. Deferred Compensation Plans

Several optional deferred compensation plans are available to State employees and employees of its political subdivisions. Certain employees of the Authority have elected to participate in such plans. The multiple-employer plans, created under Internal Revenue Code Section 457, 401(k), and 403(b), are administered by third parties and are not included in the Annual Comprehensive Financial Report (ACFR) of the State of South Carolina. Compensation deferred under the plans is placed in trust for the contributing employees. The State has no liability for losses under the plans. Employees may withdraw the current value of their contributions when they terminate State employment. Employees may also withdraw contributions prior to termination if they meet requirements specified by the applicable plan.

C. Pension Plans

The South Carolina Public Employee Benefit Authority (PEBA), created July 1, 2012, is the state agency responsible for the administration and management of the retirement systems (Systems) and benefit 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, an 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 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 an Annual Comprehensive Financial Report (ACFR) containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The ACFR is publicly available through 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, South Carolina 29223. PEBA is a division of the primary government of the State of South Carolina and therefore, retirement trust fund financial information is also included in the ACFR of the state.

Plan Description

The South Carolina Retirement System (SCRS), a cost–sharing multiple-employer defined benefit pension plan, was established 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 and other benefits for teachers and employees of the state and its political subdivisions. SCRS covers employees of state agencies, public school districts and participating charter schools, public higher education institutions, other participating local subdivisions of government, and individuals first elected to the South Carolina General Assembly at or after the general election in November 2012.

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, teachers, and individuals first elected to the South Carolina General Assembly at or after the general election in November 2012. A member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. A 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 of the benefit terms for each system is presented below.

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 requirement, respectively. An incidental 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 1st. Only those annuitants in receipt of a benefit on July 1st 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 second July 1st after reaching age 60 or the second July 1st after the date they would have had 28 years of service credit had they not retired.

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 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. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS. The legislation also increased employer contribution rates beginning July 1, 2017, for SCRS until reaching 18.56 percent. The legislation included a further provision that if the scheduled contributions are not sufficient to meet the funding periods set in state statute, the PEBA board would increase the employer contribution rates as necessary to meet the funding periods set for the applicable year.

Pension reform legislation modified statute such that the employer contribution rates for SCRS to be further increased, not to exceed one-half of one percent in any one year if necessary, in order to improve the funding of the plans. The statute set rates intended to reduce the unfunded liability of SCRS to the maximum amortization period of 20 years from 30 years over a ten-year schedule, as determined by the annual actuarial valuations of the plan. Finally, under the revised statute, the contribution rates for SCRS may not be decreased until the plans are at least 85 percent funded.

Required **employee** contribution rates for fiscal years 2024 and 2023 are as follows:

SCRS	
Employee Class Two	9.00%
Employee Class Three	9.00%

Required **employer** contribution rates for fiscal years 2024 and 2023 are as follows:

SCRS	2024	2023
Employee Class Two	18.41%	17.41%
Employee Class Three	18.41%	17.41%
Employer Incidental Death Benefit	0.15%	0.15%

Contributions to the SCRS pension plan from the Authority totaled $92,376 for the year ended June 30, 2024.

Actuarial Assumptions and Methods

Actuarial valuations of the ongoing 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.

The total pension liability (TPL) is calculated by the Systems' actuary, and each plan's fiduciary net position is reported in the Systems' financial statements. The net pension liability (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 67 and 68 are not applicable for other purposes, such as determining the plans' funding requirements.

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2023.

Actuarial assumptions:	SCRS
Actuarial cost method	Entry age
Investment rate of return	7.00%
Projected salary increases*	3.00% to 11.00% (varies by service)*
Benefit adjustments	lesser of 1% or $500 annually

*Includes inflation at 2.25%

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 80% of Scale UMP projected from the year 2020.

Assumptions used in the determination of the June 30, 2023, TPL are as follows.

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%

Net Pension Liability

The NPL is calculated separately for each system and represents that particular system's TPL determined in accordance with GASB 67 less that System's fiduciary net position. NPL totals, as of June 30, 2023, for SCRS are presented below.

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	$58,464,402,454	$34,286,961,942	$24,177,440,512	58.60%

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 67 and 68 are not applicable for other purposes, such as determining the plans' funding requirements.

At June 30, 2024, the Authority reported a liability of $983,672 for its proportionate share of the SCRS NPL. The NPL was measured as of June 30, 2023, and the TPL used to calculate the NPL was determined by an actuarial valuation as of that date. The Authority's proportionate share of the NPL was based on a projection of the Authority's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2024, the Authority's proportionate share of the SCRS plan was 0.004069%.

Pension Expense

Components of collective pension expense reported in the Schedules of Pension Amounts by Employer for the year ended June 30, 2023 are presented below:

Service cost (annual cost of current service)	$	49,259
Interest on the total pension liability		170,151
Plan administrative costs		757
Plan member contributions		(45,555)
Expected return on plan assets		(98,787)
Recognition of current year amortization - difference between expected and actual experience and assumption changes		29,087
Recognition of current year amortization - difference between projected and actual investment earnings		(19)
Other		93
Total	$	104,986

Additional items included in Total Employer Pension Expense in the Schedules of Pension Amounts by Employer are the current period amortized portions of deferred outflows and/or inflows of resources related to changes in employers' proportionate share of the collective NPL and differences between actual employer contributions and proportionate share of total plan employer contributions. These two deferrals are specific to cost-sharing multiple-employer defined benefit pension plans as discussed in paragraphs 54 and 55 of GASB 68.

<u>Deferred Inflows of Resources and Deferred Outflows of Resources</u>
As of June 30, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
SCRS:		
Differences between expected and actual experience	$ 17,078	$ 2,728
Changes of assumptions	15,071	-
Net difference between projected and actual earnings on pension plan investments	-	1,347
Changes in proportion and differences between Authority contributions and proportionate share of plan contributions	8,334	11,298
Authority contributions subsequent to the measurement date	57,314	-
Total	$ 97,797	$ 15,373

The $57,314 reported as deferred outflows of resources related to pensions resulting from the Authority contributions subsequent to the measurement date for the SCRS plan, during the year ended June 30, 2024 will be recognized as a reduction of the net pension liabilities in the year ending June 30, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows for the SCRS plan:

Year ended June 30:	
2024	$ 21,692
2025	(22,723)
2026	26,720
2027	(578)
Total	$ 25,111

<u>Long-term Expected Rate of Return</u>
The long-term expected rate of return on pension plan investments is based upon 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 2023 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 below. For actuarial purposes, the 7.00 percent assumed annual investment rate of return 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	46.00%	6.62%	3.04%
Bonds	26.00%	0.31%	0.08%
Private Equity	9.00%	10.91%	0.98%
Private Debt	7.00%	6.16%	0.43%
Real Assets	12.00%		
Real Estate	9.00%	6.41%	0.58%
Infrastructure	3.00%	6.62%	0.20%
Total Expected Real Return	100.00%		5.31%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			7.56%

Discount Rate

The discount rate used to measure the TPL was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS 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 Authority's proportionate share of the NPL calculated using the discount rate of 7.00 percent, as well as what the Authority's NPL would be if it were calculated using a discount rate that is 1.00 percent lower (6.00 percent) or 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%)	Discount Rate (7.00%)	1.00% Increase (8.00%)
SCRS	$ 1,271,138	$ 983,672	$ 744,938

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, 2023, and the accounting valuation report as of June 30, 2023. 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.

D. Other Postemployment Benefits

The PEBA was created by the South Carolina General Assembly as part of Act No. 278 effective July 1, 2012. PEBA – Insurance Benefits is a state agency responsible for the administration and management of the state's employee insurance programs, other post-employment benefits trusts, and retirement systems, and is part of the State of South Carolina primary government.

The governing board of PEBA is a board of 11 members. The membership composition is three members appointed by the Governor, two members appointed by the President Pro Tempore of the Senate, two members appointed by the Chairman of the Senate Finance Committee, two members appointed by the Speaker of the House of Representatives, and two members appointed by the Chairman of the House Ways and Means Committee. Individuals appointed to the PEBA board must possess certain qualifications. Members of the PEBA board serve for terms of two years and until their successors are appointed and qualify. Terms commence on July 1st of even numbered years. The PEBA board appoints the Executive Director. The laws of the State and the policies and procedures specified by the State for State agencies are applicable to all activities of PEBA. By law, the State Fiscal Accountability Authority (SFFA), which consists of five elected officials, also reviews certain PEBA Board decisions in administering the State Health Plan and OPEB.

Plan Descriptions
The Other Post-Employment Benefits Trust Funds (OPEB Trusts), collectively refers to the South Carolina Retiree Health Insurance Trust Fund (SCRHITF) and the South Carolina Long-Term Disability Insurance Trust Fund (SCLTDITF), were established by the State of South Carolina as Act 195, which became effective in May 2008. The SCRHITF was created to fund and account for the employer costs of the State's retiree health and dental plans. The SCLTDITF was created to fund and account for the employer costs of the State's Basic Long-Term Disability Income Benefit Plan. The Authority does not participate in the SCLTDITF.

In accordance with Act 195, the OPEB Trusts are administered by the PEBA – Insurance Benefits and the State Treasurer is the custodian of the funds held in trust. The Board of Directors of PEBA has been designated as the Trustee.

The OPEB Trusts are cost-sharing multiple-employer defined benefit OPEB plans. Article 5 of the State Code of Laws defines the two plans and authorizes the Trustee to, at any time, adjust the plans, including its benefits and contributions, as necessary to insure the fiscal stability of the plans. In accordance with the South Carolina Code of Laws and the annual Appropriations Act, the State provides post-employment health and dental and long-term disability benefits to retired State and school district employees and their covered dependents.

Benefits
The SCRHITF is a healthcare plan that covers retired employees of the State of South Carolina, including all agencies, and public-school districts. The SCRHITF provides health and dental insurance benefits to eligible retirees. Generally, retirees are eligible for the health and dental benefits if they have established at least ten years of retirement service credit. For new hires beginning employment May 2, 2008, and after, retirees are eligible for benefits if they have established 25 years of service for 100% employer funding and 15-24 years of service for 50% employer funding.

Contributions and Funding Policies

Section 1-11-710 of the South Carolina Code of Laws of 1976, as amended, requires the postemployment and long-term disability benefits to be funded through non-employer and employer contributions for active employees and retirees to the PEBA – Insurance Benefits.

The SCRHITF is funded through participating employers that are mandated by State statute to contribute at a rate assessed each year by the Department of Administration Executive Budget Office on active employee covered payroll. The covered payroll surcharge for the year ended June 30, 2023 was 6.25 percent. The South Carolina Retirement System collects the monthly covered payroll surcharge for all participating employers and remits it directly to the SCRHITF. Other sources of funding for the SCRHITF also include the implicit subsidy, or age-related subsidy inherent in the healthcare premiums structure. The implicit subsidy represents a portion of the healthcare expenditures paid on behalf of the employer's active employees. For purposes of GASB Statement 75, this expenditure on behalf of the active employee is reclassified as a retiree healthcare expenditure so that the employer's contributions towards the plan reflect the underlying age-adjusted, retiree benefit costs. Non-employer contributions consist of an annual appropriation by the General Assembly and the statutorily required transfer from PEBA – Insurance Benefits reserves. However, due to the COVID-19 pandemic and the impact it has had on the PEBA – Insurance Benefits reserves, the General Assembly has indefinitely suspended the statutorily required transfer until further notice. THE SCRHITF is also funded through investment income.

In accordance with part (b) of paragraph 69 of GASB Statement 75, participating employers should recognize revenue in an amount equal to the employer's proportionate share of the change in the collective net OPEB liability arising from contributions to the OPEB plan during the measurement period from non-employer contributing entities for purposes other than the separate financing of specific liabilities to the OPEB plan. Therefore, employers should classify this revenue in the same manner as it classifies grants from other entities.

For purposes of measuring the net OPEB liability (NOL), deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Trusts, and additions to/deductions from the OPEB Trusts fiduciary net position have been determined on the same basis as they were reported by the OPEB Trusts. For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Therefore, benefit and administrative expenses are recognized when due and payable. Investments are reported at fair value.

PEBA – Insurance Benefits issues audited financial statements and required supplementary information for the OPEB Trust Funds. This information is publicly available through the PEBA – Insurance Benefits' link on PEBA's website at www.peba.sc.gov or a copy may be obtained by submitting a request to PEBA – Insurance Benefits, 202 Arbor Lake Drive, Columbia, South Carolina 29223. PEBA is considered a division of the primary government of the state of South Carolina and therefore, OPEB Trust fund financial information is also included in the ACFR of the state.

Actuarial Assumptions and Methods

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plans (as understood by the employer and plan participants) and include the types of benefits provided at the time the valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

Additional information as of the latest actuarial valuation for SCRHITF:

Valuation Date:	June 30, 2022
Actuarial Cost Method:	Entry Age Normal
Inflation:	2.25%
Investment Rate of Return:	2.75%, net of PEBA Plan investment expense; including inflation
Single Discount Rate:	3.86% as of June 30, 2023
Demographic Assumptions:	Based on the experience study performed for the South Carolina Retirment Systems for the five-year period ending June 30, 2019
Mortality:	For healthy retirees, the gender-distinct South Carolina Retirees 2020 Mortality Tables are used with multipliers based on plan experience; the rates are projected on a fully generational basis using 80% of the ultimate rates of Scale MP-2019 to account for future mortality improvements
Aging Factors:	Based on plan specific experience
Healthcare Trend Rate:	Initial trend starting at 6.00% and gradually decreasing to an ultimate trend rate of 4.00% over a period of 13 years
Retiree Participation:	79% for retirees who are eligible for funded premiums, 59% participation for retirees who are eligible for Partial Funded Premiums, 20% participation for retirees who are eligible for Non-Funded Premiums
Notes:	The discount rate changed from 3.69% as of June 30, 2022 to 3.86% as of June 30, 2023

Roll Forward Disclosure

The actuarial valuations were performed as of June 30, 2022. Update procedures were used to roll forward the total OPEB liabilities to June 30, 2023.

Net OPEB Liability

The NOL is calculated separately for each OPEB Trust Fund and represents that particular Trust's Total OPEB Liability (TOL) determined in accordance with GASB 74 less that Trust's fiduciary net position. The allocation of each employer's proportionate share of the collective Net OPEB Liability and collective OPEB Expense was determined using the employer's payroll-related contributions over the measurement period. This method is expected to be reflective of the employer's long-term contribution effort as well as be transparent to individual employers and their external auditors.

At June 30, 2023, the Authority reported a liability of $642,399 for its proportionate share of the NOL. The NOL was measured as of June 30, 2023, and the TOL used to calculate the NOL is based on an actuarial valuation as of June 30, 2022 and a measurement date of June 30, 2023. The Authority's proportionate share of the NOL liability was based on a projection of the Authority's long-term share of contributions to the plans relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2024 the Authority's proportionate share of the SCRHITF plan was 0.004907%.

The following table represents the components of the NOL as of June 30, 2022:

OPEB Trust	Total OPEB Liability	Plan Fiduciary Net Position	Employers Net OPEB Liability (Asset)	Plan Fiduciary net Position as a % of Toal OPEB Liability
SCRHITF	$ 14,749,639,155	$ 1,658,152,923	$ 13,091,486,232	11.24%

The TOL is calculated by the Trusts' actuary, and each Trust's fiduciary net position is reported in the Trust's financial statements. The NOL is disclosed in accordance with the requirements of GASB 74 in the Trusts' notes to the financial statements and required supplementary information. Liability calculations performed by the Trusts' actuary for the purpose of satisfying the requirements of GASB 74 and 75 and are not applicable for other purposes, such as determining the Trusts' funding requirements.

Single Discount Rate
The Single Discount Rate of 3.86% was used to measure the TOL for the SCRHITF. The accounting policy for this plan is to set the Single Discount Rate equal to the prevailing municipal bond rate. Due to the plan's investment and funding policies, the difference between a blended discount rate and the municipal bond rate would be less than several basis points (several hundredths of one percent).

Long-term Expected Rate of Return
The long-term expected rate of return represents assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market-based inputs. The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2018 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. This information is summarized in the following table:

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Allocation-Weighted Long-Term Expected Real Rate of Return
U.S. Domestic Fixed Income	80.00%	0.95%	0.76%
Cash equivalents	20.00%	0.35%	0.07%
Total	100.00%		0.83%
Expected Inflation			2.25%
Total Return			3.08%
Investment Return Assumption			2.75%

Sensitivity Analysis

The following table presents the SCRHITF's NOL calculated using a Single Discount Rate of 3.86%, as well as what the plan's NOL would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	1.00% Decrease 2.86%	Current Discount Rate 3.86%	1.00% Increase 4.86%
SCRHITF Net OPEB Liability	$ 15,453,969,157	$ 13,091,486,232	$ 11,186,124,585
Authority's Proportionate Share of the net OPEB liability	$ 758,326	$ 642,399	$ 548,903

Regarding the sensitivity of the SCRHITF's NOL to changes in the healthcare cost trend rates, the following table presents the plan's NOL, calculated using the assumed trend rates as well as what the plan's NOL would be if were calculated using a trend rate that is one percent lower or one percent higher:

	1.00% Decrease	Current Healthcare Cost Trend Rate	1.00% Increase
SCRHITF Net OPEB Liability	$ 10,870,392,254	$ 13,091,486,232	$ 15,945,111,529
Authority's Proportionate Share of the net OPEB liability	$ 533,410	$ 642,399	$ 782,426

OPEB Expense

Components of collective OPEB expense reported in the Schedule of OPEB Amounts by Employer for the fiscal year ended June 30, 2023 are presented below.

Service cost	$ 22,999
Interest on the total OPEB liability	30,001
Projected earnings on plan investments	(2,183)
OPEB plan administration expense	(45)
Recognition of outflow (inflow) of resources due to liabilities	(36,277)
Recognition of outflow (inflow) of resources due to assets	1,456
Total	$ 15,951

Additional items included in Total Employer OPEB Expense are the current period amortized portions of deferred outflows and/or inflows of resources related to changes in employers' proportionate share of the collective NOL and differences between actual employer contributions and proportionate share of total plan employer contributions.

Deferred Outflows and Inflows of Resources

As discussed in paragraph 86 of GASB Statement 75, differences between expected and actual experience and changes in assumptions are recognized in OPEB expense using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided OPEB through the OPEB plan (active and inactive members) determined as of the beginning of the measurement period.

Additionally, differences between projected and actual earnings on OPEB plan investments should be recognized in OPEB expense using a systematic and rational method over a closed five-year period. For this purpose, the deferred outflows and inflows of resources are recognized in the OPEB expense as a level dollar amount over the closed period identified above.

The schedule below reflects the amortization of collective deferred outflows/ inflows of resources related to OPEB outstanding at June 30, 2023.

For the year ended June 30, 2024, the Authority recognized OPEB expense related to the SCRHITF of $15,951. At June 30, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net differences between expected and actual experience	$ 11,365	$ 146,388
Net differences between projected and actual investment experience	6,452	-
Assumption changes	128,873	206,395
Changes in proportion and differences between employer contributions and proportionate share of plan contributions	24,505	22,080
Contributions subsequent to the measurement date	19,609	-
Total	$ 190,804	$ 374,863

Deferred outflows related to pensions resulting from the Authority's contributions made subsequent to the measurement date of $19,609 for the SCRHITF will be recognized as a reduction of the NPL in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2024	$ (27,733)
2025	(21,691)
2026	(26,710)
2027	(46,455)
2028	(63,513)
Thereafter	(17,566)
Total	$ (203,668)

Additional Financial and Actuarial Information

Information contained in these Notes to the Schedules of OPEB Amounts by the Authority (the Schedules) were compiled from the OPEB Trust Funds audited financial statements for the fiscal year ended June 30, 2023, and the accounting and financial reporting actuarial valuations as of June 30, 2023. 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 OPEB Trust Funds audited financial statements. Employers are encouraged to review Illustration II in Appendix C of GASB Statement 75, which provides a sample footnote disclosure and required supplementary information for a cost-sharing multiple-employer defined benefit OPEB plan.

E. Subsequent Events

Subsequent events are events or transactions that occur after the Statement of Net Position date but before the financial statements are available to be issued. The Authority recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the Statement of Net Position, including the estimates inherent in the process for preparing the financial statements. The Authority's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the Statement of Net Position but arose after the Statement of Net Position and before the financial statements were available to be issued.

Management has evaluated subsequent events through the date of the audit report, which is the date the financial statements were available to be issued. Based upon this evaluation, there were no material adjustments to these financial statements.

Required Supplementary Information (Unaudited)

Required Supplementary Information (Unaudited)

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule
    - Budget to Actual Reconciliation
- South Carolina Retirement System
    - Schedule of the Authority's Proportionate Share of the Net Pension Liability
    - Schedule of the Authority's Pension Plan Contributions
- South Carolina Other Post-Employment Benefits
    - Schedule of the Authority's Proportionate Share of the Net OPEB Liability
    - Schedule of the Authority's OPEB Plan Contributions

Charleston Naval Complex Redevelopment Authority / Naval Base Museum Authority
Required Supplementary Information (Unaudited)
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual – General Fund
Year Ended June 30, 2024

	Budgeted Amounts			
	Original	Final	Actual	Variance
Revenues				
Rural development	$ 8,097,497	$ 8,097,497	$ 8,097,498	$ 1
Rentals/leases	205,000	205,000	186,906	(18,094)
Interest	750,000	750,000	2,966,061	2,216,061
Miscellaneous	1,000	1,000	-	(1,000)
Total Revenues	9,053,497	9,053,497	11,250,465	2,196,968
Expenditures				
Salaries	441,000	441,000	314,161	126,839
Fringe benefits	156,000	156,000	141,533	14,467
Office	56,500	56,500	31,202	25,298
Travel	50,000	50,000	-	50,000
Rural development revenue shared	1,000,000	1,000,000	827,490	172,510
Professional fees	280,000	280,000	220,462	59,538
Redevelopment partners	200,000	200,000	-	200,000
Advisors and consultants	200,000	200,000	143,924	56,076
Facility operations and maintenance	150,000	150,000	121,609	28,391
Capital improvement projects	6,000,000	6,000,000	194,567	5,805,433
Total Expenditures	8,533,500	8,533,500	1,994,948	6,538,552
Excess of Revenues Over Expenditures	519,997	519,997	9,255,517	8,735,520
Net Changes In Fund Balance	519,997	519,997	9,255,517	8,735,520
Fund Balance, Beginning of Year	55,662,833	55,662,833	55,662,833	-
Fund Balance, End of Year	$ 56,182,830	$ 56,182,830	$ 64,918,350	$ 8,735,520

Charleston Naval Complex Redevelopment Authority / Naval Base Museum Authority
Required Supplementary Information (Unaudited)
Schedule of the Authority’s Proportionate Share of the Net Pension Liability – South Carolina Retirement System
Year Ended June 30, 2024

	Year Ended June 30,								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Authority's proportion of the net pension liability	0.004069%	0.004119%	0.004143%	0.003966%	0.003904%	0.004113%	0.004529%	0.004726%	0.004627%
Authority's proportionate share of the net pension liability	$ 983,672	$ 998,572	$ 896,640	$ 905,699	$ 874,723	$ 925,902	$ 967,738	$ 896,309	$ 796,616
Authority's covered payroll during measurement period	$ 526,056	$ 490,495	$ 468,352	$ 445,126	$ 418,843	$ 404,544	$ 414,970	$ 438,575	$ 443,088
Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	186.99%	203.58%	191.45%	203.47%	208.84%	228.88%	233.21%	204.37%	179.79%
Plan fiduciary net position as a percentage of the total pension liability	58.60%	57.10%	60.70%	54.40%	54.10%	53.30%	52.90%	57.00%	59.91%

Note - This schedule will show information for 10 years. However, until a full 10 years is compiled, the Authority will show information for years for which information is available.

Charleston Naval Complex Redevelopment Authority / Naval Base Museum Authority
Required Supplementary Information (Unaudited)
Schedule of the Authority's Pension Plan
Contributions – South Carolina Retirement System
Year Ended June 30, 2024

	Year Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 57,314	$ 92,376	$ 81,226	$ 72,875	$ 69,262	$ 60,984	$ 54,856	$ 47,971	$ 47,878	$ 47,632
Contributions in relation to the contractually required contribution	(57,314)	(92,376)	(81,226)	(72,875)	(69,262)	(60,984)	(54,856)	(47,971)	(47,878)	(47,632)
Contribution deficiency	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's covered-employee payroll	$ 308,805	$ 526,056	$ 490,495	$ 468,352	$ 445,126	$ 418,843	$ 404,544	$ 414,970	$ 438,575	$ 443,088
Contributions as a percentage of covered-employee payroll	18.56%	17.56%	16.56%	15.56%	14.79%	14.56%	13.56%	11.56%	10.92%	10.75%

Charleston Naval Complex Redevelopment Authority / Naval Base Museum Authority
Required Supplementary Information (Unaudited)
Schedule of the Authority's Proportionate Share of the Net OPEB Liability
Year Ended June 30, 2024

	Year Ended June 30,					
	2023	2022	2021	2020	2019	2018
The Authority's proportion of the net OPEB liability	0.004907%	0.049900%	0.005022%	0.004829%	0.004789%	0.004691%
The Authority's proportionate share of the net OPEB liability	$ 642,399	$ 759,071	$ 1,045,740	$ 871,704	$ 724,170	$ 664,742
The Authority's covered payroll during measurement period	$ 526,056	$ 490,495	$ 468,350	$ 445,126	$ 418,843	$ 404,544
The Authority's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	122.12%	154.76%	223.28%	195.83%	172.90%	164.32%
Plan fiduciary net position as a percentage of the total OPEB liability	11.24%	9.64%	7.48%	8.39%	8.44%	7.91%

Note - This schedule will show information for 10 years. However, until a full 10 years is compiled, the Authority will show information for years for which information is available.

Charleston Naval Complex Redevelopment Authority / Naval Base Museum Authority
Required Supplementary Information (Unaudited)
Schedule of the Authority's OPEB
Plan Contributions
Year Ended June 30, 2024

	Year Ended June 30,						
	2024	2023	2022	2021	2020	2019	2018
Contractually required contribution	$ 19,609	$ 32,879	$ 30,656	$ 29,272	$ 27,820	$ 25,340	$ 25,340
Contributions in relation to the contractually required contribution	(19,609)	(32,879)	(30,656)	(29,272)	(27,820)	(25,340)	(25,340)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's covered-employee payroll	$ 308,805	$ 526,056	$ 490,495	$ 468,350	$ 445,126	$ 418,843	$ 404,544
Contributions as a percentage of covered-employee payroll	6.35%	6.25%	6.25%	6.25%	6.25%	6.05%	6.26%

Note - This schedule will show information for 10 years. However, until a full 10 years is compiled, the Authority will show information for years for which information is available.